



GUANGDONG INVESTMENT LIMITED  
( 粵 海 投 資 有 限 公 司 )

Stock Code : 00270

Environmental, Social and  
Governance Report **2023**



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# 1 About the Report

Guangdong Investment Limited (hereinafter referred to as “GDI” or the “Company”, together with the Company’s subsidiaries, hereinafter referred to as the “Group” or “we”) is pleased to present the 2023 Environmental, Social and Governance Report (hereinafter referred to as the “Report”) to the stakeholders. In the Report, we disclose the concepts, management, actions and performance of Environmental, Social and Governance (hereinafter referred to as “ESG”) of the Group.

## REPORTING PERIOD

Unless otherwise stated, the time period covered by the Report is from 1 January 2023 to 31 December 2023 (hereinafter referred to as the “Reporting Period”).

## REPORTING SCOPE

The Report sets out the ESG performance of the Group’s six business segments, namely water resources, property investment and development, department store operation, hotel ownership, operation and management, energy projects and road and bridge.

In addition, the Group’s listed subsidiary, Guangdong Land Holdings Limited (hereinafter referred to as “Guangdong Land”, stock code: 00124), has independently published the 2023 Environmental, Social and Governance Report, which is excluded from the disclosure scope of our report. For more information on Guangdong Land, please refer to the official website of Guangdong Land ([www.gdland.com.hk](http://www.gdland.com.hk)).

# REPORTING STANDARDS

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “ESG Reporting Guide”) set out in Appendix C2 of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Stock Exchange”) (hereinafter referred to as the “Listing Rules”), and has strictly complied with the disclosure requirements of the “comply or explain” provisions. In addition, the Report refers to the Global Reporting Initiative (GRI) Sustainability Reporting Standards (hereinafter referred to as “GRI Standards”) issued by the Global Sustainable Standards Board.

The Report is prepared in accordance with the reporting principles of the ESG Reporting Guide, including materiality, quantitative, balance, consistency, and other principles. The detailed responses are as follows:

Reporting Principles	Response from the Group
<b>Materiality</b>	Through continuous engagement with stakeholders and materiality assessment, the Group focuses on the disclosure of ESG issues that are crucial to investors and other stakeholders. The steps of materiality assessment include identifying key stakeholders, inviting the Board of Directors and various stakeholders to rank the materiality of ESG issues, and conducting an analysis of material issues.
<b>Quantitative</b>	The Group discloses quantitative data in the Report whenever possible, sets out the criteria, methods, assumptions and reference basis for the calculation of key performance indicators and provides textual explanations to enable stakeholders’ clear understanding of the Group’s ESG performance.
<b>Balance</b>	The Group fully discloses the ESG performance of its business segments based on objective facts to avoid statements that may inappropriately influence readers’ decisions or judgement.
<b>Consistency</b>	The Group ensures that the scope and methodologies of reporting are largely consistent every year to ensure reasonable comparison and analysis of ESG performance between the years. If any changes are made, the Group will provide detailed information and explanations in the corresponding sections.
<b>Completeness</b>	The Report strives to cover all material areas whenever possible with targeted responses made to relevant issues.

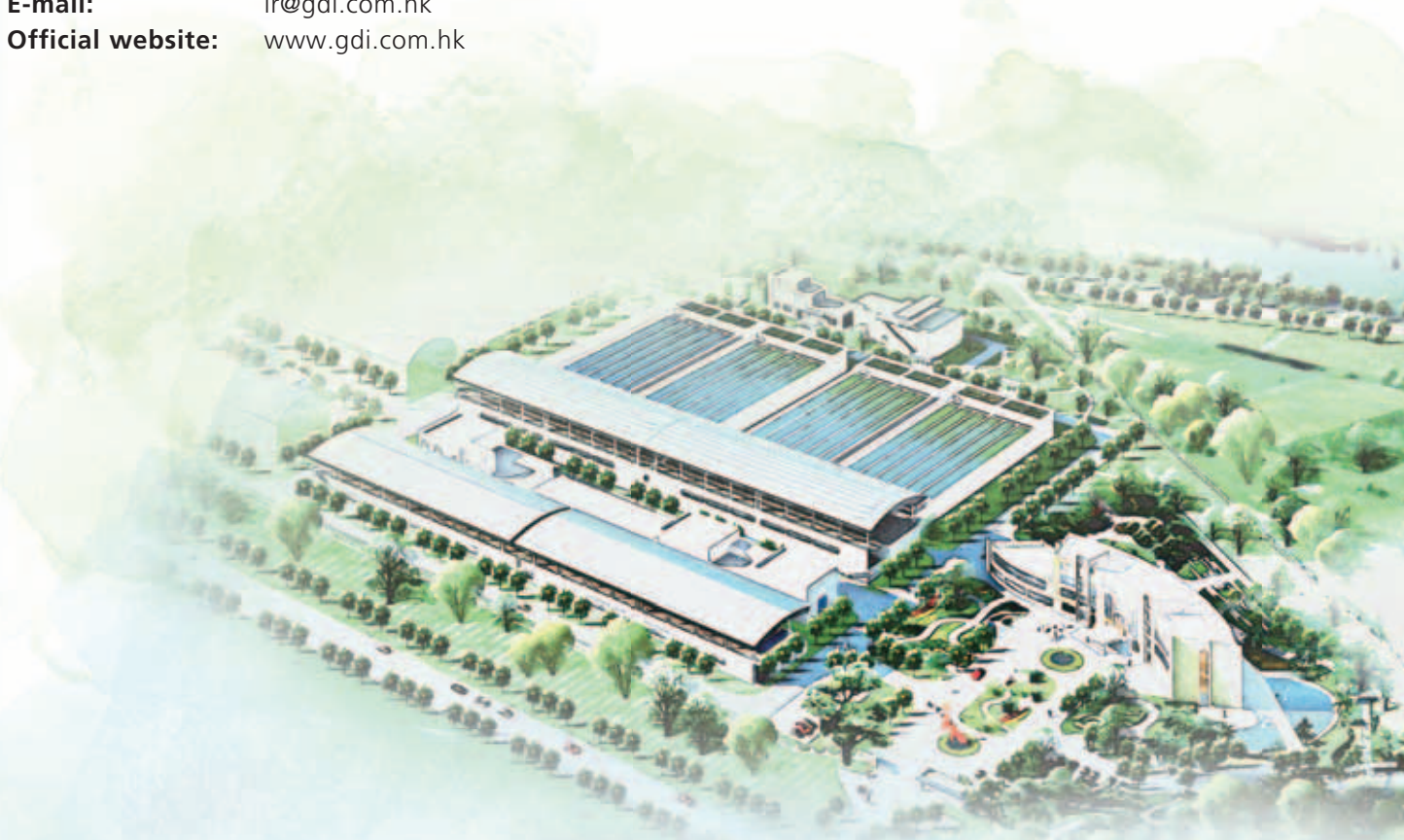
## SOURCES OF INFORMATION

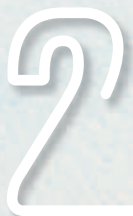
The information and data contained in the Report are derived from the Group's official documents and statistical reports. The Board of Directors (hereinafter referred to as the "Board") confirms that there are no false records, misleading statements or major omissions in the Report, and the Board assumes full responsibility for the authenticity, accuracy and completeness of the Report.

## CONTACT INFORMATION

If you have any questions or suggestions about the contents of the Report, please contact us at:

**Address:** 28th and 29th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong  
**Tel:** (852) 2860 4368  
**E-mail:** [ir@gdi.com.hk](mailto:ir@gdi.com.hk)  
**Official website:** [www.gdi.com.hk](http://www.gdi.com.hk)





## About GDI

## COMPANY PROFILE

The Company, formerly known as Union Globe Development Limited (hereinafter referred to as “Union Globe”), was incorporated in 1973 and listed in the securities exchange market in Hong Kong. Union Globe was acquired by an enterprise owned by the Guangdong provincial government in January 1987 and was renamed Guangdong Investment Limited in July 1988. Currently, the Company is listed on the main board of the Stock Exchange with stock code: 00270. The Company is a constituent stock of the Hang Seng China (Hong Kong-listed) 100 Index, Hang Seng China-Affiliated Corporations Index, the Hang Seng Composite Index and Hang Seng Composite Industry Index – Utilities. During the Reporting Period, the Company was incorporated in the Constituent List of Hang Seng Climate Change 1.5°C Target Index.

As at the date of publication of the Report, the Company’s ultimate controlling shareholder, Guangdong Holdings Limited (廣東粵海控股集團有限公司, hereinafter referred to as “Guangdong Holdings”), holds approximately 56.71% shareholding interest in the Company through its wholly-owned subsidiary, GDH Limited (粵海控股集團有限公司). Guangdong Holdings is a state-owned provincial investment holding company under the supervision of the State-owned Assets Supervision and Administration Commission of the People’s Government of Guangdong Province.

As of 31 December 2023, GDI recorded a market capitalisation of approximately HK\$37.1 billion and was with 10,757 employees. The Company held approximately 73.82% of the issued share capital of Guangdong Land.



# HIGHLIGHTS IN 2023



## Governance:

- GDI, Yue Gang Water Supply and Teem Group all obtained the certificates of **GB/T 35770-2022** and **ISO 37301:2021** compliance management system
- Requiring **100% signature rate** of Integrity Agreements for supervising and regulating all employees' behaviours
- **Zero legal cases** regarding corruption



## Environmental:

- Completed the construction of **our first "Carbon Neutral" water plant**, the Daluo Water Plant in Fengshun, Meizhou, which was put into operation under a new mode of "clean energy + smart management"
- Set up **55 photovoltaic power plants** with **45 MWp installed capacity**, which are expected to generate approximately **44 million kWh of clean energy per year** when put into full operation. Equivalently, about 11,000 tonnes of standard coal usage and 36,000 tonnes of greenhouse gas emissions can be reduced every year



## Social:

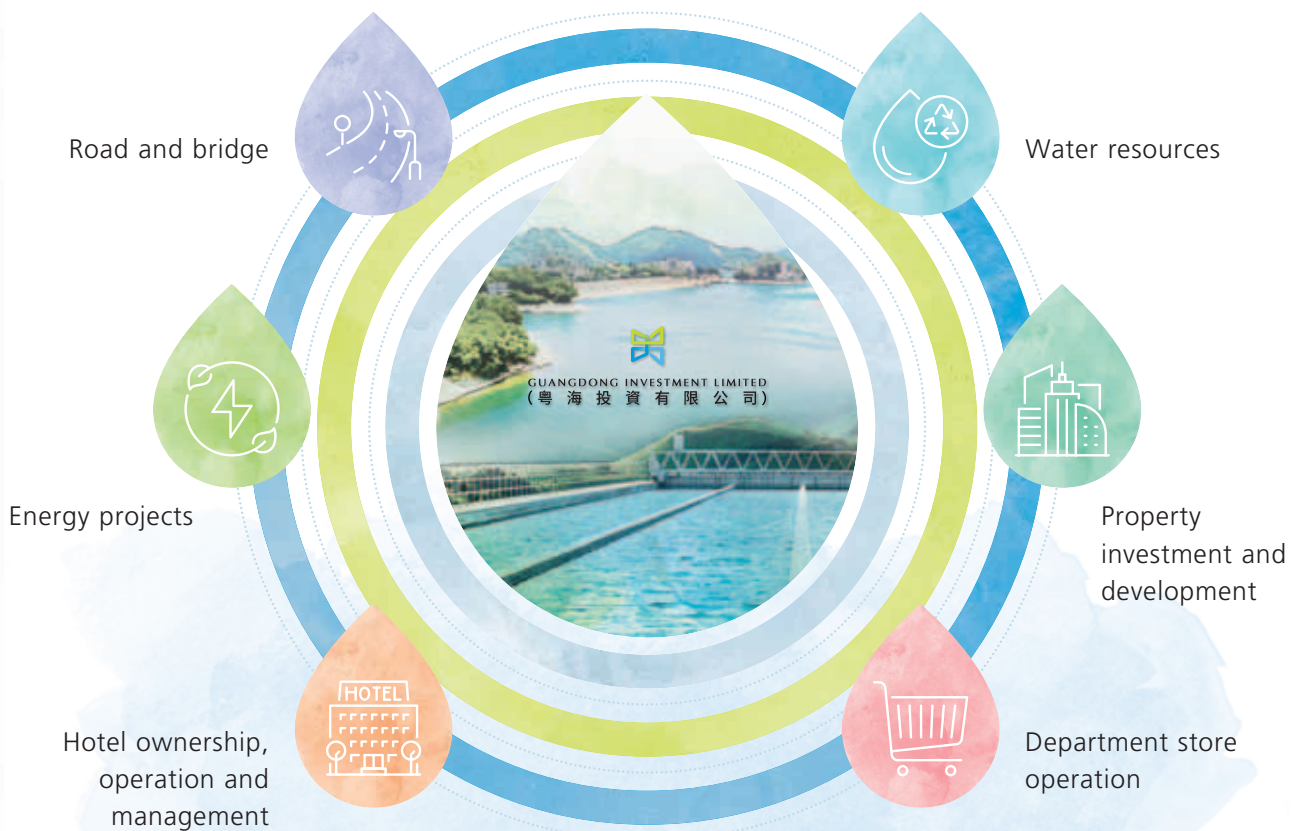
- The overall leakage rate of the pipeline network in our water resources segment was **under 10%**, decreased by 1.05 % compared with the previous year
- All business segments orderly carried out customer satisfaction surveys, with all the customer **satisfaction rates of 94% or above**
- **100% signature rate** of Work Safety Responsibility Statement
- **72 subsidiaries** have obtained **ISO 45001** Occupational Health and Safety Management System Certification

## AWARDS AND HONOURS

Awards	Issuing Organisation	Awardees
The First Batch of Water Diversion Projects with standardised Management	The Ministry of Water Resources	The Dongshen Water Supply Project
Jiangsu Province May 1 Labor Award	Jiangsu Provincial Federation of Trade Unions	Yizheng Water Company
Guangxi Zhuang Autonomous Region Science Education Base	Guangxi Zhuang Autonomous Region Association for Science and Technology	Wuzhou Yuehai Environmental Protection Development Co., Ltd.
Guizhou Province Science Education Base	Guizhou Province Association for Science and Technology	Liupanshui Yuehai Environmental Protection Co., Ltd.
Jiangxi Exemplary Enterprise for Safety Culture Development	Jiangxi Emergency Management Association	Nanchang Water Company
Shantou City Pioneer Worker	Shantou City Federation of Trade Unions	Shantou City 12345 Government Service Hotline, Yuehai Water Branch
Women's Civilisation Post of Yunfu City	Women's Federation of Yunfu City	Yunfu GDH Development Customer Service Department
National High-Tech Enterprise Certification	–	Yue Gang Engineering Co., Ltd., Yunfu City Guangdong Water Development Co., Ltd., Yunfu City Guangdong Water Supply Co., Ltd. Yunfu City Yue'an Construction Co., Ltd.
Gold Prize in the Guangdong Development Enterprise Law Culture Competition	–	Meizhou Water Company
Organisation of Establishing Green Shopping Malls	Department of Commerce of Guangdong Province	Panyu Teemall
Best Voluntary Service Organisation in Guangdong Province	Guangdong Provincial Committee of Spiritual Civilisation Construction	GDH Teem Commercial Co., Ltd.

# BUSINESS SEGMENTS

The Group upholds the corporate culture of “Commitment, Performance and Teamwork” at the core, and actively promotes its brand slogan of “Corporation Thrives on Solid Efforts”. Aspiring to become a leading enterprise in the industry, GDI constantly develops its core businesses while strengthening its business capabilities. The Group has six core business segments and its operations cover Chinese mainland and the Hong Kong Special Administrative Region (hereinafter referred to as “Hong Kong”).





## Water resources

- Guangdong Yue Gang Water Supply Company Ltd. (hereinafter referred to as “Yue Gang Water Supply”) and Guangdong Water Holdings Limited (hereinafter referred to as “Water Holdings”) are engaged in water resources business including water supply and sewage disposal, accounting for 63.34% of the Group’s revenue in 2023.
- Dongshen Water Supply Project is one of the core businesses. During the Reporting Period, the total volume of water supply to Hong Kong, Shenzhen and Dongguan by this project was 2.21 billion tonnes, reduced by 0.04 billion tonnes compared to 2022, with a decrease of 1.8% from 2022.
- During the Reporting Period, apart from Dongshen Water Supply Project, the total designed water supply capacity of the water supply plants and the total designed wastewater processing capacity of the sewage treatment plants of the Group’s other water resources projects were 16,150,200 tonnes per day (2022: 15,893,200 tonnes per day) and 3,345,900 tonnes per day (2022: 3,342,900 tonnes per day) respectively.





## Property investment and development

- The property investment and development business, operating in Hong Kong, Guangzhou, Shenzhen, Tianjin, Panyu, Jiangmen, Zhuhai, Foshan, Zhongshan and Huizhou accounted for 21.92% of the Group's revenue in 2023.
- In addition to the Group's headquarters, other properties held by the Group mainly include Teem Plaza, Panyu Teemall, Tianjin Teemall, Guangzhou Comic City, Shenzhen Teemall and Yuehai Tiandi.
- GDH Teem Plaza comprises a shopping mall, an office building and a hotel. The area for lease of Teem Plaza, Panyu Teemall, Tianjin Teemall, Guangzhou Comic City, Shenzhen Teemall and Yuehai Tiandi is 194,000m<sup>2</sup>, 144,000m<sup>2</sup>, 145,000m<sup>2</sup>, 23,000m<sup>2</sup>, 59,200m<sup>2</sup> and 12,000m<sup>2</sup>, respectively.





## Department store operation

- GDH Teem Commercial Co., Ltd. (廣東粵海天河城商業有限公司) and GDH Teem Department Commercial Co., Ltd. (廣州市粵海天河城百貨商業有限公司) (collectively referred to as “Teemall Department Store”), are engaged in the business of department store operation, accounting for 3.14% of the Group’s revenue in 2023.
- During the Reporting Period, the Group operated five department stores<sup>1</sup>, including Teemall Store, Wan Bo Store, Dong Pu Store, Ao Ti Store and Hue Du Store. As of 31 December 2023, the total leased area of 5 department stores was approximately 209,900 m<sup>2</sup> (2022: 222,300 m<sup>2</sup>).



<sup>1</sup> The Ming Sheng Store ceased operation in the end of March 2023.



## Hotel ownership, operation and management

- The hotel business is responsible for hotel ownership, operation and management. As at 31 December 2023, a total of 20 hotels (2022: 24 hotels) were managed in the segment, of which three were located in Hong Kong and 17 in Mainland China, collectively generating 2.68% of the Group's revenue in 2023.
- Of these six hotels, four were managed by our hotel management team whereas Holiday Inn Zhuhai City Center located in Zhuhai was operated under franchise arrangement and Sheraton Guangzhou Hotel located in Guangzhou was managed by another hotel management group. During the Reporting Period, the average occupancy rate of Sheraton Guangdong Hotel was 94.5% (2022: 69.6%), while that of the other remaining five hotels was 68.2% (2022: 59.1%).





## Energy projects

- Zhongshan GDH Energy Co., Ltd. (hereinafter referred to as “GDH Energy”) (the Company indirectly held 75% equity interest) and Guangdong Yudean Jinghai Power Generation Co., Ltd. (廣東粵電靖海發電有限公司, hereinafter referred to as “Yudean Jinghai Power”) (the Company indirectly held 25% equity interest) are engaged in energy business, accounting for 6.10% of the Group’s revenue in 2023.
- GDH Energy has two power generator units with a total installed capacity of 600 MW. Sales of electricity during the Reporting Period amounted to 2,912 million kWh (2022: 2,604 million kWh).
- Yudean Jinghai Power has four generator units with a total installed capacity of 3,200 MW. Sales of electricity during the Reporting Period amounted to 15,863 million kWh (2022: 15,054 million kWh).







## Road and bridge

- Guangxi GDH Highway Co., Ltd. (廣西粵海高速公路有限公司, hereinafter referred to as “GDH Highway”) held the Xingliu Expressway, which contributed 2.82% of the Group’s revenue in 2023.
- The Xingliu Expressway is located in Guangxi Zhuang Autonomous Region, and comprises a main line which is approximately 100 km in length and three connection lines (to Xingye, Guigang and Hengxian) with an aggregate length of approximately 53 km.
- The average daily toll traffic flow of the Xingliu Expressway increased by 18% to 27,208 vehicle trips (2022: 23,060 vehicle trips).



# CORPORATE GOVERNANCE

In order to meet the requirements of business operation and serve the best interests of all stakeholders, the Group consistently implements the highest standard of corporate governance. We have applied the relevant provisions of the Corporate Governance Code set out in Appendix C1 of the Listing Rules for stable and efficient corporate operations and strictly complied with the provisions of Sections 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the Directors' independence.

## The Board

The overall function of the Board is directed and supervised by the Chairman, who is also required to act in the best interests of the Group. The Chairman is responsible for leading development, setting strategic goals, and ensuring the accomplishment of those goals by acquiring necessary financial support and other resources through developing the overall strategy and regulations of the Group. Meanwhile, the Chairman also monitors the behaviour of the management and reviews business performance.

## Functional committees

Multiple functional committees are formed under the supervision of the Board, which provide suggestions on the Group's policies from various perspectives, aiming to ensure the robustness and effectiveness of the Group's operations.

Specifically, the responsibilities of the Nomination Committee are to identify suitable candidates for the Board and to plan appointments and succession with caution. The Remuneration Committee helps to determine the compensation of Directors and Senior Management. The Audit Committee assists the Board in monitoring the risk assessment, control and management procedures to achieve the effectiveness of the internal control system by carrying out a detailed annual review. The ESG Committee assists the Board in Group's work on ESG-related matters.

## Independence

The Group requires independence from all members of GDI's Board. No financial, business, family, or other significant/related relationships shall exist among members of the Board. As of the Report's publication date, the Board consisted of five Executive Directors, three Non-Executive Directors, and four Independent Non-Executive Directors.

The Group has received confirmation letter of independence from the Independent Non-Executive Directors. All Independent Non-Executive Directors have been verified in accordance with Article 3.13 of the Listing Rules by the Group. In addition, based on the Directors' extensive experience in different fields and their reliable character, they are considered capable of providing constructive independent advice and valuable contributions to the Board and GDI.

## Diversity

Diversity of the Board has always been considered an essential element in the Group's corporate governance structure. The Group formulated and strictly implemented a Board Member Diversity Policy and review the policy regularly to ensure its effectiveness. In addition, GDI recognises and embraces the benefits brought by a diverse Board and considers their diversity as the key element for achieving the Group's strategic objectives and sustainable development.

Besides, the Group keeps reflecting on its business model and actual demands and analyses the benefits of a diverse Board with sufficient and objective criteria. The Nomination Committee focuses on the five key elements, namely gender, age, length of service, professional experience and skills and knowledge, in order to actualise the Board's diversity.



## Sustainable Development Management

GDI holds the faith that corporations should actively contribute to the sustainable development of the entire society while creating benefits for shareholders. We have incorporated ESG management philosophy into daily processes of corporate operation in response to our commitment to society. In order to fulfil such a commitment, all business segments are united in delivering sustainable development management through various dimensions, covering business ethics, climate change, product and service quality, talent development, community service and others to strengthen the Group's efforts in sustainable development.

## ESG GOVERNANCE

GDI constantly improves its ESG Governance by optimising the ESG governance structure and ESG management policies, so as to promote the integration of ESG-related matters into the Group's business decisions and contribute to the sustainable development of the Group.

### ESG Governance Structure

In order to ensure the sustainability work of the Group can be carried out effectively, the Company has established a top-down, efficient and stable ESG governance structure with roles and responsibilities clearly defined. The Board, as the highest authority within the ESG governance structure, assumes responsibility for all ESG-related issues and relevant goals of the Group. Also, the Board is in charge of supervising and providing advice based on the potential influences and relevant risks that ESG issues may impose on the Group's overall strategy. Under the Board's authorisation and supervision, the ESG Committee is responsible for identifying, evaluating and managing ESG issues and risks, and stipulating ESG goals applicable to the Group while monitoring their progress.

To carry out the works of ESG in an orderly manner, we have also established an ESG Working Group to undertake the execution work. The ESG Committee is responsible for the coordination, instruction and supervision of ESG Working Group, while the ESG Working Group of each business segment and relevant departments are required to carry out relevant work, collect and summarise ESG-related information and report to the ESG Committee in monitoring the progress of ESG-related work.

### ESG Governance Structure and Roles and Responsibilities

Governance level	Roles	Component	Functions
<b>The Board</b>	Leadership, supervision and decision-making	Board of GDI	<ul style="list-style-type: none"> <li>Formulate the Group's ESG management policy and strategy</li> <li>Review the potential impacts of ESG issues on the Group's strategy and related risks, to ensure a valid and effective system of ESG risk management and internal supervision is in place</li> <li>Supervise the ESG performance and its progress</li> <li>Examine and approve the Group's ESG Report</li> </ul>
<b>ESG Committee</b>	Management and supervision	<ul style="list-style-type: none"> <li>GDI's Managing Director (Committee Chairman)</li> <li>Executive Director in charge of ESG (Committee Vice Chairman)</li> <li>General Counsel, Chief Compliance Officer and Company Secretary</li> <li>Chairman of Guangdong Yue Gang Water Supply Company Ltd.</li> <li>Chairman of GDH Teem (Holdings) Limited</li> <li>Chairman of Guangxi GDH Highway Co., Ltd.</li> <li>Chairman of Zhongshan GDH Energy Co., Ltd.</li> </ul>	Under the authorisation of the Board: <ul style="list-style-type: none"> <li>Identify, assess, and manage significant ESG issues and related risks</li> <li>Determine ESG goals applicable to the Group and review progress based on the established ESG-related goals</li> <li>Determine significant issues for investors and other stakeholders</li> <li>Monitor the performance of ESG policies and initiatives, and report to the Board</li> <li>Coordinate the compilation of ESG report, review the Group's disclosures, news, and publications related to ESG performance, and make recommendations to the Board</li> <li>Coordinate, guide and supervise the implementation of the ESG Working Groups</li> </ul>
<b>ESG Working Group</b>	Implementation	<ul style="list-style-type: none"> <li>Members of the Headquarters' ESG Working Group</li> <li>Members of Subsidiaries' ESG Working Groups</li> </ul>	<ul style="list-style-type: none"> <li>Implement the Group's ESG strategies and achieve ESG goals</li> <li>Assist departments in collecting and reviewing ESG-related materials, summarise the progress of ESG work, and report to the ESG Committee on a regular basis</li> </ul>

## Statement of the Board




Highly valuing corporate sustainable development, the Board of GDI commits to taking overall responsibility for our ESG strategies and information disclosure. The Board also follows up and supervises the ESG policies and other work progress and provides guidance and suggestions in a timely manner to ensure the steady advancement of the Group's ESG work. In March and October 2023, the Board held ESG work meetings and approved the revisions to 7 ESG policies.





The Group emphasises the importance of developing science-based and effective ESG management policies and strategies. Based on the capital market focuses, relevant laws and standards, and the ESG development trends of the industry, the Board prudently assesses the potential ESG risks and related impacts that the Group may face. The Board also determines and prioritises GDI's ESG issues according to the communication with internal and external stakeholders. Moreover, under the authorisation of the Board, different business segments set ESG goals based on their own business characteristics, including greenhouse gas emissions, energy usage, water consumption, waste management, and pollutant emission management. To achieve ESG goals step by step, the ESG Committee under the Board continuously monitors the ESG performance and progress of each business segment and reports to the Board in a timely manner on the progress of ESG-related goals.

The Report, which discloses the progress and effectiveness of GDI's ESG efforts in 2023, was considered and approved by the Board on 25 March 2024.

## STAKEHOLDER ENGAGEMENT

GDI sticks to sustainable development and strives to integrate the ESG management philosophy into the core business decisions and processes, so as to ensure that GDI can generate economic benefits while creating environmental and social values. We firmly believe that establishing mutual trust with stakeholders in the long term can help the Group achieve long-term success. In doing so, we actively engage in communication with stakeholders and listen to and respond to their opinions and expectations through diverse and regular communication mechanisms.

Stakeholders	Expectations	Communication Channels	Our Responses
<b>Investors/ Shareholders/Analysts</b> 	<ul style="list-style-type: none"> <li>• Stable and sustained investment return</li> <li>• Clear strategic planning</li> <li>• Legally compliant operations</li> <li>• Efficient corporate governance</li> <li>• Sound risk management system</li> <li>• Timely and truthful information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Regular reports</li> <li>• News and announcements</li> <li>• Investor communication conferences</li> <li>• Company website</li> <li>• Questionnaires and surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with applicable laws and regulations</li> <li>• Performance review and analysis</li> <li>• Continuous improvements of ESG strategies and corporate governance structure</li> <li>• Regular reviews and risk management systems</li> <li>• Regular release of reports and announcements</li> </ul>
<b>Government and regulators</b> 	<ul style="list-style-type: none"> <li>• Legally compliant operations</li> <li>• Contribution to the economic development and response to national strategies</li> <li>• Provision of employment opportunities</li> <li>• Energy saving and emission reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Information disclosure</li> <li>• Daily communication (including emails, phone calls)</li> <li>• Site visits</li> <li>• Supervision and inspection</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with applicable laws and regulations</li> <li>• Continuous improvements of integrity systems</li> <li>• Conducting business activities in line with regional economic development strategies</li> <li>• Implementation of targeted poverty alleviation</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>• An equal and inclusive working environment</li> <li>• A comprehensive welfare and remuneration system</li> <li>• A comprehensive development and training programme</li> <li>• Labour rights protection</li> <li>• Occupational health and safety</li> <li>• A smooth career advancement path</li> </ul>	<ul style="list-style-type: none"> <li>• Labour Union telephone hotline</li> <li>• WeCom</li> <li>• Employee opinion box</li> <li>• Questionnaires and surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Creating an open, fair and diversified working atmosphere</li> <li>• Revision and improvement of remuneration and welfare system</li> <li>• Hiring internal trainers and establishing internal training system</li> <li>• Establishment of Labour Union to safeguard the rights and interests of employees</li> <li>• A dual promotion channel for a managerial and speciality-based career path</li> </ul>

Stakeholders	Expectations	Communication Channels	Our Responses
<b>Consumers</b> 	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Consumer information and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>Consumer satisfaction surveys</li> <li>Consumer return visits</li> <li>24-hour consumer complaint hotline</li> <li>Corporate's open days</li> <li>Questionnaires and surveys</li> </ul>	<ul style="list-style-type: none"> <li>Launching product and service-related quality training for employees</li> <li>Enhancement of the service guidelines from time to time</li> <li>Stringent consumer information protection policies and procedures</li> </ul>
<b>Suppliers/Contractors/Service contractors</b> 	<ul style="list-style-type: none"> <li>Honest cooperation</li> <li>Mutual benefits through win-win cooperation</li> <li>Open tendering</li> <li>Supplier empowerment</li> </ul>	<ul style="list-style-type: none"> <li>Supplier on-site assessment</li> <li>Supplier training</li> <li>Conferences for engineering and construction</li> <li>Communications via paying visits</li> <li>Questionnaires and surveys</li> </ul>	<ul style="list-style-type: none"> <li>Establishing transparent procurement procedures and sound supply chain evaluation and management policies</li> <li>Long-term and trustworthy relationships with qualified suppliers</li> </ul>
<b>Media partners</b> 	<ul style="list-style-type: none"> <li>Transparency of information</li> <li>Corporate ESG values</li> </ul>	<ul style="list-style-type: none"> <li>News and announcements</li> <li>Company website</li> <li>Questionnaires and surveys</li> </ul>	<ul style="list-style-type: none"> <li>Regular release of reports and announcements</li> <li>Timely update of corporate information</li> </ul>
<b>Local communities</b> 	<ul style="list-style-type: none"> <li>Contribution to community development</li> <li>Creating job opportunities and facilitating local economic development</li> </ul>	<ul style="list-style-type: none"> <li>Community support</li> <li>Volunteer activities</li> <li>Charity events</li> </ul>	<ul style="list-style-type: none"> <li>Participation in community volunteer activities and charitable events</li> <li>Implementation of targeted poverty alleviation</li> <li>Foster exchanges and communication between Guangdong and Hong Kong</li> </ul>

# DETERMINATION OF MATERIAL ISSUES

## Assessment Process and Steps

### 1. Identification of ESG issues

In view of the current status and performance of the Company's ESG management, we commissioned a third-party consulting firm to update the ESG issues repository and comprehensively identify ESG issues related to the Group with reference to the disclosure requirements of the ESG Reporting Guide and GRI standards. Meanwhile, we also identify the relevant ESG issues through benchmarking the ESG development trends of the industry, and key concerns of mainstream ESG rating agencies.

### 2. Stakeholder engagement

To encourage stakeholders to actively express their views, the Company invited them to participate in an anonymous questionnaire, in which stakeholders evaluate the materiality of each ESG issue from their own perspectives. In 2023, we increased the sample size of the questionnaire, and invited a number of stakeholders, including overseas investors, to participate in the questionnaire survey to understand their views on ESG issues. In addition, we also collected expectations and opinions on GDI's ESG policies, practices and performance from various parties through daily communication.

### 3. Developing and reviewing of the material prioritisation of ESG issues

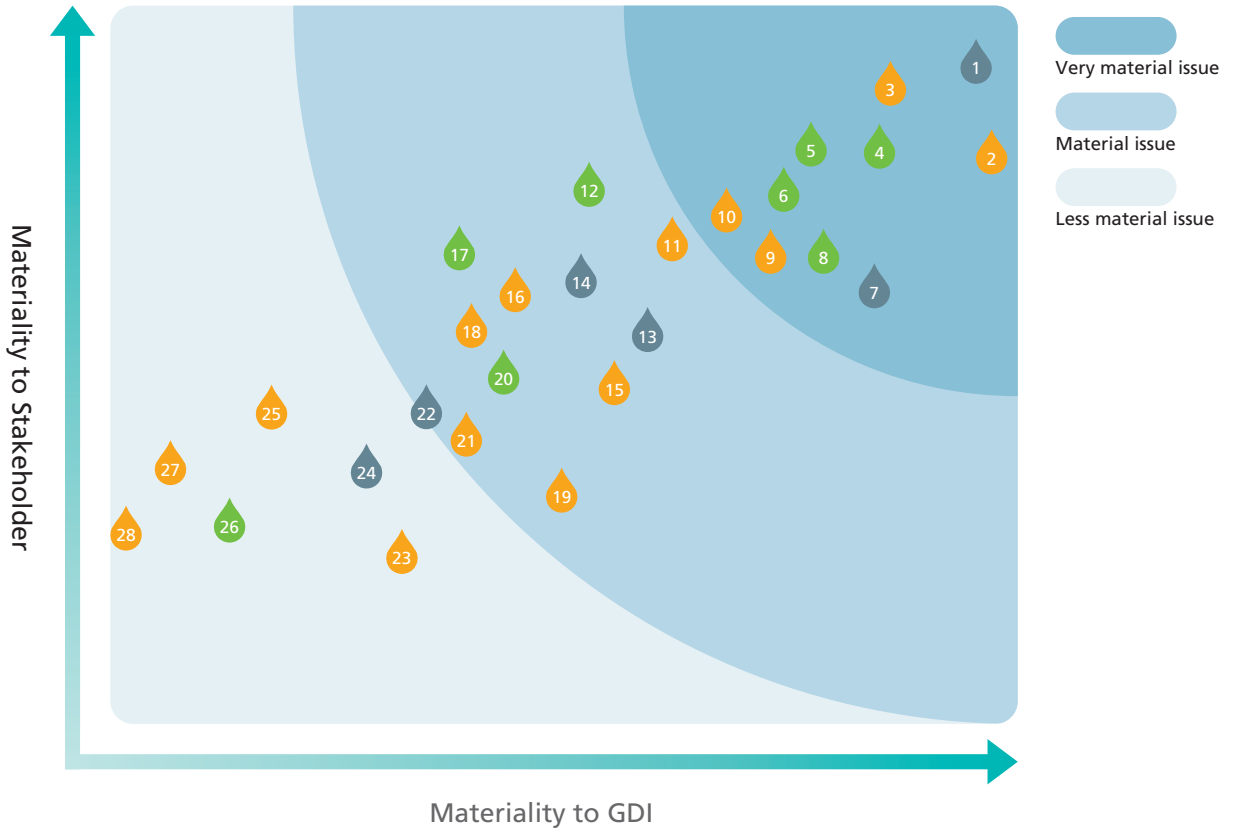
To ensure the authenticity and independence of the questionnaire survey, the third-party consulting firm prioritised the ESG issues and conducted further analysis based on the findings. As to the aspects of "materiality to stakeholders" and "materiality to GDI", we ranked the 8 environmental issues, 14 social issues, and 6 governance and economic issues identified and plotted a matrix accordingly. In 2023, we identified a total of 10 very material issues, 12 material issues, and 6 less material issues.

### 4. Response and disclosure

Upon confirmation by the Board on the materiality of ESG issues, we will follow the principle of materiality and provide responses and disclosures of different degrees in the Report based on the materiality of ESG issues. Additionally, we will clearly define our focuses of ESG work for the future and continue to improve GDI's policies and systems and related management measures accordingly.



## Materiality Matrix of ESG Issues





## Environmental

- 04 Sewage treatment and reuse
- 05 Water operations and risk management
- 06 Energy use and greenhouse gas emissions
- 08 Water consumption and conservation
- 12 Emissions of air pollutants
- 17 Waste management
- 20 Addressing climate change
- 26 Biodiversity and land use



## Social

- 02 Product quality and safety
- 03 Occupational health and safety
- 09 Customer relationship management
- 10 Employee diversity and equality
- 11 Data and information security
- 15 Employee care and welfare
- 16 Intellectual property and patent protection
- 18 Employee development and training
- 19 Disaster early warning mechanism
- 21 Employee recruitment and retention
- 23 Sustainable supply chain and responsible procurement
- 25 Forced labour and child labour
- 27 Community engagement and contribution
- 28 Poverty alleviation and philanthropy






## Governance and Economics




- 01 Business ethics and anti-corruption
- 07 Corporate governance
- 13 Response to national policies
- 14 Technological innovation
- 22 Industry collaboration and advancement
- 24 Local economic development



## SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)




GDI continues to proactively embrace the values of peace, inclusiveness, and environmental safety. While creating value for all stakeholders, we also actively fulfil our corporate social responsibility and integrate the UN's Sustainable Development Goals (SDGs) into our core strategy and business operations. We will uphold the materiality principle, continue to analyse the leading value of SDGs for our strategic development and business operations, and strive to provide strong guarantee for the long-term and steady development of the Group. Besides, we will continue to disclose SDGs that are closely related and more guiding to the Group, and specific initiatives taken to respond to these goals, so as to continuously approaching sustainable development.

United Nations sustainable development goals	Description of objectives	Our response to ESG Issues	Our key contributions
<p><b>SDG 1: No poverty</b></p> 	End poverty in all its forms everywhere	<ul style="list-style-type: none"> <li>Community involvement and contribution</li> <li>Poverty alleviation and philanthropy</li> </ul>	GDI actively organises and promoted various special public welfare activities in various business segments, donating materials to difficult groups in need, and helping to promote people's well-being.
<p><b>SDG 3: Good health and well-being</b></p> 	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> <li>Occupational health and safety</li> </ul>	GDI attaches great importance to employee health, purchases supplementary medical insurance and other employer liability insurance for employees. The Company also regularly organises employee medical examination every year to take care of the physical and mental health of employees.
<p><b>SDG 4: Quality education</b></p> 	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> <li>Employee development and training</li> </ul>	GDI organises diversified training courses tailored to the vocational skill requirements of employees in different positions, supporting employees to enhance their knowledge and improve their vocational skills.

United Nations sustainable development goals	Description of objectives	Our response to ESG Issues	Our key contributions
<p><b>SDG 5: Gender equality</b></p> 	<p>Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> <li>Employee diversity and equality</li> </ul>	<p>GDI strictly complies with the laws and regulations of its place of operation, revises and improves the “Procedures for Recruitment Management”, treats all employees equally, and resolutely eliminates gender discrimination.</p>
<p><b>SDG 6: Clean water and sanitation</b></p> 	<p>Ensure availability and sustainable management of water and sanitation for all</p>	<ul style="list-style-type: none"> <li>Wastewater treatment and reuse</li> <li>Water operations and risk management</li> </ul>	<p>GDI integrates its achievements in water treatment technology developed through the years, and utilised them to develop the integrated water supply equipment for rural areas, pertinently addressing water supply problems in rural areas, so as to guarantee the health of users of drinking water in such areas by securing the safety of drinking water.</p>
<p><b>SDG 7: Affordable and clean energy</b></p> 	<p>Ensuring access to affordable, reliable, sustainable and modern energy for all</p>	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Energy use and greenhouse gas emissions</li> </ul>	<p>GDI actively explores new energy water projects which are “low carbon + intelligence”, and installed photovoltaic power generation facilities in various water companies of its subsidiaries throughout the country. At the same time, it produces its own green electricity, optimises the energy structure, accelerating the green and low carbon transformation.</p>
<p><b>SDG 8: Decent work and economic growth</b></p> 	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> <li>Employee recruitment and retention</li> <li>Employee care and benefits</li> <li>Forced and child labour</li> </ul>	<p>GDI adheres to the market-based principles, implements a differentiated distribution mechanism for remuneration, and actively explores medium- and long-term incentive plans, so as to fully motivate employees.</p>

United Nations sustainable development goals	Description of objectives	Our response to ESG Issues	Our key contributions
<p><b>SDG 9:</b> <b>Industry, innovation and infrastructure</b></p> 	<p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	<ul style="list-style-type: none"> <li>• Technology innovation</li> <li>• Intellectual property and patent protection</li> </ul>	<p>Guided by the concept of green and clean production and circular economy, GDI designed and built the first “carbon neutral” water plant. The Company also continuously deepens the transformation and upgrading of infrastructure in various business segments.</p>
<p><b>SDG 10:</b> <b>Reduced inequalities</b></p> 	<p>Reduce inequality within and among countries</p>	<ul style="list-style-type: none"> <li>• Responding to national policies</li> <li>• Local economic development</li> </ul>	<p>GDI has taken the initiative to fulfil its corporate social responsibility. The Company led various business segments to reach out to alleviate rural poverty through consumption support and donations for people’s livelihood projects. In this way, the Group can help rural revitalisation and bridge the urban-rural development gap.</p>
<p><b>SDG 11:</b> <b>Sustainable cities and communities</b></p> 	<p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<ul style="list-style-type: none"> <li>• Data and information security</li> <li>• Disaster early warning mechanisms</li> </ul>	<p>GDI makes full use of information technology to provide better quality and smarter services for people to travel safely. Meanwhile, GDI actively promotes green operation to minimise the negative impacts of waste on the environment and lead a low-carbon and environment-friendly lifestyle in society.</p>

United Nations sustainable development goals	Description of objectives	Our response to ESG Issues	Our key contributions
<p><b>SDG 12: Responsible consumption and production</b></p> 	<p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> <li>• Sustainable supply chain and responsible sourcing</li> <li>• Industry collaboration and advancement</li> </ul>	<p>GDI has established an open and transparent supplier management system, integrating sustainable development requirements into the procurement process. GDI gives priority to cooperating with suppliers whose products and services are environmentally and socially beneficial. In this case, the Group can work with suppliers to collaboratively build sustainable value chains.</p>
<p><b>SDG 13: Climate action</b></p> 	<p>Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> <li>• Response to climate changes</li> <li>• Energy use and greenhouse gas emissions</li> </ul>	<p>GDI actively responds to the international carbon neutral trend and China's "carbon emissions peak and carbon neutrality goals" strategy, incorporating climate change into the Group's strategic planning and management practices, establishing all-round emergency response mechanism for extreme weather, formulating comprehensive contingency plans for risk, and continuously optimising the level of operational resilience.</p>

United Nations sustainable development goals	Description of objectives	Our response to ESG Issues	Our key contributions
<p><b>SDG 14:</b> <b>Life below water</b></p> 	<p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development.</p>	<ul style="list-style-type: none"> <li>• Water consumption and conservation</li> </ul>	<p>GDI sincerely considers the management of marine resources and the biodiversity of the oceans and coastal areas, carries out environmental impact assessment for projects in strict accordance with national laws and regulations, so as to avoid detrimental impacts to the habitats of coastal area organisms due to the operation of projects, while continuously strengthening the protection and sustainable utilisation of the oceans and marine resources in the course of projects' operation.</p>
<p><b>SDG 15:</b> <b>Life on land</b></p> 	<p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss</p>	<ul style="list-style-type: none"> <li>• Air pollutant emissions</li> <li>• Waste management</li> <li>• Biodiversity and land use</li> </ul>	<p>GDI attaches great importance to ecological protection, strictly adheres to the requirements for ecological protection, and integrates the conservation of biodiversity into the construction and operation of business segments in order to promote the development of people and nature harmoniously.</p>
<p><b>SDG 16:</b> <b>Peace, justice and strong institutions</b></p> 	<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> <li>• Business ethics and anti-corruption</li> <li>• Corporate governance</li> </ul>	<p>GDI adopts a zero-tolerance attitude towards corruption and bribery in all forms. It establishes a perfect anti-corruption mechanism by setting up a reporting channel, to continuously strengthen the culture of integrity, and establish a clean defence line for the high-quality development of the Company.</p>

## ESG MANAGEMENT POLICIES

To better demonstrate the Group's ESG responsibilities and commitment, GDI has formulated and implemented a series of ESG policies in accordance with the ESG Reporting Guide of the Stock Exchange to address the issues of biodiversity, water quality and supply, supply chain management, health and safety, and ethical business operations.

GDI's ESG-related Policies
Sustainable Development Policy
Biodiversity Protection Policy
Policy on Water Quality Management
Policy on Water Supply Management
Sustainable Supply Chain Policy
Anti-corruption Policy
Policy on Quality, Environmental Health and Safety Management
Code of Business Ethics for Employees
Policy in Relation to Employees and Third Parties Raising Concerns over Possible improprieties
Climate Change Policy
Employees Diversity and Employment Protection Policy
Charity Activity Management Policy



# Governance: Staying True to Original Aspirations and Ensuring Stable Operation

# 4

Efficient corporate governance and risk management lay a solid foundation for the Company's long-term and stable operations. In accordance with the latest regulatory requirements, the Group has improved its internal control and risk management system and developed a sustainable framework for comprehensive risk prevention and control. Moreover, we uphold integrity and business ethics. Our ongoing efforts in the promotion and dissemination of anti-corruption both internally and externally, along with our commitment to fostering a working environment that advocates honest practices and speak-up behaviour, are central to building a resilient defence against corruption. These efforts are pivotal in GDI's journey towards high-quality development.

### Our Priorities:



**Risk management**



**Business ethics**

### Our Response to SDGs

SDG 16: Peace, justice and strong institutions

# FEATURED TOPIC: STRENGTHENING COMPLIANCE AS THE FOUNDATION FOR LONG-TERM DEVELOPMENT

We regard compliance management as the cornerstone of the Group's long-term development. The Group's headquarters proactively guides its subsidiaries to continuously strengthen compliance management and improve the compliance management system, streamline and optimise compliance obligations, clarify the compliance supervision mechanism, and implement key mechanisms such as compliance inspection, compliance risk identification assessment and response, compliance validity evaluation and rectification, and compliance evaluation and non-compliance supervision and accountability, forming a closed loop and solidifying the foundation of compliance management, as well as further promoting the in-depth integration of compliance management and business development, and further intensifying the construction of a comprehensive compliance system and cultivating a culture of compliance. Through regular trainings on legal literacy and compliance, we take various measures to promote the compliance concepts of "proactive compliance", "in-depth compliance" and "compliance creates value". During the reporting period, GDI, Yue Gang Water Supply and Teem Group successfully obtained the GB/T 35770-2022 and ISO 37301:2021 Compliance Management System Certification, which signifies that the compliance management standards of the abovementioned companies have already met the requirements of both the national and international standards. Moreover, in order to ensure the effective operation of the compliance management system, the above companies have organised training and examination for compliance management internal auditors in accordance with relevant requirements of the compliance management system certification. All the internal auditors have passed the examination and obtained the internal auditor certificates, which have further enhanced the compliance management capability of the staff.

In order to ensure the effectiveness, appropriateness and adequacy of the operation of GDI's compliance management system, we invited an external auditing organisation to carry out the certification of our compliance management system in March 2023, and successfully obtained the certificates of GB/T 35770-2022 and ISO 37301:2021 compliance management systems in August of the same year. We will take this certification as an opportunity to further deepen the building of compliance management system and compliance culture, earnestly implement the compliance guidelines of "compliance is everyone's responsibility, compliance is the bottom line, compliance creates value, compliance guarantees development, and compliance requires enhanced supervision". We will continue to promote the integration of compliance management and business operation activities, firmly establish the awareness that everyone is and shall be responsible for compliance management, and foster a good compliance culture, so as to provide effective compliance guarantee for the Company's high-quality development and steady progress.



Under the guidance of the Group's headquarter, Yue Gang Water Supply and Teem Group benchmarked against national and international standards for compliance management, formulated the Guidelines for Evaluating the Effectiveness of the Compliance Management System and the Guidelines for Identification and Fulfilment of Compliance Obligations, and revised and improved the Compliance Management Measures. All these efforts were aimed at establishing a more effective compliance management system. In addition, a team in charge of compliance management was established and cultivated and it clarified the responsibilities of compliance administrators. These measures are in line with the internal requirement of "integrating compliance management into overall business strategy", further enhancing compliance management. In March 2023, Yue Gang Water Supply passed the national and international standards review of GB/T 35770-2022 and ISO 37301:2021 Compliance Management System Requirements and Usage Guidelines and obtained the compliance management system implementation certification. In addition, in October 2023, Teem Group obtained GB/T 35770-2022 and ISO 37301:2021 compliance management system certification.





### Case: Training on Compliance Management Knowledge and Skills

GDI highly valued the institutionalization, regularization and diversification of its compliance culture. During the Reporting Period, GDI launched various forms of compliance training. For each year, Ms. Yang Na, the General Counsel and Chief Compliance Officer and the Company Secretary of GDI acted as the instructor to lecture the Directors, executives and staff on the relevant compliance requirements under the Hong Kong Listing Rules, the Securities and Futures Ordinance and the Companies Ordinance, including but not limited to the connected transactions of the listed companies in Hong Kong, discloseable transactions, insider transactions, ESG, and other compliance issues that need to be emphasized, and discussed with them on the key and complicated compliance practices in listing compliance to promote the “internalized in heart; externalized in line” of the compliance requirements, and to secure the bottom line of not incurring compliance risks.



Compliance training of GDI

In 2023, Yue Gang Water Supply organised 10 compliance training sessions and 8 sessions of legal education promotion, and conducted training and promotion of important company rules and policies. Through these, the company continuously enhances the compliance and legal awareness of all employees. Besides, two training sessions were organised by Teem Group to improve professional knowledge and skills in compliance management. These sessions included a mix of theoretical knowledge presentations, case analysis and on-site practice. The training was designed to equip employees with a thorough understanding of the requirements for compliance management system certification, along with risk management methodologies and competencies in compliance evaluation systems. After receiving the training, employees intensified their focus on compliance risk control and compliance management capabilities.



Training sessions of Yue Gang Water Supply



Training sessions of Teem Group

# RISK MANAGEMENT

## Risk Management Framework

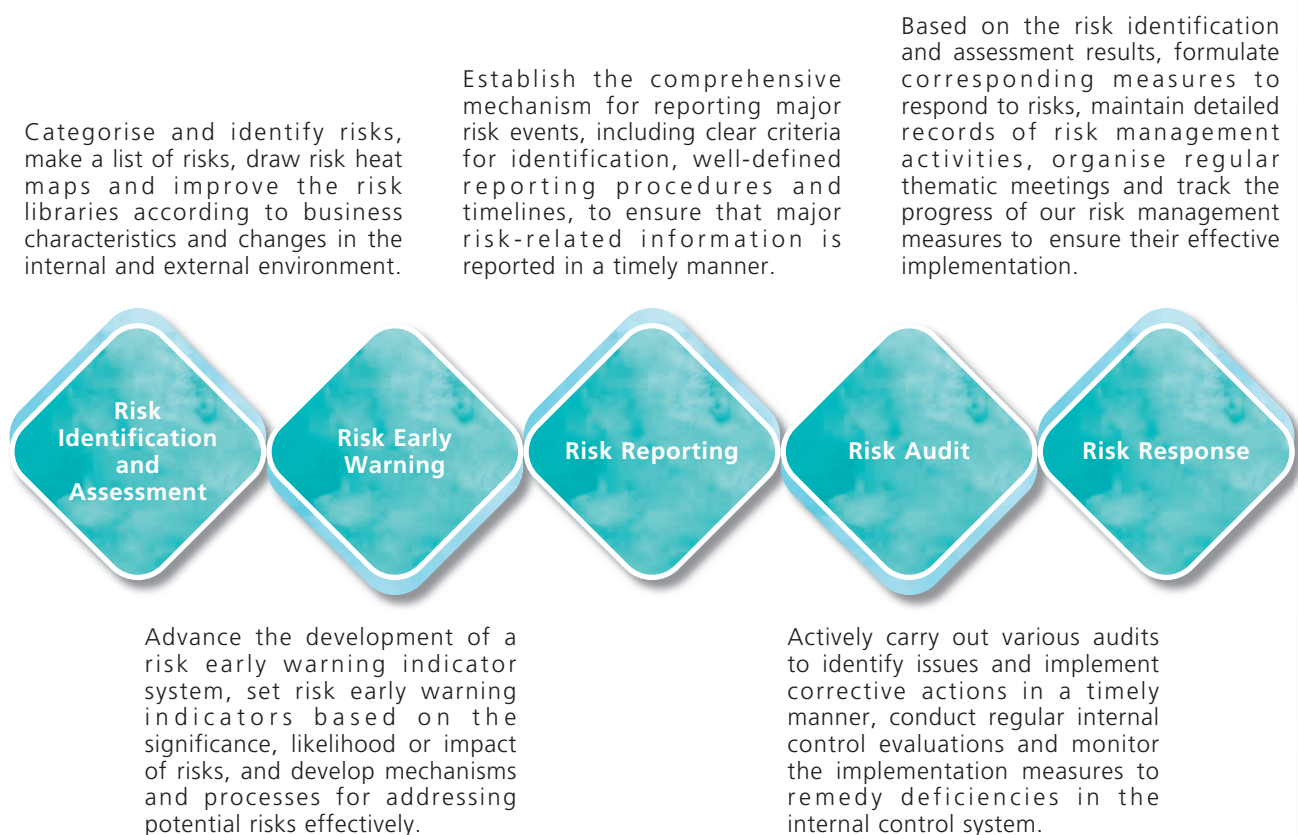
Adhering to a principle of “structured systems, organised operation, established policies, and effective execution,” the Group continues to optimise the internal control and risk management system. The Board is responsible for the risk management and internal control system and reviews its effectiveness on an annual basis. The Audit Committee is responsible for the comprehensive supervision of the Group’s risk assessment, monitoring and management procedures to ensure that an effective risk management and internal control system is in place. To further enhance risk prevention and internal control compliance management, we continue to improve management policies such as the Measures for the Comprehensive Risk Management of Guangdong Investment Limited and the Internal Control Manual of Guangdong Investment Limited. Besides, we have developed the risk reporting mechanism and set up the three lines of defence framework to further enhance comprehensive risk management. Each department within the framework plays a critical role in risk management, collectively enhancing our overall capacity for comprehensive risk management.

### Three Lines of Defence Framework for Comprehensive Risk Management

First Line of Defence	Second Line of Defence	Third Line of Defence
<p><b>Functional Departments and Subsidiaries</b></p> <p>These primary departments in charge of risk identification and control are responsible for formulating and implementing management measures and procedures to control business-specific risks.</p>	<p><b>Risk Management Coordination Departments</b></p> <p>These departments are in charge of leading the establishment of a comprehensive risk system, formulating policies and standards for comprehensive risk management and coordinating risk management tasks.</p>	<p><b>Internal Audit and Supervision Departments</b></p> <p>These departments are responsible for supervising the effectiveness of risk management system, formulating supervision policies and conducting independent supervision and assessment.</p>

## Risk Management Process

To standardise the risk management work, the Group optimises key risk management processes, including risk identification and assessment, risk early warning, risk reporting, risk audit and risk response. This holistic approach to managing and controlling risks consistently bolsters our capacity for both risk prevention and effective response.



### Risk Management Process

## Emerging Risks

GDI is highly concerned about emerging risks caused by factors such as climate, social, and policy changes, and has systematically identified these risks with reference to the Global Risk Report 2023 of The World Economic Forum (WEF) and the characteristics of the Company's business. Taking into account the Group's strategic planning and business development, along with the national policy orientation and the concerns of external stakeholders, the two most relevant emerging risks of GDI are biodiversity loss and ecosystem collapse, and lack of public infrastructure and services, and by formulating targeted risk mitigation measures, we ensure the effectiveness of risk control and avoidance, and strive to minimise its impact on the business.

Name of the risk	Biodiversity loss and ecosystem collapse	Public infrastructure and services
Description	<p>With the continuous development of industrialization and urbanization, the impact exerted by human beings on the ecological environment becomes increasingly prominent. Ecosystems and biodiversity are adversely affected by factors such as excessive exploitation of natural resources and environmental pollution, resulting in varying degrees of degradation or loss.</p>	<p>In recent years, as the population continues to grow, the lack of public infrastructure has become increasingly severe. This has led to delays in developing public facilities such as urban water supply and drainage systems, and networks for water, electricity, and gas supply.</p>
Impact	<ol style="list-style-type: none"> <li>1) Disruption of aquatic ecosystems caused by biodiversity loss and ecosystem collapse potentially causes such problems as black-odorous waterbodies, greatly affecting the quality of untreated water supply.</li> <li>2) With the increasing severity of biodiversity risks, regulatory policies and actions by government and public sectors are becoming more stringent, leading to an increase in compliance costs and risks.</li> </ol>	<ol style="list-style-type: none"> <li>1) The lag of water conservancy related public infrastructure, such as urban water supply and drainage systems and underground pipeline networks, has led to frequent pipeline leakage incidents. These incidents may increase our operating costs in untreated water supply, water treatment and other businesses.</li> <li>2) The lack of infrastructure has led to low levels of interconnectivity among traditional infrastructure, which in turn has reduced the operational efficiency of existing facilities and our business.</li> </ol>
Mitigation actions	<ol style="list-style-type: none"> <li>1) We fully leverage the strengths of our water resources business and continue to carry out comprehensive water environment management. We continuously innovate water ecological management concepts and implement comprehensive management projects in various regions or basins. Our efforts aim to achieve the overall restoration of water ecological systems, promote biodiversity recovery, and curb the severe loss of biological resources.</li> <li>2) We actively implement the Law of the People's Republic of China on Evaluation of Environmental Effects. Under the guidance of the China National Biodiversity Conservation Strategy and Action Plan (2011-2030), we have formulated the Biodiversity Protection Policy of Guangdong Water Holdings. With this Policy, we strive to protect the habitats of flora and fauna and carry out biodiversity conservation and ecological restoration activities.</li> </ol>	<ol style="list-style-type: none"> <li>1) We have independently developed a "three-level zoning system for pipeline networks", which adopts technologies such as dynamic pressure regulation and leakage evaluation and positioning. This forms a "smart leakage control" digital platform that integrates pipeline GIS, zoning, monitoring, modeling, and pressure management systems. This platform aims to minimise the impact of pipeline leakage risks.</li> <li>2) We have developed a smart water management system based on technologies such as the Internet of Things, artificial intelligence, and digital twins. The system utilizes digital technologies to effectively improve the operational efficiency of our water resources business.</li> </ol>

## Cultivating a Risk Management Culture

Guided by the principle that “risks is everywhere, and risk management is a collective responsibility”, the Group strives to foster the implementation of a risk management culture. We integrate risk management into our daily work to enhance it. In our training programme for new employees, we include risk management training, covering the risk control assessment system and risk management methodologies to foster their risk awareness. At the same time, we organise all business segments to actively carry out risk management training to promote our risk management policies with the purpose of heightening the risk prevention awareness among all employees.

### Energy Projects Segment

During the Reporting Period, GDH Energy organised 6 training sessions on risk control and internal control testing. The sessions were directed towards members of the risk control working group and personnel in key roles with the aim of improving their vocational skills.



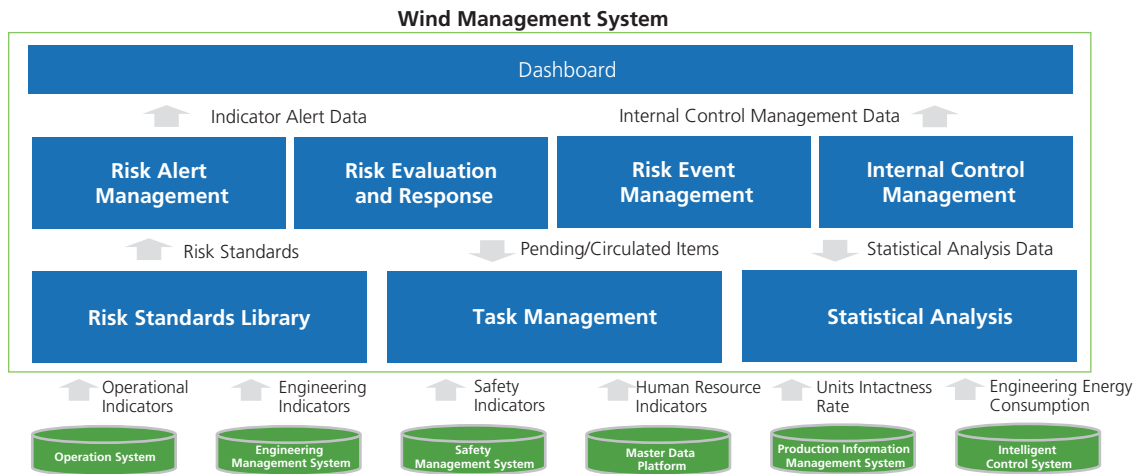
Risk Management Meeting

## Risk Management Informatisation Construction

We continue to optimise the informatisation of risk management and used information technology to empower risk management. For example, we further specify the criteria for the establishment of risk early warning indicators and the monitoring and response methods. Furthermore, we are also committed to promoting the development and launch of the online risk early warning system. The system leverages information technology, digital tools and networking to provide real-time, dynamic, online and visual monitoring of risk, ensuring effective risk management and control.

In addition, the water resources segment has designed and developed a risk control management information system based on the actual workflow of risk control management. With the risk early warning management module as the core, the system integrates key functions such as risk index and threshold management, early warning summary and early warning response. Through the connection with the business system, the system gradually realizes the automatic data extraction of index values, and uses information technology to realize the visualized monitoring of risks, so as to ensure that risks are effectively controlled and provide a solid guarantee for the stable operation of the Company.





# BUSINESS ETHICS

## Anti-corruption

The Group complies with the Criminal Law of the People’s Republic of China, the Supervision Law of the People’s Republic of China, the Civil Code of the People’s Republic of China, the Company Law of the People’s Republic of China, the Anti-Monopoly Law of the People’s Republic of China, the Anti-Unfair Competition Law of the People’s Republic of China, the Prevention of Bribery Ordinance of Hong Kong and other laws and regulations. We have formulated related management policies, such as the Anti-corruption Policy of Guangdong Investment Limited, the Code of Integrity of Guangdong Investment Limited, and the Code of Business Ethics for Employees of Guangdong Investment Limited. These policies stipulate clear rules against bribery, gift-giving, hospitality, conflict of interest and anti-competitive behaviour. We prohibit employees from abusing their positions to seek improper benefits or to harm the Group’s interests, or from taking part in any anti-competition and bribery activities. Our continuous efforts to strengthen our anti-corruption mechanisms include rigorous integrity supervision and requiring all employees to sign the Commitment Letter of Integrity, ensuring thorough monitoring and management of their behaviour. In 2023, no legal cases regarding corrupt practices occurred in the Group.

During the Reporting Period, we organised focused warning education training, inviting professional lecturers to give lessons. More than 300 employees from the Group headquarters, subsidiaries, and hotels attended the lectures, continuously strengthening the ideological defence line against corruption. We effectively utilised the Group’s online training resources, organising employees to watch warning education videos to foster integrity culture. We distributed anti-corruption training materials from the Independent Commission Against Corruption (ICAC) to employees in Hong Kong, including materials in categories such as hotel management anti-corruption tips and procurement personnel anti-corruption training, aiming to enhance anti-corruption awareness. We made active efforts in fostering integrity culture to enhance employees’ sense of integrity. These include carrying out integrity-focused training, compiling and printing educational booklets on ethical practices, posting motivational slogans, organising discussions on integrity, delivering reminders and visiting integrity education centres. At the same time, we placed a strong emphasis on cultivating integrity-oriented family values. To achieve this, we carried out a series of related activities, including signing family integrity commitments, sharing stories about family values, encouraging the creation of integrity-themed cultural works, and conducting parent-child activities centred on ethical values.

## Water Resources

### Case: Cloud Map of Integrity Culture

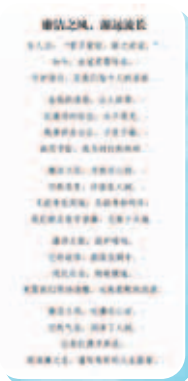
The water resources segment actively explored the “Internet +” model for integrity education. The segment developed a cloud map of integrity culture, integrating online and offline resources to pair “quick online map reviews with immersive on-site experiences at educational centres”. This map was designed to strengthen the impact of the integrity culture and build up a mindset against corruption.



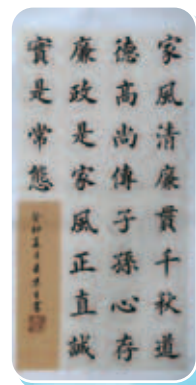
Cloud Map of Integrity Culture

### Case: Activities for Cultivating “Integrity-Oriented Family Values”

The water resources segment carried out activities for cultivating “integrity-oriented family values”. Specifically, the segment organised family-oriented activities where participants share stories and engage in creating cultural works that emphasise integrity. These activities gave full play to the role of the family in promoting integrity, thereby fostering integrity culture.



Integrity-Themed Poetry



Integrity-Themed Calligraphy

## Property Investment and Development, Department Store Operation

### Case: Promoting Integrity Culture in Shopping Malls

Teem Group organised a variety of activities centred on integrity, including establishing learning platforms, launching educational videos, developing a “QR Code for Integrity Supervision”, organising the making of integrity-themed scented sachets, and selecting exemplary “Integrity Model” posts. At the same time, in order to strengthen the sense of integrity, Teem Group also organised integrity-themed movie watching, reading and sharing sessions and performances, all contributing to creating an environment of integrity.



Fostering Integrity Culture in the Shopping Mall

## Case: Fostering Integrity Culture within Families

Teem Group cultivated integrity-oriented family values by organising relevant discussions and parent-child activities. Panyu Teemall held a book-sharing activity on the comic “Mencius” and “Stories of Virtue”, along with the launch of the “Painting Lotus” classroom, where teachers used painting and sticker forms to teach children how to draw lotus flowers. Through enjoyable activities, the integrity culture is conveyed, nurturing good family ethics and allowing the seeds of integrity to take root and sprout in the hearts of children. Through a series of attractive activities, we effectively connect the tenants and consumers in the venue, so that the integrity culture is integrated into the daily commercial activities. And its social significance as well as the public value are extended to the public consumers.



Integrity Parent-Child Activities

Teem Group actively organised family ethics-themed exhibitions, which are divided into three chapters: “Exemplary Family Ethics – Essence of Chinese Spirit,” “Keeping Commitment in Mind – Leading the Nation in Creating New Brilliance,” and “New Era Spirit – Inheriting Red Family Ethics and Promoting Lingnan Culture.” The exhibitions mainly feature graphic displays supplemented by physical exhibits and immersive scene experiences to showcase the excellent traditional family ethics of many ancient sages, as well as the red family ethics of old revolutionaries and advanced spirit role models. Participants were able to experience the power of good family ethics through immersion, thereby fostering family integrity and nurturing a culture of integrity.



Family Ethics-themed Exhibitions

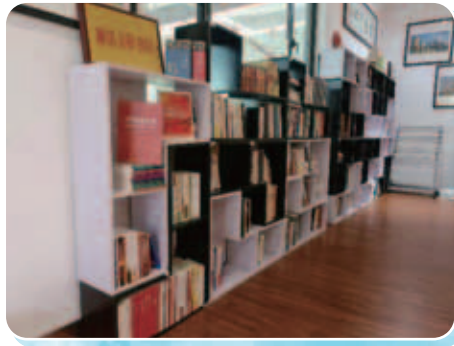
## Energy Projects

### Case: Activities for Fostering Integrity Culture

The energy segment organised anti-corruption and integrity education activities on a regular basis. The segment held meetings on cautionary education, organised employees to learn integrity-themed courses and case studies and arrange visits to anti-corruption education centres, and established additional library with collections of integrity-themed books to foster an environment that advocates integrity. All these efforts contributed to fostering a culture of integrity.



Visits to Anti-corruption Education Centres



The Library with collections of Integrity-themed Books

## Road and Bridge

### Case: Story-Sharing Sessions on Integrity

In August 2023, GDH Highway organised a story-sharing session on integrity, inviting employees to share their personal stories and insights related to integrity. This session aimed to inspire employees to live by the principle of “Discipline at Heart and Integrity in Action,” thereby increasing their self-discipline.



Story-Sharing Sessions on Integrity

## Whistle-Blowing Mechanism and Whistle-Blower Protection

We have formulated the Policy in Relation to Employees and Third Parties Raising Concerns over Possible Improprieties of Guangdong Investment Limited, which specifies procedures for whistle-blowing, investigation and confidentiality to ensure that all reports are handled in a fair, effective and timely manner. We set up a 24/7 whistle-blowing hotline and email to encourage employees or third parties to report instances of misconducts, malpractices, and non-compliance. All reports are handled based on their nature, complexity, and special circumstances. Additionally, a register is maintained to record, report, and manage the reported incidents in a timely manner. We strictly implement confidentiality measures, so that personal information and details of the whistle-blower’s reports will be kept strictly confidential. In addition, retaliation against whistle-blowers or witnesses is strictly prohibited and will be seriously dealt with upon discovery.

# Environmental: Promoting Green Development and Protecting the Environment

GDI actively assumes the responsibility for promoting green development. Adhering to the development concept that “lucid waters and lush mountains are invaluable assets”, we are dedicated to integrating green development practices across all aspects of our business operations. We continuously strengthen the application and R&D of clean and energy-saving technologies, intensifies our efforts in the development of clean energy and conduct pollution prevention and ecological restoration. With these concrete actions, we exemplify a development model that coexists with the environment, contributing to the harmonious coexistence between man and nature.

## Our Priorities:



**Resource Management**



**Environmental Impact**

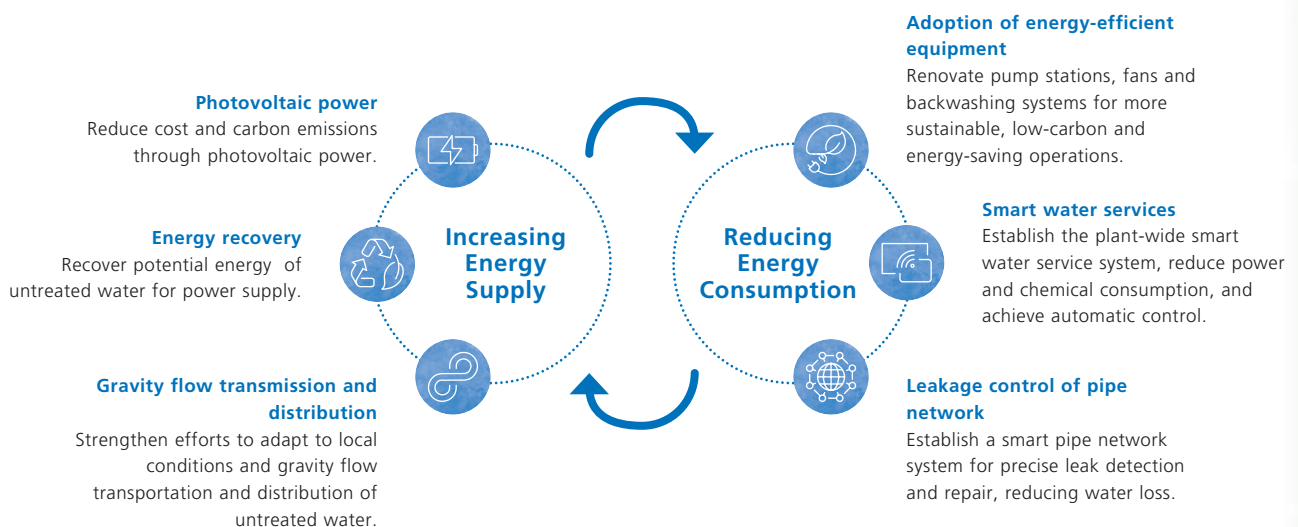
## Our response to SDGs

- SDG 6: Clean water and sanitation
- SDG 7: Affordable and clean energy
- SDG 9: Industry, innovation and infrastructure
- SDG 11: Sustainable cities and communities
- SDG 13: Climate action
- SDG 14: Life below water
- SDG 15: Life on land

# FEATURED TOPIC: PROMOTING TRANSITION TO LOW-CARBON WATER PROJECTS – CARBON NEUTRAL WATER PLANTS

GDI responds to the National call for an accelerated transition to green development models, the rapid R&D and application of cutting-edge technologies for energy saving and carbon reduction, and a careful yet proactive approach to achieving carbon peak and carbon neutrality. In 2023, GDI motivated Water Holdings to give full play to its role as one of China’s leading water companies. Guided by a commitment to leveraging technology for empowerment and innovation, Water Holdings embarked on pioneering “low-carbon + smart” new energy water service projects, contributing to the pursuit of “dual carbon” goals and fostering a green and beautiful environment.

As for the green and low-carbon development of water plants, Water Holdings has adopted a holistic approach focused on “increasing energy supply + reducing energy consumption” to realise carbon neutrality in the operation of water plants. In this way, Water Holdings fully taps the potential of new energy development and adjusts its energy consumption structure to increase the proportion of new energy consumed. Meanwhile, Water Holdings leverages innovative technologies to save energy in the whole process, thereby reducing greenhouse gas emissions.





In 2023, Water Holdings completed the construction of the first “carbon neutral” water plant, the Daluo Water Plant in Fengshun, Meizhou, which was put into operation under a new mode of “clean energy + smart management”. To date, this plant has achieved zero CO<sub>2</sub> emissions. When this plant was initially designed, Water Holdings set a clear objective for carbon neutrality. Guided by the concept of green and clean production and circular economy, Water Holdings made overall planning in advance and proposed the innovative threefold approach of “Low-Carbon Layout, Self-Produced Green Power and Smart Management”.

### Low-carbon Layout

Taking full advantage of the altitude differences of the selected site, Water Holdings planned the Daluo Water Plant’s location. Water Holdings took various measures for flow and pressure management to accurately control the volume of water and eliminate the effects of water hammer. These measures enabled the adoption of a gravity flow system for the entire water distribution network, significantly reducing power consumption.

### Self-produced Green Power

To tackle the predominant source of carbon emissions in water projects – power consumption, Water Holdings exploited the roughly 40-meter elevation disparity between the normal water level of the reservoir at Daluo Water Plant and the design level of the mixed tank. This difference facilitates the generation of hydroelectric power via water turbines, producing sufficient electricity to meet the energy demand of the plant’s offices and residences.

In addition to the residual water used for power generation, Water Holdings installed photovoltaic systems on its vast rooftops and tank surfaces. On the basis of ensuring safe and efficient production, Water Holdings set photovoltaic facilities on the roofs of buildings, such as V-type filters, dosing rooms and sludge concentration tanks, and above the tanks. These installations are anticipated to yield an average of 375,700 kWh of electricity annually, supplying 303,300 kWh back to the power grid and using 72,400 kWh for internal operations, which equates to a reduction of about 214.26 tonnes of carbon emissions.

## Smart Management

To allocate resources more precisely and efficiently, Water Holdings adopts the “Centralised Control of New Energy + Automatic Production” mode during the construction of Daluo Water Plant based on the “Smart Water” operation management system. A “Smart Water Plant” that features smart production, digital management and security intelligence has been built to better reduce carbon emissions and improve efficiency.

“Centralised Control of New Energy + Automatic Production” mode of Daluo Water Plant:

- In terms of new energy operation, a “smart photovoltaic centralised control centre” has been in place. Advanced network communication technology and devices for remote, digital, and comprehensive management, reducing the necessity for physical presence and significantly improving production and operational efficiency.
- In the dosing process that exerts a significant impact on carbon emission reduction in production, an intelligent dosing system has been specifically designed for Daluo Water Plant. This system automatically adjusts dosages according to the changes in the volume and quality of incoming water, thus ensuring precise chemical mixing, delivery and application throughout the process.



Daluo Water Plant in Fengshun, Meizhou

# RESOURCE MANAGEMENT

GDI attaches great importance to conservation and efficient use of resources. In strict accordance with Energy Conservation Law of the People's Republic of China, the Water Law of the People's Republic of China and other relevant laws and regulations, the Company strengthens its resource management, and promotes the reasonable and effective use and protection of existing resources, striving to grow into a resource-conserving and environment-friendly enterprise.

## Energy Conservation

Saving energy is a social responsibility shared by all enterprises and also an inherent requirement for improving enterprise competitiveness and achieving high-quality development. In 2023, with the "dual carbon goals" as its strategic direction, GDI constantly explored ways to achieve green and low-carbon transition. To conserve energy, GDI has built a more robust management system, improved indicator monitoring and statistics and focused on technology R&D and application to improve the efficiency of energy utilisation.

## Management System Development

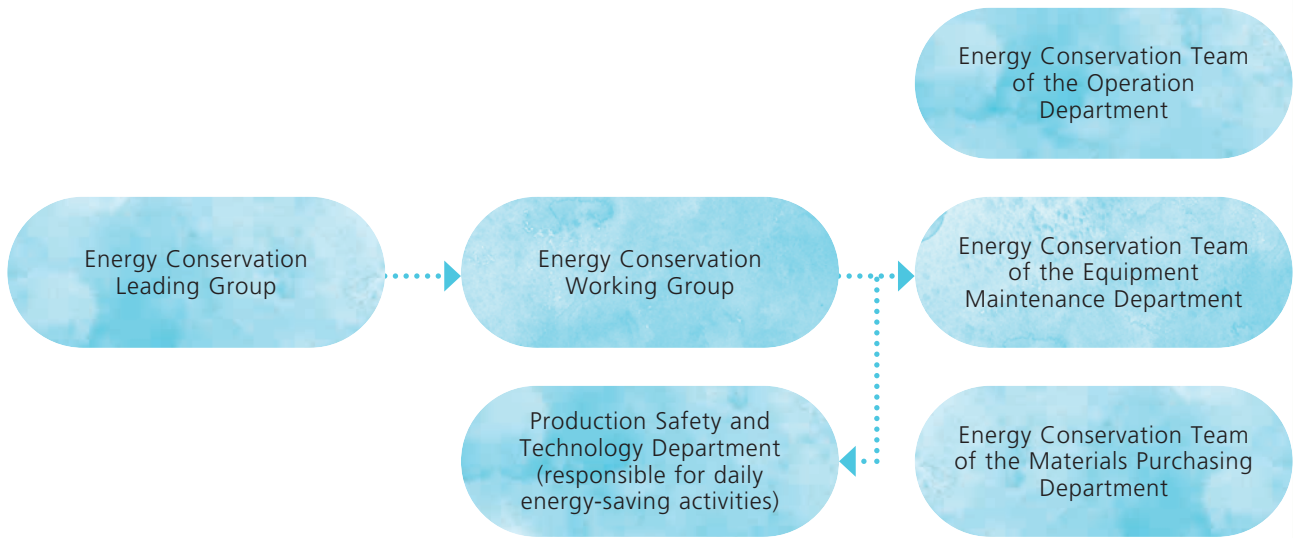
GDI attaches great importance to the establishment of an energy conservation management system. GDI has established an evaluation system, and conducted regular supervision and rectification, supplemented by other management measures, to enhance the sophistication, standardisation and procedural integrity of the energy conservation management system. At the same time, we regularly organise internal training for employees on improving water resource utilisation efficiency, waste recycling, and operational energy efficiency. These sessions are designed to develop their awareness and capabilities in managing and using resources effectively, ensuring that the Company's measures for saving energy and reducing consumption are effectively implemented.

## Water Resources

During the Reporting Period, Water Holdings continued to implement the energy saving requirements and strengthened energy conservation in the production of water companies. With reference to the operation of domestic and foreign outstanding enterprises in the water industry, Water Holdings further revised the Evaluation and Management Scheme for "Star Water Plants", adding detailed measures for standardised and refined management regarding policy formulation, operation ledger and equipment maintenance. With a focus on "star water plants", Water Holdings carried out hierarchical controls. For the water companies with poor performance in energy conservation, Water Holdings has formulated energy conservation plans for each plant in a bid to provide technology and management support, such as energy-saving technology renovation and production process optimisation, promoting energy conservation of subordinate water companies in an all-round way. By the end of the Reporting Period, Water Holdings had reduced its total power consumption by 3.18%, with drug consumption reaching the outstanding level in the industry.

## Energy Projects

GDH Energy has established a three-tier management structure consisting of the company, departments, and teams, and continued to improve internal evaluation and appraisal mechanism. By doing so, a more scientific and effective internal supervision and management system has been established to further enhance the energy management.



GDH Energy's Three-tier Management Structure

Meanwhile, to better implement the energy conservation and incentivise the business departments, GDH Energy conducts performance indicator competitions monthly. The results of the competitions are linked with the monthly appraisal of departments and individuals to motivate the operation team to reduce energy consumption during production and operation.

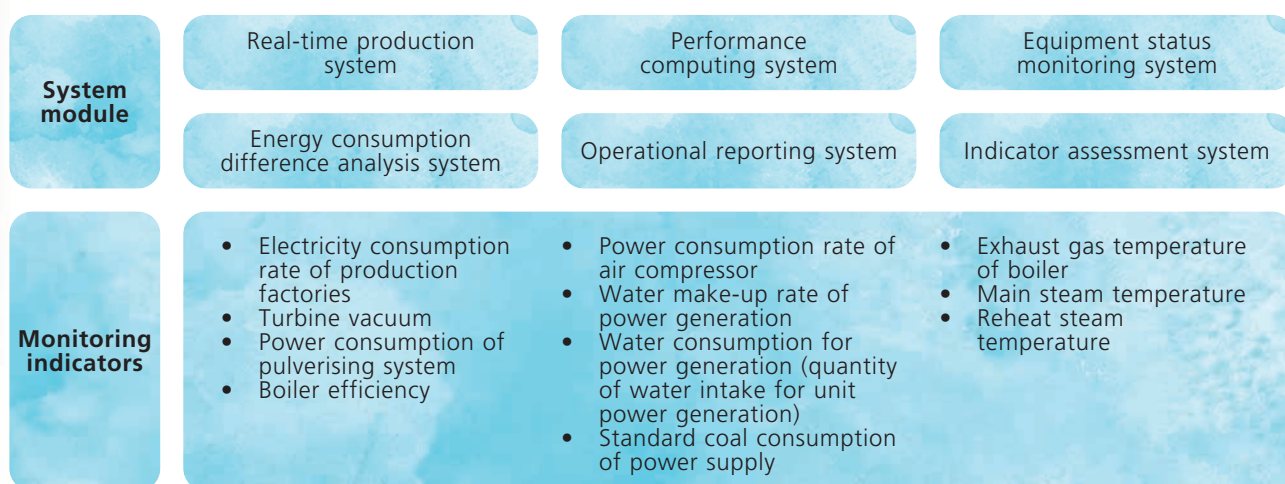
## Indicators Monitoring and Statistics

GDI strengthens its capability for managing the statistics and monitoring of energy conservation indicators, continuously improves the measurement system for various energy conservation indicators and promotes the development and application of online energy consumption monitoring system for its key energy-consuming business segments.

At present, the business segments of GDI have established their own energy conservation management platforms according to their operation, including plant-level Supervisory Information System (hereinafter referred to "SIS system") and energy consumption management platforms. Designated personnel are assigned to closely monitor energy consumption indicators, and conduct regular analysis on various data, including electricity consumption in production and electrical power system balance, so that the operation and management personnel can evaluate the Company's energy consumption performance. This enables GDI to manage and control energy consumption throughout the production process.

### Energy Projects

GDH Energy further improves the SIS system to ensure that the energy conservation activities are carried out smoothly. The energy use and production data of the plant at all points are monitored in real time via modules such as real-time production system, performance computing system, equipment status monitoring system, energy consumption difference analysis system, operational reporting system, and indicator assessment system. These can provide data support for subsequent energy conservation measures such as indicator assessment, technological renovation, and operation optimisation.



Plant-level Supervisory Information System (SIS system)

## Technology R&D and Application

GDI encourages every business segment to make full use of its own technological advantages and applies the concept of energy conservation in all aspects of its production and operation. Also, the Company promotes the development of various technologies, such as “Photovoltaics + Water Resources”, “AI-Based Optical Storage” and “Energy-Feedback Elevators”. Furthermore, GDI optimises its energy structure, improves production technology, and applies green technology to improve the efficiency of energy utilisation and accelerate its green and low-carbon transformation.

### Water Resources

#### ***Distributed photovoltaics construction for expanding the landscape of hydroelectric green energy***

In line with the national goal of “carbon peaking and carbon neutrality”, Water Holdings focuses on undertaking principal responsibilities and business of water resources. As a result, photovoltaic power generation facilities have been set up in 8 provinces, including Guangdong, Hainan and Jiangsu, to take advantage of the numerous and widespread water treatment plants that have spacious space on the roofs of factory buildings and in subordinate water companies across the country.

By the end of the Reporting Period, Water Holdings had built 55 photovoltaic power plants with 45 MWp installed capacity. Distributed photovoltaic projects adopt the method of “generating self-use power while the remainder as on-grid energy”. The cumulative power generation of the projects amounted to 20.58 million kWh, with economic benefit of RMB10.51 million. Meanwhile, the projects are expected to generate approximately 44 million kWh of clean energy per year when put into full operation. Equivalently, about 11,000 tonnes of standard coal usage and 36,000 tonnes of greenhouse gas emissions will be reduced every year.



Distributed Photovoltaics

### ***Energy-saving technology renovation for lower power consumption in the operation of water plants***

In terms of tap water business, Water Holdings conducts the frequency conversion renovation for pumps in water intake and supply pump houses and optimises their operation scheduling to reduce the power consumption of waterworks. By the end of the Reporting Period, Water Holdings had completed the renovation of 11 pump houses and optimised the operation scheduling of 2 pump houses. In 2023, the average power consumption per 1,000 tonnes of water decreased by 3.28% year on year.

In terms of sewage business, Water Holdings changes fans and conducts precise aeration to reduce the power consumption of sewage treatment plants. By the end of the Reporting Period, Water Holdings had optimised 8 urban sewage treatment plants. In 2023, the average power consumption per 1,000 tonnes of water decreased by 2.34 % year on year.



#### **Case: Energy-Saving Renovation of Tap Water Project**

In 2023, Water Holdings conducted energy-saving renovation in terms of water supply and intake by utilising the geographic advantages of Jiexi Tap Water Project in Jieyang, which is located on high terrain. In terms of water supply, we transformed the water transportation pipeline network. The finished water could be directly delivered by gravity flow without water supply pumps when users had low demands for water and water pressure during the off-peak hours, thus greatly reducing the power consumption during water supply. In terms of water intake, we installed electric valves for water intake to remotely control the water level of suction well in the water intake pump house according to the reservoir water level. In this way, Water Holdings can reuse gravitational potential energy of untreated water. After the renovation, the power consumption of 1,000 tonnes of water in this plant is expected to decrease by 50 kWh.

### ***Optimised production process and refined control of drug consumption***

Ensuring the quality of water supply, Water Holdings controls drug consumption precisely by implementing technological renovation for dosing equipment and optimising drug dosing strategy. That has improved the accuracy of drug dosing and reduced the drug consumption and difficulties in its operation management. In 2023, the cost of drugs for the tap water segment was RMB0.034/tonne per unit, down by 15.0% year on year; that of the sewage segment was RMB0.138/tonne per unit, down by 6.1% year on year.



#### **Case: Renovation of Refined Control Technology of Drug Consumption**

In 2023, Water Holdings renovated the refined control technology of drug consumption at the Chaonan Sewage Project in Shantou. The aeration volume of biochemical pool and quantity of sludge reflux were reasonably controlled to maximise the biological nitrogen and phosphorus removal of microorganisms. This technology could reduce the dosing of external carbon source and phosphorus removal agents. Furthermore, the online total phosphorus inlet meter of magnetic coagulative precipitation tank was used to monitor the monitoring instrument in real time. The drug dosing strategy was dynamically optimised, and all kinds of related basic data during the operation were collected and analysed to support more accurate and adjustable drug dosing, thus reducing the consumption of phosphorus removal agents and the operation difficulty.

### **Energy Projects**

In 2023, GDH Energy took various measures to improve the energy efficiency and accelerate the transition to clean energy. Substantial progress was made towards the energy conservation targets by optimising condensate pump technologies, vacuum optimisation and plasma ignition systems and AI-based optical storage.

In 2023, the electricity consumption rate of GDH Energy's plants was 5.78%, successfully reaching the annual target of 5.95%. And the coal consumption of power supply was 306.22 g/kWh, reaching the annual target of 306.5g/kWh.



Development of energy conservation technologies		
Project name	Description	Environmental benefits
Energy-saving renovation of condensate pump	To tackle the inefficiency of the original condensate pump, GDH Energy uses double-suction primary impeller instead of single-suction impeller. The work efficiency of condensate pump is improved by increasing inlet pressure of the first-stage centrifugal pump, optimising impeller profile and reducing booster stage.	After the renovation, the average operating efficiency of the condensate pump increased from 70% to 80%, with 300,000 kWh of electricity saved every year.
Vacuum optimisation	Vacuum degree is one of the key indicators that affect the operation efficiency of turbogenerator units. To deal with the poor vacuum degree of units, GDH Energy regularly descales the condenser tube bundles, optimises the operation mode of circulating water pump and vacuum pump, and external heating, so as to improve the vacuum degree of unit operation and reduce energy consumption	After the renovation, the coal consumption of power supply for Unit #1 is reduced by 0.47g/kWh, and that for Unit #2 is reduced by 2.67g/kWh.
Optimisation of the operation mode of boiler plasma ignition device	The coal-fired generation units consume a lot of energy during start-stop and when igniting and shutting down the boiler. In response, GDH Energy improves the boiler plasma ignition device by optimising the plasma operating current, adjusting the carrier air parameters, and enhancing its regular maintenance. These measures enable energy conservation in the start-stop phase.	After the optimisation, a total of 34,560 kWh of electricity for the start-up and shutdown stages of units can be saved each year.
AI-based optical storage test	To better respond to the national call for accelerating the development of new energy storage, GDH Energy cooperates with Huawei's Energy Storage Department in conducting experimental research on AI-based optical storage. AI algorithm is used to forecast the photovoltaic power and the user load more accurately. It is also conducive to the higher efficiency of electrochemical energy storage used for the peak shaving and valley filling, minimising the power cost.	This project has generated a total of 450,000 kWh of electricity and reduced carbon dioxide emissions by 150 tonnes. 60% of the electricity for the five buildings in the front area of the plant was substituted with green power.

## Property Investment and Development, Department Store Operation

Teem Group actively promotes the energy conservation and emissions reduction plan. Through equipment renovation and technology update, the energy conservation and emissions reduction are maximised, contributing to the “dual carbon” goals.

Energy-saving renovation projects	
Elevator renovation	In 2023, 19 elevators were replaced by energy-feedback elevators in Guangzhou Teem Plaza. Such elevators can convert the gravitational potential energy generated during elevator operation into electric energy for reuse, with average power consumption reduced by 25% compared with traditional elevators.
Lighting system renovation	In 2023, Teemall Store built an intelligent lighting system that works mostly automatic supplemented by manual control. The lights are connected to a central control system through wireless or wired network for centralised management, enabling the intelligent control of lighting and avoiding energy waste. It is estimated that such system can save 300,000 kWh of electricity for stores every year.

## Water Conservation

GDI takes the impact of water resource consumption on the environment seriously. In response to the national regulations and policies on water resource management, the Company encourages business segments to strengthen water management in their production and operating activities, and manage and maintain water facilities properly to improve the utilisation of water resources. Moreover, we actively explore water recycling and regeneration technologies and set up a reclaimed water reuse system to improve water recycling efficiency.

In 2023, GDI revised the Policy on Water Supply Management of Guangdong Investment Limited. We require each business segment to manage water resources effectively by reviewing the water resource management strategy, monitoring the efficiency of water resource consumption in operation, and optimising relevant water conservation measures.

Responding to the call of GDI and following the concept of “increasing water supply and saving water”, all the business segments have been engaged in innovating water-saving technologies and facilities based on their production process, the assistance of equipment and their domestic water consumption. All these efforts are focused on reducing freshwater consumption and developing alternative water sources:

Reducing freshwater consumption	<ul style="list-style-type: none"> <li>• Promoting clean and water-saving production processes and using advanced water-saving equipment and devices to increase water efficiency.</li> <li>• Preparing a water allocation plan, a water consumption quota, and a water dispatch plan for emergencies.</li> <li>• Conducting water balance analysis based on water meter data and other estimates.</li> </ul>
Developing alternative water sources	<ul style="list-style-type: none"> <li>• Replacing fresh water used in production activities with pipe cooling water, municipal reclaimed water, rainwater, etc..</li> </ul>

Besides, the business segments have established regular statistics and inspection systems. Management and maintenance personnel are required to periodically inspect water supply facilities, including water pipes network, taps, and valves, to detect and repair seepage and leakage in a timely manner, thereby reducing water waste.

### Water Resources

To improve water efficiency, Water Holdings continues to improve existing technologies, conduct the R&D for new technologies, and optimise production processes. It also steps up efforts to manage and evaluate the self-use water rates of the water companies in accordance with the Evaluation and Management Scheme for “Star Water Plants”, to ensure efficient water resource utilisation.

In terms of the application and innovation of water-saving technologies, Water Holdings reduces the self-use water rates of the water plants by improving existing technologies, developing new technologies, and optimising production processes. Specific technical measures include:

- Recycling backwash water and properly extending the backwashing cycles of filters to reduce water consumption.
- Enhancing the efficiency of suction dredger in the sedimentation tank to reduce sludge discharge.
- Improving the plant’s repair efficiency to minimise water leakage.
- Strengthening operation management of process pools in the plants to eliminate overflow and seepage.
- Regularly calibrating flow meters to ensure their accuracy.

In 2023, the accumulative self-use water rate of Water Holdings was 3.45%, meeting the requirement of maintaining a rate of no more than 4% ( $\leq 4\%$ ) as specified in the Performance Assessment Standard for Urban Water Supply and Water Use.

In the development of alternative water sources, Water Holdings actively explores the development and utilisation of recycled water and rainwater. We continue to strengthen the use of recycled water within the sewage plant to realise its own water conservation. Meanwhile, we strive to explore alternative water sources for reservoir regulation and water supply projects, to alleviate the contradiction of water scarcity through various ways and help realise the virtuous cycle of water ecology.

#### **Case: Wuxi New District Recycled Water Reuse Demonstration Project**

The Wuxi New District Recycled Water Reuse Demonstration Project invested and constructed by Debao Water under Water Holdings is the first high-standard recycled water reuse demonstration project in Jiangsu Province. With the production concept of “three plants in one”, Debao Water adopts the integrated combination process of “materialisation + biochemistry + ultrafiltration + Reverse Osmosis (RO)” with independent intellectual property rights, and supplies acid-containing sewage, fluorine-containing sewage and nitrogen-containing sewage to Hynix, Hitech, Murata, Seagate, Suntech and other national key industry enterprises in the Wuxi New District.

Debao Water continues to promote refined production, with a perfect production automatic control system. The system has the functions of online water quality monitoring, starting and stopping of production equipment, dosing of chemicals and cleaning of membrane elements. It can provide customised water treatment solutions for different water quality conditions of the customers. In 2023, Wuxi Debao Water had a total wastewater treatment capacity of 10.435 million tonnes, and a total reclaimed water treatment capacity of 19.397 million tonnes.

Leveraging its business advantages as a raw water supply and water treatment company, Water Holdings carried out a series of campaigns to raise the public’s awareness of water conservation and water resources protection. They were themed on water appreciation, water saving and water security and were in line with the purposes of World Water Day and China Water Week.

## Hotel Ownership, Operation and Management

In response to the national call for advancing the development of sponge cities in the 14th Five-Year Plan, and considering the frequent rainfall in South China, the hotel business has installed rainwater recycling devices on lawns of Holiday Inn Zhuhai City Center in 2023. These devices are designed to collect rainwater for plant irrigation, thus reducing the consumption of municipal water.



Rainwater Recycling Devices

## Green Office

GDI pays special attention to the conservation and efficient use of resources. The Company advocates the green office concept and implements the practices such as paperless office, green life and travel among employees, contributing to the formation of a social trend of resource conservation, low-carbon living, and environmental protection.

Green actions	Paperless office	Green travel
Encouraging employees to save water and electricity and reduce energy consumption in offices by switching to energy-efficient lighting, optimising air conditioning controls, and using water-saving devices.	Advocating paperless office, such as utilising technologies to initiate online approval and registration, streamlining administrative approval process and reducing the use of paper, thereby creating low-carbon mode of office work.	Optimising vehicle management and arranging company vehicles based on business needs to minimise vehicle use, and encourage employees to choose subway, bus, bicycle for commuting on the premise of not affecting work and life.

# ENVIRONMENTAL PROTECTION

GDI strictly follows the environmental laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution caused by Solid Wastes, Land Administration Law of the People's Republic of China, Wildlife Protection Law of the People's Republic of China, and the Regulations of the People's Republic of China on Nature Reserves. With a focus on environmental and discharge management and ecosystem protection, GDI is active in pollution prevention and ecological restoration to contribute to ecological conservation and the Beautiful China initiative.

## Environmental Management System

GDI has formulated an internal environmental management system based on the ISO management system that integrates the aspects of environment, quality, and safety (hereinafter referred to as the "three systems"). This system specifies the workflow and division of responsibility for environmental management, implements the division of responsibility for environmental protection in each segment's functions, and the management system for the centralised management of each functional department. Under this system, GDI's headquarters, business segments, and branches monitor and manage environmental protection performance throughout their business lifecycles according to their authorities.

In strict compliance with applicable laws and regulations and local requirements, GDI has developed management procedures for project initiation, construction, and operation to manage environmental impacts throughout the entire project cycles. These procedures include environmental risk identification, environmental impact assessment, and environmental management during construction.

Project initiation phase	Project construction phase	Project operation phase
<ul style="list-style-type: none"> <li>• Carry out environmental impact assessment of project sites and obtain approval for the soil and water conservation plans</li> <li>• Avoid eco-environmentally sensitive areas when determining project sites</li> <li>• Integrate environmental protection concept into project design to minimise the environmental impact of project construction and operation</li> </ul>	<ul style="list-style-type: none"> <li>• Promote information systems, implement intelligent construction site applications, and improve overall efficiency and management of construction projects</li> <li>• Closely monitor the water, electricity and noise indicators during the construction</li> <li>• Reuse the construction by-products (e.g., solid waste and other construction wastes)</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on the monitoring and control of environmental pollution, such as noise, wastewater and solid waste, within the scope of project operation</li> <li>• Take measures to prevent environmental pollution during the production and operation</li> <li>• Disseminate environmental protection knowledge to employees and the public, and communicate with surrounding communities on environmental impact</li> </ul>
<b>Project Lifecycle Process of Environmental Management</b>		

In keeping with the concept of sustainable development, namely “lucid waters and lush mountains are invaluable assets”, GDI is dedicated to reducing the discharge of solid wastes, exhaust gases, and wastewater to minimise the impact of the Company’s business operation on the environment. GDI and its business segments had no major pollution incidents or violations against relevant laws and regulations in 2023, nor were they subject to complaints, penalties or sanctions for major environmental pollution or violations against environmental regulations.

## Solid Waste Management

GDI is constantly improving solid waste management based on the principle of “reduction, recycling, and safe disposal”. By creating practical recycling systems and innovating the disposal process via technological advancement, GDI has further increased waste recycling rates and enhanced its economic and environmental performance.

GDI goes all out to minimise the discharge of all kinds of solid waste during project construction and operation. Waste is subject to rigorous identification, classification, monitoring, control, and treatment. After undergoing these processes, sludge, scrap metal, plastic foam material, and other wastes can be reused to the largest extent.

### Water Resources

The National Development and Reform Commission and the Ministry of Ecology and Environment have put forward the requirements to accelerate the “reduction, recycling, and safe disposal” of sludge. In response to this, Water Holdings requires that all new plants should be designed in strict accordance with the sludge conditioning, concentrating and dehydrating process. As for the existing water plants without sludge disposal facilities, they need to be upgraded and equipped with appropriate facilities to limit sludge generation from the source. Meanwhile, Water Holdings continues to reduce the volume of sludge landfills through innovative sludge recycling technologies, thereby controlling its environmental impact.

### Road and Bridge

In terms of waste recycling, GDH Highway recycles waste cement concrete pavement crushed boards for reuse, supplying them to local communities for filling rural road embankments, drainage ditches, and other simple retaining structures. This achieves a 100% recycling rate for pavement crushed boards. In 2023, the crushed boards and other solid waste were reduced by approximately 910m<sup>3</sup>. At the same time, GDH Highway has signed agreements with waste materials dealers to recycle metal wastes on a regular basis, including waste road guardrails and columns. To limit the generation of waste, GDH Highway repairs burnt asphalt pavements using geothermal regeneration technology, achieving 100% utilisation of the original bituminous concrete.



## Exhaust Gas Management

GDI takes various measures to control exhaust gas emissions at major emission sources. Among others, GDI is stepping up efforts to control emissions from fixed and mobile sources, treat dust emission sources, and monitor oxynitrides, so as to comprehensively treat exhaust gases and meet the emission standards.

### Energy Projects

On the basis of meeting the standards in plant construction, GDH Energy strictly controls the concentration of air pollutant emissions from its coal-fired generation units to ensure it meets the emission limits applicable to gas turbine units. The specific technical measures are as follows:

- Upgrading coal-fired generation units to achieve ultra-low emissions, thoroughly treating pollutants on a regular basis, applying denitration processes, and taking comprehensive measures to treat volatile organic compounds.
- Adopting dust suppression measures, such as water spraying for sedimentation, to effectively control fugitive emissions of particles emitted in coal and ash yards and during transport and transshipment links.
- Developing an online monitoring system to monitor the concentration of soot, sulphur dioxide, and oxynitrides in real time.

## Wastewater Management

GDI controls wastewater discharges and treats wastewater using appropriate technologies. By doing so, we ensure the discharged wastewater meets the national regulatory standards and has the least environmental impact. Some business segments regularly engage qualified third parties to test wastewater discharges and install monitoring devices at the discharge outlets to monitor and record changes in water quality and quantity in a real time manner, thereby enabling themselves to respond promptly to any abnormal changes.

### Energy Projects

In 2023, GDH Energy conducted a study based on specific topics to tackle the challenges posed by the high volumes and varying quality of wastewater discharged from thermal power plants. A plan, aimed at reducing wastewater discharge and the difficulty of treating wastewater, has been formulated to optimise chemical wastewater systems in these plants. The specific details of the plan are shown as follows:

Reducing wastewater discharge	<ul style="list-style-type: none"> <li>Adjusting the discharge frequency of the boiler from daily discharge to discharge upon reaching the threshold, reducing the frequency of discharge.</li> <li>Replacing cation exchanger resin to increase its regeneration success rate and reduce regenerated wastewater.</li> </ul>	After launching the optimisation project for chemical system, the discharge frequency of the two generation units has been reduced from 30 times a month to around twice a month, with 160 tonnes in each discharge. The project is expected to reduce wastewater discharge by 4,500 tonnes and the cation exchanger regenerated wastewater by 4,000 tonnes.
Lowering the difficulty of treating wastewater	<ul style="list-style-type: none"> <li>Reallocating wastewater to the three wastewater pools with return pipe, allowing self-neutralisation of pH.</li> <li>Regulating the wastewater pH and turbidity using drainage of the generation units.</li> <li>Invalidating cation and anion exchangers within a similar period of time by regulating the water flows they produced, so as to facilitate the self-neutralisation of pH of regenerated wastewater.</li> </ul>	

## Ecological Environmental Protection

GDI attaches great importance to ecological environmental protection and abides by environmental protection laws and regulations in places where it operates. The Company carefully identifies and analyses environmental risks in operations and tries its best to avoid affecting natural reserves, ecological conservation areas, and other fragile ecosystems during the business operation and engineering construction. The Company also monitors and assesses biodiversity, water and soil conservation. In all these efforts, the Company protects biodiversity and the ecological environment in the surrounding areas, contributing to ecological balance and the harmonious coexistence between nature and human beings.

## Biodiversity Protection

GDI recognises that protecting biodiversity is key to achieving business sustainability. In 2023, we revised the Biodiversity Protection Policy of Guangdong Investment Limited. The policy clarifies the leadership's responsibility for the biodiversity management and the management and control requirements within relevant business segments. Also, the policy incorporates biodiversity protection into the construction and operation of all projects, avoiding operating in areas of high biodiversity value.

The Company never crosses the ecological red line in the construction and operation and avoids engineering and construction in government-designated ecological reserves. During the stage of project design, the Company develops and implements different impact mitigation plans based on the local biodiversity conditions and the environmental impact assessment results and encourages all business segments to conduct biodiversity assessments for their operations.

## Comprehensive Water Environment Management

GDI actively responds to the task of protecting water ecosystems of major rivers in the 14th Five-Year Plan, taking the protection of water ecosystem and solving pressing water environment problems as one of its priorities. Given the uneven and inconsistent performance in improving the water environment and the lagging progress in the rural areas' environmental governance, GDI is taking a comprehensive approach to enhance water security and improve the water environment.

### Case: Urban Domestic Sewage Pipeline Improvement Project along the Xiaodongjiang River in Maoming

Affected by the intensive industrial activities in Maoming and the surrounding places, water pollution in the Xiaodongjiang River was deteriorating. Many parts of the Xiaodongjiang River were not covered by the sewage pipeline network, resulting in a low collection capacity. To solve these problems, in 2023, Water Holdings launched a project to improve the urban domestic sewage pipeline along the Xiaodongjiang River, which effectively expanded the collection area and increased the collection capacity. Through the continuously monitoring and analysing water quality parameters, Water Holdings has seen a significant improvement in sewage concentration at its sewage treatment plants and an effective decrease in sewage discharge to rivers, greatly improving the local water environment. Specifically, the Maoming No. 1 Water Treatment Plant recorded an average influent COD concentration of 265mg/L in mid-December, which is 70mg/L higher than that in the same period of 2022. This is a significant reduction in the amount of sewage discharged to the river, and an important contribution to the local water environment.



Pre-construction



Post-construction



Aerial View of the Xiaodongjiang River in Maoming

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## Social: Building Together for a Better Society



GDI consistently increases its operational management capabilities, enhances quality management, remains committed to responsible business practices, fosters technological innovation, and protects information security and intellectual property rights. We stick to the bottom line of work safety, improve our emergency response systems, and ensure the health and safety of both employees and suppliers. Our commitment to protecting employee rights and interests is unwavering, as we actively support their development and care for their well-being. By systematically establishing a sustainable supply chain, we take on our social responsibilities and share the benefits of our growth with all stakeholders.

### Our priorities:



**Quality Assurance**



**Work Safety**



**Talent Management**



**Sustainable Supply Chain**



**Public Welfare**

### Our response to SDGs

- SDG 1: No poverty
- SDG 3: Good health and well-being
- SDG 4: Quality education
- SDG 5: Gender equality
- SDG 8: Decent work and economic growth
- SDG 10: Reduced inequalities
- SDG 11: Sustainable cities and communities
- SDG 12: Responsible consumption and production

# FEATURED TOPIC: PROMOTING TRANSITION TO SMART WATER MANAGEMENT – NANSHA SMART WATER PLANT

Aligned with the strategy of “adopting innovative technologies for water management” and to meet our business development needs, the Group actively explores digital technologies, including the industrial internet, machine perception, artificial intelligence (hereinafter referred to as “AI”), and 5G. Our ambition is to elevate the role of intelligence across all phases of water management, from sourcing and treatment to distribution, drainage, and customer services, driving the industrial integrated development of the “smart water services”.

The Huangge Water Plant in the Nansha district of Guangzhou, is a key smart water plant project of Water Holdings in 2023. Water Holdings integrates new information technologies, such as big data, AI, digital twins, with water-saving technologies and operational management modes to continue to optimise its core products, aiming to build the plant into a model project of “smart water services”.

## Intelligent Water Supply Dispatching

Water Holdings has independently developed a “digital twin” platform for the comprehensive management of water plant standard processes and equipment models through object model management, data engines, configuration databases, and twin application management. This platform enables the development of object-oriented model libraries and rapid construction of 3D visual water plants. Meanwhile, the platform can help build an integrated control system that predicts water network pressures and flow rates. Moreover, during the operation and management of the water plant, the innovation enables remote inspections and production monitoring through “twin scenarios”, merging live video with production data, which boosts operational effectiveness and ensures a safe and reliable urban water supply.

## Intelligent Water Treatment Optimisation

Utilising machine learning for “nonlinear modelling” in the key process of coagulant dosing of waterworks, Water Holdings minimise the impact of raw water quality fluctuations and human error. This approach has effectively improved the dosing accuracy and helped reduce the average dosage by about 15% while maintaining water quality standards. Besides, with the self-developed edge computing gateway products, Water Holdings has implemented the intelligent dosing model on these gateways, allowing for localised closed-loop control and further improving the stability and security of the model. Additionally, the combination of AI technologies with automatic control systems underpins the operation of automated and minimally manned water plants.

## Intelligent Pipeline Leakage Control

To solve the technical problems associated with managing leakage in water supply pipelines, Water Holdings has developed a “three-tier pipeline segmentation” system, utilising dynamic pressure adjustments and leakage evaluation and positioning to form a digital platform of “smart leakage control”. The platform combines pipeline network GIS, partition, monitoring, modelling, and pressure management, integrating pipeline network asset management, model analysis, leakage control and dispatching decision-making processes. The system helps quickly build a sound and efficient pipeline transmission and distribution network, significantly enhancing urban water supply management and meeting the needs of pipeline operation and water supply services in the era of “smart water services”. Since the application of the system in Nansha district, the leakage rate of water supply pipelines has dropped from 11.2% to 8.07%, reducing water loss by 3.6 million tonnes every year.

## Intelligent Customer Service Management

Water Holdings has established systems for business charges, intelligent meter reading and WeChat digital services, incorporating e-invoices, e-contracts, and e-licenses to deliver comprehensive customer service solutions. Water Holdings has also successfully connected with government platforms such as the Yue Shang Tong, Yue Sheng Shi and Sui Hao Ban to provide one-stop online services, thus broadening service access, increasing efficiency and enhancing customer satisfaction.



The Smart Operation System of Huangge Water Plant in Nansha District

# QUALITY ASSURANCE

GDI regards quality as a top priority in its operation and management. To meet customer needs and improve service quality, the Company continuously improves its high-standard quality system, makes concrete efforts in quality management and constantly strengthens quality supervision and assessment. In addition, GDI also actively promotes service and technological innovation. Meanwhile, at GDI, it is of utmost importance to protect the legal rights and interests of our customers. In this way, the Company strictly safeguards information security and intellectual property rights, striving to become a model enterprise with compliant operations.

## Responsible Operation

We adhere to a quality-oriented principle and strictly observe laws and regulations where we operate. We have formulated the Policy on Quality, Environmental Health and Safety Management of Guangdong Investment Limited. With this, we have reinforced quality management, continuously improve the quality of business operations and strives to provide customers with premium products and services.

Quality management system is crucial to improve operation quality. We actively encourage our subordinate business segments to continuously improve their quality management systems and obtain relevant certifications. By the end of the Reporting Period, four subordinate companies of the water resources segment, namely Guangdong Yuehai Water Supply, Kunming Yuehai Water, Shenzhen Kerong Software and Harbin Institute of Technology National Engineering Research Center of Water Resources, and Teem Group had obtained the ISO 9001 Quality Management System Certification. In addition, to enhance business operation quality and efficiency, business segments are required to set operational goals based on their business characteristics. Regular progress tracking towards the goals are also required to further enhance quality supervision and assessment.



## Water Resources

Following the Policy on Water Supply Management of Guangdong Investment Limited and the Policy on Water Quality Management of Guangdong Investment Limited, the water resources segment has developed a series of internal policies, covering various dimensions of water resources management. These policies specify the quality management requirements and division of responsibilities to ensure the quality of water supply. The water resources segment improves its operation through enhancing its management in the following aspects: water supply scheduling, water treatment, water quality monitoring and management, and pipeline network operation and maintenance. Furthermore, we have established a multilayer incentive and assessment mechanism. The Personal Business Objective Commitment Scheme (hereinafter referred to as "PBC") has been introduced to link the operational performance indicators with the individual performance of persons in charge of the subordinate water companies. With this scheme, we can supervise and urge the implementation of key performance indicators, including the pipeline leakage rate and comprehensive energy consumption for unit output value.

We regard water supply as the critical foundation for people's livelihoods. To effectively address the shortage of water resources, the water resources segment conducts a comprehensive assessment on water resources in the region where it operates before initiating the water projects. The risk assessment involves water resource reliability analysis, water supply continuity assessment, water quality assessment and downstream water consumption forecast. In the event of regional water shortages, the segment collaborates with local governments to find alternative water sources. Meanwhile, the construction and expansion projects of water plants are also underway to ensure sustainable access to water.

For water purification and processing, the segment actively enhances its water purification capabilities by promptly upgrading the outdated processes and facilities to ensure the stable operation of water treatment stations. At the same time, the segment has set key performance indicators for each water plant to monitor water quality. The indicators include the overall pass rate of finished water quality, the internal control pass rate of finished water turbidity, and the pass rate of finished water disinfectants. In 2023, the overall pass rate of tap water of the water resources segment reached 99.99%.

For water quality monitoring and management, the water resources segment classifies risk sources by category, region and level, and conducts inspections on risk sources based on this classification, with inspections occurring at regular intervals. The major risk sources are investigated for major pollution indicators, so as to track the changes in risk sources and ensure water safety.

Online monitoring, laboratory monitoring, and third-party monitoring are consistently deployed to ensure timely knowledge of water quality status. In 2023, Yue Gang Water Supply further explored the online monitoring technology and practices. Yue Gang Water Supply collaborated with intelligent equipment research institutes to develop unmanned vessels for vertical water quality profile sampling and to expand the operation range of unmanned vessels to enhance the quality of online monitoring.

Online monitoring	Laboratory monitoring	Third-party monitoring
<p>The early warning robot system has been deployed for online monitoring. It automatically sends alerts where there are water quality anomalies to the personnel in charge, receives maintenance reminders for online monitoring devices, and generates monthly statistical reports on the water quality. This empowers visualised and intelligent monitoring on water quality.</p>	<p>The Laboratory Information Management System (LIMS) provides company-wide monitoring over water quality of all water companies in a timely manner, forming a water quality monitoring network with wide coverage. The water resources segment annually organises tests for all laboratories to assess their monitoring capability, identify their weaknesses and arrange targeted training on detection technologies so as to further enhance capabilities of all laboratories.</p>	<p>A third-party testing company carries out unannounced inspection on the water companies and water plants in all regions on a monthly basis. For issues identified, the water companies and plants promptly investigate causes and make rectification measures. Afterwards, another round of unannounced inspection will be carried out to ensure that water quality meets relevant standards.</p>

## Monitoring methods

### Case: Online Water Quality Monitoring for Dongshen Water Supply Project

In line with the smart water management, Yue Gang Water Supply continues to promote intelligent and meticulous inspections. The unmanned aerial vehicle automatic inspection system has been deployed for comprehensive patrols of water quality, floating particles, and the surrounding environment for Dongshen Water Supply Project. Besides, drones, unmanned vessels and online monitoring buoys with image analysis and AI recognition functions, have been applied by Yue Gang Water Supply to enhance its efficiency and quality of water quality monitoring.



Unmanned Aerial Vehicle Automatic Inspection System

Furthermore, Yue Gang Water Supply constantly improves contingency plans for potential abnormal incidents in water quality monitoring, carries out emergency drills, and ensures there are sufficient materials reserved for emergency. Meanwhile, Yue Gang Water Supply keeps in close contact with government departments, reports situations that may affect the water quality in time and actively assists government departments in coping with water contamination incidents and carrying out pollution control work.

Regarding the management and control of pipeline leakage, the water resources segment specifies the processes of material selection, construction, pipeline operation and maintenance. These include the priority selection of high-quality and reliable pipes, an emphasis on construction quality and the enhancement of supervision and inspection during construction. Besides, to lower the pipeline network leakage rate, inspections over the pipeline leakage and the performance of meter are conducted on a regular basis to ensure and the damaged or ageing pipelines are maintained and replaced in time.

During the Reporting Period, subordinate water companies, following internal policies, customised annual plans for managing and controlling pipeline network leakage according to the actual situations. Regular reviews were conducted over the management and control over the leakages. In this way, the results and issues of leakage control were recorded for a better-quality control.

In 2023, the overall leakage rate of the pipeline network of the water resources segment was under 10%. The comprehensive leakage rate decreased of the segment decreased by 1.05% compared with the previous year. The average leakage rate of the key water leakage control companies declined by 2.15%, thereby the leakage volume decreased by 36 million tonnes.

## Property Investment and Development, Department Store Operation

Teem Group aims to deliver premium products and services to customers. For this, Teem Group has established a sound quality management system with specific policies, rules and management requirements in place to prevent operational quality risks in the pre-sales, in-sale and after-sales stages. Teem Group conducts quality and labelling checks for goods before they are stored or put on shelves. Besides, Teem Group conducts monthly spot checks at each store. For goods that do not meet quality requirements, the stores are required to take products that fail to meet quality standards off the shelves immediately, and a strict re-inspection is conducted for the rectification.

In 2023, Teem Group established a monthly reporting mechanism to build a business analysis system that could accurately capture data for business operation analysis from various dimensions. The system also provided targeted operational recommendations based on the dynamic data to improve the quality of business operations. Additionally, Teem Group continued to promote standardised management and refine the manuals for the development processes of new shopping malls, so as to standardise operation guidelines.

### Case: Elevating the Five Senses Service at Panyu Teemall

In 2023, Panyu Teemall launched targeted research on Five Senses Services. Customers and tenants were invited to share their feedback and expectations on their experiences related to sight, smell, taste, touch and hearing within the Teemall. Experts who are adept at the knowledge of fragrance, green plants and architectural design were also invited to conduct research and analysis based on the actual circumstances in Panyu Teemall. This collaborative approach resulted in the formulation of the Five Senses Service Enhancement System. During the Reporting Period, Panyu Teemall completed 11 ambience projects. These improvements involved fine-tuning fragrance levels and composition, selecting and arranging plant species and upgrading the visual appeal of promotion materials. These measures collectively fostered a significantly enriched shopping environment for all customers.

## Hotel Ownership, Operation and Management

The hotel business is committed to consistently providing high-quality services to boost customer satisfaction. The segment has established quality management standards and conducts regular quality inspections. A third-party system is adopted to keep track of customer feedback in real time in order to improve the service quality pertinently.

## Energy Projects

The energy segment delivers stable and safe steam supply services to ensure good operations. In 2023, we revised the Steam Supply Business Management Standards to further standardise the entire process from the installation of steam supply to termination of supply. In this way, the segment can improve its capability in steam supply. Following the internal standards and operating procedures for heat network pipeline inspections, GDH Energy optimised inspection routes, increased inspection frequency, and ensured the integrity of steam supply equipment, pipelines, valves, and other facilities to guarantee steam supply safety.

To achieve the target of the pipeline network losses, we took the following actions, including pipeline design, operation mode adjustment and material selection, to further reduce the pipeline loss rate:

- Optimising the design of pipelines according to users' needs to reduce heat loss;
- Optimising local pipelines with high pressure drop at the end and adjusting the operation mode as needed to improve the comprehensive energy utilisation rate.
- Requiring new users to select materials with the characteristics of low thermal conductivity, high strength, outstanding corrosion resistance and robust sealing performance for the construction of branch pipelines, and to use insulation materials with superior performance.

The energy segment regularly maintains and repairs steam supply equipment and conducts door-to-door safety inspections of user-side equipment to identify potential safety hazards. For unqualified pipelines, users are required to take corrective actions within a specified period to ensure that the equipment operates in good condition. Meanwhile, the energy segment carries out real-time monitoring of steam supply-related indicators. By doing this, the segment identifies and solves potential problems in a timely manner to ensure that the quality of steam supply meets the standards.

## Road and Bridge

In compliance with the highway maintenance standards and internal policies, GDH Highway continuously conducts highway maintenance, daily inspections, special inspections, disease repairs and treatments to ensure that the road surface is in good technical condition, creating a safe and comfortable travelling environment for the public. During the Reporting Period, GDH Highway formulated a medium- and long-term strategic plan for highway maintenance. The plan is dynamically adjusted and maintained in a scientific manner to achieve the strategic goals of highway maintenance.

In addition, GDH Highway undertakes maintenance on three major systems of toll collection, monitoring and communications. GDH Highway also updates the software of the toll collection system and upgrades relevant hardware equipment, in a bid to deliver better, faster and safer experiences to passengers and ensure good operation. In 2023, GDH Highway had no major systematic incidents greatly affecting the toll collection.

## Digital Operation

We firmly believe that digital technology provides crucial support for the prosperous business development. Therefore, we actively develop cutting-edge technologies and apply them in operations to effectively empower our subordinate business segments. Besides, to promote digital operation across the Group, we vigorously support digital transformation, increase the investment in informatisation and develop intelligent systems.

## Water Resources

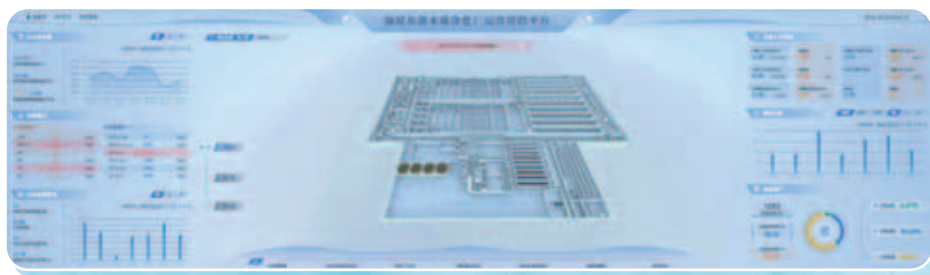
The smart water management system, built upon Internet of Things (hereinafter referred to as "IoT"), artificial intelligence, digital twins and other technologies, is used to facilitate the allocation and management of the water resources segment.

### Case: Automated Intelligent Scheduling System of Dongshen Water Supply Project

An automated intelligent scheduling system has been deployed for Dongshen Water Supply Project to automatically predict water demand and optimise water allocation plans. Thanks to this system, more human resources were reduced. The automated intelligent scheduling system helped monitor the Dongshen Water Supply Project in a more efficient way and maintain a stable operation in the water flow and water level. Owing to this, the project has been accredited by the Ministry of Water Resources as one of the water transfer projects under the standardised management.

### Case: Shanwei Water Purification Plant Empowered by Intelligent Operation

With water purification plant and pipeline network in the east of Shanwei City, the water resources segment built a smart water plant operation and control platform to improve of the plant. The platform has been used for production and operation monitoring, data mining and analysis, and equipment lifecycle system management. With this platform, the water resources segment has basically achieved the operation and management goal of "unattended operation" with the operational efficiency and accuracy largely improved.



Operation and Control Platform of Water Purification Plant in the East of Shanwei City

## Hotel Ownership, Operation and Management

The hotel business spares no efforts to ensure the stable operation of information systems, including Property Management System (PMS), Central Reservations System (CRS), Customer Relationship Management System (CRM) and Catering Point of Sales System (POS), in a bid to provide strong support for its digital management and high-quality standardised services. In addition, by applying technologies such as artificial intelligence and IoT, the hotel business actively explores emerging technologies to improve the quality of hotel operation in various aspects. For example, self-service devices have been deployed for check-in to speed up the process. Besides, intelligent robots have been employed to deliver takeouts, parcels and other goods to hotel rooms to achieve higher operational efficiency.



Self-service Check-in Devices

## Road and Bridge

During the Reporting Period, GDH Highway, on the basis of the existing integrated management platform, increased the investment in the R&D for innovative projects. That enables early warning and prediction of accidents, maximises the effectiveness of monitoring system, and obtains achievements of the “quick discovery, arrival and handling” for traffic accidents. With the platform, GDH Highway prevented secondary accidents from happening and improved road safety. The time spent from the occurrence to the discovery of traffic accidents was shortened from 30 minutes to 5 minutes, and the handling time was reduced by 30%.

The platform not only improves the efficiency of handling accidents, but also facilitates highway maintenance for GDH Highway. With the highway database, pavement management system, bridge management system and other information systems, GDH Highway has established a highway maintenance management evaluation system, providing strong support to business operation. Besides, GDH Highway uses the traffic monitoring system to conduct highway patrols and undertakes patrols under the mode of “one highway co-managed by multiple parties”<sup>2</sup> to promptly remove spills and obstacles on highways for smooth traffic. In 2023, GDH Highway initiated the R&D project of Automatic Toll Collection (hereinafter referred to as “ATC”). Self-service card issuance machines and self-service toll payment machines replace the traditional ones to speed up the time for passing the toll stations and increase operational efficiency.

## Customer Services

The Group adopts a customer-oriented approach and consistently improves the service system for a better customer experience. We continuously improve the customer complaint procedures to deliver high-quality services. We also conduct regular customer satisfaction surveys and provide various feedback channels like the customer service hotline. In this way, we respond to customers’ demands in time and continue to improve our service quality.

Business segments are required to take customer service-related indicators, such as the answer rate of call centre, the timeliness of handling complaints and customer satisfaction, as key performance indicators for business operation assessment according to their own business characteristics. Additionally, business segments regularly review their progress on the improvement of their indicators to ensure customer service quality. We provide training in customer service for employees, to raise their awareness of providing satisfactory services, and to improve the quality and efficiency in complaint handling.

In addition, we attach great importance to the protection of customers’ rights and interests in business operation and conduct responsible marketing and publicity of our products and services by providing true and accurate marketing information. We also require business segments to formulate relevant systems and frameworks and strictly review promotional materials to ensure marketing compliance.

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<sup>2</sup> The “one highway co-managed by multiple parties” mechanism include the Traffic Police’s Highway Management Division, the Transport Administration and Comprehensive Law Enforcement Bureau, the GDH Highway, and the Maintenance and Construction Division.



## Water Resources

The water resources segment is committed to creating a one-stop service model with the full coverage of the intelligent customer service system and the national customer service hotline (95252). In this way, the segment responds to customer needs and answers their queries in time. Besides, the segment conducts spot checks on the quality of customer service calls on a weekly basis, and provides specific instructions to the subordinate water companies to improve customer service quality. The subordinate water companies are invited to share their customer service experience at the monthly meeting to encourage mutual learning among these companies.

In 2023, the water resources segment achieved:

- the answer rate of call centre: 93.97%
- the timeliness of handling complaints: 99.52%
- the timeliness of after-sales service: 99.49%

## Property Investment and Development, Department Store Operation

Teem Group attentively supports tenants in operation. By conducting marketing activities with distinctive themes, member operation activities and new media matrix operation, Teem Group works with tenants to enrich customer experience and create high-quality operating and service environments. During the Reporting Period, Teem Group conducted tenant satisfaction surveys and customer satisfaction surveys through questionnaires. In addition, third parties were invited to take “mystery customer surveys” to grade and provide suggestions from the aspects of payment experience, service quality and the shopping environment. In 2023, Teemall Department Store conducted two customer satisfaction surveys. Results were quite pleasant with the average customer satisfaction score of 96.02 and all stores rated as “very satisfied”.

## Hotel Ownership, Operation and Management

The hotel business actively explores ways to improve service quality, learns advanced operation service concepts, and empowers customer service with multiple. In 2023, the segment carried out research on internationally renowned hotel brands and invited renowned hotels to conduct on-site research on our subordinate hotels and share their quality service experience in seminars. In addition, the hotel business launched multiple sessions of customer service training on topics such as “The Way of Hospitality” and “Customised Room Decoration”. These training sessions enabled the frontline customer service personnel to improve their service skills and provide customers with a caring, convenient and comfortable hotel experiences.

During the Reporting Period, the hotel business adopted Jointwisdom, a third-party system, to monitor customer satisfaction and service comments online in real time and identify related indicators. In 2023, customer satisfaction scores at our self-operated hotels surpassed the target at 90.54, while those at our partner brand hotels exceeded the target at 94.7.

## Energy Projects

The energy segment promotes the 'enthusiast' customer service, and conducts in-depth research at customer production sites to understand their needs and provide solutions. During the Reporting Period, the energy segment visited and surveyed 29 enterprises. Meanwhile, we conducted customer satisfaction surveys by phone. In 2023, We received a total of 185 satisfaction survey responses, with an overall satisfaction rate of 97.3%.

The energy segment provides technology suggestions on energy consumption management, implements branch pipeline reconstruction plans, and ensures efficient steam supply for customers during peak periods. In addition, active communication with government departments are maintained to minimise the relocation and reconstruction of main pipelines to reduce the impact of steam supply interruption caused by the road construction, thus securing steady steam supply.

## Road and Bridge

GDH Highway strives to improve travel experience with considerate and convenient services. A series of activities such as "Care for Van Drivers", "Care for Truckers on Bagui Highway", and "Five-Hearts Service", have been carried out. In 2023, GDH Highway provided drivers and passengers with free tea, travel kits, mobile phone charging, information services and other services at toll stations and service areas. To further improve service quality, "Service Star" was selected monthly to motivate employees and regularly training sessions were organised to improve service awareness and skills.

Through the public service platform hotline "96333", GDH Highway receives suggestions and comments from customers and provides the "voice with smile" service. GDH Highway conducts service satisfaction surveys quarterly through questionnaires, and the overall customer satisfaction with its services is 100%.

During the Reporting Period, the public service platform hotline "96333":

- received 63 suggestions
- handled 534 business enquiries
- arranged 1,559 rescue dispatches
- achieved 100% completion rate

## Information Security and Customer Privacy Protection

Customer privacy protection is the bottom line of the Group's operation. We strictly abide by the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China and other laws and regulations on information security and privacy protection. Also, we have formulated internal policies such as the Management Measures for Information-based Work, the Provisions on Management of Computer Information System and the Guidelines for the Administration of Personal Information Protection to optimise management in this regard.

To ensure the stable operation of the Group's network, we regularly carry out cybersecurity detection with means of security audit, vulnerability scanning, baseline scanning and penetration testing. We evaluate risks arising from secure communication network, security zone boundary, secure computing environment, security management centre, and promptly respond to system failures to ensure the Group's network security. To better respond to information security emergency, we regularly organise drills and simulate different scenarios of major cybersecurity incidents such as equipment failures and virus attacks and build an emergency response team with rich experience and technical skills. We provide training covering common cybersecurity risks, customer privacy protection guidelines, and information security precautions regularly for our employees to increase their awareness and knowledge of this regard.

### Water Resources

To improve the basic cybersecurity prevention awareness and technical skills of all employees, the water resources segment organised the training in information security and internet skills for the headquarter and its subsidiaries in 2023. More than 120 information technology employees participated in the training covering the interpretation of laws and regulations, highlights of personal information protection, and ledger of critical cybersecurity risks.

In accordance with the Guidelines for the Administration of Personal Information Protection, the water resources segment has included privacy and personal information protection clauses in the mall system for customers, internal companies and other relevant customers using water. The clauses elaborate the process and requirements for data collection, sharing, transfer, disclosure, protection, and storage. All information is only collected and used with the consent of the customer.

## **Property Investment and Development, Department Store Operation**

Teem Group continuously optimises the information security management process. For instance, Teem Group implements lifecycle management for the collection, use, protection and destruction of member information. Moreover, Teem Group reviews the employee accounts with the permission to export member information each year, to enhance access management. We enforce mandatory retention of system log for data exports to ensure that all operations are traceable. Meanwhile, during this year, Teem Group completed the assessment for personal information protection and achieved the Classified Protection Level 3 Certification.

During the Reporting Period, the subsidiaries of Teem Group stepped up efforts in information security and privacy protection. Teem Commercial Management Co., Ltd. cooperated with government regulators and submitted the self-inspection report of the information system on time. During the Group's cybersecurity drills and the "Guangdong Cybersecurity" drills, more efforts were put in inspections with personnel working around the clock to address emergencies promptly. Striving to pass the certification for the Classified Protection, Wanye Investment Development Company has been fixing vulnerabilities including those in the parking lot system and the shopping guide system against the list of issues. The initial assessment had been completed by the end of 2023, and further efforts will be put in this respect.

## **Hotel Ownership, Operation and Management**

During the Reporting Period, subordinate hotels of the hotel business engaged third-party cybersecurity companies for system inspection, research and analysis of cybersecurity of each hotel. Rectification has been made accordingly to mitigate cybersecurity risks. Additionally, the hotel business has strengthened the maintenance of digital operation systems, including the Central Reservations System (hereinafter referred to as "CRS"), Customer Relationship Management System (hereinafter referred to as "CRM"), Mini Programs and websites. Furthermore, the hotel business communicated with system vendors about the future operation and maintenance plans and development plans to prevent potential network risks and effectively protect customer information.

## **Energy Projects**

During the Reporting Period, the energy segment completed the three-level annual review of the Decentralised Control System (hereinafter referred to as "DCS") and the secondary security system and assessed the cybersecurity level of the two systems. The assessment includes network protection measures, system penetration test, vulnerability scan, and implementation of daily cybersecurity management. The energy segment issued the assessment reports and conducted the security level gap analysis of the cybersecurity to identify rooms for improvement.

## Innovation and Intellectual Property Protection

Taking innovation as a major driver of high-quality development, the Group has optimised the innovation-oriented management and revised guiding documents such as the Guidelines for the Operation of Innovation Projects to promote innovation in technology and management. We value intellectual property protection, apply for patents and copyrights in time to safeguard our intellectual properties and protect our legitimate rights and interests.

### Water Resources

In response to the national call for environmental protection, the water resources segment invests in independent R&D and develops multiple sets of environmental protection equipment. Moreover, the segment establishes long-term cooperation with colleges and universities to promote university-industry collaboration. During the Reporting Period, the water resources segment applied for 33 patents related to environmental protection technologies, which effectively protected the Group's technological R&D and innovation achievements.

#### Case: Integrated Facility for Aerobic Granular Sludge – Membrane Bioreactor

The water resources segment has established long-term cooperation with Guangdong University of Technology to conduct research on topics related to sewage and sludge and cooperation on new industrial technologies reserves. As of the end of the Reporting Period, the achievement of the cooperation project "Research on Combined Process Efficiency and Membrane Pollution Control of Aerobic Granular Sludge – Membrane Bioreactor" had been applied and officially put into operation in Daojiao, Dongguan. The facility optimises the original sewage treatment process, enhances the efficiency of sewage recycling and ensures that the quality of the water treated meets relevant standards.



Integrated Facility for Aerobic Granular Sludge - Membrane Bioreactor

 **Case: Complete Sets of Water Treatment Equipment for Waterworks Sludge and Construction Slurry**

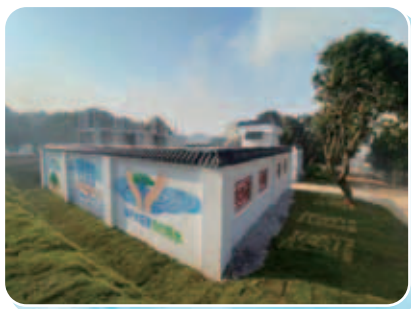
The water resources segment has independently developed complete sets of water treatment equipment for waterworks sludge and construction slurry. By combining the gravity concentration technology, cyclone granulation thickening technology, and high-efficiency sand media sedimentation technology, the equipment uses less floor area and has higher treatment efficiency compared with that applying the conventional civil engineering treatment technology. During the Reporting Period, the equipment was piloted in some waterworks, maximising treatment capacity while saving space for the site.



Equipment Applied with Cyclone Granulation Thickening Technology

 **Case: Integrated Equipment for Rural Water Supply**

The water resources segment has independently developed integrated water supply equipment for rural areas to address challenges such as poor water quality and the lack of disinfection facilities. Using conventional coagulation sedimentation, enhanced coagulation, ultrafiltration membrane and other water treatment technologies, the integrated equipment helps address water shortage and improve water quality in rural areas. During the Reporting Period, the water resources segment installed the integrated equipment at 9 sites. This kind of equipment for water supply has become a practical model and it is a feasible practice of improving water quality in rural areas and providing safe and healthy drinking water for rural people.



Integrated Equipment for Rural Water Supply

## Property Investment and Development, Department Store Operation

During the Reporting Period, Teem Group revised the Guidelines for the Operation of Innovation Projects and the Guidelines for the Operation of the Community of Practice for business innovation, as the guidance for its subsidiaries to establish sound innovation management mechanisms. Six subsidiaries were encouraged to set up innovation-oriented management organisations to better implement the innovation-driven development strategy. Teem Group actively promotes innovation proposals and implements the outcomes of Community of Practice (hereinafter referred to as “COP”). Additionally, the incentive mechanism enables commercialisation of innovative achievements to promote the development of business operation.

### Case: Competition themed “Progress with Innovation”

During the Reporting Period, Teem Group held the seventh innovation competition with the theme of “Progress with Innovation”. The competition focused on the community of innovation, attracting more than 140 employees to attend. In addition, 50 innovative proposals were collected, including the Construction Optimisation of Teem Renovation and Upgrading Projects, the Upgrading of Stores in the North Gate of Teem and the Research on Consumer Segmentation. These proposals provided innovative solutions and suggestions for major difficulties in business operation.

For intellectual property protection, during the Reporting Period, Teem Group applied for two software copyright certificates for the WeChat Mini Program “Teem+”. Accordingly, Teem Group received software copyright certificates for consumer-service-based “Teem+” and operation-management-based “Teem+” digital member marketing management platform issued by the National Copyright Administration respectively on 10 January 2023 and 13 March 2023. In this regard, Teem Group protected its intellectual property rights of software system and enhanced its core competitiveness.

# WORK SAFETY

The Group adheres to the concept of “putting life and safety first”. We continuously improve the safety management system and ensure the fulfilment of work safety responsibilities among all levels. In addition, we also actively organise safety training sessions and activities to raise employees’ safety awareness and foster a culture of work safety. We value the health and safety of every employee and take protective measures to provide employees with a secure working environment.

## Work Safety Management

The Group adheres to the “safety first, prevention oriented, and comprehensive management approach” and strictly abides by the Labour Law of the People’s Republic of China, the Work Safety Law of the People’s Republic of China, and the Fire Protection Law of the People’s Republic of China. Furthermore, we have formulated and improved management policies, such as the Policy on Work Safety Management of Guangdong Investment Limited, the Policy on Work Safety Responsibility System of Guangdong Investment Limited, and the Measures for Appraisal of Work Safety Management of Guangdong Investment Limited. These policies standardise our approach to work safety, aiming to prevent and reduce all types of safety accidents and thereby ensure work safety.

To implement our safety management responsibilities and requirements, we have set up respective safety production committees at the Group level and in each business segment. The Vice Chairman of the Board and the Managing Director serve as the Director and the Executive Deputy Director of the Safety Production Committee at the Group level, respectively, responsible for leading, supervising and managing the safety issues within the scope of the Company. And the chairman of each business segment serves as the Director of the Safety Production Committee at the business segment level to supervise and manage work safety within the business scope.



Main Responsibilities of the Safety Production Committee



In accordance with the requirement of “one position with dual responsibilities”, we constantly optimise the work safety responsibility system and clarify the safety responsibilities for personnel at all levels and departments. We also organise employees at all levels to sign the Work Safety Responsibility Statement, which is bolstered by regular inspections, evaluations, and a structured reward and punishment system to guarantee organisation-wide fulfilment of safety responsibilities. In 2023, the Group’s signing rate of the Statement was 100%.

We have established a sound safety supervision network, implemented digital management measures and strengthened the work safety appraisal mechanism. We carried out quarterly and annual work safety appraisals with annual appraisal results directly influencing departmental performance and overall rankings. This assessment is integrated into a penalty framework tied to annual contractual performance.

We have implemented the dual prevention mechanism consisting of graded management and control of safety risks and examination and control of potential risks. With the mechanism, we identify, categorise and assess different types of safety risks, classify and grade them for risk control and management. We carry out examination and control of potential risks on a regular basis. We adopted a graded response to hazards with immediate development and implementation of preventive and corrective measures, establishing a comprehensive management cycle. At the same time, we have established an effective mechanism for reporting, investigating and handling accidents. We carry out graded investigations based on the degree of severity and social impact of each accident, analyse and find the root causes, and formulate and implement corresponding rectification plans, so as to prevent the recurrence of similar accidents.

In addition, we leverage technology to bolster our safety measures, notably through the introduction of the “GDH Safety Management” platform. The platform includes such functional modules as risk identification, potential risk examination, training and examination, safety investment, emergency management, accident management. With the platform, we effectively integrate various aspects of safety management and promote the use of information technology in our management to increase overall efficiency.



“GDH Safety Management” Platform

In the past three years, we had no cases of work-related deaths. In 2023, the Group's work safety performance remained stable with all work safety targets for each segment being achieved.

**Water Resources**

- 0 work safety accident with serious injury or above;
- 0 fire accident;
- 0 occupational disease;
- Systematically improve the standardisation of safety management.

**Energy Projects**

- 0 accident with injury;
- 0 general or above equipment accident;
- 0 general or above fire accident;
- 0 general or above environmental incident;
- 0 serious or above traffic accident which incurs liabilities;
- 0 occupational disease.

**Road and Bridge**

- 0 work safety accident with deaths;
- 0 work safety accident with minor and serious injuries;
- 0 fire accident;
- 0 occupational disease of employees;
- 0 work safety accident with direct economic loss of more than RMB100,000



**Hotel Ownership, Operation and Management**

- 0 work safety accident with serious injury or above;
- 0 non-personnel injury and work safety accident with direct economic loss of more than RMB100,000;
- 0.001 or below of minor injury rate of employees;
- 0 occupational disease of employees;

**Property Investment and Development, Department Store Operation**

- 0 work safety accident with serious injury or above;
- 0 non-personnel injury and work safety accident with direct economic loss of more than RMB100,000;
- 0 occupational disease of employees;
- 0 accident in relation to environmental pollution;
- 0 material dispute, group event or extreme event;

Work Safety Targets

## Water Resources

The water resources segment comprehensively strengthens safety inspection and control, carries out comprehensive management of illegal construction activities, unauthorised welding (cutting) operations, and construction vehicles. Targeted safety inspections, such as those on electrical safety, fire safety, hazardous chemicals, gas usage, and use of electric vehicles, are organised with a focus on the key processes, electrical circuits, areas at risk of fire or explosion, and hazardous chemicals. Additionally, efforts are also concentrated on identifying and addressing potential risks related to special equipment, water supply networks, dangerous chemicals, confined spaces, and old equipment, so as to minimise accident risks.



Targeted Inspection on Construction Vehicles

In terms of safety management, the water resources segment adopts “intelligent supervision” techniques. By using the “GDH Safety Management” platform, along with smart inspection gadgets, smart helmets, drones and other digital tools, the segment further enhances its safety monitoring capabilities.



Intelligent Patrol Robot

To ensure the fulfilment of work safety responsibilities, the water resources segment has established and improved the work safety performance assessment mechanism that covers regular inspections, accident management, and annual signing of the Work Safety Responsibility Statement. Joint inspection and appraisal are carried out every month with the assessment results ranked and linked to the performance of each department. Furthermore, in order to effectively motivate the primary persons in charge of work safety, Water Holdings and Yue Gang Water Supply have revised the Measures for Reward and Punishment of Safety Responsibility Deposit. This update optimises the incentive and disciplinary mechanism regarding the safety responsibility deposit and refines the assessment criteria, ensuring the safety incentive for the primary persons is in line with the work safety targets.

During the Reporting Period, the water resources segment stepped up its efforts to promote the work safety standardisation. In total,

- 4 subsidiaries passed Grade 1 Qualification for work safety standardisation
- 19 subsidiaries passed Grade 2 Qualification for work safety standardisation
- 14 subsidiaries passed Grade 3 Qualification for work safety standardisation
- 1 subsidiary was awarded “National Model Enterprise for Safety Culture Promotion”
- 7 subsidiaries were awarded “Provincial Model Enterprise for Safety Culture Promotion”
- 1 subsidiary was certified as 5A for its work safety standardisation system
- 31 subsidiaries were certified as 4A for their work safety standardisation systems

### **Property Investment and Development, Department Store Operation**

Based on the risks identified, Teem Group carries out risk assessment using the matrix analysis method or the LSR risk assessment model to grade and control different types of risks. For risks deemed to carry a higher concern level, Teem Group formulates clear control measures, covering engineering technology, safety management, training and education, personal protection, and emergency response. In addition, Teem Group promoted the standardisation of safety practices with Teem Commercial securing the Grade 2 enterprise certification of work safety standardisation.

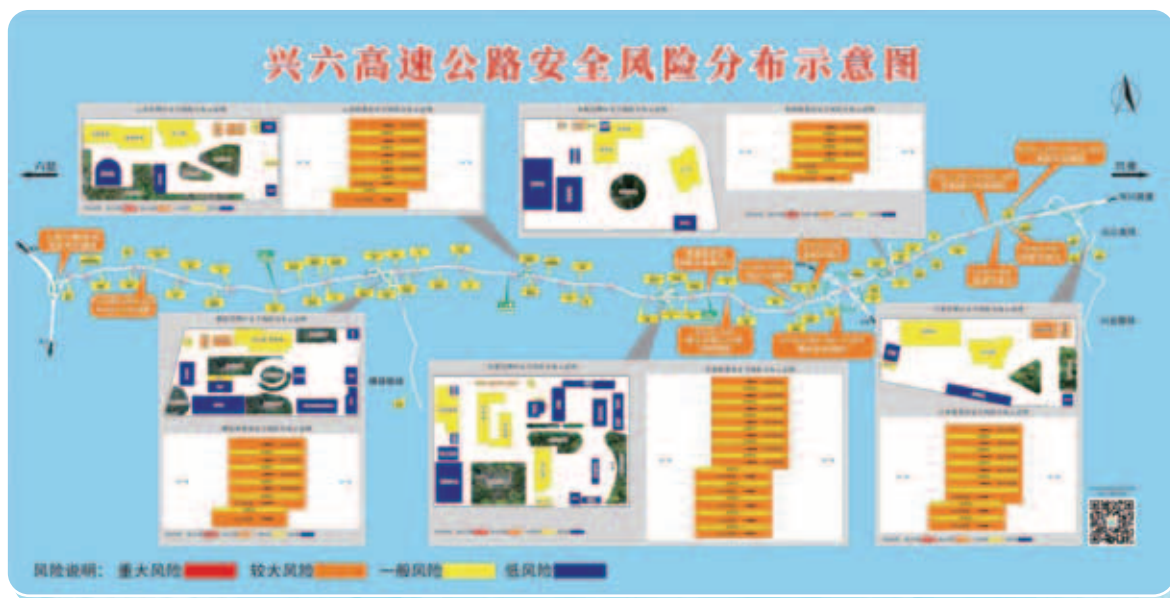
Teem Group strengthens the investigation and rectification of hazards leading to major accidents. These efforts include the investigation and rectification of hazardous operations, outsourced and leased production and operation activities and electric vehicles and gas safety. In response to the risks identified, we have formulated rectification measures. In addition, we actively carry out safety inspections, using the “GDH Safety Management” platform for real-time supervision and rectification of hazards.

## Hotel Ownership, Operation and Management

The hotel business conducts supervision and inspection on work safety in various forms. In addition, the segment updated and renovated some equipment and facilities, including the monitoring system and the fire safety monitoring room, replaced the fire safety facilities and equipment, implemented fire-resistant seals in electrical cable conduits, corrected gas safety issues, and conducted thorough inspection on electrical and fire safety. With above mentioned measures, we can promptly mitigate all kinds of potential safety risks. Additionally, safety warning signs are put in place to minimise the occurrence of safety accidents. Consequently, these measures help ensure the safety and stability of the hotel business. At the same time, the segment actively encourages all hotels to obtain work safety standardisation certification. One of the hotels has been awarded the Grade 2 enterprise certification of work safety standardisation.

## Road and Bridge

GDH Highway carries out comprehensive identification and assessment of safety risks and develops a schematic diagram that maps out the distribution of risks to familiarise employees with the distribution of such risks. Moreover, GDH Highway optimises the list of risks and hazards through the "GDH Safety Management" system to enhance its ability to control safety risks in advance.



The Safety Risk Distribution Diagram

GDH Highway strengthens the safety management of highway pavement, prepares an annual highway maintenance plan based on the assessment of pavement situation, and takes measures to minimise highway distress to maintain the highway in an optimal technical condition. To ensure the safety of highway traffic, GDH Highway carried out construction safety supervision and patrols through the traffic condition monitoring system, on-site safety inspection, and the “one highway co-managed by multiple parties” mechanism. In addition, GDH Highway has actively participated in the preparation of industry guidelines. The Technical Guidelines for the Management of Traffic Organisation in Highway Pavement Reconstruction Projects with Single-Lane Closures and Unidirectional Traffic, prepared mainly by GDH Highway, has passed the technical review by the Technical Committee Transport of Standardisation of Guangxi.

#### **Case: Joint Meeting and Safety Risk Investigation with Multiple Parties**

In 2023, GDH Highway organised a joint meeting under the “one highway co-managed by multiple parties” mechanism to discuss measures to prevent traffic accidents and maintain seamless traffic flow. Additionally, GDH Highway carried out safety hazard inspections on roadways, improved traffic dispersion, and established a staggered timing patrol system to improve traffic efficiency.



Seminar on Road Safety

GDH Highway commissioned a third-party safety consultancy organisation to provide professional services in the areas of safety culture development, dual-prevention mechanism development, and safety responsibility boundaries of related parties, so as to further enhance the level of safety management. In addition, GDH Highway promoted the development of work safety standardisation, carried out the annual self-assessment for the verification of the operation of the first-level system of work safety standardisation, completed the on-site inspection and assessment and self-assessment report, and passed the annual verification and obtained the annual verification mark.

## Work Safety Emergency Response

In order to effectively prevent accidents, we have formulated the Integrated Emergency Response Plans of Guangdong Investment Limited. It has been developed to classify work safety accidents, ensuring that we promptly respond to emergencies in accordance with our detailed plans. Meanwhile, we regularly carry out emergency drills to promptly identify deficiencies in our emergency processes, thereby improving the emergency response plans. These measures are aimed at minimising the occurrence of safety accidents, ensuring the safety and stability of our operations.

### Property Investment and Development, Department Store Operation

Teem Group has set up an Emergency Committee to respond to emergencies. The Committee takes corresponding emergency response procedures for different levels of emergencies in accordance with the pre-established plans to minimise and mitigate the impact of such emergencies on production and operation. In addition, in order to improve the emergency response and rescue capability, Teem Group actively carries out various kinds of emergency drills. These drills include flood and typhoon preparedness, fire drills, fire suppression and evacuation procedures, elevator rescue, responses to poisoning in confined space, and anti-terrorist and explosion-proof. These kinds of exercises play a vital role in assessing the reliability and enforceability of the emergency response plans, ensuring that Teem Group are fully prepared to effectively prevent and handle diverse kinds of<sup>4</sup> emergencies. In 2023, Teem Group conducted 362 emergency drills with 14,116 participants.



Fire Drill

## Energy Projects

In terms of emergency response, the energy segment has formulated emergency drill plans. The segment carried out 19 emergency drills, covering liquid ammonia leakage, typhoon and flood-prevention for dock-based heavy machinery, ship oil spill containment, fire control at energy storage facilities, chlorine poisoning, fire evacuation, anti-terrorism and blast defence measures. Through participating in these drills, our employees received training in emergency medical procedures and the operation of emergency response equipment, significantly improving their proficiency in managing and responding to emergencies.



Emergency Drill for Special Equipment Accidents



Emergency Drill for Ship Oil Spill Containment



Emergency Drill for Typhoon and Flood-prevention for Dock-based Heavy Machinery



Emergency Drill for Fire Control at Energy Storage Facilities



## Road and Bridge

To minimise and eliminate the adverse effects of emergencies, GDH Highway conducted 19 emergency drills. These exercises covered fire accident, highway incident response, practical training for the traffic incident warning system, fire drills at charging stations of service areas, emergency exercises at toll stations for uninterrupted traffic flow, hands-on fire-fighting training for employee fire equipment, and emergency evacuation drills. After each drill, thorough evaluations were conducted, leading to the formulation of measures for enhancement and improvement of identified issues.

### Case: Fire Emergency Drill

On 20 June 2023, GDH Highway conducted a fire emergency drill. We invited a training instructor from the fire and rescue service to offer on-site guidance. By combining theoretical instruction with hands-on practice, the exercise equipped employees with essential knowledge and skills for early-stage fire-fighting and evacuation. The drill was to increase safety awareness and improve self-protection and self-rescue abilities among employees.



Fire Emergency Drill

## Safety Culture Promotion

To reinforce our commitment to work safety, we conduct specialised training and preliminary research in this respect and organise regular meetings to assess the status of safety and our management strategies. We also formulate relevant plans and review major events of work safety management to address issues. In 2023, we organised 12 sessions of specialised training and preliminary research on work safety, along with 28 company-wide meetings on the subject.

Furthermore, we consistently carry out training to raise employees' safety awareness. We have established a comprehensive system of work safety education. Under this system, we provide both offline courses and online training sessions via the "GDH Safety Management" platform. This approach allows us to offer a broad spectrum of safety training programmes through various channels and in a multidimensional format, with the goal of achieving full coverage in safety education. Additionally, we carry out various activities, including the "National Security Education Day," "Work Safety Month," "On-site Work Safety Check in Southern Guangdong" and "Fire Safety Publicity Month". Through these activities, we motivate all employees to learn and master the requirements and knowledge of work safety and emergency management, promoting the safety-first concept that "I want to be safe, will be safe and can be safe".

## Water Resources

The water resources segment has intensified its focus on safety training by adopting a structured and progressive training model that includes hands-on guidance, safety training and exams, and advisory services. In 2023, the segment conducted a total of 7,576 safety training sessions, with 150,969 participants and 309,164 training hours.

### Case: Debate Competition on the Theme of Safety

In June 2023, Water Holdings and Yue Gang Water Supply organised a debate competition on the theme of safety, where participants engaged in debates on safety-related themes. The event was conducted through a hybrid model, combining live broadcasts with both online and offline participation methods. This competition aimed to boost the enthusiasm and engagement of all employees in learning about safety knowledge.



Debate Competition on the Theme of Safety

 **Case: The Activity Aimed at Identifying and Addressing Safety Hazards**

In June 2023, Water Holdings organised an activity to collect reports from employees on safety hazards. Timely assessment and investigation were conducted subsequently for the identified hazards, followed by correction measures. This activity aimed to cultivate a safety culture where employees proactively discover and report safety hazards, thereby creating a constructive atmosphere where safety is a shared responsibility and potential problems are continuously identified and remedied.



The Activity Aimed at Identifying and Addressing Safety Hazards

 **Case: “An Kang Cup” Safety Knowledge Contest**

In June 2023, Water Holdings hosted online “An Kang Cup” safety knowledge contest, enabling employees to participate from any location at any time via WeCom. A total of 9,640 participants joined the contest, with quizzes taken for 764,000 times.



“An Kang Cup” Safety Knowledge Contest

## Property Investment and Development, Department Store Operation

Teem Group continuously optimises the work safety training system and carries out a comprehensive and diverse array of safety training programmes. These include open classes, centralised training sessions, safety knowledge training, accident case study, training in hazardous operations, Automatic External Defibrillator (AED) training. The training programmes contribute to fostering a culture of safety where “everyone prioritises safety and is prepared for emergencies”, and boost participation in safety practices. In 2023, Teem Group conducted 993 training sessions with 47,300 participants.



Work Safety Laws and Regulations Training



Training on the Safety of Operations in Confined Spaces

## Energy Projects

To keep raising overall safety awareness, the energy segment regularly conducts safety training in critical safety topics, such as hazardous chemicals, fire safety, traffic safety, emergency response and rescue, dangerous operations, standardisation of work safety, safety risk classification and control, and the establishment of a dual prevention mechanism for hazard detection and rectification. The segment delivers safety message through posters and banners and foster engagement with essay contests, knowledge competitions, knowledge-sharing sessions, and other activities to cultivate safety culture where "safety is a shared responsibility". In 2023, the segment organised over 40 training sessions, with a total of 2,123 participants.



Knowledge-Sharing Session



Training on Work Safety Standardisation  
Construction

## Occupational Health and Safety

The Group strictly adheres to the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Occupational Safety and Health Ordinance of Hong Kong, and other relevant laws and regulations. We identify, analyse, and mitigate potential occupational hazards in our operations and implement comprehensive measures to provide a safe and healthy working environment for our employees.

	<p><b>Detection of occupational hazards</b></p> <ul style="list-style-type: none"> <li>Regularly identify, detect and evaluate occupational disease hazards in the workplace and report the projects with occupational disease hazards to health authorities in a timely manner.</li> <li>Engage third parties with testing qualifications to conduct on-site assessment of occupational hazards and issue evaluation reports</li> </ul>
	<p><b>Occupational health awareness</b></p> <ul style="list-style-type: none"> <li>Set warning signs and instructions in the workplace to inform about occupational hazards, preventive measures and emergency responses.</li> <li>Specify hazard factors involved in the positions and preventive measures in employee contracts.</li> <li>Post assessment results at the places where occupational hazards are identified.</li> </ul>
	<p><b>Occupational health examination</b></p> <ul style="list-style-type: none"> <li>Arrange annual regular physical examination for employees and maintain their occupational health records.</li> <li>Arrange pre-post, in-post and off-post physical examinations for employees exposed to occupational disease hazards</li> </ul>
	<p><b>Personal protective equipment and facilities</b></p> <ul style="list-style-type: none"> <li>Provide personal protective equipment that meets national or industry standards including dust masks, noise-cancelling earplugs, safety helmets, and reflective clothes, and specify clear guidelines for their use.</li> <li>Offer protective equipment and emergency rescue facilities such as ventilation systems, gas detectors, air respirators, and safety ropes.</li> <li>Designate personnel who are responsible for appliance management with regular checks, records and inspections</li> </ul>
	<p><b>Occupational health and safety training</b></p> <ul style="list-style-type: none"> <li>Carry out occupational health and safety training to spread relevant knowledge and increase health awareness</li> <li>Distribute the manuals on prevention and control of occupational hazards</li> <li>Invite expert to deliver lectures on prevention and control of occupational hazards and offer interpretations of health examinations reports</li> </ul>

### Occupational Health and Safety Protection Measures

## Water Resources

The water resources segment enhances the occupational health and safety management system certification. As of now, 72 subsidiaries have obtained ISO 45001 Occupational Health and Safety Management System Certification. In 2023, 9 subsidiaries got certified in this regard.



ISO 45001 Occupational Health and Safety Management System Certifications for Danzhou Water Company and Enshi Water Company

## Property Investment and Development, Department Store Operation

### Case: Hands-on First Aid Training Session

On 13 June 2023, Teem Group conducted a hands-on first aid training session, covering detailed instruction in cardiopulmonary resuscitation (CPR) techniques and AED usage. Employees were engaged in practical exercises using a half-body mannequin to familiarise themselves with emergency response procedures and techniques. This training session aimed to promote the understanding of emergency concepts among our employees and equip them with necessary skills to effectively respond to emergencies.



Hands-on First Aid Training Session

## Road and Bridge

### Case: Occupational Health Lecture

To help employees better understand occupational disease hazards and their prevention, GDH Highway invited a specialist doctor from a healthcare centre to deliver an occupational health lecture. The lecture included expert-led discussions on occupational disease hazard prevention and essential occupational health information, alongside explanations of frequent findings in medical examination reports, aiming at raising employees' awareness of occupational health.



Occupational Health Lecture

## Supplier Safety Management

We put safety first in our operations and extend this focus to suppliers, contractors, and other relevant parties. We have established and refined management systems, including the Engineering Project Construction and Management Measures of Guangdong Investment Limited and the Implementation Rules for Engineering Project Construction and Management of Guangdong Investment Limited, to enhance safety management of relevant parties. Moreover, we specify safety management requirements and responsibilities in contracts or Work Safety Management Agreements. And regular inspections and assessments are also conducted to evaluate safety performance and production conditions. Furthermore, we also strengthen safety training for personnel of relevant parties, ensuring that they are well-informed about the risks, preventive measures, and emergency procedures before they enter a site, thus ensuring the health and safety of all involved.



# TALENT MANAGEMENT

The Group regards our employees as the most valuable assets and the driving force for our sustainable development. We expand recruitment channels to replenish our talent pool, strongly support employees' development by improving promotion and training systems, and emphasis employee care to enhance their sense of satisfaction and happiness.

In full compliance with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Law of the People's Republic of China on the Protection of Rights and Interests of Women, as well as the Employment Ordinance, the Employees' Compensation Ordinance, the Sex Discrimination Ordinance, and the Occupational Safety and Health Ordinance of Hong Kong and other laws and regulations on labour and employment, the Group is committed to safeguarding the legitimate rights and interests of our employees. During the Reporting Period, the Group had no incidents of child or forced labour.

## Employment

Following the principle of setting fair rules, making impartial decisions, being transparent in results, and in compliance with local laws and regulations, GDI has amended and improved the Administrative Measures for Recruitment Management, Policy on Competition for Positions of Managerial Personnel and other internal recruitment policies, to further optimise recruitment processes, minimise recruitment costs, and raise work efficiency. We treat all employees equally and prohibit any form of prejudice or discrimination on the grounds of age, gender, nationality, race, religious belief, health condition, etc. and set up a whistle-blowing hotline for public supervision. Recruitment is conducted based on our recruitment plans and the needs of relevant departments, mainly through campus and social recruitment. Various recruitment channels, including our official website and WeChat official account, mainstream recruitment websites, head hunters, and employee referrals, are used to attract talents. The Group also ensures that employees' knowledge, skills, experience, and personalities match their positions and responsibilities to maximise their potentials, thereby make full use of them.

## Water Resources

The water resources segment always puts quality before quantity in staff recruitment. It has established extensive and in-depth talent training cooperation in various forms with target colleges and universities, to expand its pool of highly skilled talents and professionals resources. As of the end of the Reporting Period, 33 graduates of 2023 had been hired via campus recruitment and 31 had been hired via social recruitment. Additionally, tripartite agreements had been signed with 8 graduates of 2024.

### Case: University-Enterprise Cooperation: Order-Based Education Programme

To meet the needs of its pump stations for operation duty officers, the water resources segment launched its first “Order-Based Education Programme” with Guangdong Polytechnic of Water Resources and Electric Engineering to enrol trainees for on-site training six months in advance and organised them to obtain high and low voltage electrician certificates, helping the students to understand the duties of the position and master relevant skills, thus shortening their preparation period for independent work. In 2023, the first “Order-Based Education Programme” had a total of 19 trainees, among which 10 passed the assessment and entered into employment contracts with the segment.



Opening Ceremony of the “Order-Based Education Programme”

### Case: University-Enterprise Cooperation: “Doctoral Programme for Excellent Engineers”

Attaching great importance to the in-depth industry-university-research integration, the water resources segment initiated a university-enterprise cooperation programme named “Doctoral Programme for Excellent Engineers” with Harbin Institute of Technology to jointly train doctoral students and prepare professional reserves to realise technological independence and high-quality development. This year, after a series of selection process, 5 doctoral students stood out and were admitted into the programme.

## Property Investment and Development, Department Store Operation

Focusing on the cultivation of talent echelons, Teem Group actively sources talents according to strict standards to fill the talent gap in core positions, and reserves high-potential candidates. Meanwhile, to ensure a rule and system-based recruitment process, Teem Group revised the Human Resources Management Policy and other recruitment management rules in 2023.

## Hotel Ownership, Operation, and Management

Our hotel business lays equal importance to operational performance and employment efficiency and is committed to building a young and high-quality talent team by systematically define positions and job responsibilities to streamline departmental functions and scientifically create posts. Meanwhile, to meet the development needs of the hotel business, efforts are made to explore diversified employment modes such as labour dispatching, seasonal workers, and casual labourers, and seek a human resource management model suitable for the business's development. Moreover, the hotel business also provides suitable jobs for veterans and people with disabilities, actively fulfilling its responsibilities as a state-owned company. As of 31 December 2023, the business had a total of 26 veterans on its payroll.

### Case: Youth Internship Programme of GDH Hotels

In support of GDI's summer internship programme for Hong Kong students echoing the New Graduates-New Opportunities Scheme, Oasis Avenue and Wharney Hotel Hong Kong offered internship positions in Hong Kong to college students majoring in hospitality management during the Reporting Period, which is move helps to expand their talent reserves.

## Employee Development

The Group has formulated and issued policies such as the Handbook for Hong Kong Employees of Guangdong Investment Limited, the Trainings Management Measures of Guangdong Investment Limited Headquarters, the Policy on Competition for Positions of Managerial Personnel of Guangdong Investment Limited, the Management Measures for Performance Evaluation of Guangdong Investment Limited (Trial), to strengthen employee training, improve evaluation and promotion mechanisms, and refine compensation and incentive systems, providing comprehensive support for employee development.

In 2023, we organised a variety of online and offline training sessions in line with the Company's strategic development and the professional skills needs of employees in different positions. To help new employees gain a thorough understanding of the Group and their job responsibilities, and adapt to the working environment more quickly, we conducted orientation training for new recruits. The content of the trainings includes the basic introduction to the Group's organisation and history, development strategy, values, and system. To enhance the compliance awareness of our employees and the Group's listing compliance management level, we carried out training about listing compliance to learn applicable laws and regulations and Listing Rules and to promote employees from all businesses to be familiar with the listing regulation requirements in Hong Kong. Also, we organised emergency training to improve employees' safety awareness. At the same time, we encouraged our staff to learn cutting-edge industry knowledge and policies, and to make full use of their spare time for personal development.

We adhere to the market-oriented principle and continue to promote the talent selection and employment model in line with market competition, under which, we implement mechanisms such as the tenure system for managers, contract management, competition for managerial positions, bottom-out, and exit of incompetent personnel. We also implement the differentiated distribution of remuneration mechanism and regard performance evaluation as a crucial reference for the distribution of bonuses so as to link to the Group's effectiveness. In addition, we actively explore equity and other medium- and long-term incentive programmes to fully mobilise our employees.

## Water Resources

The water resources segment meticulously implements competitions for positions, combining centralised competition for reserve positions and small-scale competition for specific positions. This year, 11 open position competitions were organised to explore highly competent and qualified talents to supplement the management team. We also organised all employees to sign the 2023 employee performance plan, which would comprehensively assess employees' performance objectives and development goals. Besides, the department head would conduct performance coaching for the staff of the department from time to time based on their monthly and quarterly performance, so as to help them improve their working capacity and efficiency.

In 2023, the water resources segment uploaded and updated nearly 300 courses on 8 topics to its digital training platform, "GD Water College", and operated nearly 20 online sessions to enable a more flexible training time and format. Recorded courses on workplace anti-discrimination and anti-harassment were also uploaded to the platform for all employees to learn on their own. As of the end of 2023, 1,264 staff members had completed the courses, with a course satisfaction score of 9.2.

### Case: Incentive Support for Staff to Upgrade Their Academic Qualifications

The water resources segment encouraged staff to make use of their spare time to upgrade academic qualifications and provided learning and training fee reimbursement to employees with well-approved documents for academic (degree) education and acquisition of diploma or degree certificate recognised by the state, so as to motivate staff to upgrade professional capability.

The water resources segment has also constructed a categorised and layered training system for all employees throughout their careers and continues to improve the “On-boarding Programme”, “Speciality Programme”, “Voyage Programme” and “Pilot Programme”, which focus on the cultivation of key management personnel.

On-boarding Programme

The “On-boarding Programme” is mainly aimed at newly hired employees recruited through campus recruitment. It introduces the corporate culture, policies, and procedures in internal courses, and emphasises the job responsibilities and work content of new employees in common workplace skills courses, helping newcomers better adapt to workplace life. In 2023, a total of 90 new employees recruited from campus participated in the training.



The “On-boarding Programme”

Speciality Programme

The “Speciality Programme” mainly targets newly promoted junior managers. It sets up systematic course planning through online community operations and flexibly arranges training times. In the current year, nearly 30 newly promoted junior managers have been trained, helping them quickly adapt to management positions.



The “Speciality Programme”

Voyage Programme

The “Voyage Programme” is aimed at middle-level managers of water resources segment and subsidiaries. It focuses on the four aspects of mastering business, changing roles, improving management and operation proficiency, with an emphasis on the improvement of participants’ management ability. In 2023, our “Voyage Programme” carried out 6 live broadcasts of specialised courses.



The “Voyage Programme”

Pilot Programme

The “Pilot Programme” primarily targets incumbent members of the leading group of subsidiaries in the water resources segment. It focuses on short-term concentrated thematic training, including executive salons, action learning, and benchmark company visits, to strengthen the ability of participants to lead enterprise development and change. In the current year, the “Pilot Programme” trained more than 40 students in total.

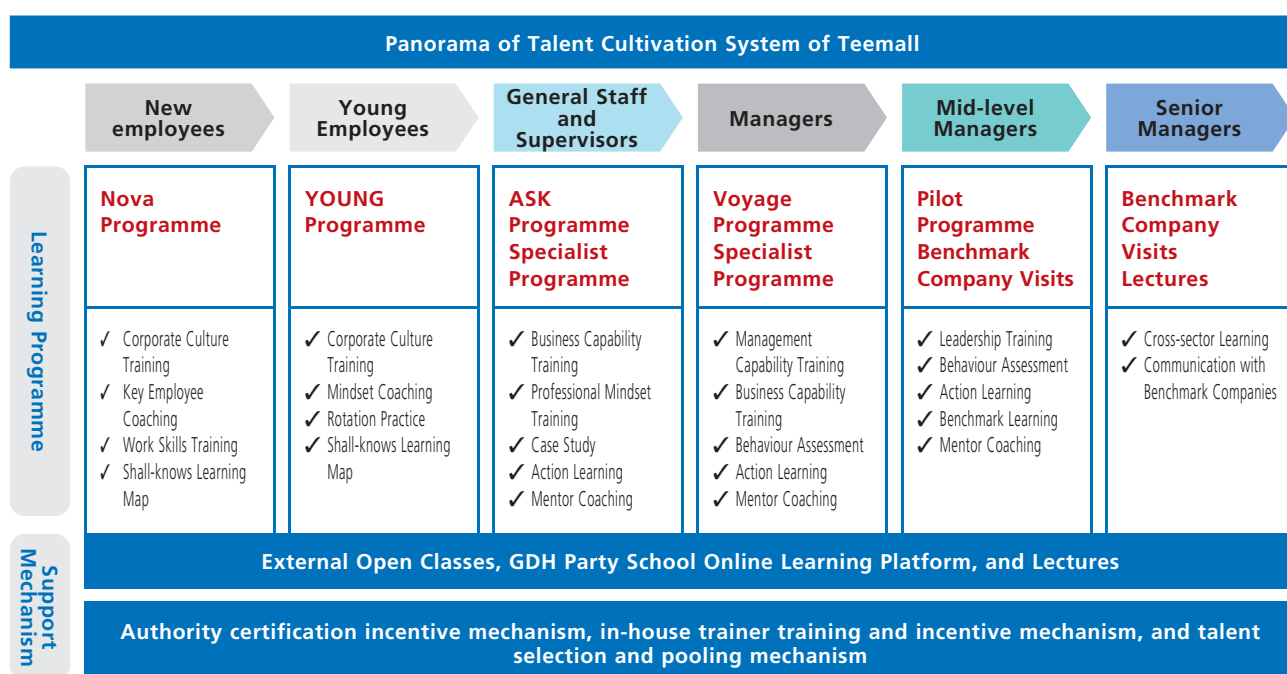


The “Pilot Programme”

**Property Investment and Development, Department Store Operation**

Teem Group has formulated and published the Rank System and Qualifications for Appointment, which establishes a parallel promotion channel by management or profession and adopts a mechanism of internal promotion. In 2023, a total of 95 frontline staff and 25 middle-level managers were promoted. In addition, we continue to optimise our incentive mechanism and implement a selection method based on “performance, contribution, and enhancement”, and in particular, we provide additional incentives for our core businesses, such as new project start-ups and investment attraction, to maximise the positive impact of the incentives in benchmarking management.

Teem Group regards staff training as an important support for the construction of talent team. In the current year, Teem Group further amended the Staff Training Management Policy, which states to formulate appropriate development plans for staff at different levels, from new employees to senior management, to provide appropriate training resources and to establish a comprehensive talent cultivation system. In addition, in 2023, Teem Group launched 6 courses, including Introduction to GDH Teem, Learning of Policies and Systems of GDH Teem, Risk Management and Internal Control of Teemall, Safety Training for New Employees of Teemall and Disciplinary Education of Teemall. In addition, the Group developed an online learning roadmap for new employees in conjunction with external courses.



Talent Cultivation System of Teemall



	Panorama of Talent Cultivation System of Teemall					
	New Employees	Young Employees	General Staff and Supervisors	Managers	Mid-level Management	Senior Management
Learning Programme	Nova Programme	YOUNG Programme	ASK Programme Specialist Programme	Voyage Programme Specialist Programme	Pilot Programme Benchmark Company Visits	Benchmark Company Visits Lectures
	<ol style="list-style-type: none"> <li>Corporate Culture Training</li> <li>Key Employee Coaching</li> <li>Work Skills Training</li> <li>Shall-knows Learning Map</li> </ol>	<ol style="list-style-type: none"> <li>Corporate Culture Training</li> <li>Mindset Coaching</li> <li>Rotation Practice</li> <li>Shall-knows Learning Map</li> </ol>	<ol style="list-style-type: none"> <li>Business Capability Training</li> <li>Professional Mindset Training</li> <li>Case Study</li> <li>Action Learning</li> <li>Mentor Coaching</li> </ol>	<ol style="list-style-type: none"> <li>Management Capability Training</li> <li>Business Capability Training</li> <li>Behaviour Assessment</li> <li>Action Learning</li> <li>Mentor Coaching</li> </ol>	<ol style="list-style-type: none"> <li>Leadership Training</li> <li>Behaviour Assessment</li> <li>Action Learning</li> <li>Benchmark Learning</li> <li>Mentor Coaching</li> </ol>	<ol style="list-style-type: none"> <li>Cross-sector Learning</li> <li>Communication with Benchmark Companies</li> </ol>
Support Mechanism	External Open Classes, GDH Party School Online Learning Platform, and Lectures					
	Authority certification incentive mechanism, in-house trainer training and incentive mechanism, and talent selection and pooling mechanism					



### Case: The Leading Goose Programme

The “Leading Goose Programme” is a systematic cultivation programme of Teem Group for advanced operation talents, which focuses on four dimensions, namely, potential, capability, experience and performance. Through the “Voyage” and “Pilot” courses, this programme aims to comprehensively enhance the reserve talents’ ability in agile thinking, strategic planning, financial management and organisational leadership.



Completion of the “Leading Goose Programme”



### Case: Specialist Programme

The “Specialist Programme” is a professional capability training programme of Teem Group for general staff and managers, which includes six sections, namely, investment promotion management, operation promotion, engineering management, light assets expansion, property management, and work safety management. The training programme is divided into four processes, namely, “Selection”, “Training”, “Practice”, and “Evaluation”, aiming to cultivate in-house commercial operation talents to support the company’s existing project development and light assets expansion. In 2023, the selection for the programme was completed, with a total of 256 applicants, of whom 156 were selected for the training process.



Opening of the “Specialist Programme”

### Hotel Ownership, Operation and Management

The hotel business implements a firm-wide and performance-based assessment system of “one assessment for one position, one form for one person”, in which assessment results are regularly announced. Employees who fall behind in the assessment are subject to position adjustment or exit. In this way, we give full play to the constraint and incentive roles of the performance assessment, encourage our staff to take on more responsibilities, and improve the implementation efficiency and achievement of the segment’s strategic objectives.

In 2023, the hotel business signed the agreement for GDH Online Learning Platform and completed operation & maintenance, and formulated training plans for subordinate departments. Our hotel business completed a total of 30 internal training sessions on operation management, fire safety, compliance management, tax management, revenue management, effectively enhancing the professionalism and overall capabilities of our staff.

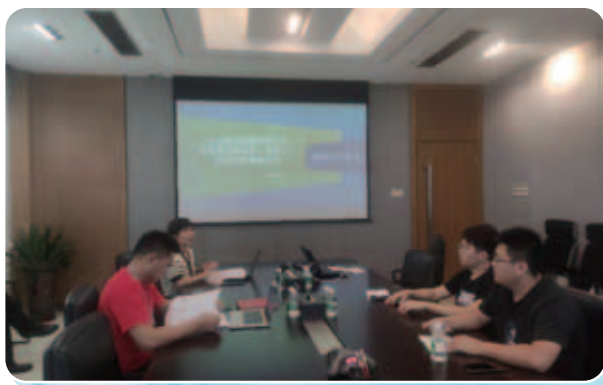
## Energy Projects

This year, GDH Energy formulated the Management Standards for Rewards and Punishments and revised the Management Standards of Performance Assessment to standardise the categorisation of rewards and punishments. Besides, GDH Energy organised about 300 employees to sign the 2023 Business Performance Responsibility Letter and Performance Plan, including the leader team, and mid- and lower-level managers, so as to implement the performance plan for all employees and effectively allocate the responsibility of operation and performance management.

In 2023, GDH Energy released and organised 20 online courses, conducted 71 company-level training programmes with a total of 1,121 participants.

### Case: Development Support for Certified Talents

GDH Energy provides strong support to vocational skills level certification and conducts senior worker and technician certification for mechanical equipment inspectors, electricians and duty officer for power generation centralised control. By the end of the Reporting Period, GDH Energy had certified a total of 47 senior workers and 20 technicians, and supported 18 employees to obtain the qualifications of assistant engineer and engineer in the current year. In addition, GDH Energy successfully received the “one-time enterprise subsidy” of RMB30,000 for obtaining the vocational skills level certification, and applied for personal skill subsidies of about RMB144,000 for employees, helping them to continuously improve their vocational skills based on concrete actions.



GDH Energy Vocational Qualification Certification

## Road and Bridge

GDH Highway continues to implement internal and external training, and has formulated the Reserve Talent Training Programme, committed to improving the comprehensive quality and professional technical capabilities of employees. During the Reporting Period, GDH Highway organised 132 training sessions for various business sectors via the “Highway Lecture” and other training platforms, with a total of 765 participants completing 3,214 learning hours. GDH Highway also invited external institutions to give thematic training sessions on individual income tax policies, occupational health knowledge and interpretation of their physical examination results, insurance knowledge, cybersecurity, and work safety, which were attended by a total of 420 employees.

### Case: The “Talents and Skills” Vocational Skills Competition

In 2023, GDH Highway launched the “Talents and Skills” vocational skills competition, organising frontline staff such as toll collectors, monitors, road supervisors to participate in the special skill champion by batches. This activity adopted the “practicing-by-competing” approach to continually polish employees’ practical skills, and to help improve GDH Highway’s overall business capacity.



The “Talents and Skills” Competition

## Employee Care

The Group is committed to forging a harmonious, inclusive and healthy working environment to continuously boost the sense of happiness and belonging of employees. We attach great importance to our responsibilities as an employer. In addition to five social insurances and housing fund, the Group also provides supplementary medical insurance, accident insurance, and other employer's liability insurance to give employees comprehensive protection. The health of our employees always lies at the heart of the Group. Therefore, we organise annual physical examinations and optimise the management of our canteen by balancing three meals a day and reasonably arranging the diets. In addition, we have the resolution in implementing the paid leave policy. Employees of the Group are entitled to paid annual leave each year, in addition to statutory holidays, depending on their personal and work arrangements.

We respect the opinions of our employees, and actively collect and promptly act on their opinions and suggestions for enhancing employee work satisfaction. We actively enrich the lives of our employees. Every year, the labour unions of the Group and its subsidiary business segments organise team-building performances, sports competitions and other activities from time to time, which enable our employees to fully unwind after work.

## Water Resources

Our water resources segment attaches great importance to the work experience of employees. The segment carries out the mentor satisfaction surveys after the three-month probation period. This year, we conducted the surveys for 45 new employees, in which the overall satisfaction score is 98.8. The water resources segment carefully prepared the spring festival gala party for employees, and organised the first Employee Culture and Art Festival covering speech contests, competitions in painting, calligraphy, and photography, as well as singing and dancing contests. Also, we arranged a visit to the Guangdong Memorial Hall of East River Column in Luofushan and more than 10 interest groups, providing employees with a variety of spare time activities to choose from. Throughout the year, a total of 3,351 cultural and sports activities were held, with an employee satisfaction rate of nearly 95%.

The water resources segment focuses on addressing the urgent needs and concerns of employees: deepening the implementation of the "Soul Workshop" EAP Employee Assistance Programme to alleviate work and life psychological pressure; assisting more than 40 employees and their families in solving problem of access to health care, resolving schooling problems for 26 employees' children; visiting and comforting sick employees. And throughout the year, we have visited sick employees 621 times, comforted employees in difficulties 45 times, and distributed RMB161,000 in aid to employees in need.

 Case: The “Cool Summer” Caring Activity

In the summer of 2023, the labour unions of subsidiaries under the water resources segment went to 18 large-scale engineering projects under construction to send consolation via the “Cool Summer” caring activity. During the activity, the unions sent fruit, drinks and other cooling items worth of RMB99,000 to the frontline workers, expressing our sincere care for the employees.



The “Cool Summer” Caring Activity



### Case: Thematic Activities on International Women's Day

The water resources segment, together with its subsidiaries, launched a series of thematic activities on Women's Day, including outdoor team-building, bouquet making, calligraphy training, and training in floriculture, to provide a unique holiday experience for female employees.



Thematic Activities on International Women's Day

### Property Investment and Development, Department Store Operation

In addition, Teem Group made continuous efforts in providing care and assistance to employees. We organised 166 caring activities for employees who were in hospital or childbirth, distributing allowances of RMB2,305,600. In addition, we provided financial assistance of RMB54,700 to 18 employees in difficulty. Teem Group also proactively organised sport events and social gatherings of great diversity. For example, there were badminton team matches, basketball friendly matches, yoga, online and offline brisk walking. The Group also showed care to employees' wellness by gathering female employees to participate in team-building activities on International Women's Day.





### Case: Staff Health Management Seminar

In order to response to GDI's call of "bringing tangible benefits to the people", Teem Group invited in-service doctors to deliver a health lecture highlighting the topics of 'stress and modern lifestyle', 'sleeping disorders and its remedies', 'daily diet and alleviation of cervical spondylosis' so as to popularise health knowledge among the staff, helping them relieve their stress.



Staff Health Management Seminar

## Hotel Ownership, Operation and Management

The hotel segment pragmatically carries out employee activities. The Hotel Management China Company held a series of activities to celebrate the Chinese New Year and the Mid-Autumn Festival and National Day, organizing employees to participate in fun games to liven up the atmosphere. GDH Hotel (Shenzhen) organised green and healthy-themed hiking activities to inspire positive energy and increase employees' cohesion. GDH Hotel (Zhuhai) conducted team-building activities themed "Thirty Years of Endeavor, Setting Sail Again," enhancing employees' cohesion. At the same time, each hotel visited frontline employees during holidays such as the Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival and National Day, carrying out series of activities like the "cool summer" caring activity and employee seminars, listening to their feedbacks, and promoting harmonious work relationships.



GDH Hotel (Zhuhai) Team-Building Activity



GDH Hotel (Shenzhen) Staff Hiking Activity



International Women's Day Activities Organised by the Hotel Business Labour Union

## Energy Projects

The energy segment continues its efforts to care for the health of its employees. This year, the segment purchased the “Comprehensive Mutual Insurance Plan for Inpatient Medical Care” for 302 employees and the “Mutual Health Insurance Plan for Female Employees” for 30 female employees, in order to provide better guarantee of their health with higher standards for employees. Besides, GDH Energy carried out supervision of diets, where the labour union’s diet supervision team inspected the canteen hygiene, examined food distribution, and organised staff appraisal, to improve the quality of employees’ meals, ensure the safety of meals, and increase people’s satisfaction with canteen food. In addition, GDH Energy insists on providing consolation to employees who have been ill or whose immediate family members have passed away. During the Reporting Period, a total of 49 visits was made with a total of RMB52,800 in allowance and gifts being distributed.

## Road and Bridge

GDH Highway focuses on the daily welfare of its employees, regularly organising collective birthday parties and caring activities during holidays for employees. This year, the labour union of GDH Highway organised birthday parties for employees every quarter and conducted 3 caring activities for all employees on important traditional festivals and 4 special caring activities for staff on duty, to let the employees feel the care and warmth from GDH Highway, and to further enhance their occupational well-being.

### Case: Co-establishment of Book Circulation Service Station

GDH Highway signed an agreement with Guangxi Guigang Library to build the book circulation service station and received a donation of 500 books from the library. This can help employees develop good reading habits, enrich employees’ cultural life in their spare time. facilitate the building of a team and enterprise that are study-oriented.



Co-Establishment of Book Circulation Service Station

# SUSTAINABLE SUPPLY CHAIN

The Group attaches great importance to supply chain management. We have established an open and transparent supplier management system, and standardised supplier management processes, to provide a level playing field for suppliers. This approach is designed to cultivate a collaborative atmosphere, with the goal of building a sustainable supply chain that benefits all involved parties. In 2023, the Group cooperated with 6,202 suppliers, all of which were Tier 1 suppliers.

## Supply Chain Management

We adhere to the Law of the People's Republic of China on Tenders and Bids and other relevant laws and regulations. We have implemented the Policy on Sustainable Supply Chain of Guangdong Investment Limited and the Measures for Credit Evaluation System for Project Contractors. In addition, we have established and improved a whole-process supplier management system that clarifies the requirements for supplier access, assessment and exit, ensuring a standardised and thorough approach to supplier management. Meanwhile, we incorporate the principle of sustainable development into our business contracts and performance evaluations. We give priority to suppliers whose products and services are environmentally and socially beneficial, and continuously monitor the environmental and social risks of our suppliers.

Access	We have established a supplier database and supplier management policy. Supplier inclusion in our database is based on self-nominations and our recommendations. And suppliers are subject to a review of their qualifications, quality assurance systems, business reputation, performance, and other crucial criteria.
Assessment	We have set up a supplier assessment working group, consisting of employees from the procurement and other departments to conduct regular written and on-site evaluations of supplier performance. These evaluations focus on suppliers' fulfilment quality, responsiveness, safety management, cooperation, and work quality.
Exit	We remove suppliers from our supplier list for contract violations, administrative penalties or ethical breaches and designate them as ineligible for future collaboration. In addition, suppliers that do not meet the minimum ESG requirements set by the Group are required to take rectification measures within a certain period of time. Those that fail to complete rectification within the specified period or still fail to meet the standard after rectification will have their cooperation terminated.

### Supplier Management System

## Supply Chain ESG Management

We require our suppliers to adhere to the highest standards of business ethics. Suppliers of all business segments are required to sign integrity agreements in the product and service bidding and procurement contracts to comply with the requirements to act with integrity. We also adopt anti-corruption measures to comprehensively prevent the risk of corruption in the supply chain management. Additionally, we uphold the principle of fair price comparison and independent procurement. Any employee found engaging in fraudulent behaviour, soliciting or accepting benefits from suppliers during the procurement process will face immediate contract termination.

We also hold our suppliers to the highest labour standards to minimise potential employment risks within our supply chain. We strictly prohibit our suppliers from getting involved in child labour or forced labour. We also require them to comply with the local occupational health and safety standards and provide their employees with a safe, healthy and well-managed working environment.

In terms of green procurements, we encourage the localisation of supply chain to prefer local suppliers. The practice reduces greenhouse gas emissions and negative environmental impacts caused by the frequent use of transport vehicles, so as to create a green supply chain.

## Water Resources

In order to create an open, fair and just bidding environment, the water resources segment conducts quarterly self-inspections, audits, and compliance management training regarding bidding and procurement business. These steps are aimed at enhancing oversight and improving compliance management standards within our bidding and procurement procedures. In addition, in the bidding stage, we clarify the responsibilities suppliers should take to provide training, set agreements regarding the number and frequency of training sessions, and urge them to formulate training plans and conduct relevant training in accordance with the contracts.

### Case: Meeting about the Prevention of Potential Integrity risks

In July 2023, Water Holdings held the meeting about the prevention of integrity risks with project contractors, management teams and suppliers. During the meeting, Water Holdings required all participants to sign an integrity agreement to further strengthen integrity supervision of projects and prevent violations of business ethics, thus building a transparent and ethical supply chain with all partners.



The Meeting about the Prevention of Potential Integrity Risks



### Case: Training Regarding Bidding and Procurement Compliance Management

In October 2023, Water Holdings conducted training regarding bidding and procurement compliance management to further explain the key aspects of bidding and procurement business. By doing so, the training deepened employees' understanding of compliance in the business, enhanced their professional skills, and improved the standard of compliance in the bidding and procurement processes.



Training Regarding Bidding and Procurement Compliance Management

### Property Investment and Development, Department Store Operation

In accordance with the latest laws and regulations pertaining to bidding and procurement, Teem Group has updated its bidding and procurement management policies. Additionally, Teem Group provided training for all employees in charge of bidding and procurement to convey the latest management requirements and offer effective technical assistance. The training coverage reached 100%.

Teem Group practises the principle of green procurement. In the procurement process, Teem Group explicitly requires the use of energy-efficient equipment that meets the latest national environmental protection standards. The tender documents include quantified energy-saving criteria for related products to ensure the use of eco-friendly equipment and facilities.

## Energy Projects

GDH Energy favours and uses the best suppliers and adheres to the principle of fairness, impartiality and transparency in supplier selection. GDH Energy has established a system for supplier credit and evaluation and implements dynamic management based on suppliers' qualification, quality, contract fulfilment, and service provision. Immediate termination of cooperation will be enforced with any supplier found to be in violation of rules and regulations.

GDH Energy strengthens the integrity supervision of bidding and procurement. GDH Energy requires the signing of integrity agreements for projects with high budgets. In addition, GDH Energy enhances integrity education by arranging visits to integrity education centres, so as to achieve better self-discipline among employees.

# COMMUNITY ENGAGEMENT

The Group takes it as our responsibility to serve the surrounding communities and contribute to social development. We continue to make our efforts to implement, advance, develop, and lead public welfare undertakings. We actively engage in community service, Guangdong-Hong Kong connectivity, rural revitalisation, and green environmental protection, among other public welfare areas. We will continue to broaden the boundaries of public welfare, optimise the forms of community feedback, and unite supportive communities to collectively build a better and harmonious society.

## Together for a Better Community

It is the responsibility of GDI to actively understand the needs of the neighbourhoods where we operate, and to help build harmonious and warm communities that benefit the people. Following the Policy on Charity and Public Welfare Activities Management, we have vigorously carried out multi-sector and multi-form charity and public welfare activities through various channels, in which the business segments participated in those activities. In this way, we have strengthened our public welfare management. During the Reporting Period, the Group committed 428,172 hours to volunteer services activities in the community.

### Case: The Community Chest's "Walk for Millions" in Hong Kong

GDI encouraged its employees to take part in the Community Chest's "Walk for Millions" in Hong Kong. All funds raised were donated to 168 social welfare organisations to support various services including childcare and elderly services, and medical and healthcare services, benefiting over 2.5 million people in need.



## Water Resources

The water resources segment has established a Guangdong Water Holdings Youth Volunteer Team, which carried out more than 20 volunteer and charitable activities in 2023, delivering support to special populations and contributing to community building.

### Case: “Star Academy” Care Activity

In July 2023, the Guangdong Water Holdings Youth Volunteer Team, together with the Shenzhen Luohu Volunteer Service Platform, conducted the activity of “Star Learning Centre” to provide assistance and learning resources for young people with disabilities and special needs. During the activity, the volunteers offered free rehabilitation training and inclusive education classes for those young people helping them to better integrate into society with love and care.



Flower Arrangement Classes for Youths with Disabilities and Special Needs

## Property Investment and Development, Department Store Operation

Teem Group has organised and participated in a number of volunteer service activities in the community, with the goal of improving the quality of life within the community. During the Reporting Period, Teem Group initiated fund-raising and donation activities such as “Donate Clothes with Love” and “Happiness Project”. Teem Group also organised the “Summer of Love: Cooling Relief” for the Public and co-organised publicity activities such as “Gifts for Growth” social practice and “Youth Without Drugs: Setting Sail for Dreams” anti-drug campaign with other organisations. In this way, Teem Group’s actions help build a harmonious community through mutual support and love among the neighbourhood.

### Case: Acts of Love: Donation of Funds and Goods

- “Donate Clothes with Love”

Since January 2023, Teem Group has encouraged its subsidiaries to set up a corner for collecting and donating clothes, which delivered more than 200 pieces of intact and clean clothes to people and families in need. This allows pieces of clothing to be recycled and enables the delivery of love and warmth.



Corner of “Donate Clothes with Love” in Youth Public Welfare Service Station

- “Happiness Project”

Teem Group remains attentive to the needs of disadvantaged people and has been helping mothers in need to improve their living conditions over the years. In June 2023, Teem Group actively encouraged more than 700 employees to raise more than RMB14,000 for mothers in need. Apart from providing them with financial assistance, the project also provided mothers with skill training and medical assistance to enhance their happiness and quality of life.



## Case: Providing Convenience Services in Summer

- “Summer of Love: Cooling Relief” public welfare event

In July 2023, Teem Group carried out the “Summer of Love: Cooling Relief” public welfare event in the love stations of its subsidiaries to deliver practical support to the frontline workers enduring the scorching summer heat. The event offered nearly 1,000 public welfare supplies to workers including couriers, deliverymen, traffic associate police, urban management officers and sanitation workers, offering a bit of cool relief to them and showing how little acts of kindness can add up to big love.



Poster for the “Summer of Love: Cooling Relief” Event & People Working in Hot Environments Receiving Caring Supplies



## Case: Support Youth Development

- “Gifts for Growth”

To enrich education practices and support children’s growth in all aspects, Teem Group actively explores new patterns of school-enterprise cooperation. In March 2023, Teem Group launched the “Gifts for Growth” social practice and education activity for the fourth-graders of Guangzhou Tiyu Xi Lu Primary School by working with stores settled in Teemall Department Store. The program included activities, such as “pre-job training” and “on-site practices” in businesses like retailing, helping students to start developing their own career aspirations and future plans. Teem Group will continue to innovate school-enterprise cooperation to sow seeds of hope for the children to embrace a thriving future.

- “Youth Without Drugs: Setting Sail for Dreams”

The 26th of June is the International Day against Drug Abuse. To raise awareness of the dangers of drugs, call on the community, especially young people, to resist drugs, Teem Group proactively mobilised employees of its subsidiaries to carry out promotional anti-drug activities collaboratively with local enforcement officers in the communities. During the event, the employees handed out anti-drug brochures, shared case studies, and acted to build a safe community environment favourable to the healthy growth of teenagers.



Site of “Youth Without Drugs: Setting Sail for Dreams” Anti-drug Publicity Event

## Hotel Ownership, Operation and Management

The hotel business is actively engaged in public welfare activities and participated in community service. Among them, Holiday Inn Zhuhai City Center participated in public welfare activities to visit and care for the Zhuhai Children's Welfare Institute and sanitation workers. A total of RMB2,246.74 was raised in charitable donations. Holiday Inn Zhuhai City Center is enthusiastic about community public welfare and organises employees to engage in volunteer services. The volunteer team undertook a clean-up in the Yuehua Community of Gongbei, Zhuhai, serving the surrounding residents, and demonstrating the impact of our commitment.



Holiday Inn Zhuhai City Center Community Clean-up Charity Programme

## Energy Projects

In 2023, the energy segment continued to focus on the needs of the disadvantaged and public healthcare, and actively engaged in charity activities that were accessible and supportive to all. We motivated over 500 participants to take part in multiple themed charity events, such as Walk for Millions and Staff Relief Month, and raised approximately RMB5,000 to help improve the living conditions boost the livelihoods of the disadvantaged.

### Case: Caring for the Elderly and Youngsters During Festivals

GDH Energy is concerned about identifying the need for support among the elderly and children in Huangpu Town. During the Dragon Boat Festival, seven volunteers were assembled to deliver supplies, care and companionship, and festive blessings to them.



### Case: Blood Donation for Health

In 2023, GDH Energy actively encouraged its employees to participate in voluntary blood donations for delivering warmth and love of these “unsung heroes” to people in need, and to pool our collective strength for the common health of the public.



Volunteers Taking Part in the Blood Donation

### Road and Bridge

GDH Highway continuously reinforces its brand of volunteer service by organising regular activities such as “Love and Travel”, “Embarking on a New Journey with Bigger Steps”, and “Caring for Truck Drivers and Serving for Transport Industry of Guangxi”. During the Reporting Period, GDH Highway performed a total of 18 volunteer services for people’s travelling, 66 publicity activities on laws and regulations related to safety production and promotions for raising people’s awareness of traffic safety. These activities ensure people’s safety in their travelling. During the Reporting Period, GDH Highway also distributed more than 2,050 promotional materials and served more than 1,300 travellers, supporting the travellers on their way home with practical actions.



Support for the 2023 Spring Festival Travel Rush

### Case: Keeping Cargo Transportation Safe with Care

In 2023, GDH Highway joined hands with parties like police, departments responsible for the inspection and management of transportation in highways and highway operating enterprises of Xingliu Expressway, Guangxi Highway Development Centre Yulin Branch, 14th Brigade of Guangxi Highway Traffic Police, and Sinopec Guangxi Guigang Petroleum Company. With these collaborations, occasional campaigns were carried out to provide support and promote safe travel for drivers and passengers. In addition, while GDH Highway was delivering cooling balm, tea and other supplies to the travellers, and GDH Highway also proactively collected opinions to improve highway services and road maintenance. These actions collectively ensure safe journeys for all travelers.



Volunteers Distributing Refreshing Supplies and Safety Brochures to Truck Drivers

### Case: Care for Veterans

In 2023, GDH Highway joined hands with Guangxi Zhuang Autonomous Region Highway Development Centre and Toll Road Network Charge Clearance and Settlement Centre to provide voluntary services for veterans. The volunteers visited veterans in Daling Town, actively embodying the spirit of Lei Feng.



Volunteers Visiting Veterans in Daling Town



### Case: Blood Donation for Health

In 2023, GDH Highway organised several blood donation activities, mobilising 36 employees to donate 14.2 litres of blood to deliver our care and support with concrete actions.



Volunteers Taking Part in the Blood Donation

## Promoting Exchanges between Guangdong and Hong Kong

Mutual and harmonious development across Guangdong and Hong Kong is essential for China's all-round and high-quality development. In 2023, we have conducted multiple Guangdong-Hong Kong exchanges, actively mobilising employees of the business segments to participate in public welfare that foster the friendly exchanges and harmonious development within the Guangdong-Hong Kong-Macao Greater Bay Area. In this way, we contribute our corporate strength to the prosperity and progress of the Greater Bay Area.



### Case: Promotion of National Security Education

As part of our efforts to promote national security education, in April 2023, GDI organised employees to participate in the seminar and volunteer activities organised by the Home Affairs Department of Hong Kong. The events were themed on "Celebration for the 26th Anniversary of the Establishment of the Hong Kong Special Administrative Region – National Security Education Day in Central and Western District". During the events, we gained deep insights into national security, and all these can help us contribute to the construction and maintenance of national security.



## Water Resources

The water resources segment promotes cooperation and communication between Guangdong and Hong Kong in an orderly manner. The segment utilised the Dongshen Water Supply Project to facilitate educational visits for youths from Guangdong, Hong Kong, and Macao. This project serves as a national model for patriotic education, helping to nurture patriotic sentiments among the youth of Hong Kong and Macao. In 2023, a total of 134 groups, comprising approximately 3,400 individuals from various sectors of society, including youth from Hong Kong and Macao, were received.

### Case: The Programme Themed with “Gratitude for the Source of Benefit”

In March 2023, the water resources segment assisted institutions like the Shenzhen Overseas Friendship Association, the Ganzhou Overseas Friendship Association and the People’s Government of Luohu District, Shenzhen, in launching the Shenzhen-Ganzhou “Gratitude for the Source of Benefit” programme for youths from Hong Kong.

In the following month, the first group of outstanding Hong Kong and Macao student leaders from universities in Guangdong visited the Dongshen Water Supply Project. In May and October of the same year, the Guangdong Water Holdings Volunteer Team hosted study tours for high school students studying of Citizenship and Social Development and 100 youths from various organisations in Hong Kong and Shenzhen, including the Qiao Xiang School. During the events, the volunteer team provided these youths with detailed explanations on the engineering knowledge and the history and development of the Dongshen Water Supply Project. These presentations enabled students to enhance their understanding of the construction of water supply projects in the Guangdong-Hong Kong-Macao Greater Bay Area.



Launching Ceremony of the Programme Themed with “Gratitude for the Source of Benefit” for Hong Kong Youth & The Visit to Dongshen Water Supply Project by the First Group of Outstanding Hong Kong and Macao Student Leaders from Universities in Guangdong



Hong Kong and Macao Youths Visiting the Dongshen Water Supply Project

## Hotel Ownership, Operation and Management

In 2023, the hotel business organised a range of activities, including a “Hong Kong-Shenzhen Spring Charity Bazaar”, exchange and learning activities between Hong Kong and Guangdong youths, and the thematic education activity of “Drinking from the Dongjiang River and Pursuing the Chinese Dream Together”. These events enabled us to engage in different forms of exchanges between Hong Kong and Guangdong and contributed to the prosperous development of the Guangdong-Hong Kong-Macao Greater Bay Area.

### Case: “Hong Kong-Shenzhen Spring Charity Bazaar”

To stimulate the cultural and tourism consumption between Guangdong and Hong Kong, Guangdong Hotel (Shenzhen) shared its cultural and tourism resources and conducted friendly exchanges at the “Hong Kong-Shenzhen Spring Charity Bazaar” in 2023. This event attracts many consumers, which contributes to the growth of cultural and tourism consumption across Guangdong and Hong Kong.



The Stall of GDH Hotel (Shenzhen) at the “Hong Kong-Shenzhen Spring Charity Bazaar”



### Case: “Drinking from the Dongjiang River and Pursuing the Chinese Dream Together”

In May 2023, Oasis Avenue-A GDH Hotel (Hong Kong) invited teenagers of Junior Police Call from the Boarder District of Hong Kong Police to participate in an educational event themed with “Drinking from the Dongjiang River and Pursuing the Chinese Dream Together”. During the event, Oasis Avenue-A GDH Hotel (Hong Kong) introduced to them the development status of mainland enterprises in Hong Kong and the contribution to the local livelihood, highlighting the significance and value of the Dongshen Water Supply Project.



Teenagers of Junior Police Call from the Boarder District of Hong Kong Police Visiting Dongshen Water Supply Project

## Facilitating Rural Revitalisation

Rural revitalisation is a cornerstone for the overall quality development of the society. The Group actively fullfil its corporate social responsibility and assist in bridging the development gap between rural and urban areas by guiding various business segments to provide assistance through consumption and donations for livelihood projects. These include RMB586,500 from the water resources segment for rural revitalisation to assist agricultural consumption and guide the construction of projects and RMB282,300 from the road and bridge segment for rural revitalisation and consumption assistance for public welfare purposes. Also, Teem Group invested RMB226,800 in two successive procurements of agricultural products to support farmers, and the energy segment invested RMB23,944 to assist farmers with consumption. As for the hotel business, RMB20,054 was input for purchasing agricultural products for the support of farmers in Jiexi County.

### Case: Purchasing Instead of Donating to Promote Consume Assistance

In 2023, the Group organised a “Million RMB Consumption” livestream procurement activity to help farmers, which encouraged employees to purchase agricultural products. Meanwhile, the Group arranged its subsidiary to make purchases instead of donating to promote consume assistance and help the needy through consumption, and purchased agricultural products as festival gifts for our employees.

### Case: Supporting Rural Revitalisation

The water resources segment is actively advancing the paired assistance and joint construction of party building with Jinhe Town in Jiexi County. We have conducted a series of assistance and consumption support activities during the Spring Festival, Mid-Autumn Festival, and National Day, donating a total of RMB285,500 to implement the upgrade and renovation project of the Party Building Activity Room in Shanhu Village. Moreover, we actively guided our subordinate water companies such as Jiexi, Chaozhou, Yunfu, Luoding, and Zhanjiang Water Companies to donate more than RMB300,000 in total to support the revitalisation of rural areas.



Supporting the Rural Revitalisation of Shanhu Village in Jinhe Town, Jiexi County

## Practising Green Public Welfare

As a corporate citizen, it is one of our major social responsibilities to call on the general public to protect for the environment. Through low-carbon and green campaigns such as “Earth Hour”, “Environmental Protection with You and Me” and “Green Civilisation in Action”, the Group encourages its staff and the people of community to pay greater attention to the field of low-carbon and environmental protection at work and in their daily lives. In this case, the Group also encourages all employees to take practical actions to carry out the concept of energy saving and low-carbon practices and to create a green future together.

### Case: “Earth Hour”

On 25 March 2023, Teem Group launched the “Earth Hour” campaign, calling on the public to switch off unnecessary lighting and power-consuming devices to contribute to environmental protection and energy efficiency, aiming to inspire changes and ignite hope. Oasis Avenue-A GDH Hotel (Hong Kong) also joined hands with Teem Group to voluntarily switch off non-essential power supplies for one hour at 20:30 on the same day, trying to make the “One Hour” count. This action demonstrated the dedication to environmental protection and energy conservation while also raising public awareness of these critical issues.



“Earth Hour” Poster & Oasis Avenue-A GDH Hotel (Hong Kong) “Earth Hour” Event



### Case: “Environmental Protection with You and Me”

On 5 June, World Environment Day, Teem Group launched the “Environmental Protection with You and Me” green public welfare event, calling on the public to adopt greener modes of transportation. Meanwhile, Teem Group encouraged people to pay more attention to global warming issues in their daily lives and to help reduce urban carbon emissions by taking small actions.



“Environmental Protection with You and Me” Poster



### Case: "Green Civilisation in Action"

GDI encourages its business segments to raise employees' awareness of plastic pollution in the environment, and to protect the environment and the natural ecosystem with practical actions. In 2023, we organised green public welfare events such as "Green and Prosperity", "One Hour for Civilisation" and "Lush Mountains". In these events, employee volunteers were encouraged to help clean up urban and natural areas in their communities and forests. In the meantime, we also carried out the "Tree Planting" voluntary activity to gather the public support for environmental protection.



Volunteers Cleaning Up the Streets During the "One Hour for Civilisation" Public Welfare Event



Volunteers Picking up Plastics in the Mountains and Forests During the "Lush Mountains" event, & GDH Highway employees and Officers from the 13th and 14th Brigade of Xingliu Highway Traffic Police participating in tree planting

Throughout its journey, GDI has continuously achieved significant accomplishments in community co-building, Guangdong-Hong Kong exchanges, rural revitalisation, and green public welfare. Looking ahead, we will remain steadfast in our commitment to our corporate social responsibility, continuously join hands with employees and partners to facilitate for equal communication and friendly mutual assistance among all groups in the community. Our ongoing efforts to deepen our involvement in community co-building and charitable activities across the company and the business segments aim to contribute to the comprehensive and harmonious development of society.



# Annual Featured Topic: Efforts to Address Climate Change

In recent years, the whole world has faced severe challenges in responding to climate change as global warming has not been effectively curbed. As a responsible country, China attaches great importance to climate change response. It has steadily reduced the intensity of its carbon emissions, reinforced the effort to achieve its Nationally Determined Contributions, and adopted green and low-carbon approaches in its economic and social development. The Group actively responds to the international trend of carbon neutrality and China's dual carbon goals by incorporating climate change response in our group-wide strategic planning and management practices. We focus on the four pillars, namely Governance, Strategy, Risk management, and Metrics and targets, work to improve climate-related management mechanisms, further identify, assess, and respond to climate-related risks and opportunities, and make an integrated plan for low-carbon development, in order to enhance our climate resilience and contribute to addressing climate challenge.

## Our Priorities:



**Governance**



**Strategy**



**Risk Management**



**Metrics and Targets**

## Our response to SDGs

SDG 7: Affordable and clean energy

SDG 11: Sustainable cities and communities

SDG 13: Climate action

# GOVERNANCE

The Group has incorporated climate change issues into its risk management mechanism and operational strategies, established a scientific and professional climate governance structure, developed the Climate Change Policy of Guangdong Investment Limited (hereinafter referred to as the “Climate Change Policy”), and made continuous efforts to improve climate-related management measures. We have established an ESG Committee, which is responsible for identifying, assessing, and managing major ESG related risks and opportunities, supervising and reviewing climate-related risk management performances of the Group, regularly examining the implementation of the Climate Change Policy, and reporting to the Board on relevant results. The business segments are the major force of the Group in addressing climate change and achieving environmental targets. Under the instruction of the ESG Committee, they identify climate-related risks and opportunities based on their business and operational practices, work out and adopt appropriate solutions, and support the Board and the ESG Committee to develop climate change response strategies for the coming periods.

## Climate Governance Structure of GDI

### Board of Directors

- Supervises and decides on the Group’s ESG related issues and targets, considers climate-related risks in developing group-wide strategies, reviews the results of climate-related risk identification, assessment, and management, and takes responsibility for climate governance.

### ESG Committee

- Monitors and audits our performance in climate-related risk management and regularly reports on and reviews the Climate Change Policy.
- Provides practical guidance and supports to the Group in addressing climate-related risks and ensures appropriate implementation of our policies and management measures on climate change.

### Business Segments and ESG Working Group

- Chairmen of the five business segments are responsible for overseeing the sustainability and climate-related risk management performance of their segments and leading functional departments in taking specific measures to address climate-related risks.

### Project Specialists

- Specialist in charge of safety and environmental management is appointed for each of the Group’s projects under construction and in operation. They are responsible for carrying out the sustainable development plans and overseeing the sustainability and climate-related risk management performance of the projects.

# STRATEGY

To build far-reaching capacities of climate change response, the Group continues to improve and implement the Climate Change Policy, which defines the management guidelines on climate change at the group level and for each of the business segments. This policy, which sets out our strategies and commitments to respond to climate change, is designed to guide our subsidiaries, associates, joint ventures, and suppliers to consider environmental protection, energy conservation, emission reduction and other relevant factors in their business operations, to strengthen climate governance. Meanwhile, it encourages employees, customers, and other internal and external stakeholders to reduce carbon emissions in business activities and daily lives to mitigate the negative impacts on environment.

The Group recognises that climate change presents a range of short-term (in 2 years), medium-term (by 2030) and long-term (by 2060) risks and opportunities, which may have a potential impact on our business, commercial activities, and value chain. With this in mind, we are working hard to seek approaches to mitigate and adapt to climate change. We assist the business segments in thoroughly identifying and assessing climate-related risks and opportunities and evaluating their resilience using scenario analysis tools, to examine how we are managing and responding to climate change and to steadily improve the Group's sustainability management performance.

## Climate-related Risks

We fully consider the potential impact of climate change on the macro market environment and on our key stakeholders, physical facilities, and business development. Based on the Group's business characteristics, we systemically identify climate-related risks we face through policy and regulation studies, background research, and peer benchmarking. In 2023, 13 climate-related risks were identified, including 6 physical and 7 transition risks<sup>3</sup>.

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<sup>3</sup> For the definitions of the 13 climate-related risks, see Appendix 3: Explanations for Climate-Related Risks.

To finalise scientific, objective and quantitative assessment results, we invited functional departments involved in work safety, project management, risk management, operational management, and administrative management of each business segment of the Group for a questionnaire survey and interview, to discuss and exchange ideas on the potential impacts of and responses to climate-related risks. Meanwhile, based on the assessment criteria of the segments' enterprise risk management systems, we asked the departments to rate the 13 climate-related risks identified from two perspectives: likelihood of occurrence and potential impacts to conclude the final results. The climate-related risk assessment results of the Group for the year are as follows:

Types of Risk	Risks	Level of Risk <sup>4</sup>					
		Water Resources	Property Investment and Development, Department Store Operation	Hotel Ownership, Operation and Management	Energy Projects	Road and Bridge	
Physical Risks	Acute risks	Typhoons	High	High	High	High	High
		Floods and waterlogging	High	Medium	Medium	High	High
		Cold waves	Low	Low	Low	Medium	Low
		Extreme-high temperatures	Medium	Medium	Low	Medium	Medium
	Chronic risks	Rising mean temperature	Low	Low	Medium	Medium	High
		Rising sea level	Low	Low	Low	Low	Low
Transition Risks	Policy and Legal Risks	Energy mix and utilisation	High	High	High	High	Low
		Climate and environmental policies	High	Medium	Medium	High	Medium
		Carbon trading	Low	Low	Low	High	Low
		Information disclosure	Medium	Low	Low	Low	Low
	Technology risks	Low-carbon technological transformation	Medium	Low	Medium	Medium	Low
	Market risks	Change in market demands	Medium	Medium	Medium	Medium	High
	Reputation risks	Stakeholders' concerns	Low	Medium	Medium	Low	Low

<sup>4</sup> Level of risk: high:  $\geq 67\%$ ; medium:  $< 67\%$  and  $\geq 33\%$ ; low:  $< 33\%$ .

Based on the above climate-related risk assessment results, we further reviewed the potential business and financial impacts of the high risks each business segment was exposed to, and hammered out relevant responses, as detailed below:

## Water Resources

Types of Risk	Risks	Risk Factors	Time Horizons
<b>Physical risk: acute risk</b>	Typhoons	Frequent high-intensity typhoons	Short/medium/long term
	Floods and waterlogging	More days of rainstorms and heavier rainfalls	Short/medium/long term
<b>Potential Impacts</b>			
<ul style="list-style-type: none"> <li>• Rising water surface and intrusion of seawater into river mouths may result in changes in the water level and quality of raw water.</li> <li>• Pipeline networks and facilities in operation may be destroyed, affecting the stability of water supply.</li> <li>• Regional floods and waterlogging may overload drainage systems.</li> <li>• The risk of flooding water supply facilities in low-lying areas may rise.</li> </ul>			
<b>Responses</b>			
<ul style="list-style-type: none"> <li>• Setting up specialised body in charge of flood, drought and storm control (“Three-Control”) to make emergency response plans and standardised emergency response process.</li> <li>• Analysing and identifying water source risks and arranging water quality management personnel for 24/7 monitoring.</li> <li>• Going all out to ensure that breaks in water supply pipeline network are repaired immediately and mobilising nearby fire engines and hydrants for water supply during the repair.</li> <li>• Adjusting reservoir levels dynamically according to weather conditions to prepare for flood emergency response and water dispatching.</li> <li>• Applying intelligent control of the pipeline networks to achieve the maximum capacity of water discharge and improve the forced drainage capacity of temporary pumps.</li> </ul>			

Types of Risk	Risks	Risk Factors	Time Horizons
<b>Transition risk: policy and legal risk</b>	Energy mix and utilisation	Accelerated low-carbon transformation of the energy mix and rising proportion of clean energy	Medium/long term
<b>Potential Impacts</b>			
<ul style="list-style-type: none"> <li>The introduction of low-carbon transformation policies may lead to the early scrapping of existing energy-intensive equipment.</li> <li>The fluctuation or increase in energy prices (such as the rise of coal power price) may cause additional expenses.</li> </ul>			
<b>Responses</b>			
<ul style="list-style-type: none"> <li>Building China's first "carbon neutral" water plant, with all the water supply systems designed based on gravity flow to significantly reduce electricity consumption; and generate green electricity for operational use through hydropower and photovoltaic power and sell excess electricity back to the grid.</li> <li>Actively cooperating with universities and other third parties to introduce advanced low-carbon technologies and equipment to minimise electricity consumption during operations.</li> </ul>			

Types of Risk	Risks	Risk Factors	Time Horizons
<b>Transition risk: policy and legal risk</b>	Climate and environmental policies	With the gradual implementation of the "1+N" policy framework, the environmental supervision is increasingly stringent.	Short/medium/long term
<b>Potential Impacts</b>			
The issuance and implementation of the 14th Five-Year Plan for Building a Water-Saving Society and other relevant policies may force enterprises to:			
<ul style="list-style-type: none"> <li>Input more human resources and time in managing and controlling changes in water quality and ecosystems due to climate change.</li> <li>Step up efforts to reduce pipeline leakage rates and upgrade existing equipment.</li> </ul>			
<b>Responses</b>			
<ul style="list-style-type: none"> <li>Constructing an online water quality monitoring platform for intelligent water quality management to further enhance the water quality management capacity.</li> <li>Developing an online lab information management system to build Water Holdings monitoring network for real time water quality data monitoring.</li> <li>Devoting continuous efforts to control leakage in water supply pipeline networks, achieving the leakage control target set in the 14th Five-Year Plan ahead of schedule.</li> </ul>			

### Property Investment and Development, Department Store Operation

Types of Risk	Risks	Risk Factors	Time Horizons
<b>Physical risk: acute risk</b>	Typhoons	Frequent high-intensity typhoons	Short/medium/long term
<b>Potential Impacts</b>			
<ul style="list-style-type: none"> <li>Shopping malls and other businesses may need to shut down and lead to breach of contracts and compensation liabilities.</li> <li>The risk of falling and maintenance cost of outdoor facilities (such as outdoor billboards) may rise.</li> </ul>			
<b>Responses</b>			
<ul style="list-style-type: none"> <li>Better checking and unblocking, and regularly maintaining and repairing indoor and outdoor drainage facilities to maintain smooth water discharge.</li> <li>Adding vibration sensors to advertising trusses installed aloft to effectively monitor truss vibration times and amplitudes to provide early warning.</li> <li>Timely noticing and assisting tenants in taking remedial measures in the event of business suspension of shopping malls during high-intensity typhoons.</li> </ul>			

Types of Risk	Risks	Risk Factors	Time Horizons
<b>Transition risk: policy and legal risk</b>	Energy mix and utilisation	Accelerated low-carbon transformation of the energy mix and rising proportion of clean energy	Medium/long term
<b>Potential Impacts</b>			
<ul style="list-style-type: none"> <li>The introduction of low-carbon transformation policies may lead to the early scrapping of existing energy-intensive equipment.</li> <li>The fluctuation or increase in energy prices (such as the rise of coal power price) may cause additional expenses.</li> </ul>			
<b>Responses</b>			
<ul style="list-style-type: none"> <li>Using energy-saving elevators equipped with energy-feedback devices to convert gravitational potential energy generated into electricity for reutilisation.</li> <li>Installing solar power generation facilities on roofs to provide power for outdoor billboards, outdoor water features, and green areas.</li> <li>Using intelligent control systems and energy-saving lamps, electrical equipment, and air conditioning equipment to reduce electricity consumption.</li> </ul>			

## Hotel Ownership, Operation and Management

Types of Risk	Risks	Risk Factors	Time Horizons
<b>Physical risk: acute risk</b>	Typhoons	Frequent high-intensity typhoons	Short/medium/long term
<b>Potential Impacts</b>			
<ul style="list-style-type: none"> <li>Passengers may cancel their reservation due to traffic shutdown induced by typhoons, raising the risk of room vacancy of hotels.</li> <li>The maintenance cost of outdoor facilities (such as outdoor billboards) may rise.</li> </ul>			
<b>Responses</b>			
<ul style="list-style-type: none"> <li>Initiating crisis emergency plans for wind and flood prevention and forming crisis emergency teams.</li> <li>Inventorying material reserves and developing backup plans for shortages of materials, and identifying additional sandbag storage locations.</li> <li>Removing or securing furniture, equipment, and plants on balconies and perimeters, ensuring emergency flashlights and lighting are working properly and fully charged.</li> </ul>			



Types of Risk	Risks	Risk Factors	Time Horizons
<b>Transition risk: policy and legal risk</b>	Energy mix and utilisation	Accelerated low-carbon transformation of the energy mix and rising proportion of clean energy	Medium/long term
<b>Potential Impacts</b>			
<ul style="list-style-type: none"> <li>The introduction of low-carbon transformation policies may lead to the early scrapping of existing energy-intensive equipment.</li> <li>The fluctuation or increase in energy prices (such as the rise of coal power price) may cause additional expenses.</li> </ul>			
<b>Responses</b>			
<ul style="list-style-type: none"> <li>Setting up a hotel energy conservation management team to inspect energy conservation performances, analyse energy consumption, and upgrade energy-saving facilities.</li> <li>Adopting renewable energy by installing photovoltaic equipment on the roof of Oasis Avenue – A GDH Hotel.</li> <li>Replacing the existing treated fresh air units at Sheraton Guangzhou Hotel with a total heat exchange fresh air system to further reduce energy consumption.</li> </ul>			

## Energy Projects

Types of Risk	Risks	Risk Factors	Time Horizons
<b>Physical risk: acute risk</b>	Typhoons	Frequent high-intensity typhoons	Short/medium/long term
	Floods and waterlogging	More days of rainstorms and heavier rainfalls	Short/medium/long term
<b>Potential Impacts</b>			
<ul style="list-style-type: none"> <li>Sustained strong winds and rainstorms can damage facilities and equipment, affecting the stability of power supply and may leading to production suspension.</li> <li>The rising waters may leave facilities in some places inundated, disrupt production and operation of plants, and increase maintenance costs.</li> </ul>			
<b>Responses</b>			
<ul style="list-style-type: none"> <li>Developing and improving emergency response mechanisms; and making and implementing special emergency plans and various on-site disposal schemes.</li> <li>Making an annual rolling plan on emergency drills and organising typhoon– and flood-prevention drills for large mechanical equipment at wharfs to enhance employees’ safety and crisis awareness and strengthen their abilities of dealing with emergency situations.</li> </ul>			

Types of Risk	Risks	Risk Factors	Time Horizons
<b>Transition risk: policy and legal risk</b>	Energy mix and utilisation	Accelerated low-carbon transformation of the energy mix and rising proportion of clean energy	Medium/long term
<b>Potential Impacts</b>			
<ul style="list-style-type: none"> <li>The decarbonisation of the power system and phasing out of coal power may lead to a decline in power plant's revenue.</li> <li>Rising coal prices may increase the cost of electricity generation.</li> </ul>			
<b>Responses</b>			
<ul style="list-style-type: none"> <li>Ramping up the development of technologies for energy conservation and consumption reduction, and strengthening carbon assets management, to raise energy efficiency and speed up the transition towards clean energy.</li> <li>Cooperating with Huawei's Energy Storage Department, based on high-precision meteorological data and historical operation data of the site, to predict the power of PV power generation and the user load via AI algorithms; and combining with the purchase and sale of electricity tariffs, to intelligently seek the best charging and discharging strategies, so as to realise the highest income from energy storage.</li> </ul>			

Types of Risk	Risks	Risk Factors	Time Horizons
<b>Transition risk: policy and legal risk</b>	Climate and environmental policies	With the gradual implementation of the "1+N" policy framework, the environmental supervision is increasingly stringent.	Short/medium/long term
<b>Potential Impacts</b>			
<p>The issuance and implementation of the Action Plan for Carbon Peaking Before 2030, the 14th Five-Year Plan on Modern Energy System, the 14th Five-Year Plan on Renewable Energy Development, and other policies may force enterprises to:</p> <ul style="list-style-type: none"> <li>Further raise the energy efficiency and flexibility standard of coal power, which may require additional costs for generator upgrading.</li> <li>Phase out outdated coal power generation facilities.</li> </ul>			
<b>Responses</b>			
<ul style="list-style-type: none"> <li>Strictly controlling the concentration of air pollutants emitted from coal-fired units to meet the emission limits through upgrading coal-fired units to achieve ultra-low emission, using denitrification and other technologies.</li> <li>Making full use of the advantages of coal power in supporting and regulating power supply, and continuously seeking to improve coal power generation and to replace coal power with renewable energy.</li> </ul>			

Types of Risk	Risks	Risk Factors	Time Horizons
<b>Transition risk: policy and legal risk</b>	Carbon trading	Higher carbon pricing and less emission quotas	Medium/long term
<b>Potential Impacts</b>			
<ul style="list-style-type: none"> <li>Buying quotas will increase the cost of coal-fired units and LCOE.</li> <li>Given the increasing climate-related risks, governments are likely to adopt higher carbon pricing, reduce emission quotas, or levy carbon taxes ahead of schedule, causing additional costs to enterprises.</li> </ul>			
<b>Responses</b>			
<ul style="list-style-type: none"> <li>Paying close attention to the development of the carbon trading market, taking part in carbon trading and assuming environmental protection responsibilities.</li> <li>Promoting clean and efficient use of coal and decreasing energy consumption in production and operation by strictly managing relevant metrics.</li> </ul>			

## Road and Bridge

Types of Risk	Risks	Risk Factors	Time Horizons
<b>Physical risk: acute risk</b>	Typhoons	Frequent high-intensity typhoons	Short/medium/long term
	Floods and waterlogging	More days of rainstorms and heavier rainfalls	Short/medium/long term
<b>Potential Impacts</b>			
<ul style="list-style-type: none"> <li>Continued strong winds and heavy rains may affect the safety of operations and lead to construction interruption, causing traffic restriction, and road closure.</li> <li>Sustained rainstorms may result in waterlogging on expressways, giving rise to traffic jams or disruptions.</li> <li>Flash floods, mudslides, landslides and other disasters may damage roads and lead to additional repair costs.</li> </ul>			
<b>Responses</b>			
<ul style="list-style-type: none"> <li>Formulating flood and typhoon prevention plans and emergency response plans and holding meetings on the deployment of the plans.</li> <li>Carrying out inspection prior to, during and after the rain, with the focus on the operation of highway drainage systems, the stability of slopes, retaining walls and roadbeds, and the flood discharge capacity of bridges and culverts.</li> <li>Developing emergency response plans and processes for infrastructure damages, traffic disruptions, and other emergencies induced by severe weather. Promptly organising on-site investigation and repair, and supporting traffic police to set up traffic signs when an emergency occurs.</li> </ul>			

Types of Risk	Risks	Risk Factors	Time Horizons
<b>Physical risk: chronic risk</b>	Rising mean temperature	Higher daily maximum and minimum temperatures	Medium/long term
<b>Potential Impacts</b>			
<ul style="list-style-type: none"> <li>• The risk of spontaneous combustion and tyre blow-out of automobile may rise.</li> <li>• Drivers are easier to lose temper in hot days, threatening their driving safety.</li> </ul>			
<b>Responses</b>			
<ul style="list-style-type: none"> <li>• Collaborating with local fire departments and calling the police immediately in the event of vehicle fire accidents.</li> <li>• Timely checking the electrical wiring, fuel level and tyre pressure of vehicles to avoid fires or tyre blow-out.</li> <li>• Preventing drowsy driving by reminding drivers to properly promote rest at work and to ensure adequate rest before driving.</li> </ul>			

Types of Risk	Risks	Risk Factors	Time Horizons
<b>Transition risk: market risk</b>	Change in market demands	The popularisation of green consumption and green living	Medium/long term
<b>Potential Impacts</b>			
<ul style="list-style-type: none"> <li>• More consumers embracing green travel will reduce expressway traffic flow.</li> <li>• More consumers choosing EVs will lead to higher demands for charging piles and other supporting facilities.</li> </ul>			
<b>Responses</b>			
<ul style="list-style-type: none"> <li>• Proactively seeking cooperation with suppliers of new energy charging facilities and quickening the installation of charging piles along the Xingye-Liujing Expressway.</li> <li>• Founding the “Yi Xian Tong Lu” alliance (alliance of companies and organisations along the same expressway) marketing system and organising upstream and downstream members for joint marketing campaigns.</li> <li>• Improving services in the service zones, e.g., promoting Sinopec to build supporting facilities in the driver’s lounge of Guigang Service Zone.</li> </ul>			

## Climate-related Opportunities

While posing negative impacts on social economy and business activities, climate change can also bring new opportunities for business development. In this context, we are working to thoroughly identify climate-related opportunities based on the status and development plan of the business segments. And we are active in seizing opportunities and improving our core competitiveness by developing innovative green technologies, ramping up resource recycling, and developing low-carbon products and services.

Opportunities	Description	Business Segments Concerned	Time Horizons
<b>More new market demands</b>	It is a priority of ecological environment protection in the 14th Five-Year Plan Period to make overall plans for improving the quality and capacity of rural ecological and environmental protection and promote coordinated urban-rural development in ecological and environmental protection. Water companies can deploy dispersed and small-sized sewage treatment facilities in rural areas step by step and help to build and operate those facilities in a standardised manner, extending coverage of their businesses.	Water Resources	Short/medium/long term
<b>Expansion of smart water business</b>	As the process of building smart water systems in urban areas accelerates, water companies may further establish smart water management systems based on market demands. They can strengthen the development of new products and solutions relying on their technical advantages in smart water management, to raise water treatment efficiency and water resource utilisation rate, cut operation costs, so as to sharpen their competitive edge.	Water Resources	Short/medium/long term
<b>Expansion of unconventional water resources</b>	The National Action Plan for Water Conservation released by the PRC government seeks to heighten public awareness of water conservation and ensure national water security. Against this backdrop, water companies may increase the use of unconventional water such as reclaimed water, seawater, rainwater, mine water and brackish water to seize the opportunity to expand business and reduce reliance on individual water sources and the costs resulting from unstable operations.	Water Resources	Medium/long term

Opportunities	Description	Business Segments Concerned	Time Horizons
<b>Popularisation of green consumption</b>	With progress made in publicity and popularisation in the green consumption recently, consumers are gradually developing green consumption behaviours and have higher demands and expectations for low-carbon and energy-saving properties and hotels. Enterprises may add more green design elements to their buildings and advance the energy-conservation transformation of existing equipment, to better cater to market demands and attract more potential consumers.	Property Investment and Development, Department Store Operation  Hotel Ownership, Operation and Management	Short/medium/long term
<b>Higher proportion of renewable energy</b>	With the promotion of electrification in final energy consumption, the use of multi-energy complementary distributed clean energy will become more common. The overall pattern and market development trend of China's regional development and energy enterprises will see significant changes. Energy enterprises can assist corporate customers in emissions reduction by providing them with renewable energy generation, carbon offset and other solutions, so as to invest in and develop new markets.	Energy Projects	Medium/long term
<b>Resource recycling</b>	The 14th Five-Year Plan on Highway Development takes conserving resources and using them efficiently as one of the key tasks to promote the green development of highways. Enterprises can reduce operational costs and improve business and environmental management performances while responding to national strategies by upgrading and reusing old equipment, promoting comprehensive utilisation of wastes and scraps, and advocating sewage recycling in service zones.	Road and Bridge	Short/medium/long term

Opportunities	Description	Business Segments Concerned	Time Horizons
<b>Emergence of green financial products</b>	Presently, green finance is experiencing booming development. Enterprises can issue green financial products to promote business growth and to alleviate financing difficulties and other problems through increasing the amount of financing. Meanwhile, innovative green financial products will help issuers diversify their fundraising channels and raise more funds to improve their environmental management capabilities and performance.	The Group	Medium/long term

## Climate Scenario Analysis

Climate scenario analysis is a useful method for assessing and managing climate-related risks. It helps to better predict potential impacts of climate-related risks, improve climate resilience, and determine emission reduction pathways. The Group conducted its first scenario analysis in 2023 for the water resources segment. And based on the analysis results, we made a comprehensive assessment of the segment's operational resilience to climate changes.

### Scenarios and Scope

Given China's dual carbon goals and the year by which the Group committed to meet its emission targets, we conducted a scenario analysis for the water resources segment, which contributed over 70% of our total revenue, using publicly available climate scenario datasets. And the time horizons of the scenario were defined as 2030 and 2060. In 2023, we developed and compared two climate scenarios following the principle of high comparability, balance, and science-based.

Low-emission Scenario (1.5°C – 2°C)	Scenarios	High-emission Scenario (above 4°C)
<p>The emission reduction pathway in this scenario is largely consistent with the goal of limiting the temperature increase well below 2°C as proposed in the Paris Agreement, as well as China's "dual carbon" targets.</p>	<p>Reasons for Selection</p>	<p>The highly comparative scenario depicts a future where climate change deteriorates due to a lack of practical climate action.</p>
<p>This scenario illustrates a sustainable society primarily reliant on clean energy. Assuming the world has recognised the severity of climate change, countries are intensifying their climate action efforts, immediately implementing strict policies and measures to reduce emissions. Technological advancements and heightened environmental awareness promote the transition to a low-carbon, low-energy consumption society. The market shifts towards more climate-friendly production and consumption patterns, and external stakeholders increase their demands for corporate climate action. Global carbon dioxide emissions are significantly reduced, but the pace of emission reduction is gradual, reaching net-zero emissions after 2050. By 2100, the temperature rise stabilises at below 2°C.</p>	<p>Scenario Narratives and Assumptions</p>	<p>The scenario follows the business-as-usual emission pathway, i.e., enterprises operate as usual without devoting additional resources in climate change response. It assumes that the global economic development still relies on fossil fuels, and countries stop announcing new climate policies and emission reduction goals, leading to increasing emissions and rising GHG concentrations. Over time, physical risks from climate change intensify sharply, the global climate-related risk index rises, weather patterns shift drastically, and extreme weather events are also more frequent and severe. By 2100, the global mean temperature rises by over 4°C.</p>
<p>The physical risk analysis will reference the Shared Socioeconomic Pathway (SSP) 1-2.6 scenario proposed by IPCC<sup>5</sup>. The transition risk analysis will reference the below 2°C scenario proposed by NGFS<sup>6</sup>.</p>	<p>References</p>	<p>The physical risk analysis and the transition risk analysis will be based on the SSP5-8.5 scenario proposed by IPCC and the Current Policies scenario proposed by NGFS, respectively.</p>

<sup>5</sup> The Intergovernmental Panel on Climate Change

<sup>6</sup> The Network of Central Bank and Supervisions for Greening the Financial System



## Scenario Analysis Results

The Group selected appropriate parameters and analysed the four high risks facing the water resources segment, namely typhoons, floods and waterlogging, energy mix and utilisation, and climate and environmental policies, in the low-emission and high-emission scenarios, respectively. Data used in the analysis was mainly from publicly available datasets of IPCC and NGFS<sup>7</sup>.

### Physical Risks

Risks	Parameters	Low-emission Scenario		High-emission Scenario	
		2030	2060	2030	2060
Typhoons	Number of landfall typhoons in China	Increase	Increase	Increase	Increase
	Average intensity of landfall typhoons in China	Decline	Decline	Increase	Increase
	Percentage increase in annual expected damage from typhoons compared to 2015 in China	4.2%	7.9%	5.6%	18.3%
Floods and waterlogging	Percentage increase in annual precipitation compared to baseline period <sup>8</sup> in China	3.2%	4.5%	3.6%	7.5%
	Percentage increase in annual expected damage from river floods compared to 2015 in China	20.3%	31.1%	22.2%	84.5%
	Percentage increase in annual maximum river flood depth compared to baseline period in China	26.1%	34.0%	30.1%	80.8%

<sup>7</sup> Given the accessibility of state-level data, the physical risk parameters were selected from the climate simulation and estimation data in the Coupled Model Intercomparison Project Phase 5 (CMIP5) of IPCC, and the quantity and intensity data of tropical cyclones in China was from open access journal paper.

<sup>8</sup> The baseline period was from 1986 to 2006.

Under the high-emission scenario, typhoons will become more frequent and more intense, and flood and waterlogging disasters will become more devastating. In this regard, we continuously improve the emergency management of typhoon and flood control, and strictly enforce the prevention and disposal of typhoon and storm emergencies. We also continue to improve the safe operation of projects, track and manage the operating conditions of facilities and equipment involved and take precautions ahead of time. In this way, we can minimise the impact of extreme weather events on the water resources segment and eliminate such impacts to the utmost.

### Transition Risks

Risks	Parameters	Low-emission Scenario		High-emission Scenario	
		2030	2060	2030	2060
Energy mix and consumption, climate and environmental policies	Share of primary energy consumption from renewable sources in global energy mix	14.3%	48.5%	11.4%	15.8%
	Share of electricity in final energy consumption in global energy mix	27.1%	62.8%	25.6%	36.0%
	Share of global electricity generated from renewable sources	71.6%	98.1%	61.5%	77.7%

Under the low-emission scenario, the global share of renewable energy will increase significantly. Meanwhile, countries will enact and introduce stricter climate policies and emission reduction requirements, accelerate the phase-out of energy-consuming and pollution-intensive equipment and reduce reliance on fossil fuels. Therefore, it is imperative for companies to transform themselves into green and low-carbon organisations. We pay close attention to domestic and foreign energy, environmental protection and other climate-related policies and regulations, adjust the corporate and operational strategies in time, and vigorously develop the “photovoltaics + water resources” technology. In this way, we are turning transition risks into new development opportunities.

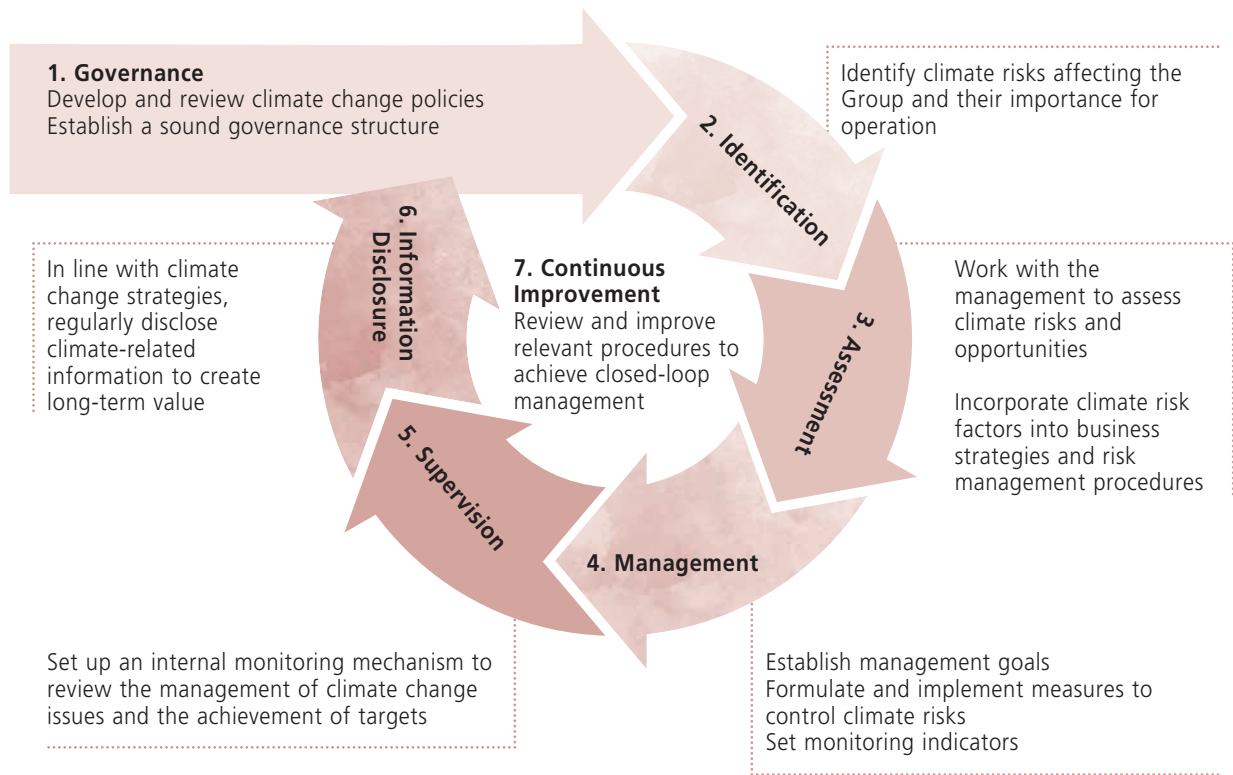
## Resilience Assessment

The results of the scenario analysis showed that the Group's water resources segment faces different levels of physical and transition risks under the low-emission scenario and the high-emission scenario. We will assess the climate resilience of the water resources segment in terms of resistance, recovery and robustness.

The Group is aware of the potential impacts of climate change on the operation of the water resources segment and has put in place adequate systems, plans and measures to address the challenges. In terms of resistance, we have integrated climate change into our operational strategy, formulated the Climate Change Policy and defined our climate-related risk management guidelines and processes. In terms of recovery, the water resources segment has formulated risk contingency plans in response to typhoons, floods and waterlogging and other climate-related disasters. In the plan, we have clarified procedures for risk warning, emergency response and post-event disposal to resume production in the shortest possible time. In terms of robustness, the water resources segment has never suffered any disruption to its operations or supply chain due to extreme weathers, nor has it been ordered to suspend production and rectify its operations due to violation of regulatory requirements or pollution of the environment. Therefore, the Group believes that the water resources segment is highly resilient to climate change at present. We will continue to enforce a series of climate actions to further enhance the resilience of the water resources segment.

# RISK MANAGEMENT

Based on the identification and assessment of potential climate-related risks and opportunities, the Group has established a comprehensive climate-related risk management process. With this, the management requirements and specifications of each critical step are clarified, and a closed-loop and efficient management mechanism covering the identification, assessment, response, inspection and updating of climate-related risks is developed. In this way, the Group's climate-related risk management capability and performance can be comprehensively enhanced.



GDI Climate-related risk Management Process

# METRICS AND TARGETS

The Group has fully assessed the carbon emissions of each business segment with interviews and data collection taking into account the current industry development. Meanwhile, the Group has set the following targets for the water resources, property investment and development, department store operation, and energy projects. We will continue to follow up on the progress towards the targets of each business segment and the difficulties in their execution, so as to do our utmost to achieve the environmental targets for the three business segments.

## Water Resources

- Strive for a 36% reduction in the carbon intensity (tonnes of CO<sub>2</sub>e/HK\$ million of revenue) of the water resources segment by 2030, against the FY2020 baseline.
- Strive to increase the proportion of renewable energy of Water Holdings to 25% by 2030.
- For Yue Gang Water Supply, the annual energy consumption per unit was 3.69 kWh/kTm, lower than the Company's target of 4.0 kWh/kTm and the industry standard of 4.53 kWh/kTm.

## Property Investment and Development, Department Store Operation

- Strive for a 36% reduction in the greenhouse gas emissions intensity (tonnes of CO<sub>2</sub>e/m<sup>2</sup>) of property investment and development, department store operation by 2030, against the FY2019 baseline.
- Strive for a 27% reduction in the overall energy consumption intensity (tonnes of standard coal/m<sup>2</sup>) of property investment and development, department store operation by 2030, against the FY2019 baseline.
- Strive for a 5% reduction in the water consumption intensity (tonnes/m<sup>2</sup>) of property investment and development, department store operation by 2030, against the FY2020 baseline.
- Maintain a non-hazardous waste recycling rate of 95% or above.
- Maintain a hazardous waste recycling rate of 60% or above.

## Energy Projects

- Strive to increase the proportion of renewable energy use in non-production areas of the Zhongshan Thermal Power Plant to 60% by 2030.
- Strive for a 36% reduction in scope 1 carbon emissions intensity (tonnes of CO<sub>2</sub>e/HK\$ million of revenue) of the energy project by 2030, against the FY2020 baseline.
- GDH Energy's environmental targets for 2023 were to achieve an ultra-low emission compliance rate, and the quarterly ultra-low emission compliance rate of both units reached 99%, meeting expectations.
- Strive for an 11% reduction in the water withdrawal for power generation (tonne/MWh) of the energy projects by 2030, against the FY2020 baseline. In 2023, the final volume of water withdrawal of GDH Energy was 7,571,700 m<sup>3</sup>, achieving the annual target of 8,480,000 m<sup>3</sup>.
- Strive for a 2% reduction in the coal consumption for power supply (g standard coal/kWh) of the energy projects by 2025, against the FY2020 baseline. In 2023, the annual coal consumption of GDH Energy for each unit of power supply was 306.22 g/kWh, successfully achieving the annual target of 307 g/kWh.

# Appendix I: ESG Key Performance Table

Environmental Area <sup>9</sup>		
Greenhouse gas emissions <sup>10</sup> and intensity data <sup>11</sup>		
Index name	Unit	2023
GDI Headquarters		
Greenhouse gas emissions (Scope 1)	Tonnes CO <sub>2</sub> e	21.72
Greenhouse gas emissions (Scope 2)	Tonnes CO <sub>2</sub> e	68.34
Water Resources		
Greenhouse gas emissions (Scope 1)	Tonnes CO <sub>2</sub> e	1,507.26
Greenhouse gas emissions (Scope 2)	Tonnes CO <sub>2</sub> e	339,603.94
Greenhouse gas emission intensity	Tonnes CO <sub>2</sub> e/Ten thousand HKD income	0.22
GDH Energy		
Greenhouse gas emissions (Scope 1)	Tonnes CO <sub>2</sub> e	2,961,109.26
Greenhouse gas emissions (Scope 2)	Tonnes CO <sub>2</sub> e	124.46
Greenhouse gas emission intensity	Tonnes CO <sub>2</sub> e/Ten thousand HKD income	16.29
Teem Group		
Greenhouse gas emissions (Scope 1)	Tonnes CO <sub>2</sub> e	1,910.77
Greenhouse gas emissions (Scope 2)	Tonnes CO <sub>2</sub> e	60,116.39
Greenhouse gas emission intensity	Tonnes CO <sub>2</sub> e/Square meter operating area	0.05

<sup>9</sup> The scope of environmental KPI data collection in 2023 is consistent with that in 2022, including: headquarters of GDI, water resources segment, GDH Energy, Teem Group, hotel business, and GDH Highway.

<sup>10</sup> The data conversion methods and coefficients is mainly referred to the *Appendix 2: Reporting Guidance on Environmental KPIs of the HKEX's How to Prepare an ESG Report*. The GHG emissions (Scope 1) are generated from the use of gasoline, diesel, piped natural gas and liquefied petroleum gas. The GHG emissions (Scope 2) are generated from internal consumption of purchased electricity. The GHG emission coefficient of purchased electricity is referred to the Notice on Carrying out Greenhouse Gas Emission Reporting and Verification for Selected Key Industries for the Years 2023-2025.

<sup>11</sup> Intensity values for each segment and the Group are calculated by taking the sum of the Group's operating income for the Year as the denominator, while intensity value of Teem Group is calculated by taking the sum of the operating and management area as the denominator.

Environmental Area <sup>9</sup>		
Greenhouse gas emissions and intensity data		
Index name	Unit	2023
Hotel business		
Greenhouse gas emissions (Scope 1)	Tonnes CO <sub>2</sub> e	376.65
Greenhouse gas emissions (Scope 2)	Tonnes CO <sub>2</sub> e	7,884.21
Greenhouse gas emission intensity	Tonnes CO <sub>2</sub> e/Ten thousand HKD income	0.13
GDH Highway		
Greenhouse gas emissions (Scope 1)	Tonnes CO <sub>2</sub> e	140.50
Greenhouse gas emissions (Scope 2)	Tonnes CO <sub>2</sub> e	925.29
Greenhouse gas emission intensity	Tonnes CO <sub>2</sub> e/Ten thousand HKD income	0.02
The Group		
Total greenhouse gas emission	Tonnes CO <sub>2</sub> e	3,373,788.79
Total greenhouse gas emission intensity	Tonnes CO <sub>2</sub> e/Ten thousand HKD income	1.39
Total energy consumption <sup>12</sup> and intensity data		
Index name	Unit	2023
The Group		
Direct energy consumption	Thousand kWh	9,076,435.41
Direct energy intensity	Thousand kWh/Ten thousand HKD income	3.68
Indirect energy consumption	Thousand kWh	716,679.92
Indirect energy intensity	Thousand kWh/Ten thousand HKD income	0.29
GDI Headquarters		
Total Petrol consumption	Thousand kWh	73.95
Total Diesel consumption	Thousand kWh	0.00
Total electricity consumption	Thousand kWh	119.82
Water Resources		
Total Petrol consumption	Thousand kWh	3,981.68
Total Diesel consumption	Thousand kWh	1,290.92
Natural gas consumption	Thousand kWh	9.77
Total electricity consumption	Thousand kWh	595,482.86

<sup>12</sup> The calorific value coefficient of non-renewable fuels (direct) refers to the *Guidelines of the Greenhouse Gas Emissions Accounting and Reporting for enterprises in Other Industries* and GB/T 2589-2020 the General Rules for Calculation of Comprehensive Energy Consumption.

Environmental Area <sup>9</sup>		
Total energy consumption and intensity data		
Index name	Unit	2023
GDH Energy		
Total Petrol consumption	Thousand kWh	142.25
Total Diesel consumption	Thousand kWh	402.97
Natural gas consumption	Thousand kWh	15.37
Total coal consumption	Thousand kWh	9,057,306.98
Total electricity consumption	Thousand kWh	218.24
Teem Group		
Total Petrol consumption	Thousand kWh	213.29
Total Diesel consumption	Thousand kWh	21.23
Natural gas consumption	Thousand kWh	9,215.65
Total electricity consumption	Thousand kWh	105,411.87
Hotel business		
Total Petrol consumption	Thousand kWh	311.30
Total Diesel consumption	Thousand kWh	390.26
Natural gas consumption	Thousand kWh	922.09
Total electricity consumption	Thousand kWh	13,824.67
GDH Highway		
Total Petrol consumption	Thousand kWh	337.37
Total Diesel consumption	Thousand kWh	63.09
Liquefied petroleum gas consumption	Thousand kWh	108.82
Total electricity consumption	Thousand kWh	1,622.46
Water consumption and intensity data		
Index name	Unit	2023
GDI Headquarters		
Total water consumption	Tonnes	1,931.18
Water Resources		
Total water consumption	Tonnes	26,097,595.15
Total water consumption intensity	Tonnes/Ten thousand HKD income	17.02



Environmental Area <sup>9</sup>		
Water consumption and intensity data		
Index name	Unit	2023
GDI Energy		
Total water consumption	Tonnes	7,776,075.00
Total water consumption intensity	Tonnes/Ten thousand HKD income	42.77
Teem Group		
Total water consumption	Tonnes	1,150,780.38
Total water consumption intensity	Tonnes/ Square meter operating area	0.95
Hotel business		
Total water consumption	Tonnes	185,054.00
Total water consumption intensity	Tonnes/Ten thousand HKD income	2.85
GDH Highway		
Total water consumption	Tonnes	31,016.00
Total water consumption intensity	Tonnes/Ten thousand HKD income	0.45
The Group		
Total water consumption	Tonnes	35,242,451.71
Total water consumption intensity	Tonnes/Ten thousand HKD income	14.56
Emission types and related discharge data <sup>13</sup>		
Index name	Unit	2023
GDI Headquarters		
SO <sub>x</sub> emission	Tonnes	0.000118
NO <sub>x</sub> emission	Tonnes	0.004183
Water Resources		
SO <sub>x</sub> emissions	Tonnes	0.01
NO <sub>x</sub> emissions	Tonnes	0.35
COD emission	Tonnes	4,410.20
COD emission reductions	Tonnes	47,007.94
Total phosphorus emission	Tonnes	85.02
Total phosphorus emission reductions	Tonnes	632.27
NH <sub>3</sub> -N emission	Tonnes	190.20
NH <sub>3</sub> -N emission reductions	Tonnes	5,011.88
Sludge treatment	Tonnes	46,094.75

<sup>13</sup> Sulphur oxide emissions are generated from the fuel consumption of company vehicles and liquefied petroleum gas consumption. Nitrogen oxide emissions are generated from the fuel consumption of company vehicles and liquefied petroleum gas consumption. In addition, the statistics of sulphur oxides and nitrogen oxides of the energy segment are the annual cumulative data monitored by coal-fired units on the environmental protection platform in real-time, which are not directly related to the consumption of petrol and diesel.

Environmental Area <sup>9</sup>		
Emission types and related discharge data		
Index name	Unit	2023
GDH Energy		
SO <sub>x</sub> emission	Tonnes	196.98
NO <sub>x</sub> emission	Tonnes	466.62
Smoke emission	Tonnes	36.82
Teem Group		
SO <sub>x</sub> emission	Tonnes	0.000374
NO <sub>x</sub> emission	Tonnes	0.011416
Hotel business		
SO <sub>x</sub> emission	Tonnes	0.001115
NO <sub>x</sub> emission	Tonnes	0.020578
GDH Highway		
SO <sub>x</sub> emission	Tonnes	0.000646
NO <sub>x</sub> emission	Tonnes	0.032418
Waste data		
Index name	Unit	2023
GDI Headquarters		
Hazardous waste generated	Tonnes	0.04
Hazardous waste recycled	Tonnes	0.04
Non-hazardous waste generated	Tonnes	0.80
Non-hazardous waste recycled	Tonnes	0.10
Water Resources		
Hazardous waste generated	Tonnes	13.84
Hazardous waste recycled	Tonnes	0.004110
Non-hazardous waste generated	Tonnes	168.36
Non-hazardous waste recycled	Tonnes	118.02

Environmental Area <sup>9</sup>		
Waste data		
Index name	Unit	2023
GDH Energy <sup>14</sup>		
Hazardous waste generated	Tonnes	81.40
Hazardous waste recycled	Tonnes	81.40
Non-hazardous waste generated	Tonnes	437,411.21
Non-hazardous waste recycled	Tonnes	437,066.09
Coal cinder generated	Tonnes	36,515.56
Coal ash generated	Tonnes	328,420.45
Gypsum generated	Tonnes	71,200.60
Teem Group		
Hazardous waste generated	Tonnes	1.94
Hazardous waste recycled	Tonnes	0.64
Non-hazardous waste generated	Tonnes	10,275.30
Non-hazardous waste recycled	Tonnes	9,558.87
Hotel business		
Hazardous waste generated	Tonnes	0.27
Hazardous waste recycled	Tonnes	0.23
Non-hazardous waste generated	Tonnes	82.06
Non-hazardous waste recycled	Tonnes	70.30
GDH Highway		
Hazardous waste generated	Tonnes	1.72
Hazardous waste recycled	Tonnes	1.72
Non-hazardous waste generated	Tonnes	27.77
Non-hazardous waste recycled	Tonnes	27.77

<sup>14</sup> In 2023, we optimised our data statistical approach, so the hazardous waste-related data of the energy segment increased compared with the previous year.

<b>Social Area<sup>15</sup></b>		
<b>Employee data</b>		
Index name	Unit	2023
Total number of employees of the Group	Persons	10,757
Total number of new employees of the Group	Persons	904
<b>Total number of employees by gender<sup>16</sup></b>		
Male	Persons	7,071
Female	Persons	3,686
<b>Total number of employees by employee category</b>		
Senior	Persons	331
Intermediate	Persons	1,155
Junior	Persons	9,271
<b>Total number of employees by geographical region</b>		
Chinese Mainland	Persons	10,548
Hong Kong	Persons	209
<b>Total number of employees by age group</b>		
30 or below	Persons	2,190
31-40	Persons	3,248
41-50	Persons	3,395
Above 50	Persons	1,924
<b>Total number of employees by employment type</b>		
Formal contract	Persons	10,640
Outsourced contract	Persons	103
Temporary and short-term contracts	Persons	14
<b>Total number of resigned employees by gender</b>		
Male	Persons	398
Female	Persons	268
<b>Total number of resigned employees by employee category</b>		
Senior	Persons	17
Intermediate	Persons	47
Junior	Persons	602

<sup>15</sup> The scope of social KPI data collection in 2023 is consistent with that in 2022, including: headquarters of GDI, water resources segment, GDH Energy, Teem Group, hotel business and GDH Highway.

<sup>16</sup> "Total number of employees" is the number of all employees of the Group's business segments as of 31 December 2023.

<b>Social Area<sup>15</sup></b>		
<b>Employee data</b>		
Index name	Unit	2023
<b>Total number of resigned employees by geographical region</b>		
Chinese Mainland	Persons	610
Hong Kong	Persons	56
<b>Total number of resigned employees by age group</b>		
30 or below	Persons	199
31-40	Persons	183
41-50	Persons	158
Above 50	Persons	126
<b>Total number of resigned employees by employment type</b>		
Formal contract	Persons	664
Outsourced contract	Persons	0
Temporary and short-term contracts	Persons	2
<b>Turnover rate<sup>17</sup> by gender</b>		
Male	%	5.63
Female	%	7.27
<b>Turnover rate by employee category</b>		
Senior	%	5.14
Intermediate	%	4.07
Junior	%	6.49
<b>Turnover rate by geographical region</b>		
Chinese Mainland	%	5.78
Hong Kong	%	26.79
<b>Turnover rate by age group</b>		
30 or below	%	9.09
31-40	%	5.63
41-50	%	4.65
Above 50	%	6.55

<sup>17</sup> Turnover rate = total number of resigned employees/total number of employees \* 100.

Social Area <sup>15</sup>				
Turnover rate by employment type				
Index name	Unit	2023		
Formal contract	%	6.24		
Outsourced contract	%	0.00		
Temporary and short-term contracts	%	14.29		
Employee training data				
Total training hours	Hour	352,873.95		
Average training hours <sup>18</sup> per employee	Hour	32.80		
Average training hours <sup>19</sup> by gender				
Male	Hour	31.92		
Female	Hour	34.51		
Average training hours by employee category				
Senior	Hour	40.24		
Intermediate	Hour	34.57		
Junior	Hour	32.32		
Percentage of trained employees <sup>20</sup>				
Male	%	96.29		
Female	%	97.31		
Percentage of trained employees				
Senior	%	96.98		
Intermediate	%	97.75		
Junior	%	96.49		
Health and safety data				
Index name	Unit	2023	2022	2021
Number of work-related fatalities	Persons	0	0	0
Rate of work-related fatalities	%	0	0	0
Number of work-related injuries	Case	5	13	11
Lost days due to work injury	Day	233	792.5	349

<sup>18</sup> Average training hours per employee = total training hours/total number of employees.

<sup>19</sup> Training hours per capita by relevant category = total training hours of relevant category/total number of employees of relevant category.

<sup>20</sup> Percentage of trained employees in the relevant category = total number of trained employees in the specific category/total number of employees in the specific category \* 100.

<b>Social Area<sup>15</sup></b>		
<b>Supplier Management Data</b>		
Index name	Unit	2023
North China	Company	415
Northeast China	Company	41
East China	Company	661
Central China	Company	152
South China	Company	4,673
Southwest China	Company	68
Northwest China	Company	13
Hong Kong, Macao and Taiwan	Company	179
<b>Product Responsibility data</b>		
Index name	Unit	2023
Number of service-related complaints	Case	6,904
<b>Anti-corruption data</b>		
Number of concluded legal cases regarding corrupt practices brought against the Company or its employees	Times	0
<b>Community Investment</b>		
Total of time spent on volunteer activities	Hour	428,172.20
Time spent on volunteer activities	Hour	336.20
Number of people participated in volunteer activities	Persons	2,430.00

# Appendix II: ESG Reporting Guide Index Table

ESG Indicator		Chapter
Mandatory Disclosure Requirements		
Governance Structure		
(i)	a disclosure of the board's oversight of ESG issues;	ESG GOVERNANCE
(ii)	the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and	ESG GOVERNANCE
(iii)	how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG GOVERNANCE
Reporting Principles		
Materiality	The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	REPORTING STANDARDS
Quantitative	Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	REPORTING STANDARDS
Consistency	The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	REPORTING STANDARDS
Reporting Boundary		
A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.		REPORTING SCOPE



ESG Indicator		Chapter
"Comply or explain" Provisions		
Aspect A1: Emissions		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p>Note: Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.</p>	RESOURCE MANAGEMENT ENVIRONMENTAL PROTECTION
KPI A1.1	The types of emissions and respective emissions data.	ESG Key Performance Table
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Metrics and Targets Environmental protection
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Metrics and Targets Environmental protection

ESG Indicator		Chapter
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Resource Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Metrics and Targets Resource Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Metrics and Targets Resource Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group is not involved in business that consumes any packaging materials.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	ENVIRONMENTAL PROTECTION
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ENVIRONMENTAL PROTECTION

ESG Indicator	Chapter
Aspect A4: Climate Change	
General Disclosure	<p>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</p> <p>ANNUAL FEATURED TOPIC: EFFORTS TO ADDRESS CLIMATE CHANGE</p>
KPI A4.1	<p>Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.</p> <p>ANNUAL FEATURED TOPIC: EFFORTS TO ADDRESS CLIMATE CHANGE</p> <p>CHAPTER FEATURED TOPIC: PROMOTING TRANSFORMATION TO LOW-CARBON WATER PROJECTS-CARBON NEUTRAL WATER PLANTS</p>
Aspect B1: Employment	
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p> <p>TALENT MANAGEMENT</p>
KPI B1.1	<p>Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.</p> <p>ESG Key Performance Table</p>
KPI B1.2	<p>Employee turnover rate by gender, age group and geographical region.</p> <p>ESG Key Performance Table</p>

ESG Indicator		Chapter
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	WORK SAFETY
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	WORK SAFETY
KPI B2.2	Lost days due to work injury.	ESG Key Performance Table
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	WORK SAFETY
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	TALENT MANAGEMENT
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	ESG Key Performance Table
KPI B3.2	The average training hours completed per employee by gender and employee category.	ESG Key Performance Table
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	TALENT MANAGEMENT
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	TALENT MANAGEMENT
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	TALENT MANAGEMENT

ESG Indicator		Chapter
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	SUSTAINABLE SUPPLY CHAIN
KPI B5.1	Number of suppliers by geographical region.	ESG KEY PERFORMANCE TABLE
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	SUSTAINABLE SUPPLY CHAIN
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	SUSTAINABLE SUPPLY CHAIN
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	SUSTAINABLE SUPPLY CHAIN
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	QUALITY ASSURANCE
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group's products and services are not subject to recalls for health and safety reasons.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	ESG KEY PERFORMANCE TABLE
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	QUALITY ASSURANCE
KPI B6.4	Description of quality assurance process and recall procedures.	QUALITY ASSURANCE
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	QUALITY ASSURANCE

ESG Indicator	Chapter
Aspect B7: Anti-corruption	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.
KPI B7.3	Description of anti-corruption training provided to directors and staff.
Aspect B8: Community Investment	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.

## 8 Appendix III: Explanations for Climate-Related Risks

Types of Risk	Risks	Definition
Physical Risks		
Acute risks	Typhoons	Climate change causes frequent and stronger typhoons (e.g., once-in-50-year, once-in-100-year strong typhoons or super typhoons), resulting in unceasing strong winds and heavy rainfall. Depending on the region, high-intensity typhoons may cause storm surges, waves and tides.
	Floods and waterlogging	Climate change has been increasing the number of days of heavy rainfall and the intensity of precipitation in most regions across China, resulting in flooding due to rising water volume and water levels in rivers and lakes and coastal regions, as well as flooding and inundation of land and houses due to untimely drainage.
	Cold waves	Climate change has resulted in more extreme cold waves, which are manifested in southern China with intense drop in temperature during the winter months and a greater likelihood of rain, snow and freezing events.
	Extreme-high temperatures	Climate change is increasing the frequency and probability of extreme high temperatures, as evidenced by an increase in the number of high-temperature days and the probability of heat waves during the year.
Chronic risks	Rising mean temperature	As a result of warming climate, our daily maximum and minimum temperatures will rise, the extreme cold period in winter may become shorter, the hot period in summer may become longer, so the temperature gap between winter and summer will be smaller.
	Rising sea level	Climate change is melting the polar ice sheets and expanding the volume of seawater, which will continue to increase sea levels in the long term.

Types of Risk	Risks	Definition
Transition risks		
Policy and Legal Risks	Energy mix and utilisation	Energy mix refers to the composition and mix of energy sources in the total energy production or consumption of a country or region. With climate change and continued growth in population and demand for electricity in the long term, governments will take more rigorous action to accelerate the low-carbon transformation of the energy mix by reducing reliance on fossil fuels and increasing the relative share of clean energy.
	Carbon trading	Carbon trading is a collective term for the trading of greenhouse gas emission rights, whereby the government sets carbon emission quotas (i.e., emission rights) for enterprises. Those enterprises whose emissions exceed their quotas need to purchase additional quotas from the emission trading market. Instead, enterprises which do not use up all of their quotas can sell their unused amount. In July 2021, China launched its National Carbon Emissions Trading Market, and the power generation industry became the first industry to be included in the national carbon market.
	Information disclosure	As climate change accelerates, regulators are demanding more environmental/climate disclosures from enterprises. Enterprises are required to disclose historical data such as energy consumption and carbon emissions on an annual basis in accordance with the listing rules and reporting guidelines set by the stock exchanges, such as the ESG Reporting Guide of HKEX.
	Climate and environmental policies	China attaches great importance to addressing climate change and preventing environmental pollution and has established a “1+N” policy framework for carbon peaking and carbon neutrality, as well as introduced a series of ecological and environmental protection-related systems. These include the Action Plan for Carbon Peaking Before 2030, the 14th Five-Year Plan for Building a Water-Saving Society, the 14th Five-Year Plan on Modern Energy System, and the 14th Five-Year Plan on Renewable Energy Development.



Types of Risk	Risks	Definition
Technology risks	Low-carbon technological transformation	<p>Low-carbon technologies generally refer to all technologies that reduce carbon emissions, including those achieving carbon reduction, zero carbon and carbon-negative by means of the cleaner utilisation of traditional energy sources, energy conservation and efficiency improvement, the utilisation of new energy sources, and the capture, utilisation and sequestration of greenhouse gases.</p> <p>China will support the application and promotion of low-carbon technologies and curb the reckless development of energy-intensive and high-emission projects by strengthening central budgetary investment and other financial support, financial and tax policy support, and resource and environmental measures, so as to achieve the dual-carbon goals.</p>
Market risks	Change in market demands	<p>The promotion of low-carbon and environmental protection will alter the public's consumption preferences, which will in turn affect market demand. As consumers gradually develop green consumption behaviours for clothing, food, housing, utilities, transportation and others, the demand side will effectively drive the green and low-carbon transformation throughout the entire life cycle of consumer products. This will accelerate green, low-carbon, environmentally friendly and recyclable innovation in all aspects of the supply chain, including design, procurement, production, sales and service.</p>
Reputation risks	Stakeholders' concerns	<p>As action on climate change involves a range of social participation, the public has paid increasing attention to and gained a better understanding of climate change, carbon emissions and other environmental issues. The capital markets also expect corporates to implement plans for energy conservation and emissions reduction. For investors, climate-related risk has become one of the major risks to be considered in developing investment strategies. Capital will be directed towards low-carbon industries and projects which address climate change, while being gradually pulled away from companies involved in negative environmental events, high carbon emissions or lack of disclosure of environmental information.</p>