China International Holdings Limited

2019 Sustainability Report

CONTENTS

Board Statement

The Board of Directors is pleased to present the 2019 Sustainability Report of the Group. As the Group's main business are in water treatment and distribution, this Sustainability Report will focus primarily on the water operations of CIHL (Tianjin) Water Development Limited during the year 2019.

The Board has identified the following factors that have significant impact on sustainability of our operations:

- Energy and Chemicals Consumption
- Health and Safety
- Training and Development
- Employee Engagement
- Customer Satisfaction

This Report comprises the following sections:

1. Corporate Development Update
2. Current Operations
3. Energy and Chemicals Consumption
4. Human Resource
5. Health and Safety
6. Customer Service and Community
7. Impact of Covid-19

1. Corporate Development Update

CIHL (Tianjin) Water Development Limited ("Tianjin Water" or "Company") is an integrated water supply company involved in the processing of raw water and reclaimed water, distribution of treated water for industrial and domestic no-drinking uses, and the provision of engineering services to customers in Tianjin, China. The Company owns its own processing plants and distribution networks. Tianjin Water was established in September 2004. It owns and operates the Beitang Water Plant and has recently commenced the operation of a new plant, the Xinhe Water Plant.

The Beitang Water Plant is located near Beitang Reservoir, and takes in raw water from Beitang Reservoir as well Huanggang No. 1 Reservoir and Huanggang No. 2 Reservoir. Beitang Water Plant commenced operations in March 2006. The water treated by Beitang Water Plant complies with the standard of non-drinking water for urban residential and industrial uses ("城市污水再生利用、城市杂用水水质标准").

The newly completed Xinhe Plant is located in the Industrial Development Zone for Tianjin Binhai Hi-tech and New-tech, and is designed to treat the water discharged from a third-party-owned sewage treatment plant to the standard of Tianjin Municipal Standard Class One A. The treated water is partly discharged and partly further treated to the standard of reclaimed water suitable for industrial and domestic non-drinking uses, using UF+RO processing technology. The reclaimed water is fed into the network of pipelines owned by Tianjin Water and sold to customers.

The Company's network of pipelines covers the core area of Tianjin Binhai New District (天津滨海新区), which is located between Haifang Road in the East and Tangjin Expressway in the West. It covers Beitang Hi-tech Zone, Tanggu Ocean Hi-tech Zone, Dongxigu Area, Xiangluowan Business District, Lingang Economic Zone, Tianjin Port Bulk Cargo Logistic Centre, Central New Town North District, Tianjin Avenue area, South New Town. It will be further developed in accordance with the urban development plans of the service area, which is approximately 300 square kilometers in size. Since its establishment, the Company through its water treatment services has contributed greatly to the development of Tianjin Binhai New District (天津滨海新区).

Xinhe Water Plant

Tianjin Water has successfully completed the whole project by the end of 2019. The project comprises two components. The first component is to treat discharged water from a third party sewage treatment plant. This extra treatment is necessary to enable the discharged water to meet the newly implemented Tianjin Municipal Standards before discharging. The second component, completed in 2019, is to further treat dischargeable water into re-usable water so that the treated water may be reused for industrial and domestic uses. The plant occupies an area of 20,016 square meters.

Chart 1: Gate of Xinhe Water Plant

Chart 2: No. 2 Equipment Room

Beitang Water Plant

Since 2018, the Beitang Water Plant has started to take water from the Huanggang No.2 Reservior as the Beitang Reservior, the previous source of raw water for the plant, had been reclassified by the government as water resources protection zone.

2. Current Operations

By the end 2019, Beitang Water Plant has reached annual production capacity of 100,000 cubic meters (m^3) per day. The Xinhe Water Plant has achieved operational capacity of 70,000 m^3 per day. During the year, the network of pipelines increased by 17.26 kilometers, to reach a total network size of 393.96 kilometers, serving 499 corporate customers.

The total area of plants and greenery watered by the water from our network has increased by 1.29 million square meters to reach 23.85 million square meters. Water used for watering plants and greenery was about 2.71 million m^3, accounting for 15.3% of total water supplied by the Company.

In 2019, the total number of residential customers serviced by the Company increased by 9,106 to about 101,000 homes. Residential consumption reached 1.28 million m^3 of water, accounting for 7.2% of total water supplied, while commercial and office use was 406,000 thousand m^3, and accounting for 2.84% of total water supplied in 2018.

In 2019, the number of commercial users increased by two, with total consumption of 0.6 million cubic meters of water, accounting for 3.4% of total water supplied.

In 2019, three new industrial and customers came on board, bringing total industrial customers to 19. Water supplied to industrial users amounted to 13.11 million m^3, accounting for 74.1%, an increase of 21.43% over 2018.

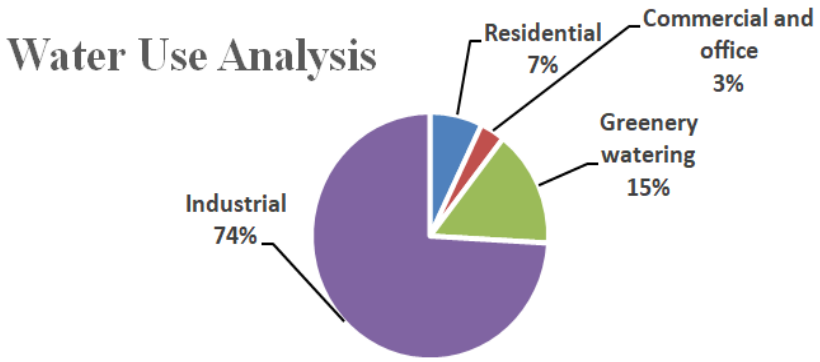

Chart 3: Distribution of Water Utilization

3. Energy and Chemical Consumption

The Company continually strives to increase efficiency in its consumption of energy and chemicals.

In 2017, the Company upgraded the automation for plant operations, improved safety and efficiency measures for operations, and implemented the remote monitoring of the plant operation and the distribution network on a 24/7 basis through centralized video links. This has resulted in higher efficiency and reduced costs.

The Company also upgraded the sanitation equipment to reduce chlorine use. This achievement has resulted in higher safety, lower maintenance requirements and better work conditions, thus ensuring smoother operations.

The Company has established energy and chemical consumption levels as key performance targets for

staff throughout the various processes of the operations. Monthly competitions are organized for work teams and extra incentive bonus is paid in accordance with the competition results at the end of year. The following tables and charts show the results of energy efficiency results achieved in 2019 compared to the previous year:

Year	Water Supplied(m3)	Electricity Used (kw.h)	Energy Consumption (kw.h/1000 m^3)	Increase
2018	16,916,298	2,423,736	143.28	
2019	17,416,541	2,573,169.6	147.74	2.58%

Chart 4: Energy Consumption Reduction

Environment Impact

The raw water and discharged water are main sources of raw materials for our plants. A number of chemicals are used in the process as purifying agents and sanitizing agents. The table below shows the current levels of chemical consumption in our plants:

Category	Names	Total Quantity (t)	Use per Unit (kg/1000m^3)
Purifying Agent	Poly Aluminum Chloride	295.52	16.96
	Sodium chlorate	49.10	2.82
Sanitizer	Hydrochloric Acid	144.26	8.28
	Sodium hypochlorite	226.90	13.03

Chart 5: Current Levels of Chemical Consumption

Target and Evaluation of Chemical Uses

Uses of chemicals depend on the characteristics of raw materials to be processed, ie, raw water and discharged water, as well as the standard for the products of process. External factors which influence the uses of chemicals include seasonality, weather, source of raw water, quality of raw water as well as users' requirements.

The Company has set targets for chemicals and energy consumption and the associated evaluation mechanism for the Beitang Plant. It is intended that a new system of chemical and energy management system will be established for the Xinhe Plant in 2020.

Chart 6: High Efficiency Sedimentation Tank and HABF Pool

Chart 7: Ozonation Contact Reactor

4. Human Resource

CIHL (Tianjin) Water has 63 employees and all employment contracts are signed in accordance to PRC Labor Laws.

Recruitment and Promotion

All employees are fully protected by the PRC Labor Laws. The Company seeks applicants through the open labor market and employs a merit based recruitment system. On-job training is provided to employees and staff are offered long term career development paths.

Salaries and Benefit

All employees are covered by social insurance and state pension(“五险一金”).Employees are also provided with subsidies in transportation, communication subsidies, paid annual leave as well needs-based financial aid.

The following tables list information of the age profile and job categories of the Company’s employees:

	Age Group	Numbers of Employees	Percentage
Male	30 and below	13	20%
	30< Age <=40	16	24%
	40< Age <=50	10	15%
	Above 50	7	11%
Female	30 and below	9	14%
	30< Age <=40	5	8%
	40< Age <=50	4	6%
	Above 50	2	3%

Chart 8: Employee Age Structure

Categories	Sex	No.	Percentage	Remarks
Senior Management	Male	3	100%	GM、Deputy GM
	Female	-	-	-
Middle Management	Male	6	75%	Manager
	Female	2	25%	Manager
Technical Staff	Male	1	20%	Chief Engineer
	Female	4	80%	Laboratory
Other Staff	Male	36	72%	
	Female	14	28%	

Chart 9: Employee Job Distribution

Corporate Culture

The Company has established a corporate culture which is focused on humanity, practicality, and a sound management system.

The Company promotes the corporate culture through different forms of corporate activities. There is an Employees Guidebook which provides guidance on all aspects of operations. Staff and management are required to comply with all rules set out in the guide book.

The Company highlights our company logo and other identification tools in the office and other business environment and holds corporate events to promote corporate culture and staff bonding on a regular basis.

New Honors Received

Chart 10: Opening Ceremony of Tianjin Environmental Governance Chamber

5. Health and Safety

Health

The Company provides employees with free annual health checks.

Safe

The Company has set up a safety operation system and put in place measures for enforcement. For pipeline network maintenance, the Company adopts regular patrols, together with a centralized video monitoring system. In the water plants, proper fences are set up around the water pools and life vessels placed inside the pools. There are warnings systems in the plants to highlight various risks. When entering work space, each work team must comprise at least two members walking together. Wearing

of life jackets and reporting to central monitoring office in and out of work space are compulsory standard procedures.

In the past three years, the Company has recorded no incidents of death or injury to its workers.

The Company has also established relevant model code for safe operations and protection measures. Stringent inspection rules have been set up for network monitoring and maintenance. For example, a security surveillance camera system with alarms has been installed to cover all areas in our water plants. Our protection facilities include protection bars over precipitation pools, lifebuoys in designated places, water level alarm, alarm in chlorine room, and safety goggles. When working at precipitation pools, all staff are required to notify the central control room before entering the room and live monitoring is activated during the entire process from the central control room. Staff must work in pairs and wear safety jackets in that room. All new joiners must pass a swimming test and other safety tests. We have adopted a practicable emergency management plan. The Company emphasizes on strict compliance in model code for safety operations with adequate protection measure and regular maintenance and repair to our facilities to ensure safety.

Our philosophy has always been “Safety Production” when it comes to production. We are active in adopting all relevant rules and guidelines established our supervisory bodies, especially the “Notice on Commencing Deep Safety Operation Inspection” set by the Water Authority and Safety Committee of Binhai New District. We have established a safety operation team and a network safety operation team respectively headed by our Vice General Manager and internal supervisory department. A rewards system has also been established to encourage compliance.

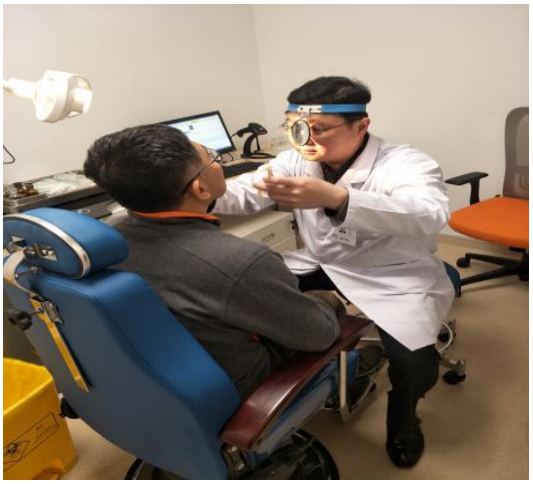

Chart 11: Employee Health Checkup

Chart12: Safety Training

Training and Development

The Company trains new employees before deploying them to their jobs. The training covers skills, work environment, process, as well as corporate culture. The purpose is to allow new employees to team up quickly with experienced employees.

On-job training involves training in the area of specialized skills, fire-fighting, and specialized technology. We also provide work related training courses, including fire drills, safety knowledge, technical skills, etc., to improve our staff's operational skills and professional quality.

Chart 13: Training and Communication Meeting with WPG about Smart Water Management System

Chart 14: Visit to Beitang Sewage Plant

Chart 15: Visit to Gangdongxincheng Sewage Treatment Plant

Chart 16: Attend Technical Training Session

Chart 17: Attend Chemical Analysis and Inspection Training

Work Environment

Chart 18: Office of Zhongxiang Tianjin Plant

Chart 19: Central Control Room of Beitang Plant

6. Customer Service and Community

In April 2018, The Company opened a customer service centre in Tianqi International Centre in Xianglongwan Business District to provide comprehensive customer services on site.

Customers can make payments via ATM at 8 branches of the Bank of China 24 hours a day.

There is a professional after-sales service and maintenance team who sees the needs of our customers. In 2019, our customer call centre handled a total of 29,559 services requests from and to our customers, including 12,266 calls from customers,199 wechat messages from customers and 14,029 calls to customers.

The Binhai New District is undergoing rapid development and construction. We anticipate that the demand of fresh water for social economic and environmental use will increase rapidly. Scarcity in fresh water in the Binhai New District may emerge over time. The Company will provide quality and efficient service with a constant focus on rigorous management and stable production with the aim of building water-conservation awareness community in the area that we operate.

Chart 20: Water Service Center of Zhongxiang Tianjin Plant

7. Impact of Covid-19

The outbreak of Covid-19 took place in Wuhan, Hubei Province, at the end of 2019. It did not impact on the Company until around the Chinese New Year in late January 2020. Throughout the period, the Company has maintained continued supply of water to our customers. The water usage has declined due to slower pace of activities of our customers, resulting from the shutdown of many sectors of the local economy. The Company complies fully with government regulations for the utility industry. Since the beginning of April, the Company has resumed the engineering and construction work after receiving government approval. The operation of engineering and construction activities and the accommodation of workers are now subject to strict hygienic and social distancing requirements. There has been no infection involving our employees and their family so far.

Chart 21: Leaders of Binhai New District to our company to inspect the epidemic prevention situation

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