



2022 ESG Report

Statement of the Board of Directors

This report covers environmental, social and governance (“ESG”) issues for 2022. In this report, no specific reporting standard has been chosen, as we are still studying which popular standard suits China International Holdings Limited and its subsidiaries (the “Group” or “Company”) better. We expect that we will decide which standard to adopt in 2023. This report covers the activities of CIH (Tianjin) Water Development Co., Ltd. a 60% owned subsidiary of the Company, while excluding the activities of KYWJ Group which was a 50%-50% property development joint venture managed by our partner. The Company’s ownership in KYWJ was sold towards the end of 2022. The Company has issued sustainability reports in the past four years from 2018 to 2021, the data from which have been consistent and utilized by this report for 2022.

The Board has engaged Crowe Horwath First Trust Advisory Pte Ltd (“Crowe”), a reputable professional firm specialising in audit and risk solutions, to assist the Board in its review of the adequacy and effectiveness of the Company’s internal control systems in relation to sustainability reporting.

The scope of the services is to review the operations related to the development of sustainability report. The findings are presented to the AC for its deliberation and recommendation to the Board. There are no significant weaknesses reported.

The Company has established a system to manage the ESG issues for the long term. The system include a special committee at the board level including one non-executive director and one executive director, and a working group comprising of four members including two female members. The board committee is responsible for advising on key policy issues regarding sustainability. The working group is responsible for the day-to-day work on sustainability under the guidance of the board and the board committee. The committee and the working group are to report to the board on semi-annual basis. The Company will engage external professional consultants to advise the Company on sustainability issues.

The Company has established a long-term sustainability business strategy that is to re-shape the Company as a renewable water supply company. The Company is transitioning from a water company relying mainly on surface and ground water sources to mainly using treated waste water. The Company will still use surface and ground water as supplemental and back up sources of raw water.



The Company has adopted a long term of consulting our key stakeholders on group's operation and development. Our key stakeholders include our customers, our employees, the relevant regulatory bodies, local communities, our shareholders and banks, as well as our suppliers.

As our business has been in a process of re-positioning, we have yet to establish targets for carbon emission reductions. We expect we will be able to set our carbon policy targets in the coming year. We are currently in the process of implementing mandatory climate reporting based on the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), and will report on our progress in the following year.

As disclosed in our Corporate Governance Report, the Company has adopted a policy of board diversity. However, we are still working hard to fulfill our target of board diversity. We endeavor to make progress in board diversity in the near term.

The Company has identified a contact person for ESG matters: Ms Liu Xuan Min Shirley, Contact number : 8610 - 88578870, E-mail: cih@cihgrp.com.



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1. Company Profile

CIHL (Tianjin) Water Development Co., Ltd (“CIHL Tianjin”), founded in September 2004, is a water company engaged in the production, transportation, and sales of water to industry, household and other users, sewage treatment, waste water recycling and the construction and maintenance of supporting pipeline networks. CIHL (Tianjin) is currently the largest renewable water producer and supplier in the Binhai New District of Tianjin, China.

It owns Beitang Water Plant and Xinhe and Reclamation Plant (Upgraded Wastewater Treatment), both in operation. The former is located on the east side of Beitang Reservoir, with Huanggang Reservoir No.1 and No.2 as its water sources. It was put into operation in March 2006, and its treated water meets the standard for “urban wastewater recycling and urban miscellaneous water consumption” (GB-T18920-2020) issued by the Ministry of Housing and Urban-Rural Development. The latter, located at 6153, Yunshan Road, Xinhe Street, Binhai New District, treats the discharged water from Xinhe Wastewater Treatment Plant owned and operated by a third party from the national First-Class A Standard to a the Tianjin’s First-Class A Standard (DB12/599-2015). It was commissioned on December 12, 2019, and was officially put into use in 2020. The water it discharges as per the upgraded standards is then re-treated with the UF-plus-RO process to meet the standard for “urban sewage recycling and urban miscellaneous water consumption”, the standard for water consumption in industry, landscaping, households, and road sprinkling.

The Company’s water pipeline network starts from Beitang and Xinhe water plants, and carries water all the way to Lingang Industrial Zone in the south, Haifang Road in the east, and Tanggu-Tianjin Expressway in the west, covering Beitang area, Tanggu Marine High-tech Park, Yujiapu Financial District, Tianjian Commercial District, Donggu and Xigu area, Xiangluo Bay Central Business District, Lingang Economic Development Zone, Tianjin Port Bulk Cargo Logistics Center, Northern Cluster Start Zone of Central New Area, Tianjin Avenue and its vicinity, and Southern New Area. In light of the regional development progress, we will lay down more reclaimed-water supply pipelines as planned. Our current water supply area covers about 300 square

kilometers. At the same time, the supporting services and facilities for the reclaimed-water pipeline network in the Tangu zone of Binhai New District are being advanced in an orderly manner.

2. Business Scale

By the end of 2022, Beitang Water Plant was able to generate 50,000 cubic meters of water per day, Xinhe sewage upgrading treatment capacity of 70,000 cubic meters per day, and Xinhe Wastewater Reclamation Plant generate 50,000 cubic meters of reclaimed water per day.

In 2022, about 37.90 kilometers of water supply pipelines were added, bringing the total pipeline length to 547.63 kilometers, supplying water to 591 enterprises.

The total water consumption in 2022 was 6,207,400 cubic meters. The breakdown is as follows:

- Landscaping and greening: 18 such enterprises were added in 2022, and the greening area increased by 195,500 square meters, bringing the total greening area covered by water supply to 25,821,200 square meters, and their annual water consumption was 1,531,700 cubic meters, accounting for 24.68% of the total.
- Household water consumption: 3,582 household users were added in 2022, bringing the total of household users to about 117,000, which consumed 1,550,800 cubic meters of water, accounting for 24.98% of the annual total.
- Commercial and other water consumption: With 9 more users added in 2022, the annual water consumption stood at 385,500 cubic meters, accounting for 6.21% of the year's total.
- Water consumption of industrial enterprises: With one client loss in 2022, there are 18 industrial enterprises we serve, which consumed 2,739,400 cubic meters of water, accounting for 44.13% of the year's total.

Comments: The total water consumption in 2022 fell by 47.4% from 2021. First, on the customer side, Zhongda ENERSAVE, one of our biggest water consumers, was relocated to a area outside of our service and terminated its account in February 22. Another two big industrial users, Nanjiang Power Plant and Anbien both saw drastic drop in their water consumption, by 27% and 66%, respectively, compared with the previous year. In addition, the summer of 2022 was rainy, with abundant rainfall, reducing the water consumption for watering trees and seedlings.

3. Corporate Social Responsibility

3.1 Covid-19 response

Since the outbreak of Covid-19, we have attached great importance to epidemic prevention and control, and taken every measure possible to prevent the spread of the virus, including sourcing, stocking and supply of anti-epidemic supplies, distributing personal protective equipment to employees, strengthening anti-coronavirus inspection and communication at customer-facing links, and formulating detailed anti-coronavirus protection processes, rules and response plans. All this helped ensure our orderly, normal business operations. As an essential business, we actively responded to the call of local water authority and mobilized employees to sign up for vaccination in December 2020. By December 2021, all our staff members had received the booster shot, with the vaccination rate of 100%.

In 2022, we continued our efforts in this regard. It turned out that we had the most severe epidemic situation in 2022. Our factory area was closed in January, April, and then September and October for Covid-19 control in 2022. Our employees took the nucleic acid tests as demanded by the city and sub-district authorities, with the number of such tests reached close to 100 times at most per person. The hardest time was from the end of September to the early of October, lasting for nearly a fortnight, when Tanggu of Binhai New District, where the company is based, was in full lockdown. At that time, we had to ensure the supply of essential goods for workers still on duty, and moreover properly allocate production materials to meet employees' demand. To ensure reliable supply of materials, we collected staff needs and the operation and maintenance

needs in advance, and applied to the relevant authorities for e-passes for our essential workers. The use of these passes was strictly controlled, and the time of travel, and the seat of each passenger on board were accurately recorded. Due to the dynamic management of these vehicle passes, we timely informed relevant personnel of the expiry time of the pass. We also designated personnel to collect logistics service needs and as much supply route information as possible, to ensure sufficient supply of good-quality sourced materials. Due to the frequent rebound of infections, most of our employees experienced lockdown at various degrees as their residential buildings or neighborhoods was designated as medium or high risk areas throughout the year. In response, we kept track of the risk level of employees' residential building/neighborhood in real time, and demanded employees in medium-risk or high-risk areas to strictly follow local epidemic control policy. Our employees in lockdown all duly complied with the epidemic control requirements. At first, employees only worked from home when they could; later as work-from-home became the new normal, it was adopted by all staff members in lockdown areas. We designated personnel to collect their information and report the data to the grass root community workers and local authorities in real time. In addition, the project team of the Lingang Water Plant under construction actively responded to the call of the government, resolutely implemented Tianjin's epidemic prevention and control policy for construction sites, stocked sufficient anti-epidemic supplies and essential goods, closed the construction site off to non-staff visitors, and tested all personnel on site once every three days as required by the engineering construction project management center. We followed the advices of the Tianjin Port Free Trade Zone Epidemic Prevention and Control Steering Group, thoroughly sanitized construction sites, offices and living quarters every day, and took and uploaded photos of disinfection work for supervision and guidance. During the epidemic, we received four on-site inspections from the Special Team for epidemic prevention and control in Binhai New District, and were highly spoken of by the Special Team. During the construction process, we received the epidemic control supervision and guidance from the engineering construction project management center of Tianjin Port Free Trade Zone. The anti-epidemic officer of the project team did a great job, reported the list of workers working on the site every day, checked the travel history code



and health code of the new hires as required and organized nucleic acid tests for all workers on the construction site. By July 2022, 19 rounds of on-site nucleic acid testing were organized, with a total of 1,185 tests. Thanks to the understanding and support of all workers, the Lingang Water Plant project team reported zero infection during the construction, and continued construction work as scheduled, managing to protect the health of workers and ensure the smooth progress of construction work at the same time.



3.2. Ensuring operations while fighting the epidemic

- The water plants experienced three lockdowns in 2022, during which, the company ensured sufficient supply of materials needed for the daily life of employees and normal operations of the plants.
- An inspection visit by a delegation from Zhonghuan Electronics, a potential industrial customer.
- A joint random inspection by Tianjin Municipal Administration for Market Regulation, Binhai New District's Water Authority, Ecology and Environment Bureau and Tax Service.
- The joint inspection on September 6 checked the company's place of registration, business place and office; production and operation ledger and data; pollutants, solid waste, hazardous waste and the online operation of pollution source equipment in the factory area; financial accounts and tables, etc. The inspection team affirmed the company's overall operation,



and concluded that our production and operations met relevant requirements.

4. Business Performance

4.1. Strategic investment

➤ Tianjin Lingang Water Co., Ltd.

Funded and operated by Tianjin Lingang Water Co., Ltd., the Lingang Water Plant project is located in the northwest of Lingang Economic Zone (North) of Tianjin Port Free Trade Zone, and adjacent to Qingyuan Water Reclamation Project in the east, to a bus station in the south, Bohai 17th Road in the west, and the planned Taijiang West Road in the north, covering 10,595 square meters (about 15.89 *mu*). The lot is held by Tianjin Lingang Water Co., Ltd. The project is expected to supply 25,000 m³/d in the near term (including 5,000 tons/d for advanced treatment), and 45,000 m³/d in the long term (including 5,000 tons/d for advanced treatment). The existing pipeline network has reached 80.2 km.



From the start of construction, all related work went on in an orderly and smooth manner. Through the concerted effort of the supervision unit, the construction unit and our on-site supervision and management personnel, the project passed the acceptance check on July 28, 2022, and the water and power supply equipment in the pump room was successfully commissioned. The project went into trial operation in September, and met the expected operation target, marking the completion of the construction period of the Lingang Water Plant. We are filing the project's joint acceptance check materials to the



relevant authorities for planning, fire protection, civil air defense etc., and following up arrangements for the joint acceptance check of the project in an orderly manner.

In 2022, the project's engineering construction work mainly included outdoor engineering, process pipeline engineering, and decoration and furnishings, with small construction sites and many cross-construction operations. After several rounds of communication, we formulated a detailed construction plan and coordinated cross-construction operations to meet the construction schedule milestones in an orderly manner. The contractor and sub-contractors cooperated efficiently with each other and did a good job to ensure all the work was completed ahead of schedule with high quality, with zero enforced idleness, stoppage, and rework.

In addition to ensuring the project's construction quality, construction site safety is another important task of the supervision and management team, and the prerequisite of construction progress and quality. The safety principle was observed throughout the project. Every day before construction started, a crew meeting was called to instill the safety principle deeply among the construction workers, and prevent negligence of safety duty and illegal operations.

We did a good job in educating staff on safe electricity use on the construction site, and checked electrical equipment on a daily basis to identify and eliminate safety hazards in a timely manner. The daily morning meeting was photographed and the photos were uploaded to local engineering construction project management center for supervision of construction site safety.

We earnestly implement the hot-work procedures, verify the qualification certificate of new hires, and make sure that every worker in hot-work positions have the required qualifications. We also demand them to receive a full safety training course before they start work. No project is allowed to start construction before they receive the hot work permit from the project department. During the project's construction process, we increased the frequency and intensity of patrol inspection and ensured the smooth completion of the welding of pipelines and wrought-iron guardrails.

During the construction process, in addition to strengthening the supervision

and inspection of construction quality and safety, and epidemic prevention and control, the project team doubled down on supervision and inspection to ensure logistics support for the construction workers, and urge construction units' to make sure the kitchen and dining room were clean and hygienic, the food was delicious and served in large portion to satisfy the hungry workers, the toilets were cleaned every day, the fly and mosquito repellent sprayed, and check water and electricity safety in the office area and living area every day, to create a clean, hygienic, comfortable and safe living space for workers. By the time of the acceptance check of the project, there was zero food safety incident.

➤ CIHL (Tianjin) Water Meter Testing Station

In recent years, Tianjin has reduced the number of water meter testing sites, affecting the company's water meter testing business. Since 2020, we have reported the issue to Tianjin Administration for Market Regulation repeatedly, and received the attention of leaders in charge, and a filed visit from them in March 2020. Thanks to the coordination and help of Tianjin Administration for Market Regulation, according to the Metrology Law of the People's Republic of China and the Rules for the Examination of Measurement Standards, we received the Measurement Standards Examination Certificate from the Binhai New District Administration for Market Regulation in March 2021, and began to prepare for the station construction in May 2021. According to relevant requirements, we selected the water meter testing devices, formulated the quality control documents and procedure manual, and passed the assessment conducted by Tianjin Institute of Metrological Supervision and Testing on the water meter testing devices, environment, personnel, control procedures, etc. With the authorization of the Binhai New District Administration for Market Regulation, the testing station officially began to conduct water meter testing in November 2021, and passed the city's measurement value comparison of testing equipment in 2022. In 2022 alone, it tested 13,945 water meters in 14 batches, out of the 19,485 water meters received. Since its opening, it has tested 15,945 water meters in 18 batches. All the testing was conducted in strict accordance with the quality control process, and the number of water meters tested can meet the needs of the Company.

5. Environmental Improvement

CIHL (Tianjin) Water Development Co., Ltd. has been specialized in the value-added services of urban reclaimed water utilization in Binhai New District, and is currently Binhai's largest reclaimed water company. We undertake and fulfill our corporate social responsibility. In 2022, we supplied 8.781 million tons of treated wastewater up to the upgraded treatment standards to the reclaimed water pipelines, 627,000 tons of reclaimed water from Beitang Water Plant, totaling 9.41 million tons. As of December 31, 2022, we had supplied a total of 183.21 million tons of reclaimed water to Binhai New District, and 110.86 million tons of treated wastewater that met the upgraded treatment standards. This year, our water plants shared resources and followed centralized allocation and scheduling, so as to meet the growing demand of users for reclaimed water, reduce the amount of groundwater extracted and administrative costs, contributing to mitigating the ground surface settlement of Binhai New District.

Water quality improvement

- Beitang Water Plant purifies natural water bodies

Has treated and purified 613,490 tons of raw water.

- Xinhe Wastewater Reclamation Plant treats reclaimed water bodies

Has purified 8,780,541 m³ of reclaimed water.

In 2021, it supplied reclaimed water to 117,000 households and 591 connected commercial and industrial users.

- Xinhe Wastewater Treatment Plant treats water bodies as per upgraded standards

In 2022, it treated 21,880,728 m³ of wastewater according to the upgraded standards, and 1,893.44 tons of sludge, and cut the COD emissions by 437.61 tons, BOD emissions by 87.52 tons, ammonia nitrogen emissions by 89.36 tons, and SS emissions by 109.40 tons.

Total waste generated

In 2022, a total of 1893.44 tons of sludge was treated and 1.3551 tons of hazardous waste and solid waste generated by laboratories and online

monitoring systems were all properly disposed of and treated by specialized companies.

Carbon emissions:

- In 2022, our electricity consumption for production purpose increased by 485 kwh and carbon emissions by 483 kg compared with 2021;
- vehicles consumed about 11,214 liters of gasoline and emitted 8,803 kilograms of carbon emissions;
- and the total carbon emissions for the whole year stood at 9,286 kg

5.1 Beitang Water Plant

In 2022, Beitang Water Plant strictly followed the regulations and rules governing the water source conservation zone where the Plant is located, and kept a register of all vehicles in and out of the site. To ensure that no industrial and domestic sewage is discharged to the area outside the Plant, it permanently blocked its sludge outlet, recycled all on-site wastewater using the sludge sedimentation tank and de-sludge devices, and hired a qualified third-party company to ship out the sludge generated in the production process for harmless treatment according to the contract signed. The water supply for its production and operations for Xinhe Plant and Beitang Plant are all managed from Xinhe Plant site through remote automation. By the end of 2022, Beitang Water Plant had reduced the consumption of ground raw water by about 146.662 million m³, making an outstanding contributions to Binhai New District's drive to build a water-efficient society.

5.2 Xinhe Water Plant

Xinhe Water Plant started to operate according to the upgraded treatment standards from January 1, 2018 on a trial basis, and passed the government acceptance check and went into commercial operation in April 2020. Since then its equipment and facilities have remained in good condition and the operationally safe and stable. By the end of 2022, it had replaced the consumption of about 36.553 million m³ of fresh raw water resources, contributing to sewage recycling and reuse in Binhai New District. In addition,

in the flood season, the Plant can use the existing raw water regulation tank, denitrification filter, aeration tank, high-efficiency sedimentation tank as temporary reservoirs to harvest and store rainwater and effectively regulate flood peaks. Meanwhile it can supply reclaimed water to the water supply pipelines directly to customers, reduce the amount of water discharged according to the upgraded standards, relieve the flood pressure on local rivers, reduce the load of urban sewage pipeline network, prevent sewage overflow, and ensure the safety of people's lives and property, thus playing an active role in protecting Binhai New District from floods.

5.3. Technological innovation

➤ The cloth-cleaning outlet of the turntable filter

The filter cloth of the turntable filter has a short life as it is often damaged and has to be replaced frequently, which adds to the cost of water treatment, operation and maintenance. To address the issue, we relocated the position of the cleaning outlet, and adjusted the gap between the contact surface between it and the filter cloth, to reduce the friction between them and thus the damage to the filter cloth and reduce the operational costs as a result.

➤ Renovation of the mixed water pipelines of the suction well

The suction well of Xinhe Wastewater Reclamation Plant mixes raw water compliant with National First-Class A Standard with reclaimed pure water, and pumps the mixed water to the users. Before renovation, it was designed that the reclaimed purified water entered from the bottom of the east side of the pool, and the raw water from the upper part of the west side of the pool, and the two streams of water could not mix evenly, resulting in unstable conductance and drastic fluctuations during water supply. The new design blocked the raw water pipeline in the pool, added a T-joint to it before it reaches the pool and extended the pipeline eastward into the pool from the north side of the top. Another T-joint was added at the pure water inlet to connect with the raw water pipe, so that the two streams of water could enter the pool from one water inlet at the same time. The pipeline mixer was installed at the water inlet. Through the renovation, the water quality in the suction well is evenly mixed to ensure the quality of water supplied to pipelines.

6. Employees

By the end of 2022, we had signed the labor contracts with 73 employees in accordance with the law, and worked hard to improve the skills of employees and cultivate their innovation spirit.

6.1 Recruitment and promotion

The Company strictly follows the requirements of labor laws and regulations, and all members of our senior management team are Chinese citizens. We recruit and dismiss employees in accordance with the Labor Law and safeguard the lawful rights and interests of all employees. We adhere to the basic principles of transparent recruitment, fair competition and merit-based recruitment, expand recruitment channels, and value career planning, job assignment, management and training of employees. Mechanisms are in place to ensure reasonable and smooth talent flow, including recruitment and dismissal, promotion and demotion. All this is to make sure that we find the right person for every job and tap the full potential of every employee.

6.2 Remuneration and benefits

We provide comprehensive welfare for employees, pay for the “five insurances and the housing provident fund”, according to law, and provide a safe, comfortable and clean office space, and complete personal protective equipment. We also offer travel and telecommunications expense subsidies, subsidies on major holidays and financial aid to employees in need. Each month we distribute pre-paid cake cards for employees whose birthday falls in that month. On the first day of the Lunar New Year, the executives will visit the frontline employees still on duty and give them red envelopes.

We fully implement the paid leave policy, and grant employees paid leaves during national statutory holidays and annual leaves. We offer dormitories for non-local employees, and there is a dining hall at the water plant, meeting the basic living needs of our employees. There is also a leisure room for employees to relax and hang out with each other in their spare time.

6.3. 1 Number of employees by gender and age group in 2022

Age group	2022 number	Proportion of annual age structure (%)	2021 number	Percentage of increase
Men aged 30 and under	9	12	11	-18
Men aged between 30 and 40 (inclusive)	21	29	19	11
Men aged between 40 and 50 (inclusive)	11	15	14	-21
Men aged above 50	12	16	8	50
Women aged 30 and under	5	7	7	-29
Women aged between 30 and 40 (inclusive)	8	7	8	0
Women aged between 40 and 50 (inclusive)	5	7	4	25
Women aged above 50	2	3	2	0

Remarks: This year we added one more person to the workforce who is a male in the age group of 30 and under.

This year one employee resigned who is a female in the age group of 30-40 (inclusive).

6.3.2 Job Distribution in 2022

Category	Gender	Quantity	Proportion	Remarks
Senior management	Male	3	100%	General Manager Deputy General Manager
	Female	0	0%	-
Middle management	Male	7	78%	Director or above
	woman	2	22%	-
Technical staff	Male	1	20%	Chief engineer
	woman	4	80%	Laboratories
Other personnel	Male	41	73%	-
	woman	15	27%	-



6.3.3 Employee Ratio by Gender, Local Employee Ratio and Annual Turnover Rate of 2022

Total number of employees	73
Men	53 (73%)
Women	20 (27%)
Proportion of local employees	83%
Annual employee turnover rate	1.4%

6.4. Occupational health and safety

In 2022, as the epidemic prevention and control measures became normal, we paid equal attention to safety and production, and ensured the workplace safety with high efficiency.

In 2022, we strictly implemented the government's anti-covid policy. In early December, as the epidemic situation turned for better, the epidemic control policy was gradually loosened, only to be followed by another outbreak. In response we sourced over-the-counter medicines treating fever, inflammation, pain, cough, etc. for employees, and at the same time ensured normal operations. We granted an additional two days of paid leave for infected employees. In the previous three years, we reported zero infection and zero suspected case among employees. As of the end of 2022, after most of the epidemic control measures were lifted, less than 80% of our employees were infected. In the fight against Covid-19, we fulfilled our mission and social responsibility, and effectively protected the health and safety of employees.

- Sufficient labor protection supplies: In order to effectively protect the health and safety of employees, we purchased protective equipment and facilities needed for production and operations and demanded workers to strictly follow safety protocols.
- Sufficient anti-epidemic supplies: We regularly replenished the inventory based on the inventory check and the epidemic prevention and control needs, including masks (N95 and disposable), disinfectant, alcohol, disinfectant wipes and disposable gloves (for customer-facing staff and

operation and maintenance staff), protective gowns, portable thermometers, medicines and other anti-epidemic materials. We invested financial and material resources to make sure there were sufficient anti-epidemic materials to protect the health and safety of employees, showing our sense of responsibility toward employees and society.

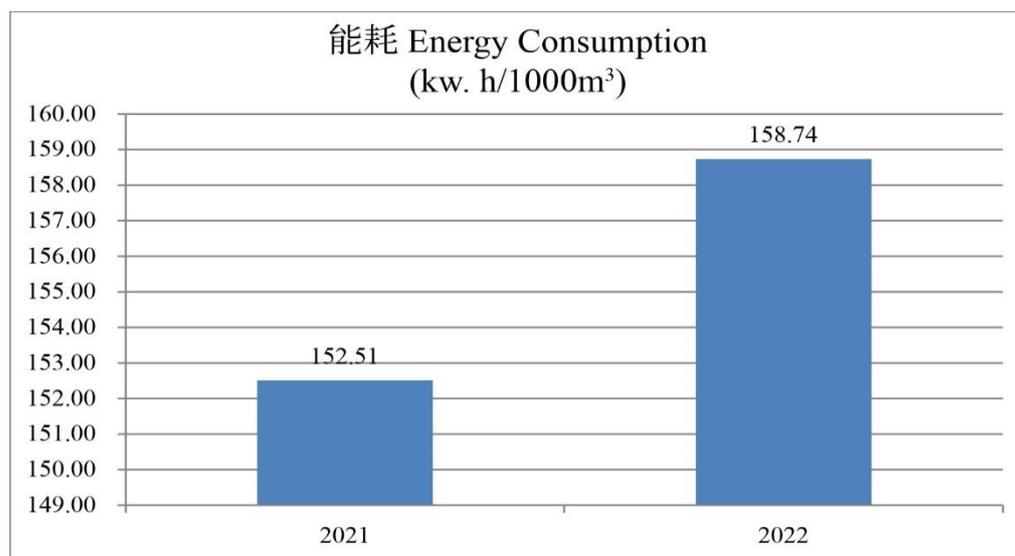
Since day one, the company has always been people-oriented and upheld workplace safety, with zero serious safety incident, zero work-related injury incident, and zero work-related occupational disease case.

7. Business Management

7.1. Statistical analysis of energy consumption

7.1.1 Analysis of energy consumption of Beitang Water Plant and Xinhe Upgraded Wastewater Treatment and Reclamation Plant

Statistical Analysis of Energy Consumption of Beitang Water Plant

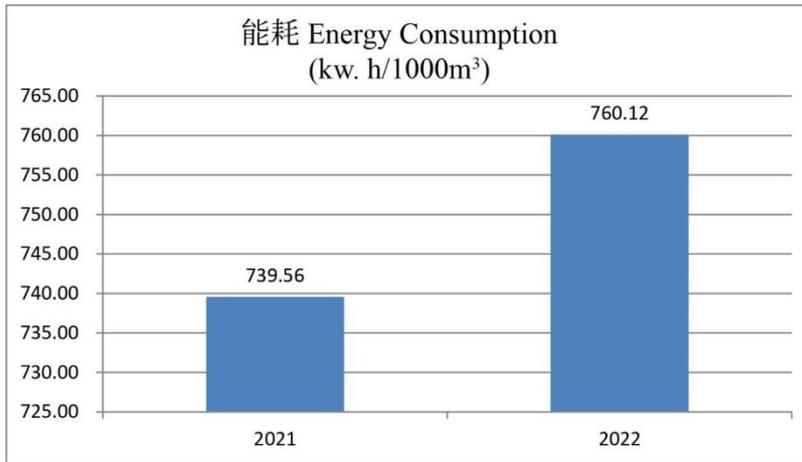


Year	Water supply (10,000 m³)	Electricity consumption (kw.h)	Energy consumption (kw.h/1000m³)	Increase
2021	4,531,434	691,086	152.51	
2022	626,860	99,505.8	158.74	4.08%



Statistical Analysis of Energy Consumption of Xinhe Wastewater Reclamation Plant

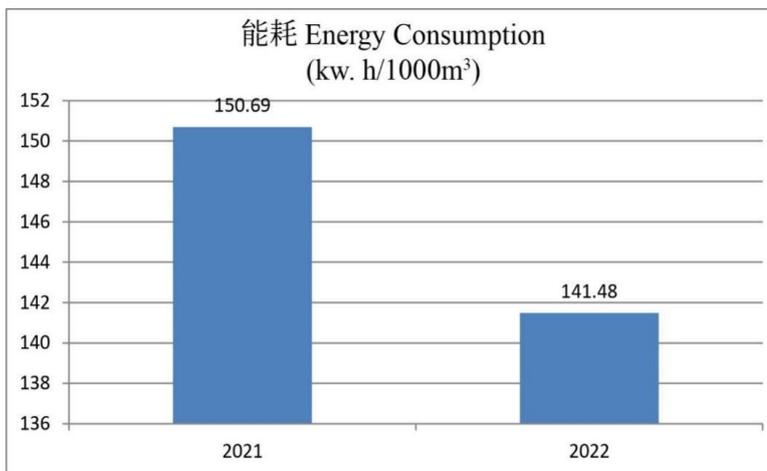
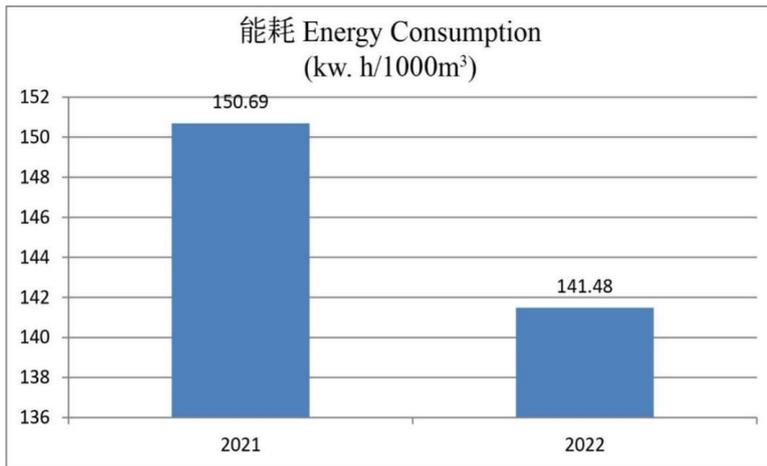
Year	Water supply (10,000 m ³)	Electricity consumption (kw.h)	Energy consumption (kw.h/1000m ³)	Increase
2021	10,654,464	7,879,624	739.56	
2022	8,780,541	6,674,293.5	760.12	2.78%



Statistical Analysis of Energy Consumption of Xinhe Upgraded Wastewater Treatment Plant

Year	The amount of water consumption of Upgraded Wastewater Treatment (m ³)	Electricity consumption (kw.h)	Energy consumption (kw.h/1000 m ³)	Increase
2021	22,258,375	3,354,247	150.69	
2022	21,880,728	3,095,711	141.48	-6.11%





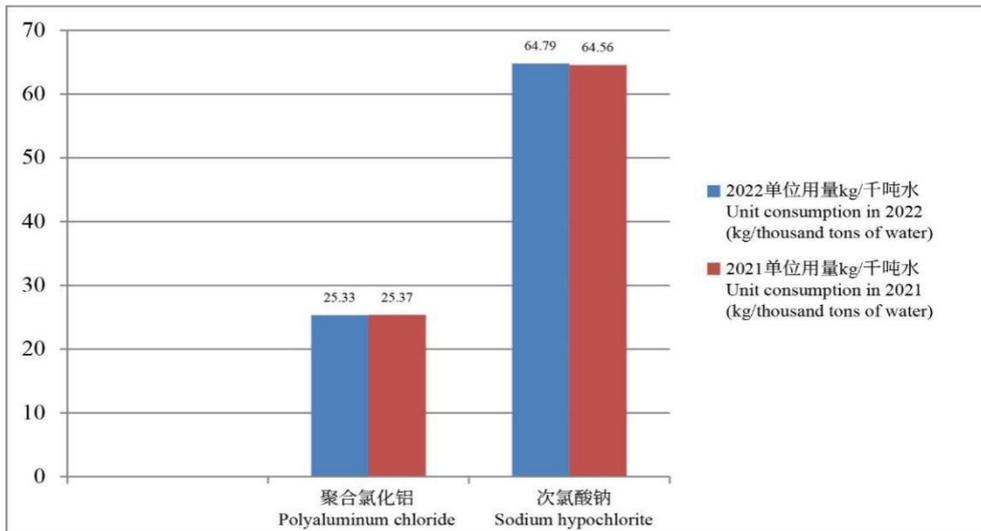
7.2 Analysis of Agents consumption of Beitang Water Plant and Xinhe Upgraded Wastewater Treatment and Reclamation Plant

- **Natural Resources:** The natural resources we consume are all renewable industrial products. (Since the outbreak of Covid-19 in 2020, to avoid potential impact of the disrupted supply of materials caused by covid-induced traffic restrictions on our production, pharmacists started to supply stock solutions to our factory for on-site preparation. In 2022, we obtained vehicle passes from the government and renewed them as required, ensuring smooth transportation and supply of materials, so pharmacists again shifted to supply chemical agents. That explains the changes in measurement).



Statistical Analysis of Agents Consumption at Beitang Water Plant

Water supply in 2022 (ton)	Category	Name of chemical agents	Consumption in 2022 (ton)	Unit consumption in 2022 (kg/thousand tons of water)	Unit consumption in 2021 (kg/thousand tons of water)	Growth from 2021
626,860	Water purifier	Polyaluminum chloride	15.88	25.33	25.37	-0.16%
	Disinfectant	Sodium hypochlorite	40.6129	64.79	64.56	0.35%
		Hydrochloric acid		6.996	11.16	0

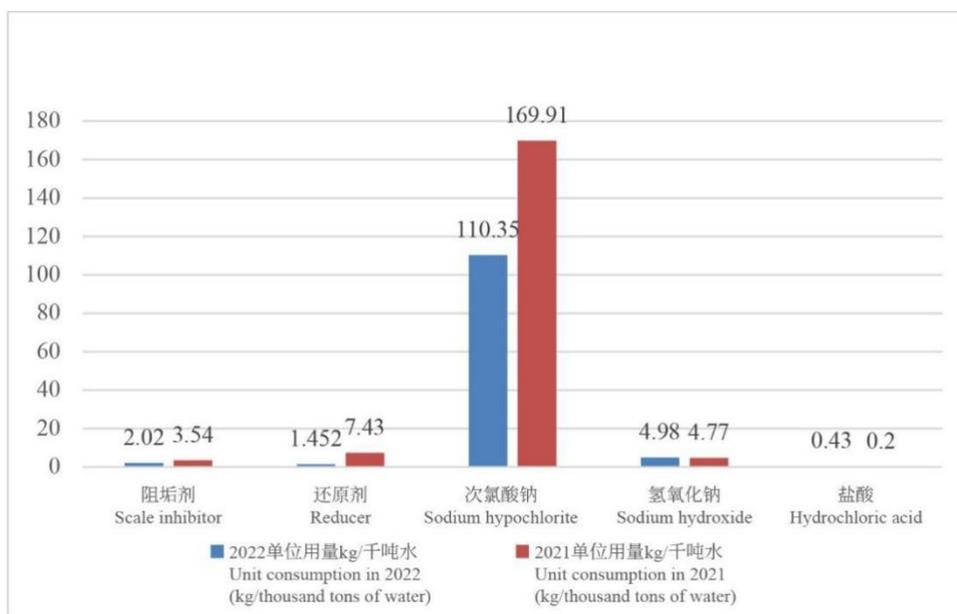


Statistical Analysis of Agents Consumption of Xinhe Wastewater Reclamation Plant

Supply of reclaimed water in 2022 (ton)	Name of chemical agents	Consumption in 2022 (ton)	Unit consumption in 2022 (kg/thousand tons of water)	Unit consumption in 2021 (kg/thousand tons of water)	Growth from 2021
8,780,541	Scale inhibitor	17.735	2.02	3.54	-42.94%
	Reducer	12.75	1.452	7.43	-80.46%
	Sodium hypochlorite	968.9175	110.35	169.91	-35.05%



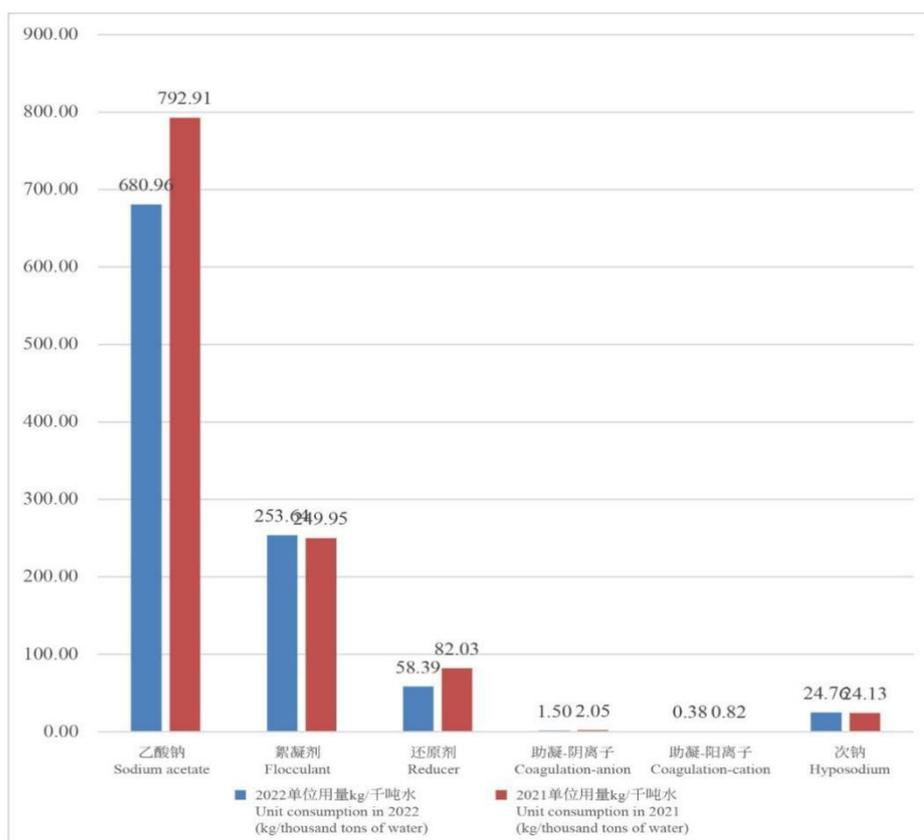
Sodium hydroxide	43.7008	4.98	4.77	4.40%
Hydrochloric acid	3.8067	0.43	0.2	115.00%



Statistical Analysis of Agents Consumption of Xinhe Upgraded Wastewater Treatment Plant

Volume of wastewater treated according to upgraded standards in 2022 (ton)	Name of chemical agents	Consumption in 2022 (ton)	Unit consumption in 2022 (kg/thousand tons of water)	Unit consumption in 2021 (kg/thousand tons of water)	Growth from 2021
21,880,728	Sodium acetate	14,899.83	680.96	792.91	-14.12%
	Flocculant	5,549.725	253.64	249.95	1.48%
	Reducer	1,277.709	58.39	82.03	-28.82%
	Coagulation – anion	32.9249	1.50	2.05	-26.83%
	Coagulation-cation	8.254	0.38	0.82	-53.66%
	Hyposodium	541.8266	24.76	24.13	2.61%





Remarks: Xinhe Water Plant: Due to the large precipitation in the rainy season of 2022, the total content of nitrogen and phosphorus remained low, which reduced the use of solutions, and the electricity consumption for backwashing in the denitrification filter. Meanwhile, the decrease in conductivity also reduced the mixing ratio of reclaimed water, and then the use of solutions, resulting in a decrease in the electricity consumption for sewage treatment according to upgraded standards. The decrease in the water supply of Beitang Water Plant and Xinhe Wastewater Reclamation Plant lowered the efficiency of equipment operation and increased electricity consumption.

Objectives and Evaluation: The chemicals and energy consumption targets set for our water plants' production process are affected by many uncertainties such as season, weather, water supply flow nodes, raw water quality, and irregular water use of customers. In the next year, we will double down to keep the consumption targets of chemical agents and energy not higher than this year.

7.3. Internal Control

➤ Procurement of materials: Our material procurement is completed in



China, and the procurement is on-demand purchasing and cost is kept at a reasonable level.

- We strengthened internal management, took multiple measures at the same time, and did a good job in pre-procurement research, use plans, reasonable allocation, to make the best use of materials procured. Materials for daily use are subject to centralized procurement, and for materials in shortage, we make sure that our suppliers have sufficient stock. Meanwhile we conduct market research to understand the supply and demand of different materials in the market, and evaluate the quotations of various suppliers every six months according to market dynamics to ensure that our purchase prices are reasonable. The principle of first-in-first-out is adopted for the consumption of materials, which can effectively reduce waste. Each department has designated a person to manage the procured materials. The relevant data of materials management was found to be clear and accurate in review.
- Warehousing (Yonyou Enterprise Software): This year, we actively promoted the integration of business and financial management. We upgraded Yonyou financial management software to add the warehouse management function and network function. Based on the experience drawn by the engineering department, we improved the ledger work to better reflect and serve our business. We also promoted other warehouse management functions when appropriate to improve work efficiency.
- According to the improvement in some business operations, we upgraded our internal policies and procedures, to provide institutional guidance and support for the work on the ground.
- We kept track of the latest government policies. To stabilize the employment situation and promote the stable development of corporate employment in Binhai New District, we actively responded to local policies and applied for job stabilization and employment subsidies in a timely manner, which have been granted by the government.
- CIHL (Tianjin) has a data protection system under which each department set data from department at various levels of confidentiality and put the

data under protection accordingly by system managers. System operators must operate data under strict approval process, so to protect the privacy of customers and safety of data.

7.4 Inter-Plant Coordination Management

In 2022, via the central control room of Xinhe Upgraded Wastewater Treatment and Reclaimed Water Plant, we realized remote control of the operating system of Beitang Water Plant, including water supply, water flow control, pressure regulation, adjustment to chemical agents, and personnel allocation, significantly reducing labor costs and labor intensity.



At present, the equipment under remote control is in stable condition and safe to operate. Meanwhile, auxiliary facilities are added to ensure the safety of operations, and to ensure that the central control room of the Xinhe Water Plant can play the function of remote control and scheduling. Corresponding administrative policies were also updated to ensure the smooth and safe operations of the water plant.

7.5 Corporate Governance Structure

CIHL (Tianjin) Water Development Co., Ltd. is a joint venture registered in Tanggu Marine High-tech Park of Tianjin Binhai New District in accordance with The Company Law of the People's Republic of China. Its Board of



Directors consists of five members, including three representing the CIHL Group. There is also one supervisor.

The Board of Directors is the highest authority of the Company, and is entitled to:

- decide on the formulation, amendment of the Articles of Association, and the transfer of the Company, closure and dissolution of the joint venture;
- make business decisions and review the financial budget;
- decide on the profit distribution and loss compensation measures;
- decide on the hiring and dismissal of the general manager and senior management;
- decide on all major matters such as the salary, rewards and punishments of employees.

7.6 Workplace Safety

7.6.1 Safe production

In 2022, we gradually improved the equipment operation process and safety precautions, effectively implemented the safety policies, and did a good job in daily patrol inspection. We strengthened the monitoring of the pressure of pipeline network, synchronized it with the monitoring of equipment operations in plants, raised the safety awareness of the operating staff, and demanded them to faithfully fill in all information required in the form. We formulated the operating plan for water plants during the water supply peak hours, distributed it to each team, improved the inspection and replacement work of firefighting equipment in the plants, and organized operation drills in restricted space. We set up more warning signs in limited or restricted operational space, and improved the product performance notices, warning labels, alarm facilities, washing facilities in the chemical agents workshop. We procured more labor protection equipment for equipment maintenance and operation staff, posted relevant policies and processes on the wall, tagged each piece of equipment, and set up warning signs. We organized training sessions on the guidelines of the safety supervision and inspection authorities on the safety inspection of water plants and implemented

them one by one. Meanwhile emergency plans were formulated, and relevant information made public in a timely manner. We actively cooperated with the inspection of the higher authorities, and rectified problems identified as soon as possible.

Our safety supervisor attended safety management meetings convened by competent authorities, and communicated the meeting takeaways inside the Company as soon as possible. The safety supervisor is also responsible for safety training, and convening team safety meetings on a regular basis.

7.6.2 Electricity safety

On February 17, 2022, we hired a specialized company to inspect the safe use of equipment and facilities in the substation and distribution room of the water plants.

7.6.3 Water safety

Water sampling for quality inspection: One on-site sampling by the Municipal Ecology and Environment Bureau; 12 monthly on-site samplings by the Municipal Water Authority; 12 monthly on-site samplings by the District Ecology and Environment Bureau; and another 12 monthly on-site samplings by the District Water Authority. Out of the above 37 sample inspections, 100% of the samples met the required criteria. Despite the impact of the epidemic, we actively implemented the requirements of competent authorities, and added sodium hypochlorite to the treated water which effectively disinfected the water and ensured the water quality.

7.6.4 Safe operations of the pipeline network

A safe pipeline network is the key to reliable water supply. In daily operations, we attach great importance to details of patrol inspection, maintenance, pipeline network operation and maintenance management, and carefully check manhole covers, gate valves, pipelines, and surrounding ancillary facilities. Pipeline inspection is strengthened, and the leakage, once identified, is fixed as soon as possible to avoid the occurrence of secondary disasters, and reduce operating costs.

7.6.5 Vehicle management and safety

The vehicle administrator and the drivers conduct a joint comprehensive inspection of all company-financed vehicles in the last week of each month, and the former makes an overall assessment of the vehicle conditions based on the feedback of the drivers, with particular attention to regular maintenance, repair and overhaul of the vehicles, to identify and eliminate any potential hazard, ensure that the vehicles are in good conditions. In 2022, the Company reported zero traffic accident.

7.6.6 Fire safety

We regularly inspect firefighting equipment and facilities, organize firefighting drills, and replace firefighting extinguishers on schedule and facilities with serious corrosion in time to ensure all the existing equipment and facilities are in proper conditions.

Sum-up: In the stages of production, operation and maintenance, project construction and management, we took multiple measures in a coordinated manner, effectively ensured zero workplace safety incident in 2022.

7.7 Employee Training and Development

7.7.1 Business training

We hired environmental protection specialists to give in-house lectures on how to apply for the discharge permit, the issuance of technical specifications, the content of “Double Hundred” inspection and solid waste management, etc., and provide on-site technical guidance. The training attracted five participants (all women), with 4 hours/person, totaling 20 hours.

7.7.2. Training safety and operating procedures

Training on safety and internal policies in water plants: covering how to wear safety belts correctly and organized exercises which included emergency rescue, the use of protective equipment, the use of respirators and on-site guidance. The training attracted 22 participants (all men), with 4 hours/person,

totaling 88 training hours.

Training on the knowledge network for workplace safety:Seven (including 4 women) of our senior management of our production units in Binhai New District participated in the training on the knowledge network for workplace safety organized by the district emergency response bureau, with 16 hours/person, totaling 112 training hours.

Training on safety disclosure for special operations: covering the interpretation of operating procedures in limited space, on-site drills, emergency response, etc. The training attracted the participation of 18 participants (all men), with 4 hours per person, totaling 72 training hours.

Fire drill: covering the use of fire extinguishers and fire hydrant hoses. The training attracted the participation of 26 participants (including 4 women), with 2 hours per person, totaling 52 training hours.

Safety management of the online detector: the technical specialists of Junwei Xinmei gave a two-hour lecture explaining the operating procedures and precautions and safety management of the online detector, to 21 of our employees (including 3 women), with a total of 42 training hours.

Safety training: covering how to identify potential safety hazards, precautions for workplace safety, learning materials on the App, operations in limited space, on-site management (for late-stage maintenance and construction), the approval process for work permits, and on-site safety supervision and management requirements. The training lasted 24 hours, with a total of 22 participants (including 4 women) and 528 training hours.

Continued training (online) for security personnel, with 10 hours per person for 9 participants (including 1 woman), totaling 90 training hours.

Sum-up: In 2022, the training for male employees totaled 800 hours, with 15 hours per person on average, and that for female employees 204 hours, with 10.2 hours per person on average, bringing the total training hours to 1,004, with 13.75 hours per person on average across the Company. There has been

no reported cases of corruption in 2022 and no anti-corruption training was arranged for corruption issues.

Plan 2023 annual average training sales 10% growth target.



7.7.3. Certificates obtained

CIHL (Tianjin) Water Development Co., Ltd.

In 2022, the company leadership obtained seven completion certificates of safety training.

Tianjin Lingang Water Co., Ltd.

Training: The company obtained 2 Type A Safety Officer Certificates, 5 Type C Safety Officer Certificates, and 2 Type A Safety Officer Certificates through continued education programs.

Job performance assessment:

To better motivate the employees in various positions, each department, according to the characteristics of its work, evaluates the performance of staff comprehensively, including labor discipline, job skills, working attitude, quality of work done, technology training, etc., and hands out cash rewards based on the evaluation results per month. To ensure fairness and justice, the assessment standards are updated from time to time, and are jointly formulated by the evaluating department and the General Office, to make each employee is



assessed objectively, avoid biased judgment as much as possible, and motivate employees to work more for more pay and improve efficiency, technical knowhow and job competency.

8. Corporate Culture

Culture-building principles:

Putting people first, delivering real effects, promoting systematic operation, and stressing the importance of management.

Specific measures:

We communicated and acted upon the corporate philosophy so that our employees believe in and embrace the company's purpose, vision, strategy, talent concept, business philosophy, code of conduct and slogans, so as to strengthen the unity and cohesion of employees.

We formulated and improved The Employee Handbook to guide day-to-day work, organized company-wide training on the Handbook, and made sure that policies and procedures were in place for different jobs. We adopt the responsibility-based management and accountability policy, and demand strict compliance with existing policies and procedures. In 2022, we doubled down on performance assessment, improved the management level, and embedded our corporate culture in policies and procedures. As a result, our employees gradually transformed from passive followers to proactive upholders of company rules, both in mind and in action.

We promoted the VI system as a whole, and put up signs about corporate culture in office areas and dormitory areas. Nameplates bearing the company name are also put up in the office area. In addition, all our office supplies, publicity materials, conference and reception supplies, printed documents, electronic magazines, envelopes, conference table cards, slogans, visual boards, tooling, work clothes, disposable paper cups, etc. are printed with the company logo. We also did a good job in building corporate culture communication platforms and channels, and have built a strong culture building atmosphere and a team with vitality, unity, cooperation and competency.

9. Honors

In 2008, the Company was awarded the honorary title of Model Unit in the Pilot Project of Building a Water-Efficient Society.

The Company has won the outstanding team award for three consecutive years in the 10,000-meter running competition organized by the water authority of Binhai New District.

On December 7, 2019, Tianjin Chamber of Commerce of the Environmental Governance Industry was established, CIHL (Tianjin)Water Development Co., Ltd. was elected its vice president unit.



10. Our Office Area and Facilities

10.1. The company's office area



10.2. Beitang Water Plant



10.3. Xinhe Water Plant:



11. After-sales Service

With the rapid development of the reclaimed water business, the Reclaimed Water Service Center has played an increasingly important role. It provides



such services as water sales and customer service and always puts customers first. It uses LED screens to communicate the core socialist values and the corporate business philosophy, as well as information on epidemic control at the height of the epidemic. In addition to big screens, it is also equipped with seats (covered with cushions in winter), call machines, water dispensers, reading glasses, and prompt signs. At the three service counters, customers can pay their water bills, open, transfer, or cancel an account, claim or replace the pre-paid card, replenish water, and get invoices issued. There is no lunch break for the convenience of users. Moreover, it accepts a variety of payment methods, including cash, POS machine (using Alipay, WeChat Pay, bank cards), check, and wire transfer. To prevent the spread of coronavirus, we collected payments via WeChat Pay and Alipay and put into use self-service water vending machines, which ran smoothly and played an important role in epidemic prevention and control.

There is also a call center which is operated on cloud network and on our public account on WeChat for the convenience of users and enables more systematic and comprehensive information collection and data statistics, greatly improving service efficiency. It provides one-stop services ranging from repair orders, Q&A, and service guidance. Each request for repair by phone will automatically generate a repair work order, which is then sent to the maintenance staff's mobile phone via a special APP. Then the maintenance staff will visit the requesting user after receiving the order, take pictures of the repair site and upload data and images to the system, send the processing progress of the work order to the call center platform in time, provide feedback, and conduct data statistics as soon as possible to facilitate operation and maintenance management.



It has been more than 10 years since we began to supply water to residential complexes in 2009. According to relevant policy requirements of Tianjin, the household water meters that have expired or are about to expire shall be replaced gradually. So according to our existing staffing and epidemic control situation, we formulated a replacement plan and replaced old household water meters on a regular basis.

➤ **After-sales return calls**

In order to better serve customers, we make regular return calls to customers to collect their feedback on the completion of service orders and review the quality of services delivered. Based on that, we identify areas for improvement,



and constantly improve relevant administrative rules and our customer service quality.



In 2022, the call center received 11,101 incoming calls, and made 1,452 outgoing calls, placed 1,222 work orders on WeChat, 4,809 business work orders, and made 340 return calls. It handled a total of 30,227 service requests, including 25,568 made by phone, 2,179 via our public account on WeChat, made 3,317 outgoing calls, and placed 5,195 business work orders, which accounted for 39% of the total number of orders. It also made 340 return calls to survey users on their satisfaction with the completion of work orders, with a satisfaction rate of 100% and a return call rate of 7.1%.



The service center fully meets the service needs of users of our reclaimed water. To actively apply for the status of model service counters, the service center promotes smiling service to establish a good image among the customers. In this year's campaigns of model setting and combating organized crime, we actively studied and implemented the instructions of the higher authorities, gave play to the role of the model service counters, and solved problems efficiently for the users. After years of training and cultivation, we have built a professional after-sales service team which has received extensive, high praises from customers over these years.



At present, we are working to promote grid-based service, automated production, AI-empowered construction and agile office automation, gain a solid foothold in the industry, absorb advanced management experience, and build a sound management system for our sustainable, steady development.



Scoreboard of sustainable development indicators

Sustainability Scoreboard

Terms/Year	2022	2021	2020
Total Employees	73	73	73
Male Employee	53	52	52
Female Employee	20	21	21
Network Length (km)	547.63	509.73	447.55
Residential Customers	11.7	11.3	10.8
Total Watering Area	2582.12	2562.57	2420.87
Industrial Customers	18	19	19
Re-treated Water (10 thousand tones)	2188.07	2225.84	2451.64
Raw Water Use (10 thousand tonnes)	620.74	1178.37	1641.15
Electricity Consumption (kwh)	9869510.3	11924957	10491158.6
Fuel Uses (litter)	11214	8318.32	—
Waste From Process (tonnes)	1893.4	2300	1474.45
Dangerous Waste (tonnes)	1.3551	1.1674	1.025
Chemicals			
Flocculant	5565.61	1588.2	1702.44
Hydrochloric Acid	10.8	—	—
Sodium Hypochlorite	1551.36	1506.64	1685.08
Scale inhibitor	17.74	28.5	14.6
Reductant	1290.46	1137.78	798.75
Sodium Hydroxide	43.7	53.82	16.28
Sodium Acetate Trihydrate	14899.83	3458.38	3296.39
Anion Polyacrylamide (tonnes)	32.92	24.13	16.63

Cationic Polyacrylamide(tonnes)	8.25	5.45	4.15
Sub-total	23420.67	7802.9	7534.32
Treated Water Quality Score	100%	100%	100%
Rate of Accident	0	0	0
Occupational Disease	0	0	0
Fatality	0	0	0
Customer Satisfaction Survey	100%	100%	100%

Since the emergence of the novel coronavirus epidemic in 2020, in order to avoid the delay of material supply due to traffic obstruction, pharmaceutical manufacturers have supplied bulk solution to the factory for preparation. Since 2022, the government has applied for dynamic pass for enterprises. The traffic is smooth, the material supply is well guaranteed, and pharmaceutical manufacturers have supplied prepared liquid medicine, so the measurement has changed.

13. Contact Information

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