2024
ESG Report

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1. Message from Chairman

In 2024, the world experienced slower economic growth and renewed concern for growing inflation. In the People's Republic of China (PRC) where the Group operates, economic growth was slower than expected, with certain sectors such as property development remaining sluggish. Looking back on the past year, although the Board and Management have had to face significant uncertainty on several fronts, carbon reduction and sustainable development remain an important part of our strategy in our planning and daily operations.

Board Statement

The Company has established a long-term sustainability business strategy to re-shape the Company as a renewable water treatment and supply company. The Company is transitioning from a water processing and distribution operation that relies mainly on surface and ground water resources to an operation that mainly uses treated wastewater. The Company will still use keep surface and ground water as a supplemental back up source of raw water. This will be our updated business and environmental strategy.

The Company has adopted a long-term objective to continuously consult key stakeholders on the Group's operations and development issues. Our key stakeholders include customers, employees, relevant regulatory bodies, local communities, shareholders and banks, as well as suppliers.

As disclosed in our Corporate Governance Report, the Company has adopted a policy of board diversity. We have made progress in this respect in 2023 when the Board appointed a female professional as independent non-executive director.

2. About This Report

This is the 8th annual ESG report published by the Group. The report covers environmental, social and governance ("ESG") issues for the Group from 1 January to 31 December 2024. We have prepared this report in an updated format compared to previous reports. The data collection standard remains the same although the presentation of the report has evolved. We have elected to report the ESG issues taking reference from and in a way consistent with the recommendations of the Global Reporting Initiative ("GRI") and the Task Force on Climate-related Financial Disclosures ("TCFD"). The data collection for climate-related statistics follows the rules and regulations in the PRC where the Group's activities take place.

This report covers the activities of CIH (Tianjin) Water Development Co., Ltd ("CIH (Tianjin) Water"), a 60% owned subsidiary of the Company. The water treatment and distribution business are the Group's main business segment at present. The Company has issued annual sustainability reports since 2017, and the data collected over these years are internally consistent and have been utilized for the 2024 Report.

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 includes assisting management in the review and development of sustainability reports. The findings are presented to the Audit & Risk Committee (ARC) for its deliberation and recommendation to the Board. There were no significant weaknesses reported.

This Report addresses the environmental issues laid out in the recommendations of TCFD, which are divided into four sections, ie, governance, strategy, risk management, metrics and targets. This Report also provides information on the two aspects of ESG factors, ie, human resources and stakeholder engagement.

The Group's contact point for ESG related matters is Ms Shirley Liu, Joint Company Secretary of the Company, who can be contacted via E-mail at: cih@cihgrp.com.

3. About CIH Water

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

It owns the Beitang Water Plant and the Xinhe Waste Water Reclamation Plant ("Xinhe Water Plant", including the upgraded wastewater treatment facility), both of which are in operation. The former is located on the east side of Beitang Reservoir, with Huanggang Reservoir No.1 and No.2 as its sources of raw water. It went 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 Xinhe Water Plant, located at 6153, Yunshan Road, Xinhe Street, Binhai New District, treats discharged water from Xinhe Wastewater Treatment Plant, which is owned and operated by a third party.The plant upgrades the water quality from the national First-Class A Standard to the Tianjin's First-Class A Standard (DB12/599-2015). It was commissioned on December 12, 2019, and officially commencedoperations in 2020. In a separate facility, the water it discharges per the upgraded standards is then further processed usingan UF-plus-RO process to meet the standard for "urban sewage recycling and urban miscellaneous water consumption",which is the standard used for water consumption in industry, urban landscaping, households, and road sprinkling.

The Company's water pipeline network starts from Beitang Water Plant and Xinhe Water Plant, and carries water all the way to the 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.

Considering the regional developments, we plan to lay more reclaimed-water supply pipelines. 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 Tanggu zone of Binhai New District are being progressively and systematically developed.

As of the end of 2024, the Beitang Water Plant was able to generate 50,000 cubic meters of water per day. The Xinhe's sewage upgrading treatment capacity is about 70,000 cubic meters per day, and Xinhe's wastewater reclamation facility can generate 50,000 cubic meters of reclaimed water per day.

In 2024, about 23.41 kilometers of water supply pipelines were added to the network, bringing the total pipeline length to 599.28 kilometers, supplying water to 658 enterprises.

The total water consumption by customers in 2024 was 7.55 million cubic meters. The breakdown is as follows:

●Landscaping and greening: 17 new enterprises were added in 2024, and the greening area increased by 557,653 square meters, bringing the total greening area covered by water supply to 26,292.6 square meters.Annual water consumption in this category was 1,841,100 cubic meters, accounting for 24.37% of the total usage.

●Household water consumption: 8,066 household users were added in 2024, bringing the total of household users to approximately 130,600, which consumed 1,742,800 cubic meters of water, or accounting for 23.07% of the annual total.

●Commercial and other water consumption: With 34new users added in 2024, the annual water consumption stood at 304,600 cubic meters, accounting for 4.03% of the total annual consumption.

●Water consumption of industrial enterprises: With a decrease of one customer in 2024, the remaining 19 industrial enterprises consumed 3,666,400 cubic meters of water, accounting for 48.53% of the total water usage.

Overall, the total water consumption in 2024 decreased 3% compared to 2023, due to reduced demand in the landscaping and greening sector.

4. Governance Structure

Board Oversight over ESG and Climate-related Risks and Opportunities (Disclosure 1)

The Company has established a system to manage the ESG issues, especially climate-related risks and opportunities, for the long term. The system includes an ESG committee at the board level, the ARC, which comprises independent and non-executive directors as well as the chairman of the board, and a working group at the management level comprising of four members including two female staff members.This board committee is responsible for advising on key policy issues regarding sustainability and setting targets on ESG matters. The Board is responsible for approving the annual ESG report and plans for ESG matters.

As our business has been in a process of transitioning from a raw-water processing operation to a mainly wastewater recycling operation, we have yet to establish specific targets for carbon emission reductions. We expect that we will be able to set our carbon policy targets in the coming few years in line with the direction that water treatment and distribution companies in the PRC take. The climate-related issues are the key part of the ESG task for the Board and the board committee. The climate-related risks and opportunities are discussed regularly at the annual board meetings and on an ad hoc basis at the Board when needed. We are currently in the process of implementing climate reporting based on the recommendations of the TCFD and will report our progress to shareholders on an annual basis.

Management's Role on ESG and Climate-related Risks and Opportunities (Disclosure 2)

The working group for ESG, and Climate-related Risks and Opportunities is responsible for the day-to-day work on sustainability issues under the guidance of the board and the relevant board committee. The working group, consisting of the management at the Group and the operating entity, is responsible for making annual working plans for ESG matters and reviewing the execution of monthly plans.

Starting from 2024, both the board committee and the working group have reported to the Board on a quarterly basis as part of the quarterly management reporting process. The Board and the Committee, together with management, formulate annual work plan for ESG and climate-related issues and tracks the progress made by during the previous period.

External Resources

External assurance has not been obtained for this report, However, the Company has obtained advice from external advisers on ESG issues and will continue to engage external professional consultants to advise the Company on sustainability issues where appropriate.

5. Strategy

5.1 Climate-Related Risks and Opportunities (Disclosure 3)

Climate-related Risks

The Board has identified the following factors, short term and/or long term, as major risks:

- Floods caused by climate changes(short and long term)
- Drought caused by climate changes(long term)
- Shortage of ground and surface Water(short and long term)
- Shortage of skilled workers (short and long term)
- Supply of key equipment and materials for processing (short and long term)
- Discharge regulation (on air pollutants and solid waste)(short and long term)
- Change in government regulations and standards in general(short and long term)
- Relocation of major customers (short term)

Floods

Floods have been a significant disruptive factor in the water treatment business. Our facilities including processing plants and network of pipelines, are located in coastal areas and are vulnerable to the rise of sea levels as well as flash flood from the nearby Taihang Mountains. During the flood season, our water plant relies on the raw water regulation tank, denitrification filter tank, aeration tank, efficient sedimentation tank and other pools as temporary storage reservoirs to capture and regulate initial rainfall and flood peaks.Meanwhile, the reclaimed water reuse treatment system and water supply pipe network are used to provide continuous water supply to external customers, reduce the amount of discharge, relieve the pressure of external rivers, reduce the load of urban sewage pipe network, and prevent sewage overflows. Although no severe weather events were recorded in 2024, we anticipate an increase in storms frequency in future that may affect the service area.In general, floods may cause the shortage of raw water for our treatment which may result in significant loss of revenue if its impact is prolonged.

Drought

In most part of the North China Plains where our facilities are located, drought is becoming a more frequent phenomenon. Drought in the North China Plains is cause by climate change and human activities such as long-term extraction of groundwater for irrigation purposes. In general, floods may cause the shortage of raw water for our treatment which may result in significant loss of revenue if its impact is prolonged. In response to potential shortage of raw water for treatment, water conservation has become a shared priority among local communities, as well as central and local governments. Our business has been transiting from taking water from reservoir to recycling waste for industrial, commercial, and household uses.

In 2024, the Beitang Water Plant strictly adhered to the relevant regulations of the water source protection zone, ensuring the secondary recovery of all production and domestic sewage and production wastewater. The plant also entrust a qualified third-party service provider to carry out harmless treatment of the silt generated from the production. The production and operations of the Beitang Water Plant have now been fully integrated with the unified scheduling of the Xinhe Waste Water Reclamation Plant. The two plants have achieved automated remote equipment management. Since the operation of the Beitang Water Plant, as of the end of 2024, a total of about 14,802.18 million cubic meters of fresh water resources have been saved, making significant contribution to the development of a water-saving society in the Binhai New Area.

The Xinhe Sewage upgrade Treatment Plant has remained in good condition with safe, stable operations since the commencement of its temporary upgrade on January 1, 2018. By the end of 2024, it had contributed to saving approximately a total of 55.2004 million cubic meters of fresh water resources.

Shortage of Ground and Surface Water

Shortage of ground and surface water is a result of drought and many years of overuse of ground water by agriculture and industrial sectors. In our service area, surface water has been in good supply after many years of investments in water preservation by the government and the implementation of the South-to-North Water Diversion Policy (南水北调). However, in the longer term, a shortage of ground and surface is expected to become increasingly common given the continuing growth of industry and urbanization in the region.

Major Outbreak of Pandemic

We have seen the outbreak of Covid-19 from the beginning of 2020 to the end of 2022 and its impact worldwide, which had also negatively affected our operations. We have documented the effects of Covid-19 on our operations in the previous three annual ESG reports. Over the three-year outbreak of Covid-19, we have seen many disruptions to the normal life of ordinary people and to the normal way of operating our services. Nevertheless, the Group was able to maintain the operation and services throughout this period, and accumulated knowledge and expertise in managing special situations such as a major pandemic.

Shortage of Skilled Workers

Our workforce is the key to our success. Our operations require skilled front-line workers, engineers as well as service providers. Workers need to be trained throughout their career. The shortage of skilled workers may result in increased costs of operation. We have established a training system to continuously train our employees. Up to now, we are still able to recruit skilled workers from the domestic market.

Supply of Key Materials and New Technology

Our operations require certain important chemicals such as polyaluminium chloride and sodium hypochlorite. Although these chemicals are available from the domestic market, their uncertain supply and fluctuating prices are risks that the Group needs to deal with. There are also risks in transportation, storage, and in the handling of such chemicals. The Group uses several different technologies in plant process including but not limited to ultrafiltration membrane and the reverse osmosis process. The risks associated with the supply chain may result in increased stockpiling costs, which is necessary to avoid operational disruptions to supply.

Discharge Regulations (on Air Pollutants and Solid Waste)

Our operations emit certain types of gases and discharges of concentrated solid waste. The gases emitted are currently not subject to any particular regulatory control but there is a possibility of new regulation on gas emissions in the future, and could lead to increased cost of water treatment. Concentrated solid waste is sent to specialized and authorized third party vendors for further processing, which is subject to supervision by the local government and may incur higher costs in the future.

Changes in Government Regulations

Government regulations on water pricing and treatment tariff directly impact on our business as we sell treated water as a product to customers and receive processing fees from the government for treating waste water to the standards set. The risks associated with any future changes to regulations may cause an increase costs in our operations.

Relocation of Major Customers

Big industrial users account for a large share of our sales of the treated water. The relocation of any major customers could result in significant loss of sales and revenue. In the past few years, certain heavy industrial users have moved out of the service area and new industrial developments have not grown quickly enough to replace the loss of sales arising from such relocation. In the past few years we have witnessed the movement of large industrial users out of our service area which had resulted in significant reduction in our water sales to industrial sector users.

Climate-related Opportunities

As the economy grows, the demand for clean water grows, which forms the the basis for a continuing business. Climate change brings challenges as well as opportunities. The society as a whole requires more investments in water conservation and environment alprotection which the Group is well prepared to take advantage of.

5.2 Impact of Climate-related Risks And Opportunities (Disclosure 4)

In the past few years, we have already witnessed certain risks that have materialized and led to a negative impact on our business. We rate pandemic risk as a medium risk and all other risks are low risks in the current evolution. We recognize a significant opportunity in revenue growth as consequences of the ongoing shift toward

environmentally sustainable solutions, particularly the increased demand for recycled water for which we are well positioned for.

5.3 Sustainable Development Strategies to address Climate change Risks (Disclosure 5)

We evaluated physical and transitional risks under climate scenarios, including any mild and severe increase in global temperatures (similar respectively to 2°C scenario aligned with the Paris Agreement, and a 4°C high-emissions scenario), using known resources available to us at present. These scenarios impact our operations through a variety of factors, such as stricter environmental policies, declining water availability, and rising sea tides. We have concluded that our strategies should address potential risks under different climate change scenarios which may bring different impacts on our environment and government policies.

The Group has adopted certain g strategies to address the potential risks.

Promoting Recycling of Water

Where possible we prioritize the use the recycled water for commercial uses to save surface and ground water sources for water conservation and environment preservation reasons. The surface water saved could be used to replenish the natural underground reservoirs in the area we operate in, contributing to the local environmental preservation.In any future scenarios involving prolonged droughts or enforcement of stricter water regulations, the supply of the recycled water could provide both economics and supply security to our stakeholders.

Promoting Renewable Energy

We are considering the use of renewable energy in some of our business processes. We are evaluating the possibility of installing on-site or off-site solar for electricity generation. Considering that electricity consumption accounts for most of our carbon emission, we could very meaningfully reduce our carbon footprint if we are able to find way to produce renewable energy on site or off site.

Recycling of Materials Used in the Process

Certain materials used in our processing such as ultrafiltration membrane filter could be re-used after treatment. We have been working on re-utilization of these materials to save costs and secondary carbon emission.

Utilising the latest technology to reduce consumption of chemicals

We plan to invest in new technologies to increase the automation of chemical dosing, therefore reducing the consumption of chemicals in the treatment process and total carbon emission in the processing plants.Automating chemical use not only cuts emissions but also ensures better operational efficiency under scenarios where human errors could arise from continuous 24x7 work schedules.

6. Risk Management(Disclosure 6)

6.1 Establishing a Bottom-up System of Monitoring Risks

The management identifies and monitors risks using risk metrics. The Group has dedicated safety personnel at the line of operation, as well as facility management at control of environmental risks. There is also an automated system to monitor effluence and discharge, many of which are directly connected to the government monitoring system for air pollution and discharge. The workforce has a channel to report to the management on potential risk and proposals for reductions in the use of energy and chemicals. The management has set up regular review meetings to evaluate the operational risks in the operation in line with industry practice. We believe such practices will help us to manage the risks associated with climate-related changes in our environment such as extreme weather, supply chain disruptions due to climate events, carbon pricing, etc.

When evaluating investment proposals, the Group will place greater emphasis on ESG factors in addition to normal business considerations.

6.2 Management of Climate-related Risks (Disclosure 7)

The Group's climate risks management system is closely linked to the operational risk management system. Our supply chain policy is to prioritize supply relations with local suppliers in order to enhance our supply security and provide benefits to local communities, as well as to reduce the transportation-related emissions and enhance the resilience to the regional climate disruption.

7. Metrics and Targets

7.1 Setting the Metrics (Disclosure 8)

7.1.1Energy Consumption and Carbon Emission (Scope 1 and Scope 2)

Through internal discussion and comparison with industry peers, the Group has chosen the following metrics to assess and manage the relevant climate risks and opportunities.

The Group strives to reduce energy consumption and carbon emission. Over the years, the following table shows energy consumption and carbon emission over the past two years.

7.1.2 Restatement / Note of correction

1) Carbon emissions identified in the 2022 Sustainability Report ("2022 SR"):

In 2022, the production electricity consumption increased by 485 degrees compared with that in 2021, increasing the carbon emission by 483kg. The transportation gasoline consumption was about 11,214 liters, and the carbon emission was 8,803kg. In 2022, the annual carbon emission was 9,286kg.

2) 2023 Sustainability Report ("2023 SR"):

Due to the incorrect statistics of the total electricity consumption and gasoline consumption for the sewage upgrade operation in 2023, the relevant data published in the Sustainability Report 2023 were restated from 10,220,130.819kWh to 10,174,260.19kWh, for electricity consumption and from 12,071.8 liters to 12,159.267 liters for the gasoline consumption, respectively.

3) The corrections to the 2022 and 2023 SRs are as follows:

The emission factors of natural gas, diesel and gasoline used by the company in 2022 and 2023 refer to the standards set by the National Development and Reform Commission of the People's Republic of China on July 6, 2015. The Greenhouse Gas Emission Accounting Method and Reporting Guide for Enterprises in Other Industries and the emission factor of purchased electricity refer to the Emission factor of China's Regional Power Grid Base Line of the 2019 Emission Reduction Project of the Ministry of Ecology and Environment, PRC-2019-OM calculation instructions. The calculation method refers to the Guide to Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in Other industrial Sectors published on July 6, 2015.

4) Energy data for 2022 and 2023 were corrected as follows:

Index	**Unit**	**2023**	**2022**
Water treatment business			
Non-renewable Electricity	kwh	10,174,260.19	9,869,509.51
Petroleum	tonne	6.52	5.13
Diesel	tonne	1.91	1.66
			Office
Non-renewable Electricity	kwh	143,347.00	140,474.2
Petroleum	tonne	2.30	1.55
Diesel	tonne	0	0
GHG emissions from water treatment business in 2023 and 2022			
Index	**Unit**	**2023**	**2022**
Water treatment business			
GHG Emission Scope 1	tCO2e	25.84	20.85
GHG Emission Scope 2	tCO2e	9583.14	9296.09
Office			
GHG Emission Scope 1	tCO2e	6.98	4.72
GHG Emission Scope 2	tCO2e	135.02	132.31
Total			
Total GHG Emission Scope 1	tCO2e	32.83	25.57
Total GHG Emission Scope 2	tCO2e	9718.15	9428.40
Energy Consumption in 2024 and 2023			
Index	**Unit**	**Year 2024**	**Year 2023**
Water treatment business			
Non-renewable Electricity	kwh	7,841,082.3	10,174,260.19
Petroleum	tonne	6.33	6.52

Diesel	tonne	2.50	1.91
Office			
Non-renewable Electricity	kwh	137,579.31	143,347.00
Petroleum	tonne	2.91	2.30
Diesel	tonne	0	0

GHG Emission in 2024

Index	**Unit**	**Year 2024**	**Year 2023**
Water treatment business			
GHG Emission Scope 1	tCO2e	26.28	25.84
GHG Emission Scope 2	tCO2e	5,520.91	9,583.14
Total (Scope 1+2)	tCO2e	5,547.19	9,608.98
Office			
GHG Emission Scope 1	tCO2e	8.50	6.98
GHG Emission Scope 2	tCO2e	96.87	135.02
Total (Scope 1+2)	tCO2e	105.37	142
Total			
Total GHG Emission Scope 1	tCO2e	34.78	32.83
Total GHG Emission Scope 2	tCO2e	5,617.78	9718.16

Notes：

The calculation method and basis for 2024 are as follows:

(1) GHG emissions-Scope 1 fuel consumption from stationary sources (diesel, natural gas) and transport vehicles (petrol, diesel). The emission factors of natural gas, diesel and gasoline refer to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions for Enterprises issued by the Ministry of Ecology and Environment, PRC on December 21, 2022. Power generation Facilities (Climate Letter (2022) No. 485)

(2) GHG emissions - Scope 2 comes from purchased electricity and purchased heat consumption. The emission factors of purchased heat shall refer to the announcement and annex on the release of carbon DIOXIDE emission factors of electricity in 2022 issued by the Ministry of Ecology and Environment, PRC on December 26, 2024. The calculation formula of purchased thermal emissions shall refer to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Enterprises issued by the Ministry of Ecology and Environment, PRC on December 21, 2022, for Power Generation Facilities (Climate Letter of Environmental Protection Office (2022) No. 485).

7.2 Analysis of Energy Consumption

7.2.1 Analysis of Energy Consumption for the Beitang Water Plant and Xinhe Upgraded Wastewater Treatment and Reclamation Plant

1) Restatement / Correction Note

In the calculation of the energy consumption data of the Xinhe's upgraded wastewater treatment in 2023, we noticed that there were minor errors in the statistical data presentation. The energy consumption figures previously reported in the 2023SR was changed from 2,285,076.234kwh to 2,239,205.59kwh, and the corresponding data

analysis and correction are as follows:

Statistical Analysis of Energy Consumption of Xinhe upgraded wastewater treatment 2023 VS2022

Year	The amount of water consumption of Upgraded Wastewater Treatment (m3)	Electricity consumption (kw.h)	Energy consumption (kw.h/1000m^3)	Increase (%)
2022	21,880,728	3,095,711	141.48	-
2023	21,761,377	2,239,205.59	102.90	(27.27)

2) Statistical Analysis of Energy Consumption of the Beitang Water Plant

Year	Water supply (10,000 m^3)	Electricity consumption (kw.h)	Energy consumption (kw.h/1000m^3)	Increase (%)
2024	264,666	52,842	199.66	23.29
2023	1,095,262	177,360.2	161.93	-

3) Statistical Analysis of Energy Consumption of the Xinhe Wastewater Reclamation Plant

Year	Water supply (10,000 m^3)	Electricity consumption (kw.h)	Energy consumption (kw.h/1000m^3)	Increase (%)
2024	8,836,972	5,673,756.79	642.05	(18.80)
2023	9,810,922	7,757,694.4	790.72	-

4) Statistical Analysis of Energy Consumption of the 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/1000m^3)	Increase (%)
2024	20,525,075	2,114,483.24	103.02	0.12
2023	21,761,377	2,239,205.59	102.90	-

7.2.2 Analysis of Chemical Agents Consumption of the Beitang Water Plant and Xinhe Upgraded Wastewater Treatment and Reclamation Plant

Natural Resources:

The natural resources consumed in our operations are renewable industrial products.

1) Statistical Analysis of Agents Consumption at Beitang Water Plant

Water supply in 2024 (ton)	Category	Name of chemical agents	Consumption in 2024 (ton)	Unit consumption in 2024 (kg/thousand tons of water)	Unit consumption in 2023 (kg/thousand tons of water)	Growth from 2023 (%)
264,666	Water purifier	Polyaluminum chloride	8.03	30.35	32.19	(5.70)
	Disinfectant	Sodium hypochlorite	21.91	82.77	48.63	70.21

2) Statistical Analysis of Agents Consumption of Xinhe Wastewater Reclamation Plant

Supply of reclaimed water in 2024 (ton)	Name of chemical agents	Consumption in 2024 (ton)	Unit consumption in 2024 (kg/thousand tons of water)	Unit consumption in 2023 (kg/thousand tons of water)	Growth from 2023 (%)
8,836,972	Scale inhibitor	12.44	1.41	1.67	(15.71)
	Reducer	2.35	0.27	1.40	(81.01)
	Sodium hypochlorite	440.92	49.89	53.94	(7.50)
	Sodium hydroxide	45.03	5.10	8.31	(38.68)
	Hydrochloric acid	6.21	0.70	0.74	(5.08)

3) Statistical Analysis of Agents Consumption of Xinhe Upgraded Wastewater Treatment Plant

Volume of wastewater treated according to upgraded standards in 2024 (ton)	Name of chemical agents	Consumption in 2024 (ton)	Unit consumption in 2024 (kg/thousand tons of water)	Unit consumption in 2023(kg/thousand tons of water)	Growth from 2023 (%)
20,525,075	Sodium acetate	11,004.55	536.15	536.03	0.02

Flocculant	5,201.01	253.40	253.43	(0.01)
Reducer	668.42	32.57	32.06	1.59
Coagulation-cation	37.15	1.81	1.81	0
Coagulation-cation	5.42	0.26	0.26	0
Hyposodium	466.44	22.73	22.73	0

Notes:

Energy and Chemical Agents Consumption Analysis

Beitang Water Plant: The water supply in 2024 was significantly reduced compared to 2023. The operating load of the group of pumps remained low during water supply, but electricity consumption of the whole plant including domestic electricity usage will change from any increase or decrease of water supply. Therefore, the energy consumption of Beitang Water Plant in 2024 will increase, and the chemicals usage will decrease if the water in the mixed reaction tank and advection tank stays and has settled, the turbidity precipitation effect of water quality will become better, and the amount of flocculant will be reduced. However, due to the long residence time, the number of microbial flora will rise. To ensure the water quality in the pool and the residual chlorine in the water supply reached the standard, the dose of sodium hypochlorite will be raised.

Reclaimed Water Plant of Xinhe Water Plant: The inlet water quality in 2024 is better, and the conductance and ORP are generally lower than the inlet water in 2023. The output of reclaimed water workshop is lower than that in 2023. However, due to the better inlet water quality, the frequency of back washing and chemical washing was lower than that in 2023, hence the power consumption and drug consumption of reclaimed water in 2024 are lower than those recorded during the same period in 2023.

Xinhe Sewage Upgrade Water Plant: The change range of power consumption and drug consumption is small, tending to be flat. Since it was put into operation, the experience of water treatment has been constantly summarized in production and operation, and the energy and drug consumption has been reasonably controlled, with remarkable results in the past two years.

Objectives and Evaluation: The chemicals and energy consumption added in the production process of each water plant of the company are affected by many objective factors that cannot be determined, such as season, climate, upstream incoming water quality, water supply flow node and customer demand. At present, the Company cannot determine the target quantity for next year, but will continue to strictly pay attention to production management, control the target of chemical and energy consumption is not higher than this year.

7.3 Setting Targets: Objectives and Evaluation (Disclosure 9)

The chemicals and energy consumption targets set for our water plants' production process are affected by many variables such as season, weather, water supply flow nodes, raw water quality, and irregular water usage of customers. We are in the process of identifying consumption targets of chemical agents and energy in line with the industry we operate. We have not yet set quantitative environmental Metrics for electricity usage, water and GHG emission, as we are still in the process of finding out

the suitable industry benchmark. At present we set the following qualitative targets for 2025:

● Discharge Target: To maintain our full compliance with existing discharge regulations in Tianjin.

● Occupational Health and Safety: To maintain zero incidences in injury and fatality for our employees.

● Work Environment: To maintain zero case in relation to slavery, forced and bonded labour, child labour and abusive employment practices.

● Anti-Corruption Training: To provide anti-corruption training to all employees.

● Customer Satisfaction: To maintain 100% satisfaction rate from customers seeking assistance.

● Energy and Resources Saving: To maintain 100% use of LEDs in all our work place, to make significant progress in achieving paperless office automation.

● Green Energy: To keep our Company vehicles electric.

7.4 Metrics Used (Disclosure 10)

The Group does not currently report Scope 3 emissions. The Group is evaluating the relevance and availability of Scope 3 data for future reporting.Furthermore, the disclosure does not currently discuss the specific risks associated with Scope 1 and 2 emissions.The Group recognizes that rising energy costs and stricter emission regulations may impact operational costs and compliance obligations. In response, the Group is exploring energy efficiency measures and considering renewable energy as sources for plant operations.

The Group adopts a metrics to measure the performance of the Group in the ESG area as follows:

Item/Year	**2024**	**2023**	**2022**
Total Employees	72	74	73
Male Employee	53	54	53
Female Employee	19	20	20
Pipeline length(km)	599.28	575.87	547.63
No. of Household Customers	13.06	12.25	11.70
Watering Area (10km^2)	2629.26	2587.69	2,582.12
Industrial Customers	19	20	18
Wastewater Treated (10kt)	2052.51	2,176.14	2,188.07
Water consumption (10kt)	755.48	779.01	620.74
Energy Consumption			
Plant Electricity Consumption (kwh)	7,841,082.03	10,174,260.19	9,869,509.51
Office Use of Electricity (kwh)	137,579.31	143,347	1,404,742
Fuel-Petroleum (l)	12,743.54	12,159.27	9,221.23
Fuel-diesel (litter)	2,995.87	2,286.20	1,993.20
Solid Waste (tonne)	1,124.56	1,239.42	1,893.40

Dangerous Waste (tonne)	1.812	1.744	1.3551
Carbon Emission			
Outsourced carbon emission (TC02)	5,617.78	9,718.15	9428.40
Gasoline and diesel carbon emissions	34.78	32.83	25.57
Sub-total(TC02)	5,652.56	9,750.98	9,453.97
Chemicals Used			
Flocculant (tonne)	5,209.04	5,550.3	5,565.61
Hydrochloric Acid (tonne)	6.21	7.2	10.8
sodium hypochlorite (tonne)	929.27	1,077.03	1,551.36
scale inhibitor(tonne)	12.44	16.42	17.74
Reductant (tonne)	670.77	711.27	1,290.46
Sodium hydroxide (tonne)	45.03	81.49	43.7
CH_3COONa (tonne)	11,004.55	11,664.74	14,899.83
Coagulant Aid - Anion (tonne)	37.15	39.4	32.92
Coagulant aid - cation (tonne)	5.42	5.63	8.25
Sub-total	17,919.88	19,153.48	23,420.67
Training			
Male Employee (hours)	1,487	1,356	800
Female Employee (hours)	179	180	204
Sub-total	1,666	1,536	1,004
After-sales service			
Telephone calls (times)	11,727	12,382	11,101
Telephone call out(times)	1,216	1,269	1,452
Total traffic volume	12,943	13,651	1,222
WeChat work order(times)	1,626	2,062	4,809
Business work order(times)	4,595	5,231	5,195
Cumulative followers of enterprise WeChat	19,628	14,519	8,091
After-sale satisfaction	100%	100%	100%
Others			
Water Quality Pass Rate	100%	100%	100%
Accidents	0	0	0
Occupational Disease	0	0	0
Worksite Casualty	0	0	0

7.5 Progress Towards Targets (Disclosure 11)

The oversight committee of the Board is currently reviewing climate-related targets adopted by peer companies in China. Based on this review, the company plans to establish the medium and long-term targets to reduce Scope 1 and 2 GHG emissions by a verifiable quantitative target by 2030 and reach net-zero emissions by 2050. Performance against these targets will be tracked annually using standardized emissions metrics, with progress reported in the company's annual sustainability report.

8. Accumulating Human Capital

Human capital is as important as physical and technological investment in our business. By the end of 2024, the Company signed the labor contracts with 72 employees in accordance with the law and worked hard to improve the skills of employees and cultivate their innovation spirit.

8.1 Recruitment and Promotion

The Company strictly follows the requirements of labor laws and regulations, and all members of our senior management team are PRC citizens. We will recruit and, where necessary, dismiss employees in accordance with the relevant Labor Laws and safeguard the lawful rights and interests of all employees. We adhere to the basic principles of transparent recruitment, fair and merit-based recruitment, expanded recruitment channels, and value career planning, job assignment, and management and training of employees. Mechanisms are in place to ensure reasonable and smooth talent flow, including recruitment and dismissal, promotion and demotion. These are necessary to ensure that the Group identifies the right person for every job and tap the full potential of every employee.

8.2 Remuneration and Benefits

We provide comprehensive welfare for employees, contributes tothe “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, management executives will visit the front-line employees still on duty and extend them red envelopes.

We fully implement the paid leave policy, and grant employees paid leave during national statutory holidays and annual leaves. We offer dormitories for non-local employees, and there is a dining hall at each of the water plants, 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.

8.2.1 Number of Employees by Gender and Age Group in 2024

Age group	2024 number	Proportion of annual age structure（%）	2023 number	Percentage of increase %
Men aged 30 and under	9	13	9	-
Men aged between 30 and 40 (inclusive)	19	26	21	(10)
Men aged between 40 and 50 (inclusive)	14	19	12	17
Men aged above 50	11	15	12	(8)

Women aged 30 and under	4	6	4	0
Women aged between 30 and 40 (inclusive)	8	11	9	(11)
Women aged between 40 and 50 (inclusive)	3	4	3	0
Women aged above 50	4	6	4	0
Sub-total	72	1	74	0

8.2.2Job Distribution in 2024

Category	Gender	Quantity	Proportion %	Remarks
Senior management	Male	3	100	General Manager Deputy General Manager
	Female	-	-	-
Middle management	Male	7	78	Director or above
	woman	2	22	-
Technical staff	Male	1	17	Chief Engineer
	woman	5	83	Laboratories
Others	Male	42	78	-
	woman	12	22	-

8.2.3 Employee Ratio by Gender, Local Employee Ratio and Annual Turnover Rate of 2024

Total number of employees	72
Men	53
Women	19
Proportion of local employees	83%
Annual employee turnover rate	2.8%

8.3 Occupational Health and Safety

In 2023, as the Covid-19 epidemic subsided, we paid more attention to safety and production and ensured the workplace safety with high efficiency.

Sufficient Labor Protection Supplies: 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.

Enhance Safety Awareness: The Company provides employees with necessary health and safety training through various channels and in various forms, including but not limited to the working environment, equipment use, accident prevention, first aid measures, etc. Employees actively participate in the training and use the knowledge to ensure their own safety and production safety. Employees are encouraged to make work improvement suggestions to management at any time to facilitate the improvement and optimization of health and safety policies.

Accident Prevention and Management: According to the safety hazards and preventive measures proposed by employees, the Company effectively improves the behavior habits of the Company and employees, and achieves the effect of identifying, preventing and controlling risks from all aspects.

Since its inception, the Company has remained people-oriented and committed to upholding workplace safety. As of today, the Group has reported zero fatalities, zero high-consequence injuries, and no recordable work-related injuries or ill health cases.

8.4 Employee Training and Development

8.4.1 Business Training

The Company has organized a monthly review meeting with middle and senior management on the Company's business development policy, report and share their learning experiences as well as discussing the key issues for following up. The training duration is 2 to4 hours per person, totaling 186 hours.

8.4.2 Training Safety and Operating Procedures

Environmental protection training will be held twice a year-once in the first half and once in the second half of the year. It is mainly to learn the "Pollutant Discharge Discipline Management Measures" implemented on July 1, 2024, and "River Discharge Outlet Supervision and Management Measures" implemented on January 2025, as well as the professional training of platform filling, post-certificate management, ledger management, online equipment marking rules and other contents, to continuously improve the professional skills and competency of employees. The training duration is 2 hours/person, with 15 participants, including 12 women, totaling 30 hours.

On December 11, 2024, the Group engaged a professional institution to carry out remote video training on sustainable reporting work, mainly to understand SGX's requirements for sustainable reporting, as well as learn important factors affecting environmental, social and governance, climate risks and opportunities. The training duration was for about one hour per employee, with a total of 19 participants, including 7 women. Total cumulative training hours came to 19 hours.

Fire emergency drill, escape and fire safety inspection training were held on May 28 and August 2, 2024, respectively, with a total of 35 participants, including 12 women, for a total of 58.5 hours.

On June 13, 2024, emergency equipment drill and training, emergency equipment: use of breathing apparatus, fire extinguisher, fire blanket, fire hydrant, defibrillator, etc., and watching the publicity video of Safety production month, etc. The training lasted 3 hours, with 9 participants, including 6 female employees, and a total of 27 hours.

Limited space safety education and safety operation training were conducted from June 17-19 and November 14-15, 2024, with a total of 35 participants, including 11 female employees, and a total of 70 hours.

The training on the judgment standard of major accident hidden dangers of industrial and trade enterprises were conducted from August 12-13, 2024, lasted 4 hours, with 13 participants, including 5 female employees, and a total of 52 hours.

On June 12, 2024, the 2024 Limited space safety guidance Manual and the 2024 Four Non-injury and violation training for all staff were carried out, including knowledge safety education, fire safety, restricted space safety, mechanical injury and other aspects. The training lasted 4 hours with 8 participants, totaling 32 hours.

On October 28, 2024, vertical belt dewatering machine training, learned DYT vertical belt press filter working principle and process, operation instructions, maintenance and repair, fault analysis and elimination and other contents, and conducted learning tests. The training and examination lasted 4 hours in total, with 23 participants and 92 hours in total.

On December 3, 2024, the online detection system training of water pollution source lasted 2 hours, and 20 people participated in the training, including 6 female employees, with a total of 40 hours. On the same day, the company received the notice of the emergency bureau and immediately arranged the micro classroom knowledge training for emergency safety education and training. The training lasted 2 hours, with 19 participants, including 6 female employees, and a total of 38 hours (app mode).

On December 28, 2024, the business knowledge training of ultra-filtration and reverse osmosis washing lasted 3 hours, with 19 participants (all men) and a total of 57 hours.

On April 23, 2024, the training on leakage control and evaluation standard of urban water supply network lasted one hour, with 15 participants, including 1 female employee, and a total of 15 hours.

On July 2, 2024, Tianjin Secondary Pressurization and Regulation and storage Water Supply Engineering Technical Standard 2024 training, the training duration was 1 hour, and 14 participants, including 1 female employee, participated in the training, with a total of 14 hours.

On November 1, 2024, the training of "Public Liability Insurance Clause" lasted one hour, and 15 people participated in the training, including 1 female employee, for a total of 15 hours.

In 2024, there are 21 people for the second examination of electrician certificate, 36 hours for each person and 756 hours for professional institutions.

In 2024, a total of 8 people received continuing education and training for safety officers, with professional structured training of 12 hours per person and 96 hours in total.

In November 2024, advanced engineering and technology training was held with 1 person, 36 hours of training, a total of 36 hours.

8.4.3 Summary and analysis of staff business skills training

Training duration \ year	2023	2024	2024/2023 Increase
Male(Person)	54	53	(1.85)
Female (Person)	20	19	(5.00)
Total	74	72	(2.70)
Male (Hour)	1,356	1,487	9.66
Average duration	25	28	11.73
Female (Hour)	180	179	(0.56)
Average duration	9.0	9.4	4.68
Total Hours	1,536	1,666	8.46
Average of all employees	21	23	11.48

Overview: The training in 2024 has exceeded the training plan target, and the 2025 training target is planned to increase by 5%.

8.4.4 Certificates for Training

The Company obtained the following 33 certificates inFY2024:

Twenty-one electrical certificates.

Two types of A Safety Officer Certificates, four types of C Safety Officer Certificates and two types of B Safety Officer Certificates, through continued education programs.

One Grade I cost registered engineer certificate.

Two Certificates for the training of Registered Secondary Constructors.

One Certificate for senior engineering technology.

8.4.5 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 ensure each employee is assessed objectively, avoid biased judgment as much as possible, and motivate employees to improve efficiency, technical knowhow and job competency.

Target:

Anti-corruption Training.

The Group sets a target on providing anti-corruption training in since 2024.

9. Enhancing Stakeholder Engagement

The Group pays great attention to stakeholders including customers, communities in the service area, etc. Our customers include industrial, commercial as well as households. We aim to enhance our engagement with the local community with improved services.

9.1 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 services such as water sales and customer service and always puts customers first. It uses LED screens to communicate our 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, they are 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. 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 centre which operates on the cloud network and on our public account on WeChat for the convenience of users and which can enable 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 centre platform on time, provide feedback, and conduct data statistics as quickly as possible to facilitate operation and maintenance management.

According to the policy requirements of Tianjin, the water Company needs to gradually replace the expired household water meters in the residential community. At present, the replacement service has now become one of the regular works of our Company. In 2024, the number of IC card tables were replaced in 1,176 households, and mechanical watches were replaced in 16,537 households.

10. Awards and Achievements

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 7 December2019, Tianjin Chamber of Commerce of the Environmental Preservation Committee was established, a CIHL (Tianjin)Water representative was elected its vice president.