

SHENZHEN INVESTMENT HOLDINGS BAY AREA DEVELOPMENT COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)
Stock Codes: 737 (HKD counter) & 80737 (RMB counter)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2024



Shenzhen Investment Holdings Bay Area Development Company Limited

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

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1. About This Report

This is the fourteenth Environmental, Social and Governance Report published by Shenzhen Investment Holdings Bay Area Development Company Limited (“the Company” or “Bay Area Development”), presenting the latest policies, measures and performance of the Company, a non-wholly owned subsidiary and two joint ventures (collectively referred to as the “Group” or “We”) in environmental, social and governance (“ESG”) aspects for the sake of strengthening stakeholders’ understanding of the Group’s sustainable development process and commitments. This report is compiled in Chinese and English, and has been uploaded to the website of the Stock Exchange of Hong Kong Limited (“SEHK”) and the Company’s publication website.

Reporting Scope

The reporting period of this report is consistent with the Shenzhen Investment Holdings Bay Area Development Company Limited 2024 Annual Report, covering the period from 1 January 2024 to 31 December 2024 (the “Year” or the “Reporting Period”). To enhance the comparability of this report, part of the content is extended to other years as appropriate, details can be found in the relevant content. In view of its relevance to the ESG strategy, the organisational boundaries of this report cover the Company’s Hong Kong and Shenzhen offices, the Shenzhen section of Guangshen Coastal Expressway (the “Coastal Expressway (Shenzhen Section)”, a non-wholly owned subsidiary), as well as the Guangzhou-Shenzhen Superhighway (the “GS Superhighway”) and the Guangzhou-Zhuhai West Superhighway (the “GZ West Superhighway”) projects operated by the two joint ventures. Part of the reporting content covers different organisational boundaries, and such content has been indicated in the relevant section.

For ease of presentation and reading, the Company, subsidiaries and joint ventures are referred to by the following abbreviations:

Bay Area Development	refer to	Shenzhen Investment Holdings Bay Area Development Company Limited
Coastal Company	refer to	Shenzhen Guangshen Coastal Expressway Investment Company Limited
GS JV	refer to	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited
GZ West JV	refer to	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited

Compilatory Basis

The Group compiles this report in accordance with the Environmental, Social and Governance Reporting Code (the “Code”) set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Industry-based Guidance on Implementing IFRS S2 — Engineering and Construction Services. This report has complied with the “Mandatory Disclosure Requirements” and “Comply Or Explain” provisions set out in the Guide, and is prepared based on the four reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”, to ensure high quality information is presented.

<ul style="list-style-type: none">• Materiality The Group has communicated with stakeholders through online questionnaires to gather their opinions on ESG issues. By analysing and summarising the opinions, the Group identified the material issues that serves as the basis in compiling this report. The Board has confirmed the results of material issues.	<ul style="list-style-type: none">• Balance This report provides an unbiased picture of the Group’s performance within the Reporting Period, avoiding selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.
<ul style="list-style-type: none">• Quantitative The key performance indicators disclosed by the Group in respect of historical data are measurable and, where applicable, information on standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used was disclosed.	<ul style="list-style-type: none">• Consistency Where applicable and unless stated otherwise, the methodologies and key performance indicators in this report are consistent with those in previous reports to allow for meaningful comparisons.

Reliability Assurance

The information involved in the content of this report comes from official documents, statistical reports, and publicly disclosed materials of the Group. The board of directors of the Company (the “Board”) has reviewed and approved this report and is responsible for the authenticity and validity of the content contained therein.

Opinion and Feedback

The Group values the opinion of stakeholders. If you have any questions or suggestions regarding the content or format of this report, please contact the Group through the following channels:

Address: Room 4902–4916, 49th Floor,
Sun Hun Kai Centre, 30 Harbour Road,
Wan Chai, Hong Kong
Email: info@sihbay.com
Fax: (852) 2861 0177

Board Statement

The Board is the ultimate responsible body for the Company's ESG issues and is responsible for supervising and approving ESG management policies and strategies that including the identification, evaluation, prioritisation and management of ESG-related material issues.

The management of material issues is one of the annual priorities for the Group's ESG work, and the Group conducts materiality assessment of ESG issues annually. Among the work, the ESG Working Group ("Working Group") is responsible for identifying key stakeholders, preparing the list of material issues and analytical reports, and presenting the results to the Board. The Board will review and confirm the annual result of the materiality assessment of ESG issues, consider the annual material issues as part of the revision of the Group's overall strategy, and monitor the management and performance of such issues.

In terms of risk management, the Board ensures that the Group establishes an appropriate and effective ESG risk management and internal monitoring system; the Working Group is responsible for analysing the potential risks and opportunities and related implications of material ESG issues on the Group's business strategy based on this risk management and internal monitoring system. After years of exploration and practice, the Group has developed a comprehensive risk assessment framework and has basically completed the integration work of ESG risk. To ensure that the risk assessment work can be carried out continuously, the Group has standardised the relevant procedures, including annual identification and assessment of major risks by business units and departments, determination of risk mitigation measures and the personnel responsible for implementation, as well as routinely review and update the risk register. In 2024, the group further deepens the identification, assessment and development of targeted responses to climate change risks and opportunities.

In terms of target management, the Board is responsible for approving the Group's ESG-related targets and reviewing progress on achieving such targets; the Working Group is responsible for formulating relevant targets and work plans, supervising the implementation progress and reviewing the effectiveness. Meanwhile, the Group regularly reviewed the implementation of the ESG targets during the Reporting Period. In the future, we will revise the work plan based on the reviewing results of targets and further improve targets, so as to validate the effectiveness of our ESG management system more accurately.

This report provides detailed information on the progress and effectiveness of the Group's ESG work in 2024, which have been reviewed and approved by the Board.

2. About Bay Area Development

Company Profile

Bay Area Development was incorporated in the Cayman Islands, and has been listed on the main board of SEHK since 6 August 2003. After several changes of controlling shareholders, it is currently a subsidiary of Shenzhen Expressway Corporation Limited (“Shenzhen Expressway”). The Group is principally engaged in toll-expressway projects and adopts development strategies focusing on infrastructure construction and correlated business as well as land development and utilisation along the expressway within the Guangdong-Hong Kong-Macao Greater Bay Area (the “Greater Bay Area”). As for toll road projects, through partnership with Guangdong Provincial Highway Construction Company Limited¹, the Group currently owns 45% and 50% of profit-sharing ratio of the GS Superhighway operated by GS JV and GZ West Superhighway operated by GZ West JV respectively. The Group currently holds 51% equity interest in Coastal Company. Coastal Company mainly engages in the investment, construction and operation of the Shenzhen section of Guangshen Coastal Expressway. For land development and utilisation projects, the Group currently holds a 15% interest in the Grand Park City² of Guangzhou Zhentong Industrial Development Company Limited (the “Xintang JV”).

As a main expressway artery connecting Guangzhou, Dongguan and Shenzhen — the three major cities on the eastern bank of the Greater Bay Area and Hong Kong, the GS Superhighway sustains the great responsibility of connecting the Greater Bay Area internally and externally, and provides convenience in daily travelling for the public.

GZ West Superhighway is the main expressway artery between Guangzhou and Zhuhai, and offers the most convenient access to Hengqin, Macao and Hong Kong respectively through its connection with the Second Hengqin Bridge, the Zhuhai Link Road and the Hong Kong-Zhuhai-Macao Bridge. It is an important part of the “one-hour living circle” of the Greater Bay Area.

Coastal Expressway (Shenzhen Section) is the Shenzhen section of Guangshen Coastal Expressway. It starts from Dongbao River at the junction of Dongguan and Shenzhen, and ends at Nanshan District of Shenzhen, connecting the Hong Kong-Shenzhen Western Corridor in the south. The Coastal Expressway (Shenzhen Section) is constructed in two phases, of which Phase I of the Coastal Expressway (Shenzhen Section) is located on the main line of the Guangshen Coastal Expressway and opened to traffic on 28 December 2013. The connecting lane on the Shenzhen side of Shenzhen-Zhongshan Link of the Phase II of Coastal Expressway (Shenzhen Section) and Shenzhen-Zhongshan Link completed and opened to traffic simultaneously in June 2024.

¹ Guangdong Provincial Highway Company Limited is a Chinese joint venture partner of GS JV and GZ West JV.

² The Group that holds only 15% of the equity of the Xintang JV, which is not included in the scope of the report due to the small shareholding proportion.



2024	GS Superhighway	GZ West Superhighway	Coastal Expressway (Shenzhen Section) ⁴
Average Daily Toll Revenue (RMB'000, excluding tax)	7,883	3,466	2,012
Average Daily Mixed Traffic ³ (no. of vehicles '000)	632	268	205

³ Excludes toll free traffic travelled during the period when Holiday Toll-free Policy was implemented.

⁴ Coastal Phase II commenced operations on 30 June 2024. The Group is currently in communication with the network toll collection management unit of Guangdong Province regarding the statistics and breakdown of traffic volume data for Coastal Phase II. Therefore, the traffic volume data for the Coastal Expressway (Shenzhen Section) only includes the traffic volume data for Coastal Phase I but excludes Coastal Phase II, while the toll revenue data for the Coastal Expressway (Shenzhen Section) includes both Coastal Phase I and Coastal Phase II.

2024 Core Highlights In ESG

Area	Highlights
<p>Environmental</p> 	<ul style="list-style-type: none"> Established a list of environmental risks, prepared emergency plans, organised simulation exercises, and enhanced the ability to respond to environmental emergencies. Implemented the “Three simultaneous” system of environmental protection, to protect biodiversity in the region, and promote the harmonious coexistence of project development and environmental protection. Building green landscape at the entrance and exit of toll stations, service areas and slope of the interchange ramps, and landscape facilities were coordinated with the surrounding environment to improve quality of greening. Recycling of resources and reusing of waste were carried out, and milling waste was recovered and used for site leveling and filling service roads, so as to realise the recycling of construction waste. Strengthened our ability to respond to extreme weather, checked hydrological, geological and historical disaster data along road sections, and improved emergency response plans and on-site disposal programs.
<p>Society</p> 	<ul style="list-style-type: none"> Optimised traffic flow design, improved the “One stop one policy” to ensure smooth program, improved the overall road network efficiency, created a more smooth travel environment. Carried out high-quality service tour demonstration activities, standardised service operation, scientifically simplified service processes, and improved service satisfaction. Improved work safety management system, raised level of work safety management, drew a four-color distribution map of road safety risks, and improved risk classification control mechanism. Carried out community public welfare and voluntary service activities, transformed the space under the bridge facilities for the convenience of people, developed together with the community, and offering warmth to the city.
<p>Governance</p> 	<ul style="list-style-type: none"> Strengthened compliance culture, organised compliance training, and embedded the concept of compliance in employees’ minds through publicity and education activities. Implemented a closed-loop risk assessment plan and risk management processes for risk identification, communication, mitigation and reporting to effectively address risks, including ESG risks. Made use of the Company’s internal and external networks, bulletin boards and internal publications to carry out warning education and integrity culture publicity, and continuously improved the quality and effectiveness of integrity education.

2024 Major Honours And Awards Received

2024

February

GS JV awarded
“2023 Advanced Unit for Highway Traffic Accident Prevention”

June

GS JV awarded
“Charity Enterprise of Blood Donation”

March

Bay Area Development awarded
“Caring Company Logo” for More than Fifteen Consecutive Years



GS JV awarded
“2023 Excellent Institutions of Work Safety of Guangdong Provincial Highway Construction Company Limited”, “2023 Advanced Collective for Corporate Publicity Work of Guangdong Provincial Highway Construction Company Limited”, “Honest and law-abiding business”

August

GZ West JV awarded
“Guangdong Provincial Scholarly Enterprise”

November

GS JV awarded
“Guangzhou Yuexiu District Honest Enterprise”

December

GS JV awarded
“Outstanding Unit of Transportation Culture Construction”

GZ West JV awarded
“Excellent Unit of Transportation Culture Construction”

3. Chairman Preface

The year 2024 is a crucial year for achieving the goals of the “14th Five-Year Plan” and the fifth anniversary of the public release of the *Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area*. For our Bay Area Development, the focus is on seeking progress while maintaining stability, and making every effort to promoting high-quality development. Guided by the dual carbon goals, we will continue to deepen ESG practices, boldly explore innovative paths, accelerate the interconnection of transportation infrastructure in the Greater Bay Area, and contribute to the construction of a modern international bay area characterised by economic prosperity, beautiful ecology, and harmonious livability.

With a long-lasting foundation and a shared commitment to satisfactory transportation, Bay Area Development actively advocates for a satisfactory transportation system that integrates intelligence, green ecology, and humanistic care. From project planning to construction management and operation maintenance, it implements a high-quality development strategy in multiple dimensions, constructing safe and quality projects with high standards and strict specifications, and accelerating the “one-hour living circle” in the Greater Bay Area. Looking ahead, we will continue to broaden the path of open innovation, co-creating a magnificent chapter of regional prosperity and sustainability.

Low-carbon operation, jointly safeguarding ecological civilization. Protecting environment is the responsibility of enterprises. Bay Area Development firmly practices the concept of green development, seizes the opportunity for green transformation, strengthens environmental management from various aspects such as green operation, ecological restoration, energy conservation and emission reduction, green procurement, and enhances climate resilience, fully fulfills environmental protection responsibilities. Looking ahead, we will continue to explore new paths for environmental protection, working together to build a green model of harmonious coexistence between enterprises and nature.

With responsibility on our shoulders, let us work together to promote a harmonious society. Society serves as the foundation for the growth of businesses, and giving back to society is our duty. The value of Bay Area Development is not only reflected in economic benefits but also in contributions and responsibilities to the society. We adhere to the concept of mutual development with the community, and fully implement sustainable development commitments in terms of employee well-being, community building, environmental protection, and value chain management. Looking ahead, we will continue to deepen our social responsibility practices, painting a beautiful blueprint of harmonious coexistence between businesses and society.

Never forget where we started, and our mission can be accomplished. In the future, we will proceed with even greater determination to integrate green, low-carbon, and intelligent development models into the construction and operation of transportation infrastructure. We will strive to build a higher-level highway network, creating a modern transportation system that satisfies the people and meets the standards of the ages, and contribute a tremendous force to the green transformation and sustainable development of the Greater Bay Area.

Xiangwen LIAO
Chairman

Hong Kong, 20 March 2025

4. Sound Governance Lays A Solid Foundation For Development

Risk Analysis And Action

Bay Area Development operates in a location subject to strict regulatory standards set by the stock exchange, which faces higher requirements in series of aspects such as operational management, the performance of the board and senior management, etc. To address this, the company has formulated the *Comprehensive Risk Management Measures*, promoting a closed-loop risk assessment system, vigorously advocating a compliance culture, and driving the company towards higher-quality development.

As a responsible corporation, Bay Area Development regards a robust governance system as the cornerstone of the Company's sustainable development. We continuously optimise governance mechanisms, strengthen risk management, enhance ESG governance systems, uphold the concept of self-responsibility, and accountability to stakeholders, and fulfill the mission and responsibilities of corporate citizenship.

I. Enhance Corporate Governance

Good governance can promote healthy operation and development of enterprises. Therefore, the Company continuously improves its corporate governance system, optimises its operational standards, and uses a sound governance mechanism to drive more efficient and higher quality fulfillment of social responsibilities.

1. Governance System

Bay Area Development adheres to the principle of prudent management to improve its governance system. It follows the guidelines of the Hong Kong Stock Exchange's *Corporate Governance Code* and is based on the Company's articles of association to develop and implement various operational management policies to ensure that the Company complies with higher standards of corporate governance and sustainable development practices.

2. Risk Management

Bay Area Development has established a risk management organisation composed of the Board, executive management, and various functional departments. *Comprehensive Risk Management Measures* and *the Risk Control Management Procedures (Trial)* were formulated to incorporate risk management principles and objectives into strategies, normal business procedures, operations, and resource regulations so as to fully implementing a risk management process that includes risk identification, communication, mitigation, and reporting, continuously advancing risk assessments, and effectively addressing various risks, including ESG risks, with practical and efficient risk management measures.

- **Risk Identification And Assessment Process**



- **Closed-loop Risk Assessment Plan**

The Company is advancing a closed-loop risk assessment plan, which involves establishing risk rating criteria, analysing and identifying major risks in various business units and departments, evaluating and rating risks based on preset standards, determining risk mitigation measures and responsible parties, implementing risk management measures, and conducting annual reviews and updates to the risk register.

3. Compliance Development

Bay Area Development establishes a compliance management organisational structure with clear responsibilities and coordinated interactions among the decision-making level, management level, and execution level. It continuously updates the *Database of Compliance Resource* and *List of Compliance Management Risk*, and achieves effective implementation and continuous optimisation of compliance management through daily comparisons and references.

The Company is vigorously promoting the development of a compliance culture and actively organising compliance training. Events such as the propaganda of the *Civil Code of the People's Republic of China*, the *Anti-Organised Crime Law of the People's Republic of China*, and the *Anti-Telecom Fraud Law of the People's Republic of China*, as well as training sessions on the interpretation of the *Company Law of the People's Republic of China*, are being held as part of compliance culture development activities to convey compliance concepts deeply to the employees.

Bay Area Development Organization's Training On Interpreting The Company Law Of The People's Republic Of China

On 10 May 2024, Bay Area Development invited external speakers to interpret the newly revised *Company Law of the People's Republic of China*, helping employees to understand the core content and latest provisions from aspects such as corporate capital system reform and corporate governance system reform. This initiative aims to enhance employees' understanding and awareness of the *Company Law of the People's Republic of China*, providing important guidance for the Company's ongoing compliance operations.



II. Deepening Corporate Governance

Bay Area Development deeply understands the significant importance of enhancing the Company's ESG levels through a well-established ESG management system. We have established a clear hierarchical ESG governance structure with defined responsibilities, a comprehensive and robust ESG risk management system, and an internal monitoring system. We regularly review the effectiveness of ESG management work and continuously improve and enrich ESG goals based on feedback collection and analysis to better align with the requirements of corporate development and social responsibility fulfillment to better align with the United Nations Sustainable Development Goals.

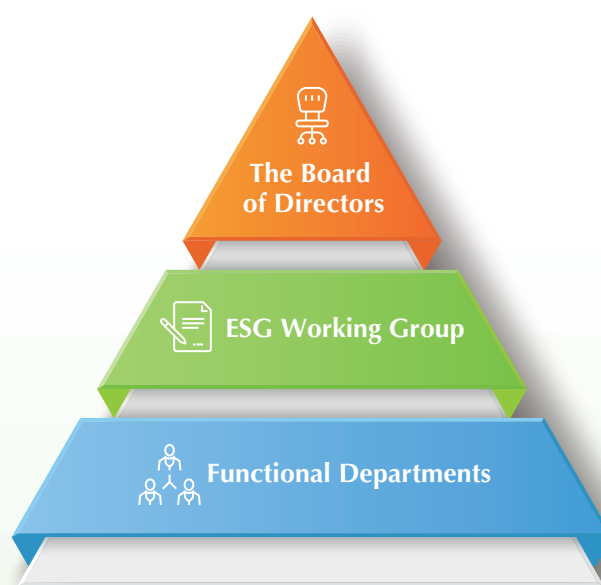
1. Sustainable Development Strategies

Bay Area Development strictly adheres to local laws, regulations, and ethical standards, continuously improving its ESG management system on the basis of sustainable development strategies. This promotes the harmonious advancement of its operations with societal and environmental interests. By establishing a *Sustainable Development Policy*, we regulate sustainable development management for employees, communities, the environment, and the value chain, fully committing to the practice of sustainable development in all aspects.



2. Governance Structure





Bay Area Development establishes a top-down ESG governance framework and management mechanism. The Board is the highest decision-making body for ESG work in the Company, responsible for overseeing and approving the Company's ESG strategies. The ESG Working Group, under the jurisdiction of the Board, is responsible for implementing ESG work, and assisting the Board in guiding and supervising the development and implementation of ESG-related strategies and work within the Group. Each functional department is responsible for advancing specific tasks within its scope, following strategic planning, deployment, requirements, and division of work to promote specific tasks or projects.



**Corporate Governance System Integrating
Environmental, Social And Governance (ESG)**

3. Stakeholder Communication

Bay Area Development is committed to establishing a relationship of mutual trust and mutual benefit with stakeholders. It has set up a regular stakeholder communication mechanism to communicate with major stakeholders through lectures, site visits, multi-channel online communication, and satisfaction surveys. This helps the Company to understand and respond to stakeholders' future expectations and demands regarding the Company's development process.

Stakeholder	Expectations And Requirements	Communication Methods
Regulatory Authorities 	<ul style="list-style-type: none"> ➤ Operational compliance ➤ Anti-corruption ➤ ESG governance 	<ul style="list-style-type: none"> ➤ Regular reporting and communication ➤ Meetings and exchange activities
Board of Directors, Management and Joint-venture Partners 	<ul style="list-style-type: none"> ➤ Operational compliance ➤ Community care ➤ Service responsibility management 	<ul style="list-style-type: none"> ➤ Regular reporting, communication and assessment ➤ Work meetings ➤ Annual reports
Shareholders and Investors 	<ul style="list-style-type: none"> ➤ Investor relations management ➤ Improvement of corporate governance ➤ Risk management ➤ Disclosure of business information 	<ul style="list-style-type: none"> ➤ General meetings of shareholders ➤ Regular and ad-hoc reports ➤ Investor hotlines ➤ Company's publication website
Customers/Highway Passengers and Drivers 	<ul style="list-style-type: none"> ➤ Road quality ➤ Service responsibility management ➤ Customer complaints and communication 	<ul style="list-style-type: none"> ➤ Highway travel announcements ➤ Communication with staff at toll stations and service areas ➤ Customer service hotlines
Employees 	<ul style="list-style-type: none"> ➤ Protection of employees' rights and interests ➤ Ensuring occupational health and safety ➤ Promoting employee development ➤ Enhancing employee well-being 	<ul style="list-style-type: none"> ➤ Employee training ➤ Employee condolences ➤ Union organisations and activities ➤ Employee lectures ➤ Networking events
Suppliers 	<ul style="list-style-type: none"> ➤ Supply chain management ➤ Contribute to industry development ➤ Sustainable and stable cooperation 	<ul style="list-style-type: none"> ➤ Business cooperation and daily communication ➤ Supplier communication channels ➤ Discussion, exchange and cooperation
Communities and Media 	<ul style="list-style-type: none"> ➤ Community care ➤ Contribute to the "dual — carbon" goals 	<ul style="list-style-type: none"> ➤ Public welfare and charitable activities ➤ Exchange and cooperation

4. Importance Of Bay Area Development Survey

Bay Area Development has conducted a retrospective evaluation of the importance of ESG topics in previous years to ensure that potential issues are highly relevant to Bay Area Development's own business operations and the development of its industry by taking into account international and domestic ESG development trends and industry dynamics. Building on this foundation, the Company examines the importance of each ESG topic from two dimensions: importance to the Company and importance to stakeholders, by collecting, organizing, and analyzing stakeholder expectations. The potential importance topics during the reporting period are then prioritised, reviewed by management and external sustainability experts, and ultimately finalized into an importance matrix.



Significance to Stakeholders	Very important	<ul style="list-style-type: none">• Customer Health And Safety	<ul style="list-style-type: none">• Energy Management• Water Resource Utilisation	<ul style="list-style-type: none">• Service Responsibility Management• Road Quality• Addressing Climate Change
		<ul style="list-style-type: none">• Environmental Impact of Project• Supply Chain Management	<ul style="list-style-type: none">• Emission Management• Customer Complaints and Communication• Biodiversity and Land Use	<ul style="list-style-type: none">• Occupational Health and Safety• Privacy Data Protection
	Important	<ul style="list-style-type: none">• Community Care	<ul style="list-style-type: none">• Employee Development and Training• Talent Attraction• Diversity and Equal Opportunity	<ul style="list-style-type: none">• Operating in Compliance with Regulations• Anti-Corruption• ESG Management
Significance to Bay Area Development				

Bay Area Development Materiality Assessment Matrix

III. Upholding Ethical Governance

The Group has always maintained a “zero tolerance” attitude towards corruption, bribery, fraud, and other unethical behaviors. The Company has established a comprehensive system for anti-corruption prevention, reporting, enforcement, and supervision, and has formulated a *Code of Conduct* and a *Whistleblower Policy* to regulate employees’ ethical standards and reporting procedures. Efforts are being made to strengthen the culture of integrity and cleanliness, creating a trustworthy and clean working environment.

1. Integrity Risk Prevention And Control

In accordance with the basic principles of “integrating into the center, serving development, highlighting key points, grasping key issues, prioritising prevention, consolidating the foundation, summarising and improving, and exploring innovation” in Bay Area Development, the Company thoroughly clarifies the management authority, key positions, key links, and work processes related to anti-corruption risks. It formulates risk prevention and control plans for potential integrity risks, effectively strengthens risk prevention and control management, and promotes transparent operation of power. During the reporting period, the Company did not receive any reports of bribery, extortion, fraud, or money laundering.

Integrity governance and the two-tier leadership responsibility system

Department/project leaders are responsible for the clean management of their employees, and the management team is responsible for the clean management of department/project leaders. Members of the support committee are responsible for the clean management of the team leaders leading the “1+3+X” party building and leadership project.

Integrity in employment commitment system

At all levels of the Company, integrity management personnel are required to sign *Integrity Management Responsibility Statement*, while all employees are required to sign an *Integrity Commitment Pledge* to strengthen daily supervision and management efforts, and deepen the integrity self-discipline awareness of all members. In terms of external cooperation, we negotiate and sign *Integrity Collaboration Joint Declaration*, *Anti-Commercial Bribery Agreement*, or *Ethical Contract* with each partnering company to promote honest cooperation, and safeguard the rights and interests of both parties.

2. Building A Culture Of Integrity

Bay Area Development expands its channels and platforms, enriches its content and forms, fully utilises internal and external networks of the Company, publicity columns, internal publications to carry out warning education and promote a culture of integrity. Continuously improving the quality and effectiveness of integrity education, allowing the culture of integrity to enter the ears, eyes, minds, and hearts of employees.



Cleanliness Promotion Poster

3. Right To Report Corruption And Malpractice

Bay Area Development strictly ensures that whistleblowers will not face any form of intimidation or retaliation for reporting, and will make full effort to handle all information confidentially and discreetly. When employees have reasonable grounds to suspect misconduct, they have the right to personally inform their department head and head of internal audit department in writing, or report directly to the general manager.

We will not disclose the identity of the whistleblower without their consent. In cases where it is necessary to disclose the whistleblower's identity for investigation purposes, we will take all reasonable steps to ensure that the whistleblower is not harmed.

5. Excellent Operations Lead To The Transportation Satisfied By Citizens

Risk Analysis And Action

The Greater Bay Area experiences frequent economic activities and high transportation demands. During peak hours, the increasing of traffic flow may lead to potential traffic accidents and increased costs for road maintenance and management. In order to ensure road safety and smooth traffic flow, the Group focuses on enhancing traffic diversion to alleviate congestion and improve operational efficiency.

The Group is committed to promoting the interconnection of infrastructure in the Greater Bay Area. Benefit from our strong infrastructure investment and construction capabilities, efficient intelligent traffic management technology, and attentive customer service system, we continuously enhance the road travel experience. We strive to contribute to the development of the Greater Bay Area by maintaining a safe and smooth traffic environment.

I. Safety First, Ensuring Safe Transportation

The Group focuses on road traffic safety, integrating the concept of “safety first” into every aspect of daily operations. They implement safety production responsibilities at all levels, systematically promote the identification and rectification of potential dangers, organise safety education and emergency drills, and spare no effort to ensure safe and worry-free travel.

1. Safety Production Management System

Bay Area Development has always maintained high levels of health and safety standards, establishing and improving 18 safety production management systems such as the *Comprehensive Legal and Compliance Management System*. These systems clarify the overall goals, principles, and policies of safety production, stipulating the full process of risk identification, control, monitoring, and improvement. They provide clear guiding principles and solid institutional safeguards for safety production work.

The Company has established a safety management structure with the Safety Production Committee as the decision-making body for safety management. The Safety Production Committee is responsible for timely updating and issuing the Company’s safety production policies, while actively promoting the achievement of various safety production goals. The Engineering Management Department comprehensively supervises and manages the Company’s safety production, with each subsidiary having a safety production management structure or dedicated safety production management personnel, ensuring that safety production responsibilities are implemented at all levels.

We dynamically obtain, identify, determine, and update the relevant safety production legal documents for the Company, establish a legal and compliant safety production management process, conduct regular safety production compliance inspections in accordance with regulatory requirements, and continuously improve and enhance existing issues based on evaluation results.



Safety Production Legal Compliance Management Process

2. Safe Production Daily Operation

The Group actively promotes a dual prevention mechanism of safety risk classification control and hidden danger investigation and governance. Take Coastal Company as an example, it has organised comprehensive safety risk identification, drawn road safety risk distribution maps and operational safety risk comparison charts based on risk lists, and continuously improves the risk classification control mechanism. Regular potential danger investigations are carried out, an accident potential danger investigation and governance ledger is established, and timely response measures are formulated to ensure the effective implementation of risk control measures.

GS JV Carried Out A Safety Hazard Investigation And Rectification Work

GS JV conducts safety inspections through various methods such as comprehensive inspections, special inspections, daily inspections, and department self-inspections. Comprehensive inspections are conducted once every quarter by the inspection team, with relevant responsible departments promptly implementing corrective measures. Special inspections are initiated based on actual needs, and during the reporting period, GS JV has deployed various special inspection activities such as flood prevention, fire safety, and structural stability. GS JV also flexibly arranges daily inspections based on actual circumstances to ensure the continuous and stable operation



GS JV Conducted Quarterly Comprehensive Inspection



GS JV Conducted Specific Inspection For Flood Season

GZ West JV Conducted Emergency Drill For Tunnel Fire Incident

On 23 October, GZ West JV organised an emergency response drill simulating a tunnel fire incident. The exercise recreated a scenario where a fire broke out in a tunnel, filling the area with thick smoke. Emergency response teams worked collaboratively to swiftly contain the spread of flames. This drill significantly enhanced the organisation's rapid reaction capabilities and interdepartmental coordination in handling unforeseen emergencies.



The Company strengthens and implements the main responsibility for workplace safety, promoting the establishment of a comprehensive safety production responsibility system from the main person in charge of the enterprise to all levels, departments, and personnel, forming a work system of “layered responsibility, everyone is involved, and each bears their own responsibility” for workplace safety. We have established a supporting assessment and reward mechanism to evaluate the safety performance of departments and individuals comprehensively through various means such as safety inspections, accident statistics, and employee feedback, ensuring that the responsibility system is effectively implemented. We strengthen safety awareness and disseminate safety knowledge through multiple channels and forms, such as issuing safety production manuals, promoting Safety Production Month activities through publicity, and organising themed knowledge tests. These efforts aim to influence and encourage more people to pay attention to and prioritise safety.

3. Extreme Weather Safety Precautions

Bay Area Development has strengthened its ability to cope with extreme weather and has continuously improved its emergency response plans and on-site handling procedures for meteorological disasters such as typhoons, heavy rain, thunderstorms, high temperatures, heavy fog, and haze based on its experience in dealing with extreme weather conditions over the years. It clearly defines the responsibilities and response measures of each department, conducts simulations of various emergencies under extreme weather conditions, and ensures that each department can respond promptly and handle them properly.

II. Quality Is The Foundation, Building A Quality Transportation System

The Group focuses on investing, constructing, and managing transportation infrastructure with high standards and strict requirements. We adhere to high-quality construction, refined maintenance, and high-standard operations to help build a more convenient and intelligent transportation network, ensuring worry-free travel and safe journeys.

1. Engineering Quality Management

Bay Area Development continuously improves the engineering quality assurance system throughout the entire process from design, construction to acceptance. It defines engineering quality goals and requirements, utilises advanced quality management tools and methods, and controls and optimises engineering quality throughout the entire process and in all aspects, continuously enhancing the quality of engineering projects.

The Company is implementing standardised project construction management and benchmark management strategies by issuing the “Centennial Safe And Quality Engineering” implementation plan to establish a unified management system, develop clear work processes, strictly standardise various operating procedures, and ensure compliance with standards through continuous training and supervision.

Measures For The Centennial Safe And Quality Engineering Project

1	Enhancing Engineering Management
2	Application of Intelligent and Informational Technology
3	New Equipment Application
4	Improvement in Techniques and Methods
5	Safe Construction Site Development
6	Green, Environmentally Friendly

We strictly implement the “three inspections” system of self-inspection, mutual inspection, and special inspection, establish a premium quality and penalty mechanism for quality engineering projects, and encourage contractors to pursue excellence and perfection through quality evaluations and comparisons for engineering projects. This helps enhancing overall quality of engineering projects.

2. Road Science Maintenance

The Group continues to strengthen the refined management of roads. Maintenance inspectors are responsible for conducting daily patrols, regular inspections, special inspections, emergency inspections, and construction inspections of roadside facilities. They categorise and analyse the defects to promptly identify and address potential road surface damage, bridge structure issues, and ensure that roads are always in good operating condition.

In road maintenance and management process, we pay attention to integrating road greening with landscaping. We have created a series of key green landscape nodes at toll station entrances and exits, service areas, and interchange ramps, ensuring that landscape facilities along road edges are harmonious with the surrounding environment, providing a comfortable and pleasant driving space for passengers and drivers.



Enhancement Of Greenery At Expressway Entrances And Exits

3. Peak Hour Traffic Flow Assurance And Congestion Mitigation

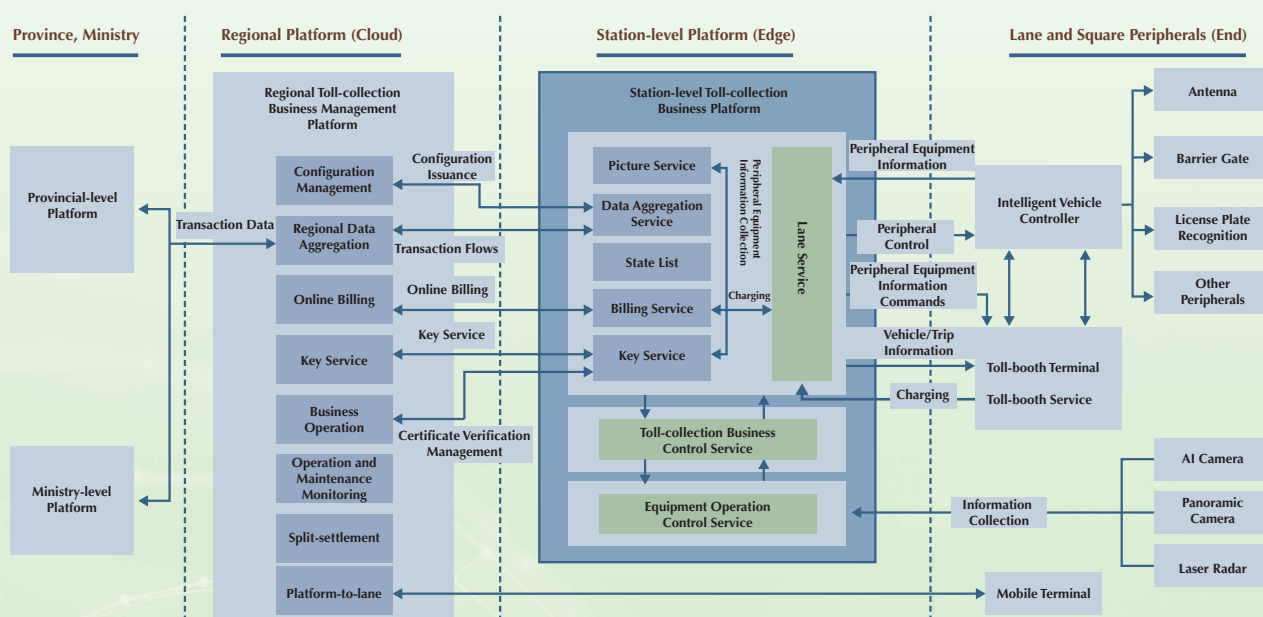
The Group takes multiple measures to ensure road safety and smooth traffic flow. For instance, Coastal Company has implemented strategies such as the *Personalised Traffic Management Strategy for Direct Toll Sections*, the *Accurate Peak Hour Traffic Volume Prediction and Management System*, the *Emergency Response Mechanism for Peak Hour Traffic Flow at Toll Plazas*, and *Measures for Rapid Traffic Diversion and Control During Peak Hours*. These efforts aim to optimise traffic flow design, improve traffic management plans, enhance overall road network efficiency, and create a smoother travelling environment for the public.

Measures to Ensure Smooth Traffic Flow

- Analysing traffic distribution at each toll station, peak hours, drivers' commuting habits, and other basic characteristics is essential for implementing a well-planned deployment strategy and a tiered response mechanism.
- Adjusting traffic control measures dynamically according to road conditions, setting up lane types reasonably, optimising and adjusting lane layouts, flexibly utilising tidal lanes, and implementing comprehensive measures to ensure smooth traffic flow.
- Timely provide road condition information to drivers, by releasing real-time traffic updates through electronic road signs, traffic radio stations, official social media accounts, and other channels, guiding drivers to make informed choices in selecting their routes to avoid congestion.
- During peak hours, enhance the presence of the road administration mobile units at key locations, while maintaining close coordination with the highway patrol, rescue departments, and other relevant agencies to ensure prompt handling of accidents and minimise traffic congestion caused by accidents.
- Enhance on-site management of green lanes and ETC lanes, allowing expedited passage for eligible free vehicles in accordance with regulations to improve traffic efficiency.

Coastal Company Explores Cloud-Based Tolling Model To Enhance Lane Traffic Efficiency

Due to limited land resources in the Shenzhen area, it is difficult to alleviate traffic congestion by expanding lanes at most toll stations. Therefore, Coastal Company took the lead in researching and exploring the cloud-based toll collection model. This model integrates front-end equipment into an IP-based system and back-end systems into an online platform, enhancing toll station operation monitoring comprehensively and improving lane traffic efficiency. Coastal Company independently developed a rapid entry card issuance system that can issue over 350 cards per hour in a single lane, increasing traffic efficiency by 30%. The application of pre-payment systems at high-speed exits and gantry pre-transaction systems can improve traffic efficiency by 25%.



The Cloud-Edge-Device Integrated Collaborative Architecture For Cloud Service Charging Model

III. Service First, Promoting Harmonious Transportation

The Group adheres to the service concept, continuously optimises service processes, enhances service quality, advocates civilised travel, and creates a harmonious and orderly traffic atmosphere, making urban traffic smoother and city life happier.

1. Improve Service Quality

The smooth flow of highways is not just about the smooth road surface and traffic flow, but also about providing a warm and convenient service experience. Therefore, we continuously optimise service facilities and improve service quality so that travellers can receive timely and thoughtful assistance, whether they are tired from long-distance travel or in need of help in emergency situations.

The Group making great efforts to enhance the quality of services in the service area, from improving service attitudes to increasing service efficiency, from beautifying the environment to upgrading facilities. We strive to ensure that every user can enjoy a clean and comfortable rest environment, making every stop of passengers and drivers leave behind a pleasant memory.

Coastal Company Held A Civilised Service Tour Event

In order to enhance the level of high-quality service and the image of counter service, standardising employee service standards, and deepening employee service awareness, Coastal Company conducted a 12-day centralised training and roadshow event on premium service from 7 May to 21 May 2024. Through practical operations and simulated exercises, employees acquired more efficient and professional service skills, thus improving their ability to handle various service scenarios.



Coastal Company Conducted Centralised Training On Providing High-Quality Services

GS JV Participated In Joint Rescue Operations and Ensured Smooth Road Access

In order to improve the response time of road rescue services, GS JV has taken measures such as increasing the number of traffic police duty stations, tow truck rescue service stations, maintenance and clearance service stations, etc. These measures aim to fully mobilise rescue and disposal resources, enhance response speed, quickly handle accidents and clear obstacles, and reduce the waiting time for vehicle owners.



Implementing Transformation of the Shaxi Service Area by GZ West JV

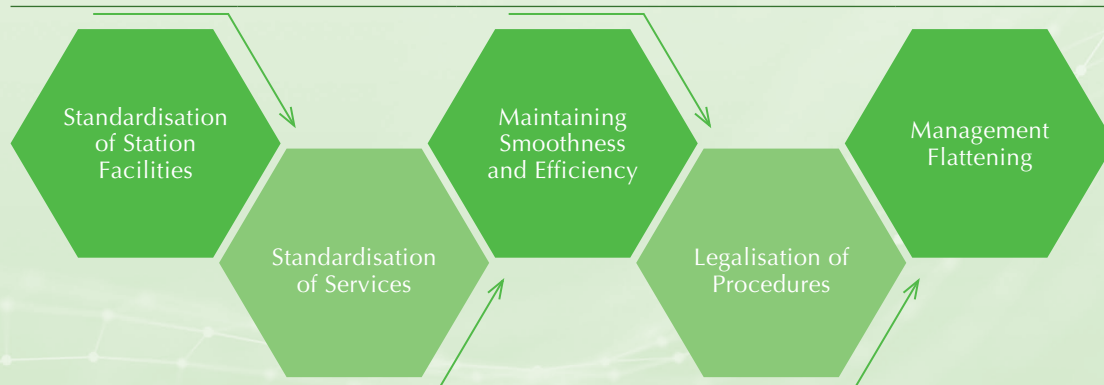
GZ West JV actively responds to the “Hundred, Thousand, Ten Thousand Projects” special service area quality improvement campaign, makes every effort to promote the quality improvement work of the Shaxi service area. The design of the Shaxi service area is based on the main tones of “modern, simple, and grand”, with the theme of “harmonising mountains and seas, with the ancient charm of Xiangshan”, aiming to create an exemplary service area with regional characteristics and thematic culture. By creatively integrating the unique redwood cultural elements of the region with the geographical features of surrounding aquaculture, the design showcases the beauty of the fusion of Xiangshan regional culture and marine water system culture.



2. Developing Smart Highways

The Group continues to deepen the construction of smart highways, promoting highways to develop towards a more efficient, safer, and greener direction through real-time monitoring, data analysis, and the application of intelligent devices. We further improves the functions of data collection, analysis, display, and alerts, as well as business technical standards, comprehensively reviews and refines the digital management innovation points and research results of projects, and forms digital application scenarios that can be widely promoted and replicated. Through multiple rounds of driving with technological innovation and data empowerment, travel becomes more intelligent.

Scientific And Standardised High-Speed Operation Management Standard System



Coastal Company Enhances Traffic Efficiency With Quasi-Free-Flow Tolling System

In alignment with the national strategy of building a strong transportation network, Coastal Company has pioneered innovative practices in smart transportation. Focusing on three toll stations along the Coastal Expressway (Shenzhen Section), namely Qianhai, Dachan Bay, and Xixiang South toll stations, Coastal Company has implemented a zone-level quasi-free-flow tolling system through technological upgrades. By installing advanced recognition devices in existing dedicated ETC lanes, the system enables automatic identification of both ETC vehicles and quasi-free-flow vehicles, ensuring efficient mixed-lane traffic flow for both categories. Compared to the traditional CPC card-based tolling model, the quasi-free-flow system boosts vehicle processing efficiency by approximately 75%, significantly alleviating congestion during peak hours.

GZ West JV Is Exploring Digital Innovation Applications

GZ West JV adheres to the overall development strategy of systematising business integration, digitising business information, and digitising operations. By constructing a digital toll station app, a digital toll station platform, and a visual display system, the existing business systems have been integrated, and multiple key business data have been digitised. With the help of visual display boards and mobile applications, road management can access real-time comprehensive information anytime and anywhere, greatly improving data analysis efficiency and process handling efficiency, and optimising travel experience for drivers.



Development And Testing Of A Prototype Digital System

3. Protecting The Rights And Interests Of Both Drivers And Passengers

The Group values listening to customer feedback. Coastal Company conducts customer satisfaction surveys annually following the process outlined in the *Customer Satisfaction Survey and Evaluation Control Program*, investigates customer satisfaction from three major aspects, namely, impression, quality and service, counts the results of research on drivers and passengers at each toll station, identifies the key improvement points therein, continuously explores the innovative service mode, and formulates improvement measures targeted to improve the level of customer satisfaction.

Survey Dimension	Survey Content
Impression	Overall impression and feelings about the quality of service
Quality	Road signs guidance, lighting, road conditions, road maintenance, toll equipment, facilities along the route
Service	Work efficiency, service attitude, complaint response, towing and rescue, routine maintenance, holiday emergency, information dissemination

- **Customer Complaint Handling Process**

Upon receiving the complaints, relevant departments have contacted the complainants immediately to verify the situation and handle the complaints. In the future, the Group will continue to pay attention to the opinions and suggestions of drivers and passengers and make every effort to protect and improve the service quality consistently.

- **Customer Privacy Protection Measures**

The Group prioritises protecting customer privacy, and the customer information collected is only used for internal operational purposes. Confidential documents and materials are stored or kept by designated personnel in designated locations. Besides, Bay Area Development has also established a sound network and data security incident response mechanism, formulated a *Network Security Incident Emergency Plan* to enhance the ability to respond to network and data security incidents, and prevent the leakage of customer information due to network and data security incidents.

6. Gathering Talents And Wisdom To Shape A Diverse Stage

Risk Analysis And Action

The industry in which our Group operates is facing the challenge of talent loss, which could potentially weaken the Company's competitiveness in the long run. To address this, the Company is strengthening human resource planning, establishing a talent reserve mechanism, and implementing comprehensive training and development plans to ensure a sustainable and stable supply of talent resources.

The Group adheres to the "people-oriented" philosophy, innovates talent selection methods, actively safeguards employee rights, implements diverse training programs, and provides a competitive welfare and salary system. It aims to create an equal, inclusive, and diverse working environment for employees, promoting the comprehensive development and growth of each individual.

I. Protecting Human Rights

The Group has always adhered to the principle of lawful and compliant employment, firmly safeguarding the legitimate rights and interests of every employee. Building on this foundation, we are committed to establishing a fair and transparent benefits and compensation system, ensuring that every employee's hard work is duly rewarded.

1. Ensure Compliance In Employment

Bay Area Development strictly adheres to the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Employment Ordinance* of Hong Kong. It establishes internal management systems to effectively safeguard the legitimate rights and interests of all employees.

The Company adheres to the employment principle of "fairness, impartiality, openness, selecting the best talents, and competitive recruitment," without setting discriminatory provisions based on factors such as "gender, ethnicity, marital status, religion, physical health status" that contradict the principle of fairness. During the recruitment process, we require applicants to truthfully fill out job information and strictly verify their identity information, strictly prohibiting the employment and use of child labour. In the employment process, if falsification or deliberate concealment of information is discovered, we will terminate the employment.

We ensure the legal rights and interests of employees in terms of working hours, holidays, etc. We follow a 5-day workweek, 8 hours per day system, do not advocate for overtime, and strictly prohibit any form of forced labour. With the approval of the Guangdong Provincial Department of Human Resources and Social Security, two joint ventures have implemented a comprehensive working hour system on a quarterly basis for specific positions such as toll collectors, monitors, and site supervisors at toll stations. For departments that must operate 24 hours, we implement a shift system to ensure adequate staffing and prevent employee absenteeism due to insufficient scheduling. Employees with questions or suggestions regarding labour rights can communicate with their immediate supervisors, the human resources department, or report to the labour union.

2. Fair Compensation And Benefits

Bay Area Development is value-oriented, establish an effective employee compensation and benefits system, along with incentive constraints. The Company formulates and implements the *Employee Compensation Distribution System* to ensure the effective operation of the compensation system, fully mobilising employees' enthusiasm and creativity. We implement a job structure wage system, with the compensation structure consisting of basic salary, performance-based pay, and welfare subsidies. When evaluating annual compensation for employees, we comprehensively consider factors such as employee job level, job responsibilities, and other dimensions to ensure that each employee receives fair and reasonable value recognition.

II. Empowering Talent Development

The Group firmly upholds the concept that talent is the core competitiveness, establishes a comprehensive talent development system, provides diverse training and education programs, facilitates employees' career development paths, helps them continuously enhance their professional skills, and achieve personal career goals.

1. Leading The Path To Growth

Bay Area Development establishes a multi-level training and development system to drive talent development. We have formulated the *Employee Training Management Measures*, utilised a combination of online and offline methods, internal instructor exploration, and external teacher recruitment. Different training plans are tailored for employees at different levels and positions, such as new employees, mid-to-senior-level managers, and departmental key personnel, to empower their growth according to their specific needs.

Training Type	Training Content
Knowledge training	Expertise, management knowledge, Company knowledge (company development strategy, governance structure, business situation, management philosophy, rules and regulations, market and competition), etc.
Skills training	Comprehensive analysis, planning and judgement, pioneering and innovation, public relations, internal collaboration, computer applications, and official document writing.
Cognitive training	Identification with the Company, professional and work attitude, team spirit, etc.

The Company focuses on the training and development of young talents, implementing the “One-Two-Three-Four” program to promote the career development of young employees, fully tapping into the potential value of young employees in their respective positions. We have established the “Pathfinder Program” to support the growth of young employees, where senior and mid-level outstanding business leaders are paired with young employees in a mentoring relationship, providing them with strong professional support and guidance to help them continuously improve in their current positions.

We incorporate assessments and tests for the trainees in the training process to help the trainees firmly grasp what they have learnt. After the training, we carry out timely evaluation of the course quality and invite the trainees to fill in the *Training Effectiveness Evaluation Questionnaire*, so as to optimise the content of the course according to the evaluation data and improve the training effect.

We encourage all employees to enhance their educational qualifications and apply for professional titles related to their positions and specialties. We provide certain rewards for employees who independently participate in educational advancement and personal professional training programs, aiming to stimulate their enthusiasm for education and training.

Bay Area Development Successfully Completed The First Phase Of The “Passing On The Torch, Continuing Development” Mentorship Program



2. Building A Career Ladder

Bay Area Development is committed to building a fair and transparent talent selection and career advancement system. According to the Company's *Internal Management Personnel Selection and Appointment Measures*, a detailed classification management system is implemented for the selection and promotion of management personnel. The Company considers both moral integrity and performance orientation as important factors in career advancement, requiring management personnel to have a firm political stance and good moral qualities, as well as outstanding performance and professional abilities in their actual work.

The Company provides equal opportunities for all employees through democratic recommendations, competitive selection, and other selection mechanisms, ensuring fairness and transparency in the selection process through performance evaluations and job assessments. This approach aims to motivate employees' career growth. Great emphasis is placed on the career development of young employees, with a special promotion channel established to align employees' career paths with the Company's long-term strategic planning.

III. Showcasing Humanistic Care

The Group continuously deepens its democratic management mechanisms, establishes open and smooth communication channels, encourages employees to actively participate in corporate decision-making, listens to employee feedback, and effectively enhances employees' sense of happiness and belonging by organising a variety of cultural and sports activities and launching distinctive service projects for employees.

1. Gathering Diverse Voices

Bay Area Development strictly adheres to the *Trade Union Law of the People's Republic of China*, insists on and improves the enterprise democratic management system with the workers' congress as the basic form. The Company has formulated 9 work systems and management methods such as the *Interim Measures for the Implementation of the Provisional Regulations on the Work of the Trade Union Committee*, further optimising the processes and standards of trade union work.

The Company gathers feedback from employees through various channels such as holding union committee meetings, employee forums, distributing surveys via email, etc. By listening to the voices of employees and allowing them to truly participate in the Company's decision-making and management processes, it aims to enhance cohesion and morale among the workforce.

2. Enhancing Employee Well-being

Bay Area Development pays close attention to the happiness and sense of belonging of its employees. They achieve this by purchasing mutual aid protection plans for employees, improving office environments, organising team-building activities, and conducting mutual assistance and visitation programs to provide comprehensive care and support for employees.

Bay Area Development Improves Office Environment To Enhance Office Comfort

The Company creates open office spaces to promote efficient communication and collaboration among employees; provides ergonomic office furniture to alleviate potential physical discomfort from long hours of work; designs office spaces to maximise natural light utilization and incorporates indoor plants to create a green, cozy office environment.

Bay Area Development Organised The “Warmth In March, Youth Shines Brightly” Women’s Day Event

On the morning of 7 March, as International Women’s Day approaches, the Company organised the “Warmth in March, Youth Shines Brightly” series of activities to extend holiday greetings and best wishes to all female colleagues.



Coastal Company Organised Mid-Autumn Festival Garden Party

During the Mid-Autumn Festival, Coastal Company organised a garden party featuring lion dances, moon viewing, osmanthus appreciation and tossing pots game. Employees and their families gathered together to celebrate, fostering a vibrant festive atmosphere.



GZ West JV Holds Fun Games

On 3 December, GZ West JV organised a recreational sports event aimed at enriching employees' leisure time. Staff members actively participated in the lively activities, which not only promoted physical fitness but also strengthened teamwork skills. Colleagues encouraged one another throughout the event, demonstrating strong team cohesion and a tenacious spirit.



GS JV Launched A Themed Event For “525 Mental Health Day”

In view of the Mental Health Day on 25 May, GS JV organised a themed event titled “525 Mental Health Day”. The event aims to educate employees on mental health knowledge, provide mental health counseling, help them better cope with stress, manage emotions, improve their mental health conditions, and ensure that employees in need receive personalised counseling advice.



IV. Ensuring Occupational Health

The Group has always regarded safeguarding the health and safety of employees as a top priority, fully implementing the work policy of “prevention first, combined prevention and control,” proactively preventing, controlling, and eliminating occupational health risks to ensure the well-being of employees.

1. Building A Healthy Barrier Together

The Group strictly adheres to laws and regulations such as the *Occupational Disease Prevention and Control Law of the People’s Republic of China*, establishing a comprehensive occupational health and safety management system to actively maintain a work environment with zero accidents and zero occupational diseases. We continuously optimise management processes, enhance safety measures, and ensure that every employee can work with peace of mind.

Occupational Health And Safety Measures

Occupational hazard communication and warning

When signing an employment contract, we truthfully inform the practitioner of the occupational hazards that may arise in the course of the work, as well as their consequences and protective measures, and include this information in the employment contract.

For employees whose occupational health inspections reveal health impairments related to the occupation in which they are engaged, we transfer them from their original jobs and relocate them appropriately.

Warning signs and Chinese warning instructions are set up at the entrance of the workplace that may produce serious occupational disease hazards or at a prominent location in the workplace.

Occupational health protection

Equip employees with occupational disease protective equipment appropriate to their work.

Regularly check the use of personnel equipped with protective equipment and urges them to wear and use it correctly.

Conduct regular or unscheduled inspections and checks of protective facilities and supplies used by the relevant party’s on-site workforce.



Issuance Of Emergency Kits

2. Cultivating A Culture Of Safety

Bay Area Development places great emphasis on employee safety education and training. Regular safety emergency training and fire evacuation drills are conducted to enhance the emergency evacuation knowledge and self-rescue capabilities of all employees continuously.

Bay Area Development Launches The “Safety Production Month” Safety Emergency Training And Drill Activities

On the afternoon of 18 June, Bay Area Development initiated a safety emergency training and drill activity as part of the “Safety Production Month” campaign. The event began with an interpretation of the *Fire Protection Law of the People’s Republic of China*, followed by a detailed introduction to the basics of fire emergency response. Under the guidance of safety experts, participants were then given the opportunity to operate fire extinguishers and successfully extinguished the fire source.



GS JV Launches Employee Mental Health Workshop

In response to growing employee concerns about mental well-being, GS JV recently hosted a public welfare mental health seminar. Through expert-led lectures and interactive sessions, employees gained a deeper understanding of mental health awareness and coping strategies. Moving forward, GS JV has pledged to prioritise staff psychological wellness initiatives, fostering a more supportive and harmonious workplace environment.



GZ West JV Conducted Emergency Drills For Fire Evacuation And Escape

In the morning of 20 June, GZ West JV organised a fire evacuation emergency drill as part of the “Safety Production Month”. The drill simulated a scenario where a fire broke out in the office. Upon hearing the alarm, personnel at all levels reacted promptly and took the correct evacuation procedures. The evacuation was swift and orderly, demonstrating a high level of alertness and good organisational discipline.



7. Green And Low-Carbon, Creating A Beautiful Home

Risk Analysis And Action

Highway construction and operation projects involve a wide range of complex environmental factors, and the impact of meteorological disasters caused by climate change affects the safety of transportation infrastructure. Therefore, the Group conducts a comprehensive assessment of environmental risks in the region, establishes a risk inventory, prepares emergency plans, organises simulation drills, and enhances the ability to respond to sudden environmental events.

The Group actively explores the path of green development, implementing the concept of green development in the operations, focusing on the ecological impact during construction processes, identifying and effectively managing risks and opportunities related to climate change, and proactively addressing environmental and climate change challenges.

I. Implementing The Concept Of Green Development

The Group strictly complies with laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Water and Soil Conservation Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, and the *Environmental Impact Assessment Law of the People's Republic of China*. We actively practice the concept of green construction and operation, strengthen the safety protection of the environment along roads, strictly implement ecological environmental protection measures, and ensure the stability and health of the ecosystem.

1. Environmental Protection

The “three simultaneous” system of strict implementation of environmental protection is strictly enforced by the Group during the project construction process. Environmental protection facilities are designed, constructed, and put into operation simultaneously with the main project, in order to control any potential adverse environmental impacts of the project within the smallest possible range. This approach promotes the harmonious coexistence of project development and environmental protection.

The Group is enhancing environmental management in important ecologically sensitive areas. We have developed a soil and water conservation plan during the design phase, outlining conservation measures for temporary construction sites and subsequent greening efforts. During the construction phase, we adhere to the principle of “construction in protection, protection in construction,” implementing ecological supervision systems to maintain the continuity of biodiversity and ecological balance in the area.

Measures For Environmental Protection During The Project Construction Process

- Utilise bridges to create ecological corridors, integrate culvert projects, and establish wildlife eco-passages.
- Enhance safety inspections of bridges in water source protection areas, implement real-time monitoring of surrounding road sections 24/7, develop the *Environmental Risk Incident Emergency Response Plan*, and publicise emergency hotline numbers for reporting accidents.
- Strictly follow the construction drawings to layout the soil and water conservation measures, and prohibit the arbitrary replacement of disturbance areas; control the operating range of vehicles and machinery to prevent further disturbance to the ground surface.
- Optimise vegetation restoration and land reclamation measures can help mitigate soil erosion and water loss, thus enhancing the quality of the ecological environment.
- It is important to focus on vegetation restoration and highway greening, with an emphasis on restoring local vegetation, supplemented by suitable non-native tree species, while prioritising the preservation of original landscape trees.

2. Environmental Emergency Response Capability

The Group implements the working principle of “prevention first, combining prevention with emergency response”, conducts comprehensive assessments of potential environmental risks in the region, establishes risk lists, formulates emergency plans, organises simulation drills, and enhances the ability to respond to sudden environmental events.

Emergency Response Plan For Sudden Environmental Incidents

- Analyse the accident situation, formulate emergency response plans, promptly carry out engineering emergency rescue work, assist in rescuing and treating the injured, and evacuate and relocate individuals under threat.
- Based on the current situation, promptly establish restricted areas, rescue zones, etc., implement isolation, containment, and warnings to prevent the occurrence of secondary accidents.
- Ensure prompt repair of affected transportation infrastructure under the premise of safety to guarantee smooth traffic flow.
- According to the situation of the accident, the organisation should mobilise emergency transportation capacity for rapid evacuation.
- Emergency rescue personnel must ensure their safety protection on-site and should not approach the accident scene blindly without understanding the situation or being equipped with safety protection.
- Assist the government and relevant departments in evacuating, relocating, and resettling public, and protecting the scene of accidents.

II. Implementing Green Construction Operations

The Group advocates for civilised construction and green operations, continuously exploring new paths to reduce pollution and waste, improve resource utilization efficiency, build environmentally friendly enterprises, and jointly promote sustainable development.

1. Civilised Construction Management

The Group fulfills the environmental protection responsibilities in accordance with the law, controlling and reducing emissions of “three wastes” and noise pollution. The Group establish management mechanisms from various aspects such as reducing emissions at the source, pollution control, and post-treatment, to enhance the level of environmental management during construction and operation processes.

- **Dust control:** Build walls around sand and stone material storage areas, cover them with rain sheds; set up a car washing pool, assign personnel to clean mud and dirt stuck to vehicles, harden the concrete within a 100-meter range of the construction site; spray water immediately to suppress dust when unloading soil from trucks, and cover exposed soil with safety nets.
- **Noise control:** place construction machinery away from sensitive areas, set up construction barriers, enclose densely populated processing equipment areas, schedule construction activities reasonably, and avoid simultaneous operation of multiple equipment. The use of construction processes and equipment with high noise levels that have been explicitly banned by the state is prohibited.
- **Sewage control:** organised discharge of construction wastewater after sedimentation treatment, connection of domestic sewage to municipal sewage networks, and regular pumping of sewage that cannot be connected to municipal networks by the sanitation department after meeting treatment standards.
- **Waste management:** Household garbage is sorted and collected for centralised disposal, then transported to nearby city landfills on a regular basis. Hazardous waste is collected and entrusted to professional organizations for proper disposal.



**Parking Lot Sewage Treatment
Facilities of GS JV**



**Rainwater And Sewage Diversion
Design of GS JV**

2. Resource Management Optimization

The concept of circular economy is implemented in the Group's engineering construction and daily operations. There is a strong emphasis on the resource recycling and waste reuse. For the milling waste generated in asphalt road maintenance projects, it is utilised for site leveling and filling pathways, achieving the dual goals of resource utilization of construction waste and environmental protection.

III. Supporting Green And Low-Carbon Initiatives

The Group continues to focus on the risks and opportunities brought about by climate change, reviewing progress in addressing climate-related risks and seizing climate-related opportunities from four aspects: governance, strategy, risk management, and indicators and targets, enhancing climate resilience capabilities.

1. Governance

Bay Area Development has integrated the responsibility for climate change governance into the existing ESG framework. This has resulted in a governance mechanism that includes board decision-making, ESG Working Group management, specific implementation by functional departments and business units. This structured approach has established a clear division of labor and dynamic management system for climate change governance, providing management and support to flexibly and effectively address climate change risks and opportunities, thereby enhancing the Company's resilience to climate change.

2. Strategy

The Group places high importance on the potential impact of extreme weather events caused by climate change on the Company's business model and value chain. We adhere to the Environmental, Social, and Governance Reporting Code Part D of the Stock Exchange of Hong Kong Limited ("SEHK"), while also referencing the IFRS S2 Climate-related Disclosures. By considering the Group's own business characteristics and industry research results, we identify potential physical risks and transition risks that could affect the Group, and assess the importance of climate risks and opportunities from the dimensions of likelihood, impact, and resilience.

Dimension	Description
Probability	<p>If an event has a high probability of occurring, it should be placed higher in the ranking.</p> <ol style="list-style-type: none">1. The possibility is extremely low, and it is rare.2. Possibility is low, it is unlikely.3. The likelihood is moderate, but possible.4. There is a high possibility, it is very likely.5. The likelihood is very high, almost certain.
Degree of Impact	<p>If an event has a significant impact on the Group's business and value chain, it should be ranked higher.</p>
Resilience	<p>Resilience should be prioritised higher if an event requires the Group to invest more effort, time, and resources to recover its business operations.</p>

(1) *Physical Risk And Scenario Analysis*

In order to assess and measure the impact of extreme weather events caused by climate change on businesses, we conduct regional climate scenario analysis on identified physical risks, and carry out financial impact assessments on physical risks with high-risk exposure.

Climate scenarios and key assumptions

We have chosen the Shared Socioeconomic Pathways (SSP) from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6), which includes the low-emission scenario SSP1-2.6 and the high-emission scenario SSP5-8.5. We have set two timeframes, the mid-term (2030) and long-term (2050), to qualitatively assess the expected financial losses resulting from changes in physical risks compared to the baseline year (2023) under different scenarios⁵.

Physical risk		
Scenarios	Shared Socioeconomic Pathway SSP1-2.6	Shared Socioeconomic Pathway SSP5-8.5
Description	Assuming that countries will reduce greenhouse gas emissions in accordance with the Paris Agreement to control global warming this century to no more than 2.0°C above pre-industrial levels (1850), achieving sustainable development.	Assuming that countries do not implement measures to reduce greenhouse gas emissions, carbon emissions in 2100 will be three times that of 2015, leading to a global temperature rise of 4.4°C above pre-industrial levels by the end of this century. Countries will need to implement climate adaptation and mitigation measures.
Temperature increase	No more than 2.0°C	Approaching or exceeding 4.4°C
Key assumption	Assuming factors such as business operations, asset size, and asset location remain constant, only the physical risks faced by assets are analysed. When assessing the potential impact of physical risks on the Group's finances, only financial expected losses are used as a measure.	

⁵ The assessment of the potential financial impacts of climate-related risks on the Group is a forward-looking statement. Given the limitations of the analytical methods and many uncertain factors in the external environment, the actual future development may differ from the forecasts in this report.

Physical risk	Risk variation relative to the baseline year			
	SSP1-2.6		SSP5-8.5	
	2030	2050	2030	2050
Extreme rainfall	High Risk	High Risk	High Risk	High Risk
Typhoon	High Risk	High Risk	High Risk	High Risk
Coastal flooding	Medium Risk	Medium Risk	High Risk	High Risk
Extreme high temperature	Medium Risk	Medium Risk	Medium Risk	High Risk
Sea level rise	Low Risk	Low Risk	Medium Risk	High Risk
Extreme low temperature	Low Risk	Low Risk	Low Risk	Low Risk
Extreme snowfall	Low Risk	Low Risk	Low Risk	Low Risk

Risk Level: ● Low Risk ● Medium Risk ● High Risk

Physical Risk Assessment Overview

Based on the scenario analysis results, we have assessed that extreme rainfall, typhoons, coastal flooding, extreme high temperatures, and sea-level rise have significant potential financial impacts. We have preliminarily formulated corresponding response measures, as shown in the table below.

Physical Risk

(I) Acute risks

1. Extreme rainfall

- **Timeframe:** Short to medium term
- **Potential Impact Pathways And Financial Impact:**
 - This may lead to road blockages or closures, affecting traffic flow, and consequently causing a decrease in toll revenue.
 - It may cause interruptions in construction operations, affecting the progress of the project, ultimately leading to increased costs due to delays.
 - Possible consequences include internal flooding, landslides, collapses, and other disasters, leading to injuries and casualties among workers and passengers, damage to road infrastructure and construction equipment, thereby increasing the Company's maintenance and insurance costs.
- **Measures**
 - Implement meteorological monitoring warnings and traffic control measures, protecting movable facilities on-site, checking drainage systems in advance for blockages, and relocating personnel and materials from low-lying areas in advance are essential steps. Based on the situation on the ground, activating corresponding emergency response levels and measures to reduce the impact of extreme rainfall on traffic interruptions and ensure safe passage.
 - Enhance inspections and patrols on key road sections and areas to ensure early detection and response to risks, as well as to carry out emergency road clearance and infrastructure hazard assessments in disaster-affected areas.
 - Enhance the identification of flood risk points, and implement targeted preventive measures for pooling of rainwater in low-lying areas of highways during heavy rainfall.

2. Typhoon

- **Timeframe:** Short to medium term
- **Potential Impact Pathways And Financial Impact:**
 - This may cause landslides, bridge collapses, tunnel failures, mudslides, and other related issues, which can in turn affect the smooth operation of highways, increase maintenance costs, and reduce toll revenue.

- Possible road closures may reduce traffic flow, thereby affecting toll revenue. It could also lead to a large number of vehicles and passengers being stranded, resulting in complaints and negative public opinion.
- Possible disruptions to construction projects and operations, such as power outages in the entire highway network, toll booths, residential areas, leading to increased project delays and interruptions in toll collection services, failure of critical networking equipment, traffic congestion, and revenue losses.

➤ **Measures**

- Develop detailed emergency plans, including the formation of rapid response teams, stockpiling of supplies, and logistical support, to ensure swift action can be taken during a typhoon event, minimizing the impact on operations.
- Enhance the management of highway slopes, install protective nets, and reduce the impact of disasters such as landslides and mudslides along the highway.

3. Coastal flooding

➤ **Timeframe:** Short to medium term

➤ **Potential Impact Pathways And Financial Impact:**

- This may potentially damage infrastructure such as highways and bridges. The strong impact and prolonged immersion of floods can lead to potholes and cracks on the road surface. It can also erode and impact the support structures of bridges, thereby increasing operational and maintenance costs.
- Potential risks include power supply interruptions and business disruptions, requiring additional time and resources for repairs, leading to increased operational costs.

➤ **Measures**

- Establish a comprehensive flood warning mechanism to prevent in advance, including stocking emergency power and critical supplies.
- Enhance infrastructure resilience, such as increasing the flood level standards for coastal highways and bridges, and strengthening bridge structural design.

4. Extreme high temperatures

- **Timeframe:** Short to medium term
- **Potential Impact Pathways And Financial Impact:**
 - This may lead to a decrease in the performance of materials such as asphalt and concrete in bridges and highways, accelerating road surface aging, thereby shortening the lifespan of assets and increasing depreciation costs.
 - It may be more prone to causing road damage, such as ruts and cracks, thereby increasing maintenance costs.
 - Possible causes for construction projects to pause, leading to increased costs, including higher labor and equipment rental expenses.
- **Measures**
 - Regularly inspect and maintain highways, promptly repairing damages caused by high temperatures, such as ruts and cracks in asphalt surfaces.
 - Adjusting working hours during high temperatures, reducing or stopping outdoor work during high-temperature periods to protect workers' health and reduce the risk of heatstroke.

(II) Chronic risks

1. Sea level rise

- **Timeframe:** Long-term
- **Potential Impact Pathways And Financial Impact:**
 - Coastal highway sections may be submerged due to backflow of seawater, leading to road closures, reduced traffic flow, and a decline in toll revenue.
 - This could potentially lead to increased erosion and damage from flooding on coastal highways and bridges, resulting in higher maintenance frequency and reconstruction costs for infrastructure.
 - It may lead to irregular settlement of coastal highway sections, affecting road stability and increasing maintenance and repair costs.
- **Measures**
 - Develop a long-term infrastructure upgrade and maintenance plan, including raising the design standards of coastal highways and bridges to withstand more frequent flood risks.
 - In key areas along the highway, measures such as ground settlement control projects, including foundation reinforcement and roadbed elevation, are implemented to reduce the impact of settlement on the highway.

(2) *Transition Risk And Scenario Analysis*

In order to assess and measure the transition risks triggered by climate change, such as the impact of policy, technology, market, and reputational changes on businesses, we conduct a comprehensive climate scenario analysis across the entire group for identified transition risks. Subsequently, we carry out financial impact assessments for high-risk transition risks with significant exposure.

Climate scenarios and key assumptions

We conducted a scenario analysis based on the orderly scenario and hot house world scenario proposed by the Central Banks and Supervisors Network for Greening the Financial System (NGFS). We set two time frames, the medium-term (2030) and long-term (2050), to qualitatively assess the expected financial loss changes resulting from transition risks compared to the base year (2023)⁶.

Transition Risk		
Scenarios	Orderly scenario	Hot house world scenario
Description	By strictly enforcing climate policies and fostering innovation, global warming is kept within 1.5℃, achieving net-zero carbon emissions around 2050.	Implementation of only current policies, or even the targets of the Nationally Determined Contributions (NDCs) without effective policy support, will lead to high physical risks.
Temperature rise	No more than 1.5℃	Above 3℃
Key assumption	Assuming factors such as business operations, asset size, and location remain unchanged, the analysis will focus solely on the transition risks faced by the assets in each scenario.	

⁶ The assessment of the potential financial impacts of climate-related risks on the Group constitutes a forward-looking statement. In view of the limitations of the analytical methods and numerous uncertain factors in the external environment, the actual future development may differ from the forecasts in this report.

Transition risk	Risk variation relative to the baseline year			
	Net Zero		Hot house	
	2030	2050	2030	2050
Greenhouse gas emission reduction policy pressure	Medium Risk	High Risk	Low Risk	Low Risk
Carbon tax increase	Medium Risk	High Risk	Low Risk	Low Risk
Increased traditional electricity prices	High Risk	High Risk	Low Risk	Medium Risk
Changes in transportation patterns	Medium Risk	Medium Risk	Low Risk	High Risk
Rising costs and availability of raw materials	Medium Risk	Medium Risk	Low Risk	High Risk
Stakeholders' concerns about climate risks	Medium Risk	Medium Risk	Low Risk	Medium Risk
Customers tend to prefer low-carbon products and services	Medium Risk	Medium Risk	Low Risk	Low Risk

Risk Level: ● Low Risk ● Medium Risk ● High Risk

Transition Risk Assessment Overview

Based on the scenario analysis results, we have assessed those policies for reducing greenhouse gas emissions, increasing carbon taxes, rising prices of traditional electricity, changes in transportation modes, and increasing costs and availability of raw materials have significant potential financial impacts. We have preliminarily formulated corresponding response measures, as shown in the table below.

Transition Risk

(I) Policy and legal risks

1. Greenhouse gas emission reduction policy pressure

- **Timeframe:** Long-term
- **Potential Impact Pathways And Financial Implications:**
 - With the continuous strengthening of national greenhouse gas policies, such as the requirement to disclose carbon emissions and implement more robust emission reduction measures, additional funds and personnel are needed to ensure compliance with evolving policies and regulations. This may lead to increased legal and consulting compliance costs, as well as the technical costs of implementing new emission reduction measures.
- **Measures**
 - Actively monitor domestic and international policies related to greenhouse gas emission reduction and sustainable development, learning and understanding them in a timely manner, and regularly participating in industry exchanges, or hiring external consulting firms to provide comprehensive training for the entire group.
 - Regularly conduct organizational carbon emission inventories to understand the Company's carbon emission situation, and establish emission reduction goals and plans.
 - In the operation and construction process, low-carbon and environmentally friendly measures are taken, such as using new energy official vehicles, reducing paper usage, and recycling construction waste.

2. Carbon tax increase

- **Timeframe:** Short to medium term, long term
- **Potential Impact Pathways And Financial Implications:**
 - In a net-zero scenario, with policies such as emission reduction and the development of domestic carbon emission trading markets, carbon prices may further rise. This could lead to an increase in prices of high-carbon emission materials such as cement, asphalt, and other construction materials, resulting in higher raw material procurement costs for the Group or potentially extending project timelines due to seeking more affordable materials, causing revenue losses.

➤ **Measures**

- Research and develop low-carbon technologies and materials, optimise construction processes such as recycling construction waste, to reduce costs associated with purchasing or using new materials. Minimise the impact of potential cost increases due to rising carbon prices as much as possible.
- Pay attention to the dynamic of the market carbon pricing policy, and plan to establish an internal carbon pricing system in the future. Internalise the carbon price as one of the operating costs of the Company, and use it as one of the reference factors for planned group budget expenditures.
- Actively communicate with financial institutions to discuss using sustainable financial products with lower interest rates for future plans, which is expected to reduce future financing costs.

(II) Policy and legal risks/Technological risks

1. Traditional electricity price increase

➤ **Timeframe:** Short to medium term

➤ **Potential Impact Pathways And Financial Implications:**

- In a net-zero scenario, the use of fossil fuels is usually more strictly restricted, while the use of renewable energy is encouraged to reduce carbon emissions. Renewable energy technologies are still in the development process, and electricity generated from fossil fuels may face further price increases due to low-carbon policies. In this case, continuing to purchase traditional electricity may lead to an increase in electricity procurement costs, thereby increasing operational and production costs.

➤ **Measures**

- Continuously optimise the existing energy (electricity) management system, strengthening energy monitoring, reviewing the current construction and energy use processes to identify steps that can be optimised, improving energy efficiency, reducing energy waste, and saving energy costs.
- Utilise solar power in highway operation areas and office spaces to increase the proportion of renewable energy usage based on actual conditions, thereby reducing the potential increase in energy costs that may result from purchasing traditional external electricity.

(III) Market risks

1. Changes in travel patterns

- **Timeframe:** Short to medium term
- **Potential Impact Pathways And Financial Implications:**
 - In a hot house world scenario, despite the absence of mandatory policy influences, as global warming intensifies, the impact of physical risks brought about by climate change worsens. This could have a more severe impact on the locations where the Group operates, potentially affecting road traffic due to typhoons and heavy rain, leading to a decrease in toll revenue and affecting the overall performance of the Company.
- **Measures**
 - Provide diversified protection and services, such as optimizing emergency safety measures for roads in adverse weather conditions, enhancing customer experience at service areas and toll booths, can increase customer willingness to travel and satisfaction.

2. Rising costs and availability of raw materials




- **Timeframe:** Short to medium term
- **Potential Impact Pathways And Financial Implications:**
 - In a hot house world scenario, the impact of future temperature rises due to climate change exacerbates meteorological disasters, such as landslides caused by heavy rain leading to supply chain disruptions and property and personnel losses. This could result in operational interruptions for the Group, project delays, increased insurance coverage, and overall rising procurement and operational costs.
- **Measures**
 - Further improvements in meteorological monitoring systems and the utilization of big data and artificial intelligence technologies to analyse historical weather data and supply chain data, predict potential risk points, and take proactive measures in advance.
 - Establish partnerships with multiple suppliers to avoid over-reliance on a single supplier, especially for key raw materials, ensuring the continuity of the supply chain.

We conducted a comprehensive assessment of the exposure levels to physical risks and transition risks under different climate scenarios. By integrating interview research and external expert advice, we ranked the potential physical and transition risks that could lead to significant financial impacts, forming a list of climate change-related risks for the year 2024.

Risk Rank	Risk Type	Risk Category
1	Physical Risk	Extreme rainfall
2	Physical Risk	Typhoon
3	Physical Risk	Coastal flooding
4	Transition Risk	Pressure from greenhouse gas emission reduction policies
5	Transition Risk	Change in transportation mode
6	Physical Risk	Extreme high temperature
7	Transition Risk	Traditional electricity price increase
8	Transition Risk	Carbon tax increase
9	Transition Risk	Rising costs and availability of raw materials
10	Physical Risk	Sea level rise

(3) Opportunities Related To Climate Change

Climate change not only brings risks but also nurtures new opportunities. As a transportation infrastructure operator based in the Greater Bay Area of China, we leverage our strengths to actively take a series of measures to address climate change. At the same time, we seize the potential opportunities that climate change may bring, promoting our own sustainable development in alignment with the Greater Bay Area.

Opportunities	Plans and Measures
Digital transformation 	Enhance the digitalization of highway construction and operation. By leveraging big data, artificial intelligence, and Internet of Things (IoT) technologies, traffic flow can be optimised to reduce congestion and emissions. Simultaneously, strengthening construction management can minimise redundant processes and unnecessary resource wastage, thereby improving energy efficiency and emission reduction.
Green transportation 	Leveraging the development and policy advantages of new energy in the Greater Bay Area, further investment in building electric vehicle charging stations to meet the increasing demand for electric vehicles. Install solar photovoltaic panels in operational areas such as service areas, toll stations, and parking lots to reduce traditional electricity consumption.
Green building 	In the process of road construction and repair, it is important to incorporate the project with local natural features from the design end and adopt more environmentally friendly solutions. For example, under the premise of reasonable cost, prioritise the use of low-carbon building materials to improve the energy efficiency and environmental performance of the buildings.

3. Risk Management

Bay Area Development establishes an enterprise risk management system based on the *Guidelines for Comprehensive Risk Management of Central Enterprises*, the *Basic Framework of Internal Control and Risk Management* by the Hong Kong Institute of Certified Public Accountants, and the Enterprise Risk Management Framework of the COSO Committee. We have formulated the *Risk Management Policy* and other risk management systems to identify potential risks in the management and operation processes. Additionally, we incorporate climate change risk management into the existing risk management system, conducting identification, assessment, and management of climate change-related risks.

Process	Contents
Risk identification 	<ul style="list-style-type: none"> ➤ Conduct a comprehensive review of the geographical locations of existing holdings in high-speed highway projects, as the basis for risk identification. ➤ The relevant risks recommended by the TCFD Task Force on Climate-related Financial Disclosures and the climate disclosure industry indicators released by IFRS-S2. ➤ Research industry trends and information released by peers. ➤ Conduct interviews and communication with internal business and management personnel within the Company. ➤ Compile a risk inventory.
Risk assessment 	<ul style="list-style-type: none"> ➤ Conduct interviews and research with relevant departments based on scenario analysis to evaluate risk exposure. Additionally, external expert advice is sought to identify and finalize the main risk list. ➤ The Company's senior executives and relevant departments rank climate change risks based on two dimensions: the likelihood of occurrence and the impact on business objectives after they occur.
Risk management 	<ul style="list-style-type: none"> ➤ Based on the results of risk assessment, identify the department or individual responsible for risk management, and develop risk management strategies and response plans in accordance with the internal and external environment. ➤ Each department under centralised management shall prepare corresponding risk management plans based on the results of risk assessment.



Climate Risk Assessment And Management Cycle Diagram

4. Indicators And Objectives

In order to control greenhouse gas emissions, the Group continuously monitors annual greenhouse gas emissions, conducts regular assessments and reports, continuously optimises emission reduction measures, improves energy efficiency, and reduces carbon footprint.

In addition, the Company will use environmental goals such as atmospheric pollutant emissions, greenhouse gas emissions, waste management, energy, and water resource usage as tracking targets and indicators related to climate change, continuously improving environmental performance in corporate operations. We have incorporated ESG performance into our evaluation system, linking executive compensation to it, thereby incentivizing executives to actively promote the Company's sustainable development in environmental, social, and governance aspects.

8. Shared Appreciation For Beauty, Creating A Harmonious Society

Risk Analysis And Action

The irregular behavior of suppliers can pose a significant threat to the Company's brand value and business operations. In order to address this, the Group has optimised its procurement regulations to ensure strict and transparent processes. This includes strengthening communication with suppliers to enhance cooperation and compliance awareness, as well as promoting the concept of green procurement to drive the supply chain towards sustainable development.

The Group actively engages in the construction of a harmonious society, closely integrating its strategies with industry development trends and social needs. This synergy promotes its own growth, industry prosperity, and social progress, achieving deep collaboration with industry partners and neighboring communities to create a mutually beneficial and bright future together.

I. Constructing A Responsible Supply Chain

A sustainable supply chain is a key element for businesses to achieve sustainable development. Our Group upholds the principles of integrity, transparency, legality, and compliance to strengthen procurement management, enhance suppliers' sustainable development capabilities, build mutually beneficial partnerships, and work together to promote industry development.

1. Procurement And Contract Management




Bay Area Development is committed to maintaining long-term mutually beneficial relationships with partners based on mutual trust. The Company has established the *Procurement Management Procedures* and *Procurement Operating Rules* to clarify the principles, division of responsibilities, and key control points in the procurement process, promoting a healthy supply chain development through standardised management. During the reporting period, the Company further improved procurement operational standards and provided procurement operation training for procurement staff to enhance transparency and efficiency in cooperation with suppliers.

The Company values the enhancement of overall supply chain efficiency. In accordance with the *Supplier Performance Evaluation Management Measures*, it has implemented a performance supervision mechanism to strengthen the identification and supervision of environmental and social risks of suppliers, incentivising them to continuously improve their own capabilities and the sustainability of their products and services. We are continuously deepening cooperation and communication with suppliers, establishing daily communication channels with suppliers, setting up regular meeting mechanisms, enhancing interaction with suppliers, discussing industry trends, technological innovations, market information, providing timely feedback, addressing project issues and needs, and working together to seek the best solutions.

2. Building A Green Supply Chain

The Group actively promotes green and low-carbon concepts in the procurement process. The environmental compliance of suppliers is considered as an important factor in evaluating cooperation. Suppliers using environmentally friendly technologies and equipment are given priority, and materials, products, and services that are beneficial to environmental protection, such as energy-saving, water-saving, and material-saving, are preferred for procurement and use.

Guidelines for Green Procurement in GS JV

Procurement Category	Consideration Factors
Green Products 	➤ In the design process, the concept of the entire lifecycle is established, fully considering environmental protection and reducing resource and energy consumption. More environmentally friendly raw materials are used in the production process, and clean production processes are adopted. After the product is discarded, recycling and disposal are carried out. Encourage the procurement of energy-saving and environmentally friendly products certified by environmental labels, energy-saving product certifications, or other nationally recognised certifications.
Green Raw Materials 	➤ Priority is given to materials that meet environmental standards and energy-saving requirements, with low energy consumption, low pollution, non-toxicity, high resource utilisation, recyclability and other good properties.
Green Services 	➤ The content of the services provided is less damaging to the environment in general, with fewer pollutant discharges, no toxic, hazardous or difficult-to-treat pollutants, and separate collection and reasonable disposal of solid wastes. At the same time, attention is paid to energy conservation and consumption reduction in the course of the services, reducing the consumption of natural resources.

II. Maintaining Community Prosperity

The Group has always adhered to the concept of co-development with the community, carrying out various community public welfare and volunteer service activities to convey corporate warmth to the public. We have formed volunteer service teams and conducted charity activities to bring warmth to the city.

1. Engage In Community Volunteer Service

GS JV has established a volunteer team, actively organising a series of volunteer service activities such as “Learn from Lei Feng”, caring for the elderly, ensuring the smooth public transportation, and providing event support, aiming to contribute to community assistance and care.



Volunteer service teams enter the community to carry out volunteer activities to lend a helping hand to the elderly.



Extensively solicit community residents to participate in the “Brighten Children’s Small Wishes” activity, and deliver heartfelt gifts to the children.

2. Provide Psychological Counseling Services To The Public

GS JV has utilised the Guiping GAO’s psychological consultation room to provide stress relief and worry reduction services. They have delved into the community to offer one-on-one psychological health counseling and public welfare courses on mental health, helping individuals foster a positive outlook on life, better manage the pace of work and life, and continuously enhance their stress resistance threshold.

GS JV Guiping GAO's Psychological Consultation Room Continues To Play A Role In Stress Relief And Worry Reduction



Elderly Mental Health Care Services



Pediatric Clinic Mental Health Activities

3. Revamping The Space Under The Bridge For Public Convenience Facilities

GZ West JV is making efficient use of idle resources by transforming the vacant land under the bridge into a fitness and sports square. GZ West JV created a park structure with “one corridor, one path, multiple spaces,” and developed it into a rural cultural and sports promotion site.



Under-Bridge Space Development For Public Convenience Facilities

4. Promoting Traditional Culture

The lion dance team of Coastal Company serves as a cultural ambassador, spreading traditional culture to a wider audience through participation in social welfare activities, cultural exchanges, and performances. This showcases the Group's active contribution to the promotion of traditional culture to the public.

The Lion Dance Team Of Coastal Company Participated In The “March 3rd” Beishi Temple Parade



In March 2024, the Lion Dance Team participated in the parade at the Beishi Temple during the “March 3rd” festival. In the lively parade, the team members showcased their exquisite skills and high spirits, adding a festive atmosphere to the event and deepening the public's appreciation for traditional culture.

Appendix Of The Report

I. Laws, Regulations And Policies

ESG Category	General Disclosure
A1: Emissions	The Group has always strictly complied with the laws and regulations such as the <i>Environmental Protection Law of the People's Republic of China</i> , the <i>Water Pollution Prevention and Control Law of the People's Republic of China</i> , and the <i>Water Pollution Control Ordinance of Hong Kong</i> . The Group has established a <i>Sustainable Development Policy</i> to guide all levels of departments in implementing green management systems, strengthening the management of emissions of waste gases, pollutants into water and land, harmful and non-harmful waste materials, etc., to ensure compliance with emissions regulations. During the reporting period, the Group did not have any illegal or non-compliant situations related to emissions.
A2: Resource Usage	The Group has established a <i>Sustainable Development Policy</i> and implemented energy-saving equipment in office premises and along highways to regulate the use of resources including energy and water.
A3: The Environment And Natural Resources	The Group has established internal policies such as <i>Highway Maintenance Management Measures</i> , <i>Emergency Response Plan for Unexpected Incidents</i> , and <i>Emergency Management Measures for Unexpected Incidents</i> . It also conducts environmental risk supervision of contractors to minimise or avoid adverse impacts on the surrounding natural environment and natural resources.
B1: Employment	The Group strictly adheres to the laws and regulations such as the <i>Labor Law of the People's Republic of China</i> , the <i>Labor Contract Law of the People's Republic of China</i> , and the <i>Employment Ordinance of Hong Kong</i> . The relevant management measures regarding compensation, dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, and other benefits and welfare are clearly defined in the Employee Handbook. During the reporting period, the Group did not have any illegal or irregular employment-related incidents.
B2: Health And Safety	The Group strictly complies with the laws and regulations such as the <i>Work Safety Law of the People's Republic of China</i> , the <i>Occupational Disease Prevention and Control Law of the People's Republic of China</i> , and the <i>Regulations on Occupational Safety and Health</i> , etc. It has established a series of internal policies such as the <i>Legal and Compliance Management System for Production Safety and Safety Management Procedures</i> to clearly explain safety management policies and protection measures, providing employees with a safe working environment to prevent occupational hazards. During the reporting period, the Group did not have any violations or non-compliance related to health and safety.
B3: Development And Training	The Group has established the <i>Employee Training Management Measures</i> and regularly provides employees with diverse training courses covering professional skill enhancement and personal career development to enhance employees' business literacy and professional capabilities.

ESG Category	General Disclosure
B4: Labor Standards	The Group strictly complies with the laws and regulations such as the <i>Labor Law of the People's Republic of China</i> , the <i>Law of the People's Republic of China on the Protection of Minors</i> , and the <i>Employment Ordinance of Hong Kong</i> . Through the <i>Employee Handbook</i> and <i>Personnel Management Regulations</i> , it is explicitly prohibited to employ child labor, not encouraged for employees to work overtime, and any form of forced labor is strictly prohibited. During the reporting period, the Group did not have any illegal or non-compliant situations related to labor standards.
B5: Supply Chain Management	The Group has always attached great importance to the establishment and investment in a sustainable supply chain. Therefore, we require all suppliers to properly manage their environmental and social risks, and to specify and regulate them in the contract. In the future, the Group will also review and improve the supply chain management system in a timely manner.
B6: Product Responsibility	The Group strictly complies with the laws and regulations such as the <i>Law of the People's Republic of China on Guarding State Secrets</i> , the <i>Road Traffic Law of the People's Republic of China</i> , and the <i>Regulations on the Administration of Toll Roads</i> . The Group has established the <i>Emergency Management Measures for Sudden Incidents</i> , <i>Emergency Response Plan for Sudden Incidents</i> , and improved emergency measures to ensure the health and safety of customers. It has also formulated the <i>Regulations on Confidentiality Work Management</i> , <i>Archives Management Measures</i> , and <i>Emergency Response Plan for Network Security Incidents</i> to protect customer privacy. During the reporting period, the Group's business did not involve product labeling, product recalls, or marketing advertisements, and no violations related to product responsibility were found.
B7: Anti-Corruption	The Group strictly adheres to relevant laws and regulations such as the <i>Criminal Law of the People's Republic of China</i> , and the Hong Kong <i>Prevention of Bribery Ordinance</i> to prevent bribery, extortion, fraud, and money laundering that have a significant impact on the Group. The Group has established a <i>Whistleblower Policy</i> , <i>Code of Conduct</i> , and <i>Employee Handbook</i> for integrity management. During the reporting period, the Group did not receive any reports of bribery, extortion, fraud, or money laundering.
B8: Community Investment	The Group has coordinated the management of community investment-related work by formulating a <i>Sustainable Development Policy</i> and regularly conducts philanthropic activities to support the development of the community.

II. Key Performance Indicators Table

Environmental Performance									
Indicator	Unit	GS JV		GZ West JV		Coastal Expressway (Shenzhen Section)		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Emissions									
Air pollutants ¹									
Nitrogen oxides	Tonne	2.73	3.78	4.04	3.50	0.60	0.16	7.37	7.44
Sulphur oxides	Tonne	0.01	0.01	0.00	0.00	0.00	0.00	0.01	0.01
Respirable suspended particulates	Tonne	0.22	0.32	0.37	0.27	0.04	0.01	0.63	0.60
Greenhouse gases									
Scope 1	Tonne of CO ₂ -e	1,046	1,105	631	816	222	112	1,899	2,033
Scope 2	Tonne of CO ₂ -e	16,400	14,652	8,059	7,258	5,809	4,558	30,268	26,468
Total emissions	Tonne of CO ₂ -e	17,445	15,757	8,690	8,074	6,031	4,670	32,166	28,501
Intensity (by length of expressway)	Tonne of CO ₂ -e/km	N/A	N/A	N/A	N/A	N/A	N/A	124.82	110.6
Waste									
Non-hazardous waste	Tonne	10,533	3,918	3,155	5,861	732	365	14,421	10,144
Intensity (by length of expressway)	Tonne/km	N/A	N/A	N/A	N/A	N/A	N/A	56	39.4
Use of Resources									
Energy									
Direct energy									
Natural gas	MWh	621	104	420	0	329	330	1,370	434
Liquefied petroleum gas	MWh	413	949	531	967	0	0	944	1,916
Renewable energy (solar and wind power)	MWh	N/A	N/A	56	56	N/A	N/A	56	56
Gasoline	MWh	2,744	2,811	1,421	2,353	484	98	4,649	5,262
Diesel	MWh	567	645	147	41	133	84	847	770
Total direct energy consumption	MWh	4,345	4,509	2,575	3,417	945	512	7,865	8,438
Intensity (by length of expressway)	MWh/km	N/A	N/A	N/A	N/A	N/A	N/A	31	33
Indirect energy									
Purchased electricity	MWh	25,709	25,692	12,634	12,726	9,106	7,993	47,449	46,411
Intensity (by length of expressway)	MWh/km	N/A	N/A	N/A	N/A	N/A	N/A	184	180
Total energy consumption	MWh	30,054	30,201	15,210	16,143	10,051	8,505	55,314	54,849
Intensity (by length of expressway)	MWh/km	N/A	N/A	N/A	N/A	N/A	N/A	215	213
Water									
Total water consumption	Cubic metre	338,626	325,875	175,927	164,612	106,626	120,450	621,179	610,937
Intensity (by length of expressway)	Cubic metre/km	N/A	N/A	N/A	N/A	N/A	N/A	2,410	2,371

¹ The emission factors for calculating air pollutants in 2024 are adopted from the “Reporting Guidance on Environmental KPIs” published by the Stock Exchange of Hong Kong Limited. For 2023 data, due to different calculation methodologies, they have been restated in this report.

		Social Performance				
Indicator	Unit	GS JV	GZ West JV	Coastal Expressway (Shenzhen Section)	Bay Area Development	Total
Employment						
Total workforce	Person	1,932	1,074	425	66	3,497
By gender						
Male	Person (%)	1,276 (66)	633 (59)	258 (60.7)	33 (50)	2,200 (63)
Female	Person (%)	656 (34)	441 (41)	167 (39.3)	33 (50)	1,297 (37)
By employment type						
Full-time	Person (%)	1,932 (100)	1,074 (100)	425 (100)	66 (100)	3,497 (100)
Part-time	Person (%)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
By age Group						
Below 30	Person (%)	756 (39.1)	555 (51.7)	373 (87.8)	10 (15.2)	1,694 (48.4)
30–50	Person (%)	967 (50.1)	454 (42.3)	41 (9.6)	48 (72.7)	1,510 (43.2)
Above 50	Person (%)	209 (10.8)	65 (6)	11 (2.6)	8 (12.1)	293 (8.4)
By geographical region						
Mainland China	Person (%)	1,932 (1)	1,074 (1)	425 (1)	49 (74.2)	3,480 (99.5)
Hong Kong	Person (%)	0 (0)	0 (0)	0 (0)	17 (25.8)	17 (0.05)
Total employee turnover	Person (%)	150 (7.8)	19 (1.7)	129 (30.4)	5 (7.6)	303 (8.7)
Breakdown of total number and percentage of employee turnover						
By gender						
Male	Person (%)	78 (0.52)	15 (2.4)	79 (30.6)	4 (12.1)	176 (8)
Female	Person (%)	72 (0.48)	4 (0.9)	50 (30)	1 (3)	127 (9.8)
By employment type						
Full-time	Person (%)	150 (7.8)	19 (100)	129 (30.4)	5 (7.7)	303 (8.7)
Part-time	Person (%)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
By age Group						
Below 30	Person (%)	85 (11.2)	16 (2.9)	128 (34.3)	0 (0)	229 (13.5)
30–50	Person (%)	48 (5.0)	3 (0.6)	1 (2.4)	4 (8.3)	52 (3.4)
Above 50	Person (%)	17 (8.1)	0 (0)	0 (0)	1 (12.5)	18 (6.1)
By geographical region						
Mainland China	Person (%)	150 (7.8)	19 (1.8)	129 (30.4)	4 (8.2)	302 (8.7)
Hong Kong	Person (%)	0 (0)	0 (0)	0 (0)	1 (5.9)	1 (5.9)
Health and Safety						
Number and rate of work-related fatalities	Person (%)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Number and rate of work-related injury per 100 employees	Person (%)	5 (0.26)	2 (0.18)	3 (0.17)	0 (0)	10 (0.29)
Lost days due to work injury	Day	292	51	247	0 (0)	590
Development and Training						
Total number and percentage of employees trained	Person (%)	1,186 (61.4)	427 (39.8)	115 (27.5)	65 (98.5)	1,793 (51.3)
Breakdown for total number and percentage of employees trained						
By gender						
Male	Person (%)	809 (63.4)	241 (38.1)	60 (23.2)	32 (49.2)	1,142 (52)
Female	Person (%)	377 (57.5)	186 (42.1)	55 (32.9)	33 (50.8)	651 (50.2)
By employee category						
Senior management	Person (%)	9 (6.9)	6 (100)	0 (0)	8 (100)	23 (17.7)
Middle management	Person (%)	24 (66.7)	97 (96.0)	0 (0)	17 (100)	138 (90)
General staff	Person (%)	1,153 (61.2)	324 (33.5)	115 (23.2)	40 (97.6)	1,632 (48.2)
Average training hours completed per employee						
By gender						
Male	Hour	46.9	38.5	64	24	43.4
Female	Hour	41	33.5	64	34	43.1
By employee category						
Senior management	Hour	64.9	75.7	0	56	49.2
Middle management	Hour	57.8	88.5	0	28	44
General staff	Hour	44.6	20	64	24	38.1
Product Responsibility						
Number of customer complaints	Case	804	165	330	N/A	1,299
Customer complaint rate	%	0.0003	0.0002	0.0004	N/A	0.0003

III. Indexing

1. Stock Exchange Of Hong Kong Limited *Environmental, Social And Governance Reporting Code Part C: Comply Or Explain Content Index*

Main Categories, Dimensions, General Disclosures And Key Performance Indicators		Corresponding Report Section
A. Environment		
Aspect A1: emission	KPI A1.1	Key Performance Indicators Table
	KPI A1.3	Key Performance Indicators Table
	KPI A1.4	Key Performance Indicators Table
	KPI A1.5	Civilised Construction Management
	KPI A1.6	Civilised Construction Management
Aspect A2: Use of Resources	KPI A2.1	Key Performance Indicators Table
	KPI A2.2	Key Performance Indicators Table
	KPI A2.3	Strategy
	KPI A2.4	The Group uses water from the municipal water supply network and has not encountered any problems in obtaining suitable water resources.
	KPI A2.5	This item is not applicable to the Group as the Group's operations do not involve the manufacture of products.
Aspect A3: The Environment and Natural Resources	KPI A3.1	Environmental Protection
B. Social		
Employment and labour practices		
Aspect B1: Employment	KPI B1.1	Ensure Compliance In Employment
	KPI B1.2	Key Performance Indicators Table
Aspect B2: Health and Safety	KPI B2.1	Key Performance Indicators Table
	KPI B2.2	Key Performance Indicators Table
	KPI B2.3	Building A Healthy Barrier Together
Aspect B3: Development and Training	KPI B3.1	Key Performance Indicators Table
	KPI B3.2	Key Performance Indicators Table
Aspect B4: Labour Standards	KPI B4.1	Ensure Compliance In Employment
	KPI B4.2	Ensure Compliance In Employment
Operating practice		
Aspect B5: Supply Chain Management	KPI B5.1	Key Performance Indicators Table
	KPI B5.2	Procurement And Contract Management
	KPI B5.3	Procurement And Contract Management
	KPI B5.4	Building A Green Supply Chain
Aspect B6: Product Responsibility	KPI B6.1	This item is not applicable to the Group as the Group's operations do not involve the manufacture of products.
	KPI B6.2	Protecting The Rights And Interests Of Both Drivers And Passengers Key Performance Indicators Table
	KPI B6.3	This item is not applicable to the Group as the Group's business does not involve intellectual property related modules
Aspect B7: Anti-corruption	KPI B6.4	Engineering Quality Management
	KPI B6.5	Protecting The Rights And Interests Of Both Drivers And Passengers
	KPI B7.1	Integrity Risk Prevention And Control
	KPI B7.2	Right To Report Corruption And Malpractice
	KPI B7.3	Building A Culture Of Integrity
Community		
Aspect B8: Community Investment	KPI B8.1	Engage In Community Volunteer Service
	KPI B8.2	Key Performance Indicators Table

2. Stock Exchange Of Hong Kong Limited *Environmental, Social And Governance Reporting Code Part D: Index Of Climate-Related Disclosures*

Climate-Related Disclosures		Corresponding Report Section
Governance		Governance
Strategy	Climate-related risks and opportunities	Strategy
	Business model and value chain	Strategy
	Strategy and Decision-making	Strategy
	Financial position, financial performance, and cash flow	Strategy
	Climate resilience	Strategy
Risk management		Risk Management
Indicators and Goals	Greenhouse Gas Emissions	Indicators And Objectives
	Climate-related transition risks	Strategy
	Climate-related physical risks	Strategy
	Climate-related opportunities	Strategy
	Capital Utilization	Key Performance Indicators Table
	Internal carbon pricing	No carbon pricing applied
	Salary	Indicators And Objectives
	Discussion on the process for assessing and managing environmental risks associated with project design, siting and construction	Environmental Protection
	Climate-related goals	Indicators And Objectives

**SHENZHEN INVESTMENT HOLDINGS
BAY AREA DEVELOPMENT COMPANY LIMITED**

(incorporated in the Cayman Islands with limited liability)

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