

HONGKONG

Room05, 32F Alexandra House No.18Chater Road Central H.k.
Tel: 852-24666136 Fax:852-24666067

CHONGQING

No.72,Avenue Of Stars, Innovative & High TechPark, Northern New District, Chongqing, China.
Tel: 86-23-61867777 Fax:86-23-61867775



Table of Contents

01-02 About This Report

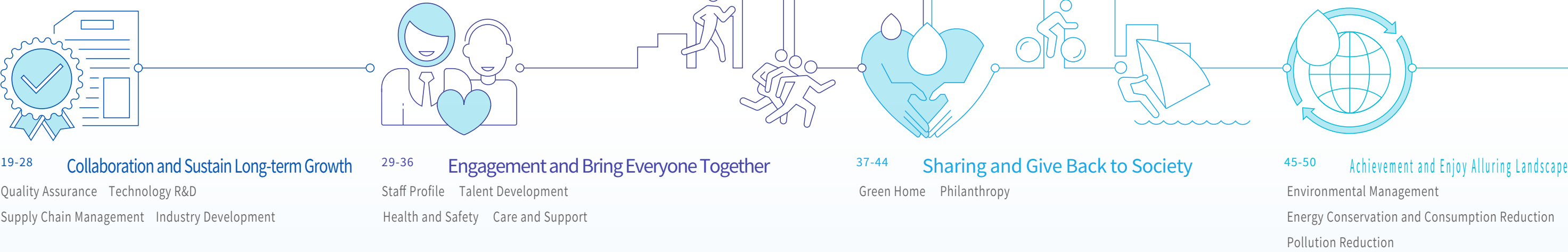
03-04 Chairman's Statement

05-08 About Kangda International

Company Profile Business Overview

09-18 ESG Management

ESG Management and Stakeholder Communication Materiality Analysis Corporate Governance



Appendix

50-58 Content Index of the

Environmental, Social

and Governance Reporting

Guide of the Hong Kong

Stock Exchange

About This Report

• Overview and Principles

This is the fourth Environmental, Social and Governance (“ESG”) report of Kangda International Environmental Co., Ltd. (“Kangda International” “Company” or “We”), which is compiled in accordance with the rules in the Appendix 27 of the Guidelines for Environmental, Social and Governance Reporting (“ESG Reporting Guidelines”) of the rules governing the listing of securities on Hong Kong Security Exchange (“HKSE”) (“Listing Rules”), covering the company's performance and data in the areas of business development, environmental protection, employee caring, and community investment from January 1 to December 31, 2019.

• Report scope

The policies, statements, materials and data in this report cover the urban water projects, water environment comprehensive management and rural sewage treatment projects that the company and its subsidiaries have major involvement. Part of this report may also refer to the data of Kangda International's parent company Kangda Environmental Protection Group Co., Ltd. ("Kangda Group"). It would be specifically noted if necessary. Unless otherwise stated, all currencies in this report refer to RMB.

The report follows the principles of "materiality", "quantification", "balance" and "consistency" of the ESG Reporting Guidelines of HKSE. The content of the report is derived mainly from the assessment and analysis of major issues and the opinions of the stakeholders. Please refer to the chapter “ESG Management” for detailed procedures.

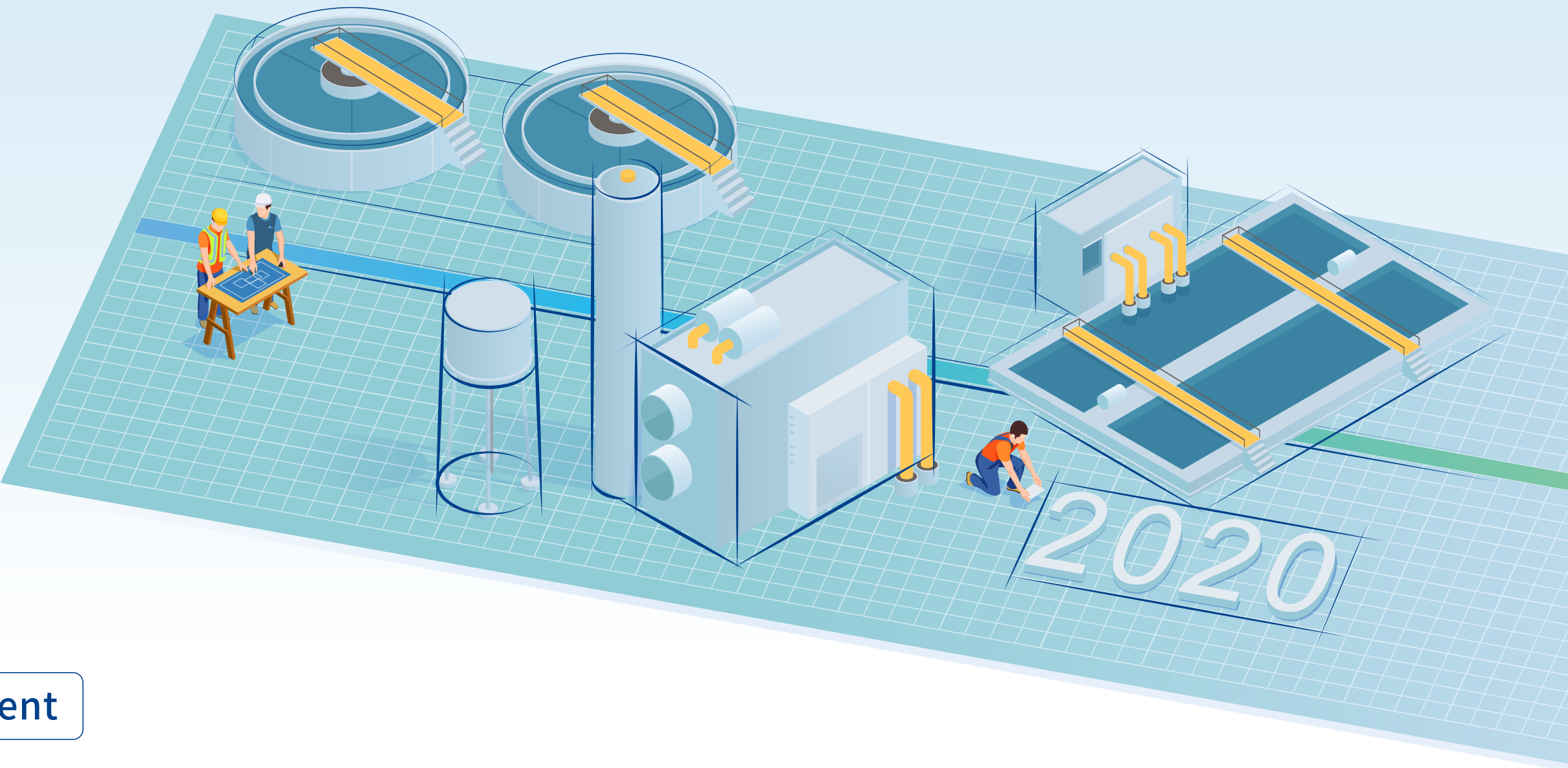
• Confirmation and approval

Being confirmed by the management, this report was approved by the board of directors on June 19, 2020.

This report is available in simplified Chinese, traditional Chinese and English for reader. The digital version of the report is available on the website of the Stock Exchange in the category of "Financial Statements/ESG Information" and it can also be obtained from the company website.

We value the opinions of stakeholders and welcome readers to contact us through the following contact methods. Your comments will assist us in further refining this report and enhancing our overall environmental, social and governance performance.

Address: No.72, Avenue Of Stars, Innovative & High Tech ark, Northern New District, Chongqing, China
Phone: +86-23 6186 7777
Fax: +86-23 6186 7775
Email address: kangda@kangdaep.com Official website www.kangdaep.com



Chairman's Statement

As the state puts an increasingly high premium on environmental protection alongside the issuance of a series of documents such as the Water Pollution Prevention & Control Action Plan and Opinions on the Innovation and Improvement of the Price Mechanism for Promoting Green Development in July 2018 and constantly enhances sewage discharge standards and eco-environmental protection requirements, the environmental protection industry is on the threshold of new favorable policies and industrial environment. Kangda International firmly keeps abreast of the industry trends, continues to focus on its development in main business - sewage treatment with over 20 years of professional experience, boosts sound operation and risk control as well as explores long-term development strategies.

In 2019, the accession of China Water Affairs Group Limited brought new development opportunities for Kangda International. We have enhanced our strength in management, technology, talents, resources as well

as the Company's overall competitiveness through management structure optimization, internal management innovation and industrial resource coordination. Kangda International also continued to create positive environmental impacts for society, improve the ecological environment and advance the construction of local infrastructure and living standards as well as economic growth through the three business sectors including urban water treatment, water environment comprehensive remediation and rural water treatment. We believe that this change will bring new impetus to the sustainable development of Kangda International.

In terms of management, we have comprehensively integrated administrative and business departments, encouraged flat management, raised operational efficiency and taken specific measures such as "allowing president to act as a legal person" to strengthen the separation of duties and accountability throughout each levels of Kangda International,

ranging from the headquarters to the sewage treatment plants, so as to make the management process and guidelines more clear. As for production and operation, we constantly improve the process flow and strengthen safety production. With detailed supplier management, robust technical innovation, frequent peer exchanges and standardized development, we have facilitated upstream and downstream partners to complement each other with respective advantages and to jointly establish a harmonious industrial ecological guarantee while ensuring our operation quality and premium services. Regarding team building, we have innovated the management mechanism in accordance with market changes, optimized the salary structure and assessment system and stirred employees' initiative and enthusiasm for work. We further lay the foundation for the future development of the Company and the industry while increasing our talent's competitiveness and sense of belonging by strengthening talent training and supporting system. In terms of duty fulfillment, when

dedicating ourselves to environmental protection and driving local economic and ecological development as usual, we have assessed and managed the environmental and economic impact resulting from business operations to do our part in the construction of a harmonious society.

In 2020, Kangda International will fully integrate national policies and industry trends, collaborate with partners, promote reform and innovation, constantly deliver new values for all stakeholders and create a better future together!

About Kangda International

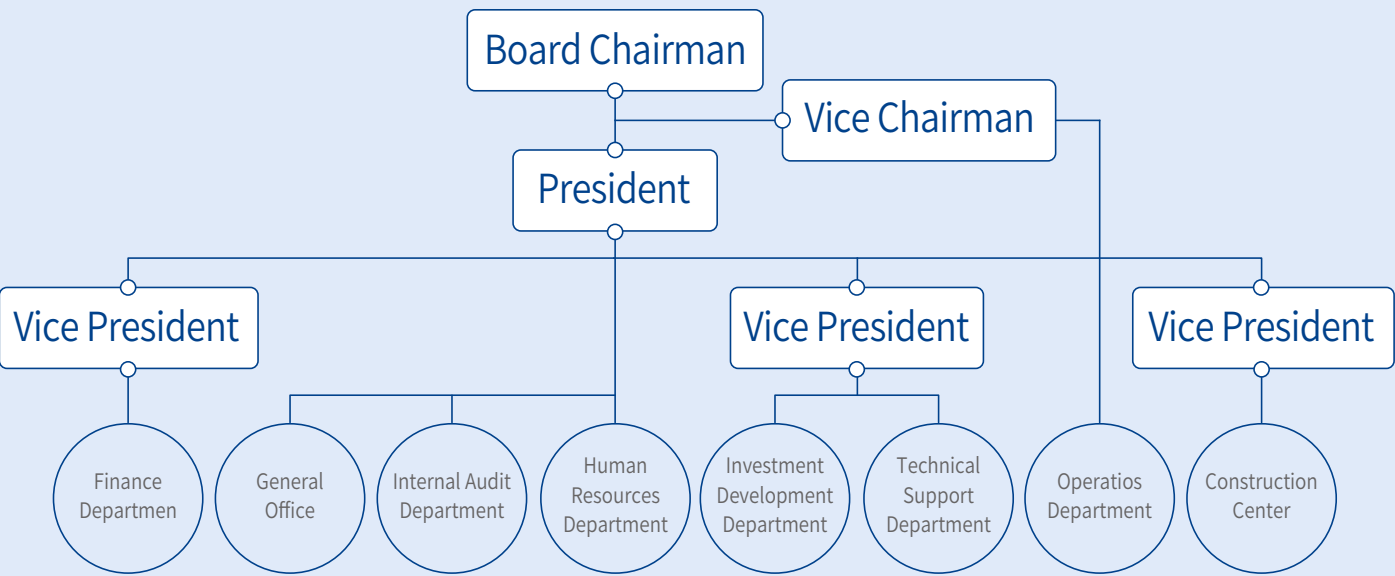
01 Company Profile

Kangda International is a service provider of comprehensive urban environmental governance that has been committed to the investment, construction and operation of water-related infrastructure. Kangda International has provided customers with comprehensive solutions and services for water projects primarily through Build-Operate-Transfer (BOT), Transfer-Operate-Transfer (TOT) and Public-Private Partnerships (PPP). It is a listed company of the Hong Kong Stock Exchange (stock code: 6136). As of December 31, 2019, the asset of Kangda International is worth 16.698 billion yuan in total.

Since Kangda International undertook the first sewage treatment project through the pattern of BOT in 2003, as one of the leading enterprises in China's environmental industries and water industry, the Company has enlarged its urban sewage treatment range to 16 domestic provinces and municipalities, involving 109 projects and about 4.2721 million tons of total treatment volume per day. Its actual treatment capacity in 2019 is 1.028 billion tons. While striving to undergird the service for sewage treatment, Kangda International has also kept marching towards the versatile solution provider of urban environmental governance, and extended to the water industrial chain covering comprehensive treatment of the drainage basin, reclaimed water, sludge and photovoltaic in a rapid manner.

In 2019, leveraging the powerful funding of China Water Affairs Group Limited, who brought with tremendous capital, technologies, management experience and talent superiority, Kangda International has been endowed with continuously elevated comprehensive strength. To better implement a new strategy, we adjusted the organizational structure of the Company. Through this adjustment and arrangement, we will accelerate the modularization of organizational structure and the development of the talent pipeline. At the same time, we will make a greater contribution to China's environmental cause through continuous technological innovation and industrial value chain improvement.

• The overall structure of Kangda International management organization



• Company's vision

"To lead the environmental protection industry and stand for a hundred years."

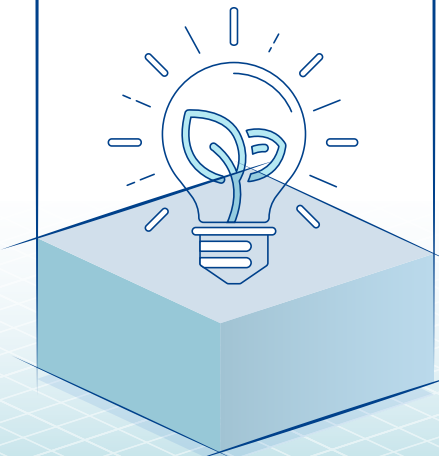
Kangda International continues to speed up technological innovation and service updates. Through innovation in the management system, it promotes the rapid and coordinated development of various businesses, extends the industry value chain and broadens applied fields and markets. The Company will devote itself to the long-term development plan in 100 years and make a greater contribution to environmental protection and beauty in China.



• Company's philosophy

Kangda international practices its core values of "integrity and responsibility, and giveback to society"

Amid healthy and stable growth, Kangda International proactively fulfills its social responsibility, transmits its green feature and repays the society with dedication.



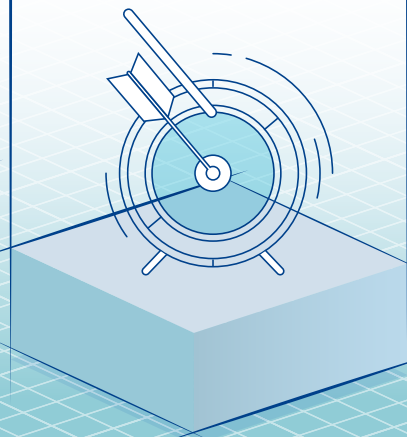
• Company's policy

Kangda International pursues the nine-word policy of "following the rules, being self-disciplinary, and fulfilling responsibility".

Following rules: Nothing can be accomplished without norms or standards and discipline is the key to ensuring corporate execution

Being self-disciplinary: Adhering to the selfless working style, devoting to the public interest in daily life and standardizing work behavior

Fulfilling responsibility: Being determined to be highly responsible for the work and being professional in work



02 Business Overview

As the world focuses on sustainable development and environmental protection, Kangda International fulfills its duty in environmental protection with the growth of the operational business. In 2019, we concentrated on urban water treatment as main business while considering water environment comprehensive remediation and rural water treatment to promote the environmental cause in China.

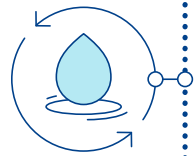
During the reporting period, the Company continued to penetrate the market, focus on environmental value, seek driving force for steady growth and constantly create benefits for investors and society. Throughout this year, the Company generated incomes of 2,815.20 million yuan, spent 251.53 million yuan in total for employee welfare and paid 125.77 million yuan for income tax expense.

In the future, we will constantly allocate resources in an efficient manner and transform ourselves from a service provider of traditional water treatment to a service provider of urban environment comprehensive treatment as we pursue coordinated development with internal and external resources, seize opportunities emerging on the market and promote stable and healthy growth of Kangda International.



Urban Water Treatment

Urban water treatment includes the design, construction, upgrading and operation of sewage treatment plants, water reclamation plants, sludge treatment plants, water supply plants and the operation and maintenance of government-entrusted sewage treatment plants. As of December 31, 2019, Kangda International had established 109 projects related to franchised services, including 102 sewage treatment plants, 2 water supply plants, 3 sludge treatment plants and 2 water reclamation plants. In the future, the Company will further expand the industry value chain of urban water treatment for better service and stronger competitiveness.



Water Environment Comprehensive Remediation

The water environment comprehensive remediation includes comprehensive remediation and improvement of the river basin, treatment of black-odorous water, construction of sponge city, pipe network project and urban comprehensive utility tunnel and construction. In 2019, Kangda International continued to implement existing projects of water environment comprehensive treatment. We have signed contracts for two PPP projects and 13 EPC projects across Henan, Guangxi, Jiangxi, Shandong and other provinces in the Mainland China. The Company will integrate resources to execute the water environment comprehensive remediation projects under the contracts of EPC and O&M. As of December 31, 2019, we had 14 water environment comprehensive treatment projects under construction in Henan, Guangxi, Jiangxi, Shandong and other provinces in the Mainland China.



Rural Sewage Treatment

Rural water treatment includes the construction and operation of “beautiful villages”, such as sewage treatment, sewage collection network and improvement of the rural living environment. In 2019, Kangda International carried out three rural water treatment projects in Guangdong and Guizhou. As an important part of the implementation of the Rural Revitalization Strategy, rural water treatment is the key step to achieve the magnificent goal of building “beautiful villages” proposed by the central government. We will continue to improve the rural water treatment system as a booster for the construction of beautiful villages.

Showcase of key projects



Jiaozuo No.1 sewage treatment facility adopts improved A/A/O process and the total treatment scale is 100,000 tons/day. The relocated new facility was officially put into operation in August 2017. Its effluent quality meets the level I-A standard in *Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant* (GB18918-2002).



The total treatment scale of Wenzhou Xipian sewage treatment facility is 250,000 tons/day; the scale of the phase-I project is 100,000 tons/day with the CAST + MBBR process; the scale of the phase-II project is 150,000 tons/day with the multi-stage A/O process. The phase-I upgrading project and the phase-II extension project were put into operation in January 2018. Its effluent quality meets the level I-A standard in *Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant* (GB18918-2002).



Sanjiang wetland ecological restoration project is located in the northwest area of the old district of Fuzhou City, including landscape engineering, water conservation engineering, municipal transportation and bridge engineering, water ecological engineering and early warning system. The landscape engineering is targeted to create an “ecological gateway, wetland paradise, migratory bird habitat, leisure resort, purified platform, a sightseeing spot”.



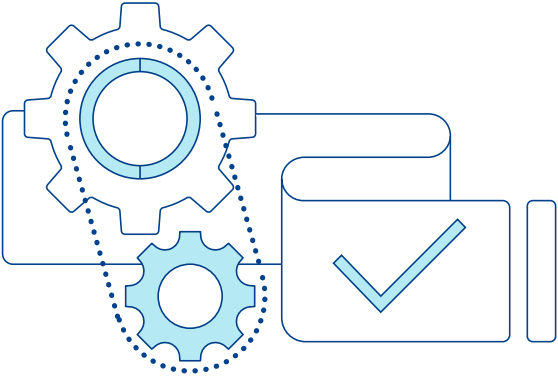
Comprehensive control project of the Tanghe River basin in Shancheng District, Hebi City restores the unimpeded water system through dredging and widening river channels, and improves the regulation and storage capacity and flood control & drainage functions of the rivers; While not affecting the capacity of channels to draw off and discharge floodwater, the existing hard bank revetment is ecologically transformed or constructed and the construction of coastal landscape belt is strengthened to improve the overall look of the landscape.



Whole-county (Including Small Towns) domestic sewage treatment of the Yunan County PPP project is the first whole-county domestic sewage treatment PPP project in Guangdong Province. It represents the prelude of People's Government of Guangdong Province to create a “beautiful village”.



Whole-county domestic sewage treatment of the Jiaoling County PPP project is located in the east of Guangdong Province and in close proximity to Fujian Province, which chimes in with Yunan Project at the west of Guangdong Province. The project covers 5 towns in the county and includes 200 rural sewage treatment plants and their collection pipe networks.



ESG Management

In 2019, Kangda International, as always, practiced the core values of “ integrity and responsibility, and giveback to society”, dedicated itself to the sustainable development and management of the Company with further efforts in system and structure improvement for sustainability. We take up the mission of “creating an environment of greener water, lush mountain and bluer sky”, vigorously undertake the ESG responsibility and strive unremittingly to make a beautiful planet and a harmonious society possible.

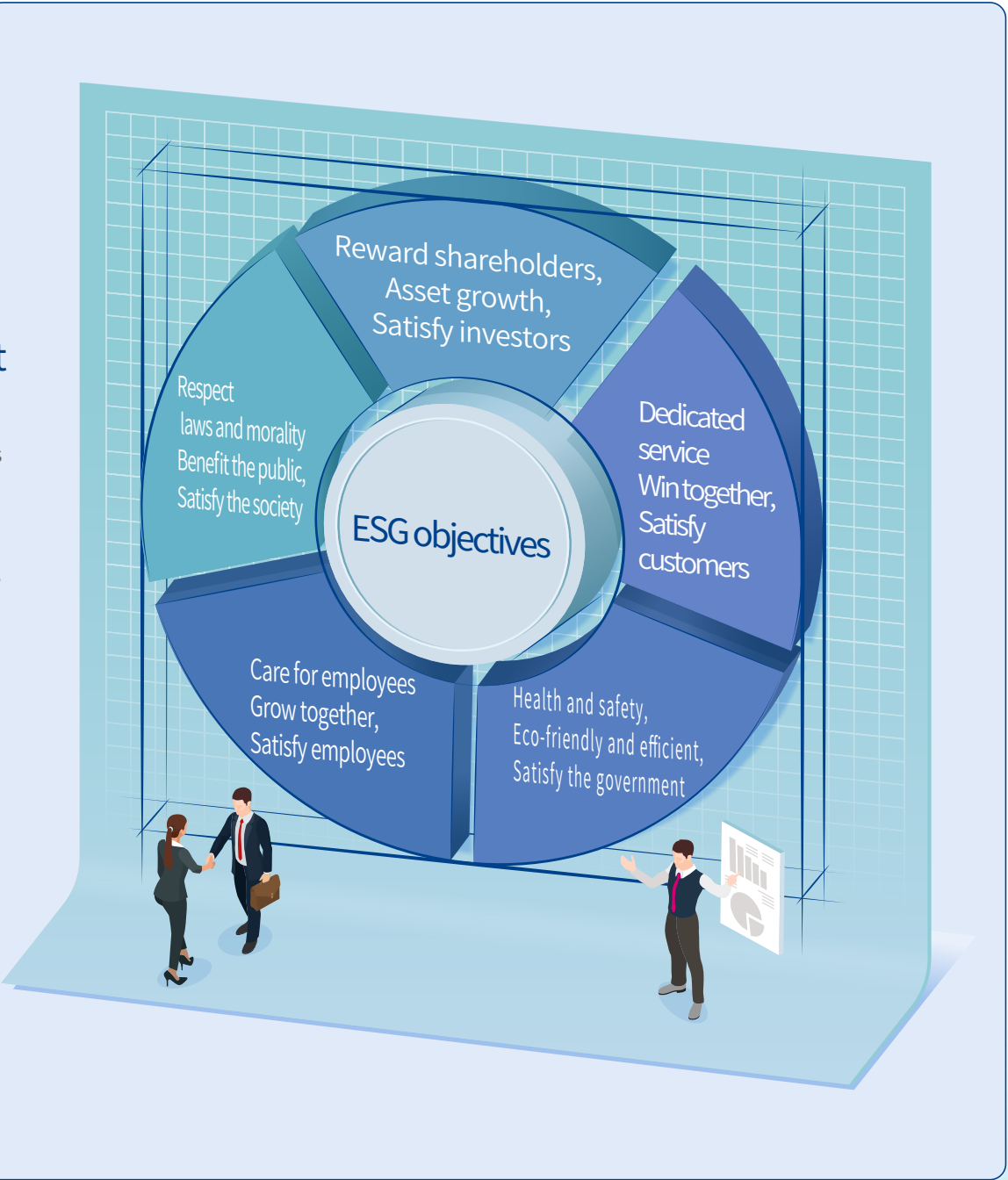
01 ESG Management and Stakeholder Communication

With the concept of respecting all stakeholders, Kangda International strengthens ESG management of the Company. Through close communication and interaction with stakeholders, we can favorably understand and respond to the concerns of stakeholders while constantly improving the Company's strategy.



• ESG Concept

Since its establishment, Kangda International has fully respected all stakeholders, wholeheartedly ensured their demands and rights and satisfied them with our endless efforts in terms of objectives of social responsibility.



Water, the Way of Harmony

Kangda International adheres to the concept of “water, the way of harmony” when it comes to responsibility. Since highlighting the social and economic impacts of water - the source of lives, the Company continues to operate its core business on the basis of “water”. We expect to not only influences the environment and industry in the way drips stir up a ripple but also proactively work with all stakeholders to create a sustainable development environment; by converging drips into rivers and expanding the influence, the Company nourishes the society while strengthening itself so as to achieve mutual benefit and win-win collaboration as well as to maximize the ultimate value of Kangda International for society.

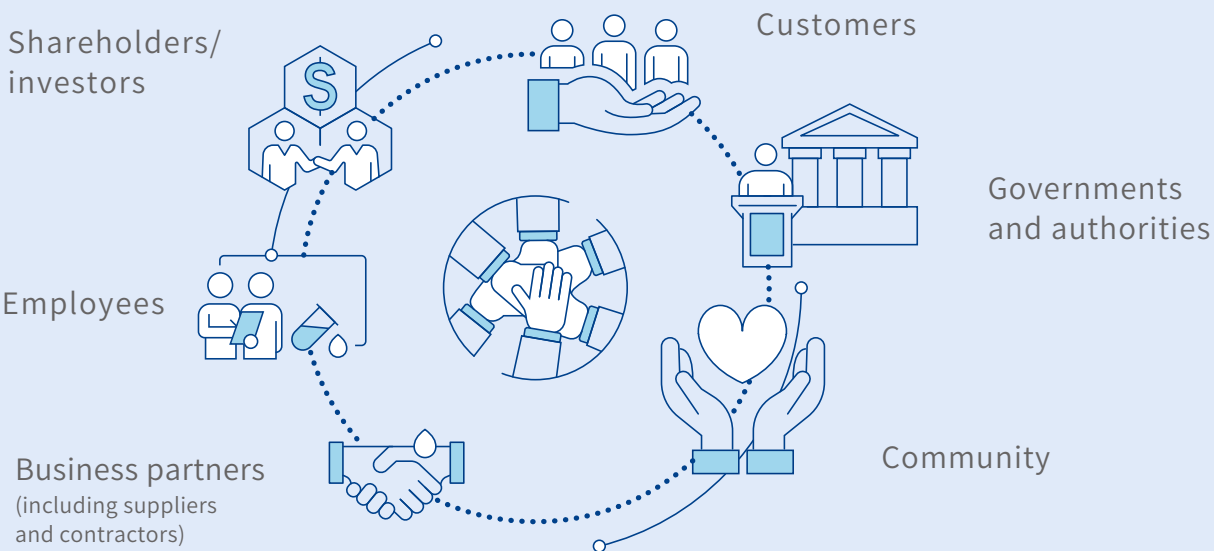


• ESG Governance

In order to better drive the implementation of the Company's ESG concept and strengthen the Company's sustainable development management, the Company has established a three-level governance system composed of the Board of Directors, Working Committee and Working Group as the core and appointed full-time

employees to oversee ESG feedback and prepare ESG reports. Based on the ESG report, the company will continue to engage deeply the Board of Directors in the process of ESG risk assessment and management and constantly upgrade the governance level of ESG in the future.

• Stakeholder Identification and Communication



We communicate with stakeholders in various ways to understand their concerns, actively respond to issues with actions and timely review the effectiveness of such actions. During the reporting period, the issues of concern to different stakeholder groups and communication and response from the Company during the reporting period were as follows.

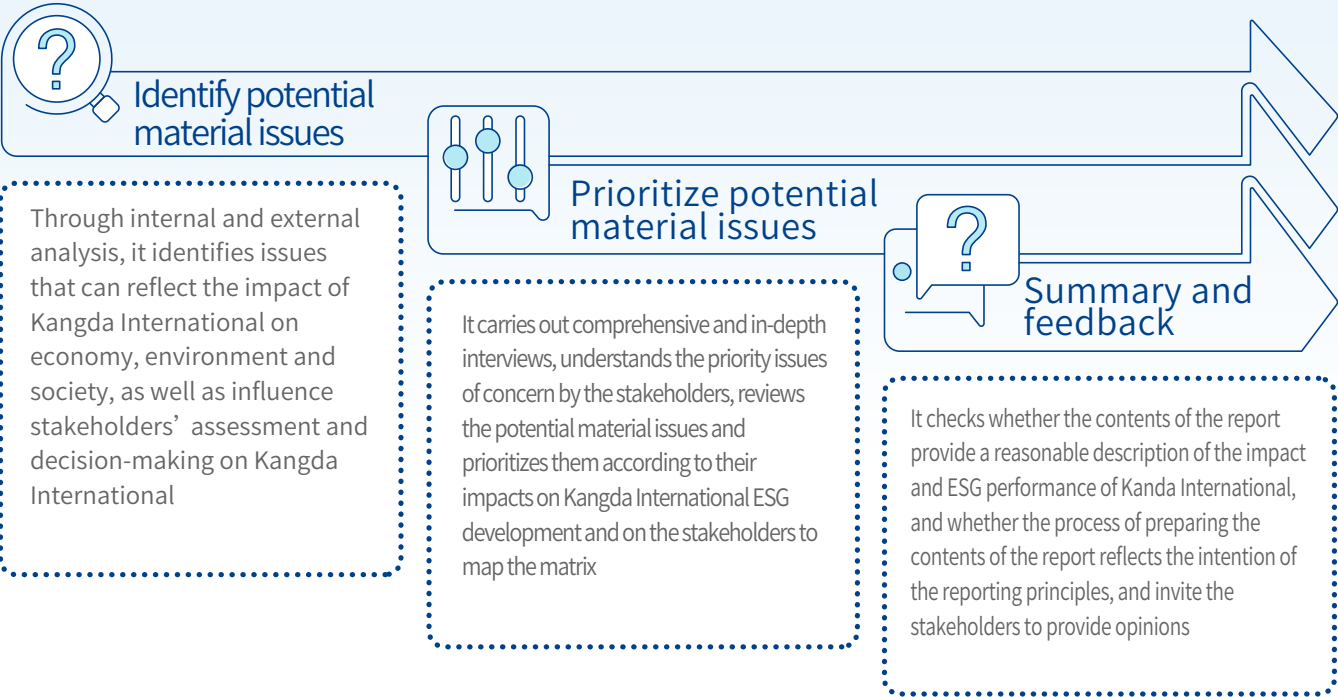
Stakeholders	Issues of concern	Communication and response
Shareholders/ investors	Business growth Policy implications Management structure adjustment Product and service quality Employee retention	General meeting / regular report / interim announcement Real-live roadshow and reverse roadshow Phone call and email correspondence
Governments and authorities	Policy implication Water eco-environmental protection Chemicals management Sludge treatment	Regular report / interim announcement Report and reception Correspondence Field research
Customers	Product and service quality Technology R & D and Application Supplier / contractor management Handling of customer complaints	Hotline Informative feedback Satisfaction survey
Employees	Occupational safety and health Employee retention Compensation and benefits Business growth	Safety training meeting Professional competence training Employee activities Daily communication, internal publicity and complaint feedback
Business partners (including suppliers and contractors)	Supplier / contractor management Business performance Policy implications Construction site management	Open bidding Annual assessment Field research Supplier meeting
Community	Philanthropy Community participation and development support Water eco-environmental protection Sludge treatment	Community events / announcements / press releases Visits and investigations Field research



02 Materiality Analysis

Assessment of Material Issues

In 2019, Kangda International identified a list of material issues of the Company in accordance with its overall adjustment, industry policy trends, media reports and ESG regulatory requirements. Through in-depth interviews with stakeholders, the Company prioritized and analyzed the materiality of each issue from two aspects, namely the impact on the Company's strategic operation and development as well as the impact on stakeholders, and presented the materiality matrix of the year.

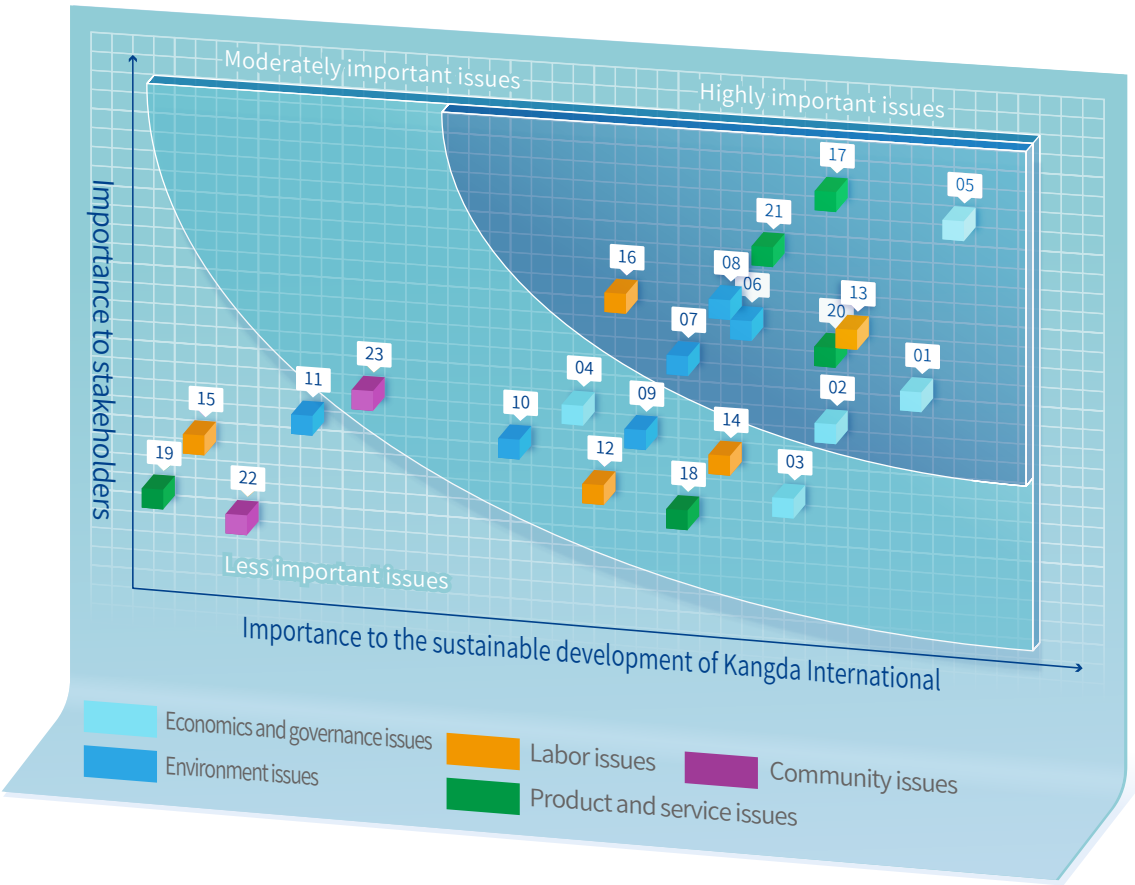


Assessment process of material issues

Kangda International identified 11 ESG issues of high importance to the Company, 8 moderately important ESG issues and 4 ESG issues of low importance. Highly important issues constitute a key part of the content of this report and we will disclose the relevant content in detail in this report.

Based on the assessment of material issues in 2018, we have adjusted some issues according to the relevance of the Company's operation and work content. In view of the change of controlling shareholders and management during the reporting period, the subtopic of "management structure adjustment" was added to economics and governance issues; the sub-topic of "technology R&D and application" was added to product and service issues, which echoes where the Company's technology will be towards. In the environmental issues, "hazardous waste management" is altered to "hazardous chemicals and waste management", focusing on the whole process of chemical use from the source to the final disposal; as for the community-related issues, "community-based relationship maintenance" and "local economic and development support" are integrated into "community participation and development support". At the same time, due to the changes in the industry environment and the Company's strategic adjustment, we re-ranked the importance of some issues, such as prioritizing "community engagement and support" as moderate importance issues while deprioritizing "customer privacy" as less important issues due to less involvement in business.

Kangda International 2019 ESG Materiality Matrix



Economics and governance issues	1 Business growth	2 Policy implications	3 Operation idea	4 Anti-corruption	5 Management structure adjustment	
Environment issues	6 Water eco-environmental protection	7 Sludge treatment	8 Hazardous chemicals and waste management	9 Construction site management	10 Energy management	11 Greenhouse gas emissions
Labors issues	12 Remuneration and benefits	13 Occupational safety and health	14 Career development and training	15 Diversity and equal opportunities	16 Employee retention	
Product and service issues	17 Product and service quality	18 Customer complaint handling	19 Customer privacy	20 Supplier/contractor management	21 Technology R&D and application	
Community issues	22 Philanthropy	23 Community participation and support				

03

Corporate Governance

Kangda International remains committed to its business policy of “following the rules, being self-disciplinary, and fulfilling responsibility”. In order to concretize the Company's vision of “creating first-class environmental protection, creating a century enterprise”, we are committed to building a sustainable corporate governance system and constantly improving the risk assessment, evaluation and decision-making system. Internally, we continue to strengthen the internal control system of the Company; externally, we strictly request and manage suppliers and contractors, clarify the internal and external accountability at all levels, establish an operation environment featuring anti-corruption, integrity and fairness to ensure the efficient, stable and sustainable development of the Company.

• Corporate Governance

Kangda International strictly abides by the Company *Law of The People's Securities Law of The People's Republic of China, Guidelines for the Governance of Listed Companies, Standard Code for Securities Transactions by Directors of Listed Issuer s* and other relevant laws and regulations, as well as rules and requirements of regulators. After years of growth, we have established a complete corporate governance structure with the Board of Directors as the core to supervise and manage the risks facing the Company. The Company conducts routine compliance inspection and complete compliance requirements as a response to internal and external environmental changes while encouraging all departments to review and update the internal management system regularly. During the reporting period, the Company employed a flat management style, canceled branches and adopted the system of “allowing president to act as a juridical person” to define the separation of duties and strengthen internal management. Specifically, the status of 79 juridical persons has been altered.

For details, please refer to the “Corporate Governance Report” of the 2019 Annual Report.



Corporate Risk and Internal Audit Governance Structure

• Anti-Corruption

Kangda International attaches great importance to integrity management, strictly abides by all anti-corruption laws and regulations, resolutely resists bribery and corruption in any forms. The Company formulates the *Anti-Fraud Management System of Kangda International Co., Ltd.* to specify and regulate all kinds of corruption, strictly shackles the behaviors of managers and employees at all levels through the Employee Handbook and publicizes the ethical standards of integrity-driven practices. The Internal Audit and Inspection Department promotes anti-corruption work through compliance audits, special audit and complaints and reports,

especially for high-risk steps such as major investments and departure of key personnel. We continue to improve the reporting and complaint process and system. That is, whistleblowers can report corruptive behaviors by phone and reporting email while the Internal Audit Department is responsible for receiving, recording, investigating, verifying, and reporting such information as well as returning opinions. The Company adopts the real-name whistleblower system and appoints specific personnel responsible for the reports. During the investigation, the whistleblower’s personal information is kept

confidential to strictly protect them. In 2019, the Company strengthened the management of high-risk procurement, improved the selection and evaluation of suppliers and adopted centralized bidding for pharmaceuticals to curb the occurrence of corruption.

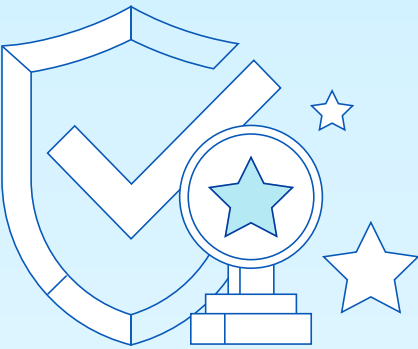
During the reporting period, Kangda International was not involved in any filed and concluded corruption cases.

Collaboration and Sustain Long-term Growth

Quality Assurance	Technology R&D	Supply Chain Management	Industry Development
-------------------	----------------	-------------------------	----------------------

The smooth operation of the Company relies on the coordinated development of upstream and downstream industries. Kangda International continues to optimize the quality management system of project construction and operation while further enforcing and streamlining the quality management. While ensuring the product quality, we steadily enhance the supply chain management, hold fast to R&D innovation, proactively undertake university-industry-research collaboration and grow with the industry.





01 Quality Assurance

Quality assurance of products is the cornerstone of the vision of “To lead the environmental protection industry and stand for a hundred years.” in Kangda International. We focus more attention on the professionalism in the project construction and project operation, continue to promote the transformation of quality management, ensure the stability and safety of effluent water quality and strongly underpin the sustainable development of enterprises and society.

• Project Construction

We introduce health, safety and environmental impact assessment during project design to serve as a basis for quality project. During project construction, we strictly follow the national laws and regulations such as *The Construction Law of The People's Republic of China, Rules on the Construction Quality Management, Compulsory Provisions of Engineering Construction Standards (Building Part)* and industrial specifications for the sake of project quality while comprehensively reviewing the construction progress, quality specifications and safety work through the weekly supervisor meeting.

Kangda International has established a complete project quality management framework as it adopted the project quality manager accountability system and the lifelong accountability system. During the project construction, the project manager should be the primary responsible person for quality assurance and develop various project management systems based on the project quality objectives before strictly carrying out them. In the event of major quality issues in the construction, we will dismiss the responsible person for any single substandard behavior.



Design and disclosure

- Before construction, detailed technical disclosure and safety disclosure of all working procedures shall be carried out and filed for team members on site
- Strictly implement the signature-attached technical review system, technical disclosure system and signature-attached measurement and review system

Project construction

- Technical workers work with certificates
- Carry out regular training and publicity of construction quality awareness
- Focus on quality risk monitoring and rectify problems in time where necessary
- Regularly hold routine construction meeting, construction progress meeting, production coordination meeting and supervisor meeting

Project acceptance

- Strictly inspect projects in three steps before acceptance:
- Team self-inspection
- Cross-team inspection
- Professional acceptance by supervisor
- Invite local quality control department to participate in the acceptance of some important processes
- Sign and file all acceptance data

• Project Operation

For project operation, following the requirements of *Law of the People's Republic of China on Product Quality, Law of the People's Republic of China on the Prevention and Control of Water Pollution* and other laws and regulations, Kangda International has developed management systems such as *Technical Specification for Operation, Maintenance And Safety of Urban Sewage Treatment Plants*, so as to ensure that the effluent quality of sewage treatment plants are up to the standards of *GB18918-2002 Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant*.

During the reporting period, we did not involve in any cases subject to products recalls for safety and health reasons. And we did not receive any products and service related complaints.

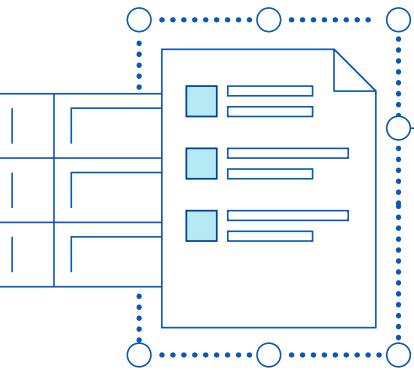


Operation quality management

- Practice rules and regulations as well as operation procedures
- Establish operation account with dynamic management
- Conduct daily site inspection and regular assessment
- Develop emergency response plan
- Carry out operation training and competition to improve professional ability

In 2019, Kangda International continued to optimize the operation quality management system and updated the Operation Instruction for Equipment in Urban Sewage Treatment Plant and the Operation Instruction for Process in Urban Sewage Treatment Plant, revised the Management Measures For Facilities And Equipment; it also further standardized the maintenance and operation management of equipment and ensured the up-to-standard effluent of sewage treatment plant through online monitoring. During the reporting period, all discharges from the sewage treatment plants had met the effluent quality standards.

We set higher requirements for our quality managers and have trained a competent professional team. Three employees - from Kangda Environmental Protection (Shangqiu) Water Co., Ltd., a subsidiary of Kangda International - won first, second and third prizes respectively for their thorough water testing skills in the 2019 Sewage Test and Monitoring Skills Competition in Shangqiu Urban Area jointly sponsored by Shangqiu Municipal Bureau of Urban Management and Shangqiu Urban Construction and Transportation Union.



02 Technology R&D

Technology R&D and innovation is the key to the future development and competitiveness of enterprises. The Company actively promotes the deep integration of technology and operation and applies scientific and technological findings to the production.

• Promote the Application of New Technology

During the reporting period, Kangda International applied a series of new technologies to sewage treatment plants under construction and operation, effectively improving product quality, operation efficiency, energy conservation and environmental protection.



Low-temperature Drying Technology

The low-temperature drying system uses heat pump dehumidifier to dehumidify and heat the air for the purpose of drying sludges.

优势

it has advantages in energy conservation, environmental protection, safety and stability, easy maintenance over other technologies. It can effectively reduce the capacity and weight of sludge without odor emission during operation.

应用

the technology has been applied to the sludge treatment of Gaomi No.1 facility and Gaomi No.3 facility, among which the former has been tested and operated in December 2019.



CYYF Whole Process Deodorization Technology

The low-temperature drying system uses heat pump dehumidifier to dehumidify and heat the air for the purpose of drying sludges.

it has the advantages of effective deodorization, simple process, convenient and fast construction mode, cost-efficient investment and operation, safety and reliability over other deodorization technologies.

CYYF whole process deodorization technology has been applied in the Harbin Qunli sewage treatment facility.



Liftable Aeration System

With aeration pipe supports at the top of the pond, it is not necessary to remove the original aeration system to reduce the impact of the replacement of the aeration system on the operation of the sewage treatment facility.

the simple and fast installation, easy maintenance can improve the aeration efficiency and the load capacity of sewage treatment. It is highly applicable when the aeration system is renewed in a short water supply cut-off period.

the liftable aeration system has been used in Xinzheng No.3 facility to ensure the replacement and maintenance of the aeration system under normal production and improve the aerating efficiency and load capacity of sewage treatment.

Also, the Company took the lead in the application of moving bed biofilm reactor (MBBR) packing technology, anoxic technology, the third-generation homogeneous catalysis technology and magnetic separation technology in different sewage treatment projects and thus accumulated numerous proven experiences.

• Industry-University-Research Collaboration

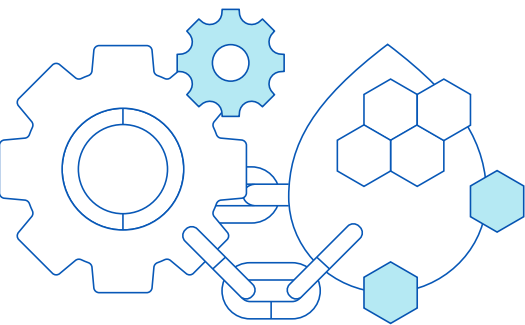
Kangda International vigorously introduces high-quality resources from universities and society and then carries out industry-university-research collaboration to reserve technology for the application. During the reporting period, Shenzhen Kangyuan Environmental Nanotechnology Co., Ltd. affiliated to the Company reached several industry-university-research collaborations with the Graduate School at Shenzhen, Tsinghua University in fields of ceramic membrane. The collaboration has facilitated 4 invention patents including “a ceramic membrane and its preparation method, ceramic membrane module and wastewater treatment system” and preliminary technical successes.

The innovative drinking water equipment

Kangda International designed and manufactured a set of medium-sized drinking water equipment for a provincial water service operator by using the technology of “half coagulation + ozone / ceramic membrane + biological activated carbon + disinfection” based on the relevant technology of Energy and Environment Department of Graduate School at Shenzhen, Tsinghua University, which can effectively remove suspended substances, mud and sand, organic matters, ammonia nitrogen, disinfection by-product precursors, metal ions and pathogenic microorganisms in the raw water. The effluent standard goes beyond the GB5749-2006 Standards for Drinking Water Quality.

• Intellectual Property Management

In strict accordance with the Patent Law of the People's Republic of China, the Trademark Law of the people's Republic of China, Law of the People's Republic of China Against Unfair Competition and other relevant laws and regulations, Kangda International strengthens the management of intellectual property rights and protects the legitimate rights and interests of the Company and all stakeholders. In order to prevent the unauthorized use of the Company's patent, we will verify and deal with any possible intellectual property infringement as soon as possible.



03 Supply Chain Management

Kangda International regards suppliers and contractors as important business partners and remains committed to building a sincere, fair and transparent partnership with them. According to the *Supplier Management System* and *Contractor Management System*, we manage the product quality of suppliers and contractors, employment, certification of the environmental management system and compliance in production. We try our best to choose local suppliers and contractors so that we can reduce the carbon footprint and promote local employment and economic development.

Supplier management measures of Kangda International



Major suppliers



Introduction of new suppliers



Supplier audit



Termination of supplier service

Project construction

Equipment suppliers and engineering contractors

Introduction methods: information-based search, recommendation from location where project operates, door-to-door visit

Evaluation items: focus on compliance, product and service quality, safe production and environmental management ability

Audit frequency: annually / irregular reviews during construction

Audit process: conduct sampling inspection on the factory, business locations and project cases on a regular basis every year. Pay attention to the timeliness of supply, project progress, business effectiveness, professionalism, supply quality and after-sales service during the project construction

List the suppliers/contractors with mistakes or reviewed as unqualified on the unqualified supplier/contractor database and blacklist them in case of serious mistakes

Project operation

Chemicals providers

Introduction methods: centralized procurement by province every year. Generally, over three suppliers are selected for the same type of chemicals to ensure stable supply

Evaluation items: focus on the supply price, delivery period, product quality and after-sales service

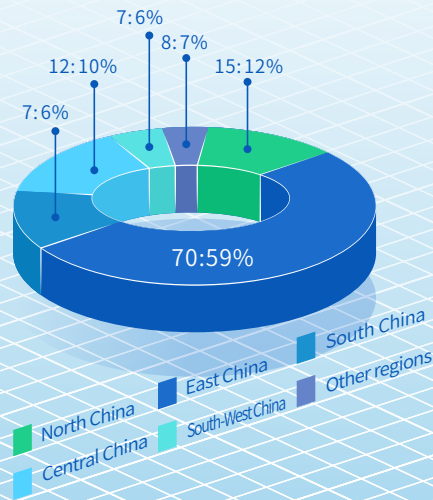
Audit frequency: annual supplier review

Audit process: For quantitatively advantage of chemicals supply, control the quality and price of supplied products and ensure the stability of supply. Established a cross-department joint chemicals procurement team and database of chemicals suppliers during the report period to rank the suppliers as excellent, good and qualified grades according to the review results for

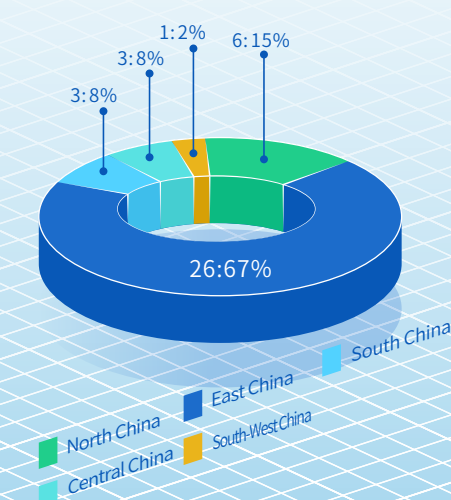
In the subsequent centralized procurement, fully consider the recorded mistakes of suppliers; terminate or reduce the procurement as appropriate

As of the end of the reporting period, the number and distribution of suppliers for Kangda International was as follows:

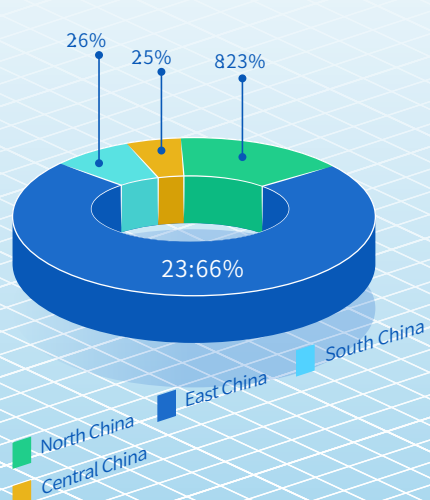
Distribution of equipment suppliers during project construction



Distribution of engineering contractors during project construction



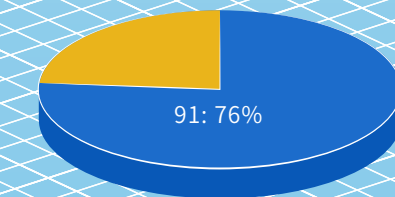
Distribution of chemicals suppliers during project operation



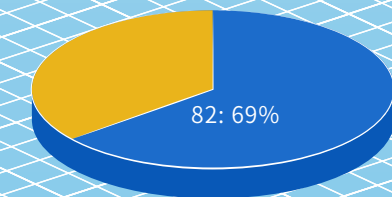
Proportion of equipment suppliers certified by ISO9001 Quality Management System

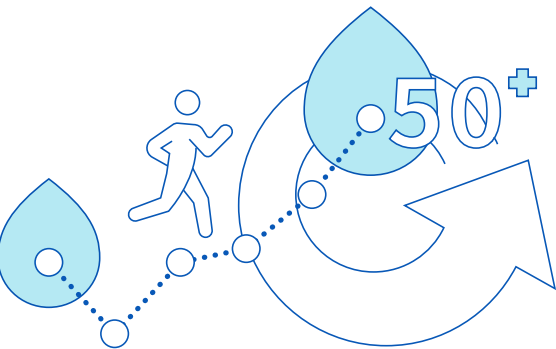


Proportion of equipment suppliers certified by ISO 140001 Environmental Management System



Proportion of equipment suppliers certified by other ISO system or OHSAS 18001 Occupational Health and Safety Management System, SA8000 Social Responsibility Standard





04 Industry Development

As one of the “Top 50 Environmental Enterprises in China” and vice chairman of China Association of Environmental Protection Industry, Kangda International is committed to facilitating communication and cooperation with the industry and regulators while deepening exchanges with industry associations, universities, governments and society on professional technology and enterprise management for optimal allocation of resources as well as coordinated and sustainable development of the industry.

• Industry Communication

From the 16th to the 19th of October 9, 2019, Kangda International was invited to participate in the “2019 Wastewater Conference” sponsored by the journal Water and Wastewater Engineering. As one of the important and grand professional meetings in the field of wastewater engineering in 2019, the conference had invited many industry experts to make plenty of specific technical reports on pipe networks, water plants, sludge and smart drainage. It boosted the transformation of sewage treatment operation into “full coverage, collection, treatment for all sewage pipes” and “improved quality and efficiency of sewage treatment system”, aiming to build a wide range of industry-university-research technology platform in support of high-quality, full-value-chain and sustainable development of water industry in China. After attending the meeting, technical personnel of the Company had learned from experts’ insights and peer’s experiences, knowing the development of cutting-edge technology and sharing their own experience with peers to offer new ideas for technology development and application in the next step.

• Industry Development

Standard plays a fundamental and conditional role in quality assurance. Participating in the formulation of industry standards is conducive to increasing the standardization level of the industry, sharing experience and achievements with peers and improving product quality with joint efforts. During the reporting period, Kangda International, North China Municipal Engineering Design & Research Institute Co., Ltd. and other peers jointly participated in the preparation of the *T/CECS 636-2019 Technical Specification for Magnetic Medium Coagulation and Sedimentation Wastewater Treatment* initiated by the China Association for Engineering Construction Standardization. The Technical Specification has been reviewed and approved for release and would be effective on April 1, 2020.

• Government Instruction

The development of the sewage treatment industry is inseparable from the government's leadership and overseeing. Kangda International vigorously follows water management policies of national and local governments, provides high-quality products in public utilities and protects local green water and blue sky.

National and local governments attach great importance to the projects constructed and operated by Kangda International. In 2019, we had many visitors from the leadership of the National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development as well as provincial, municipal and district governments at all levels and relevant ecological environment departments for on-site inspection, instruction and fields visit. We shared with them our knowhow in operation and management and application of advanced technology while discussing how to collaborate with all departments to jointly promote infrastructure construction of public utilities, protect the ecological environment and boost local economic development. In 2019, Kangda International received governmental subsidies of 75.12 million yuan.



Engagement and Bring Everyone Together

Staff Profile	Talent Development	Health and Safety	Care and Support
------------------	-----------------------	----------------------	---------------------

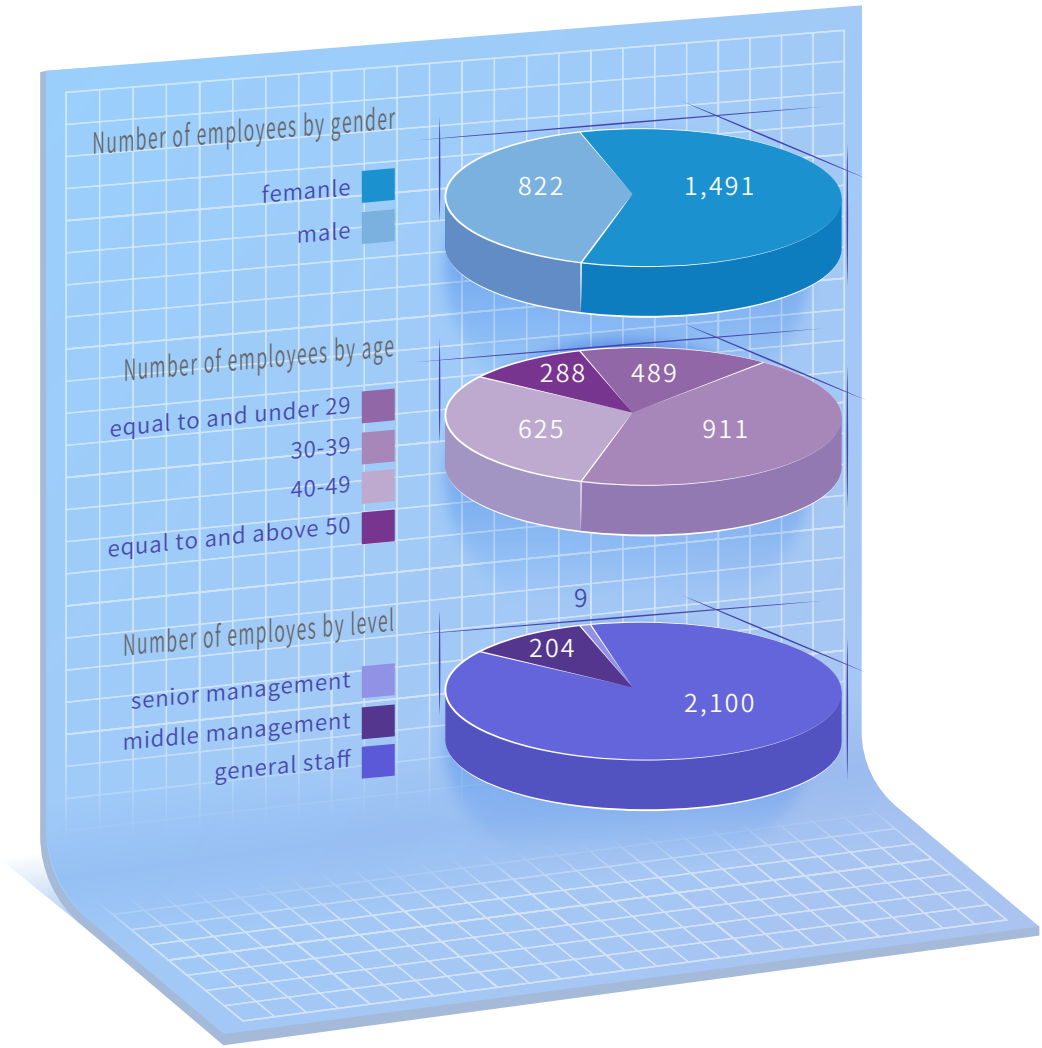
Human capital is an important strategic resource for the Company. Kangda International is committed to building a fair and just employment environment as well as a safe and healthy workplace for employees. We fully respect and protect each employee’s fundamental rights, attach great importance to employee development and welfare and encourage employees to work and grow with the Company.



01 Staff Profile

Kangda International is committed to the “people-oriented” principle and strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other applicable laws. In 2019, material changes happened in controlling shareholders and the management of Kangda International. To adapt to the needs of the structural adjustment of the Company, we have made a series of updates and optimizations to the human resource management system. During the reporting period, we updated the *Recruitment Management System*, the *Attendance Management System*, the *Performance Assessment Management Methods*, the *Special Working Hours Application System*, the *Employee Manual* and other regulatory documents to ensure employees’ rights regarding recruitment, promotion, resignation, working hours, salaries and benefits. To effectively carry out plans of management changes, we actively promote the OA online process while improving the efficiency and standardization of approval and operation based on the adjustment of management structure and reporting process, thus making the power to approve and management more transparent and traceable as well as promoting the level of information-based management.

In addition, we are also committed to building a diverse working environment, paying constant attention to women's rights and protecting the rights of vulnerable groups such as the disabled. We prohibit child labor and forced labor, respect candidates’ differences in gender, age, race and cultural background, and oppose any forms of discrimination or unfair competition. As of December 31, 2019, the Company officially contracted 2,313 employees.

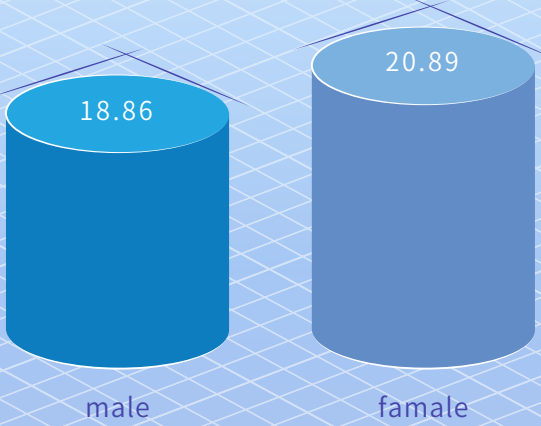


02 Talent Development

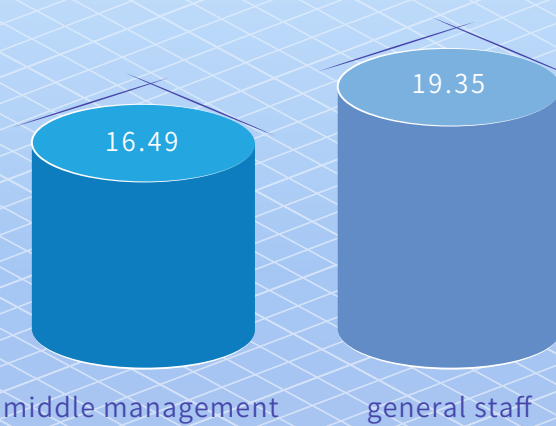
The growth and development of employees are fundamental to the sustainable development of the Company. Kangda International has formulated internal systems such as the *Training Management System* and the *Competitive Employment Management Methods* for each system and established a scientific and systematic training system to quickly integrate employees into the team and support their development. Through fair, just and public competitions, internal job transfers and other methods, we provide diversified job promotions for the development of employees.

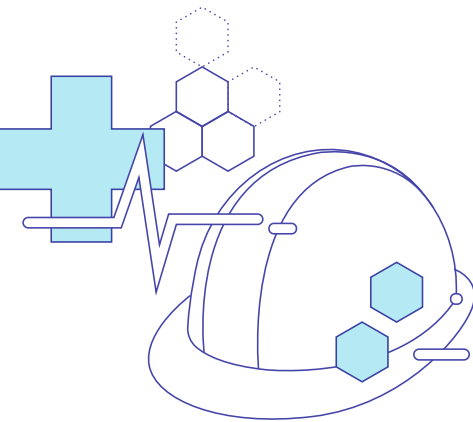
Kangda International continuously renews employee training and learning plans. We provide different career development paths for employees of different levels and sequences, make great efforts to match the right person to the right job and realize employees’ potential, helping employees accomplish their goals of career development planning and maximizing their values in their positions. In response to the training system of the Company, all subsidiaries have actively developed the training model that matches their business characteristics. To better improve the skills of employees and pave the way for the development of employees with complicated skills, we encourage employees to attain technical certifications and professional qualifications necessary for jobs and increase the related compensation to continuously motivate employees to learn and work.

Employee training by gender
(hours per employee)



Employee training by level
(hours per employee)





03 Health and Safety

Safety and health are the foundation to ensure employees’ enthusiasm and improve their efficiency in work. We keep improving the occupational health and safety management system and take the protection of employee health and safety as a basis for the sustainability of the Company.

• Safety Production Management

Putting safety at work first, Kangda International earnestly implements the safety principle of “safety first, prevention foremost, comprehensive administration”. We strictly follow the *Labor Law of the People's Republic of China*, the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other applicable laws, and have formulated the *Management Methods of Chongqing Kangda International for Construction Projects (Trial)*, the *Standard Collective Manual for Safe and Civilized Construction at Construction Site* and other regulatory documents. During the reporting period, we revised several systems including the *Integrated Planning of Kangda International for Emergency Response to Production Safety Accidents*, continued to implement the responsibility system for safety at work and accomplished safety management objectives through closed-loop working methods. With particular attention paid to the responsibility of the management, we impose a one-vote veto on the annual assessment of major safety incidents in production as well as stability in production and operations as we consider safety management as an important indicator of performance assessment.

To ensure the orderly progress of the project and production safety, we take solid steps to carry out the investigation and treatment of hazards in safety production in an all-round way. In line with the overall requirements of the Company, the members of each project, including project managers, managers at all levels, the directors of worker group and workers, all have signed the *Safety Production Responsibility Letter*. We have specified and assigned targets of safety at work to each person with their own responsibility, forming a responsibility-based safe production model where the project managers should be responsible for the overall performance and the directors of construction teams assume major duties. With great importance attached to safety construction management, we have defined detailed and clear safety management requirements for all steps of construction and carried out major tasks such as daily pre-job education, weekly reviews, safety training and safety checks to ensure no major safety incidents occurred in any projects during the reporting period.

Morning Meeting Routines

It's required for all construction teams to conduct a pre-job safety meeting every day, make sure daily work priorities, and illustrate daily safety briefings to the operators.

Level-III Safety Education

It's required to conduct level-III safety education system and inform the on-site workers the knowledge of safety education. The workers sign safety responsibility letter after they pass the risk notification exam.

Safety Checks

It's required to organize safety checks, conduct safety meetings, summarize safety hazards in production and. implement rectification.

Education Summary

All professional teams are required to conduct the "pre-job education, post-job summary" for promoting professional safety knowledge.

In June 2019, we launched the "Safe Production Month" activity and mobilized all employees to learn the knowledge about safety and fire prevention through various forms including exhibition boards, videos, meetings and knowledge competitions. Besides, we post safety signs and safety slogans at all construction sites to prepare employees with better ability in risk prevention and to reduce or avoid incidents. During the reporting period, the work hours employees missed due to work-related injuries was 3,725 hours but no deaths was caused by work-related injury. For each work-related injury, we have investigated and learned from the incident and implemented rectification measures in a timely manner.

	2019 年
Number of employees injured due to work (person)	19
Hours of work injury (hours)	3.725
Employee death due to work (person)	0
Number of traffic accidents on the way to and from work of employees (times)	1

With great importance attached to safety education, we have established rules on the hours of safety education for each level and continue to carry out corresponding safety training and emergency drills to increase the safety awareness of employees.

Firefighting knowledge training and emergency drills

To continually improve employees’ understanding of fire prevention and safety as well as improve their ability to protect themselves, rescue themselves, prevent disasters and escape from dangers, the headquarters of the Company and Yugao Property have joined hands to carry out firefighting knowledge training and drills for all employees. Through the on-site teaching and training and outdoor survival drills, the awareness of fire prevention and safety, the sense of responsibility and the emergency response capabilities of all employees have been further improved.

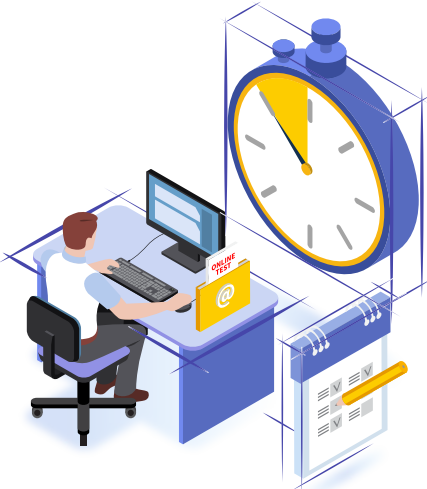
• Occupational Health Protection

Kangda International attaches great importance to the safety and health of employees in the workplace. The Company complies with the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Regulation on Work-Related Injury Insurance* and other applicable laws and regulations, and has passed the OHSAS 18001 Occupational Health and Safety Management System. During the reporting period, the Company organized physical examinations for the employees exposed to occupational diseases, covering a total of 607 employees.

We continue to offer employees various forms of occupational health and safety education, aiming to increase employees' awareness of self-protection and strive to provide a safe and healthy working environment for them.

Occupational health education lecture

To improve the occupational health knowledge of employees and increase their safety awareness and skills, Shangqiu Kangda Water Treatment Co., Ltd., a subsidiary of Kangda International, held a lecture on occupational health education. This lecture had particularly invited an instructor from the Safety and Health Education Center in Henan province to deliver lectures. The instructor introduced the common occupational diseases and illustrated the prevention measures, thus improving the health awareness and ability of employees.



04 Care and Support

Kangda International strictly complies with the *Social Insurance Law of the People's Republic of China*, the *Regulation on Paid Annual Leave for Employees* and other applicable laws and regulations and continues to improve the salary and welfare system. During the reporting period, Kangda International optimized and revised the *Compensation Management System* based on the external salary for the industry and the internal organizational structure adjustment. Meanwhile, the Company issued the *Allowance Management System* to standardize allowance for part-time workers and expatriate workers at different positions, fully reflecting the "value-oriented" talent grooming concept.

In 2019, Kangda International is in a critical strategic transformation. We have conducted in-depth communication and exchanges with employees many times, kept open to the needs and suggestions from the front-line workers and continuously enhanced the employee engagement. For employees who have left the Company, we provide proper guidance for them to go

through the termination procedures and ensure that their rights are well protected; for employees who have transferred jobs, we help them establish a career development path consistent with the development of the Company to achieve successful transformation. During the reporting period, the total employee turnover rate of Kangda International was 8.0%. In the future, we will continue to optimize the human resource management system to further attract talent and improve employee satisfaction.

We highly value on the happiness of employees and advocate the balance between work and life. With improved workplace, free physical examination and various forms of activities to care employee, we encourage employees to keep the balance of work and relaxation while sharing the "positive energy" in work and life to guide employees to pursue a better life in a healthier manner.



Carrying out health campaigns and gathering strength



To continually promote the health culture of Kangda International, the Company organized more than 40 employees to participate in the "Chongqing Yugao Property Seventh Community Sports Event" in November 2019. The participants had four group games, namely, fun relay race, back-to-back game, fun bowling and fun running. Through the better coordination and cooperation of the team members, we won honors, and more importantly, shared the health concept with all employees, encouraging everyone to pursue a better life in a healthier manner.

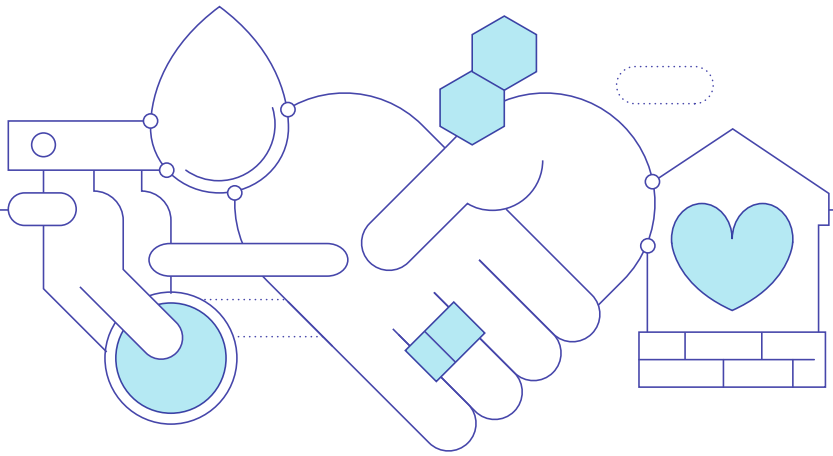
Celebrating monthly birthday party and spreading the warmth



To show more care to the lives of employees and improve the happiness of employees, in October 2019, Kangda International held a birthday party for employees who had a birthday that month. At the event, the birthday employees and their colleagues shared and enjoyed the happy and touching feelings. We hope to provide employees with more opportunities for communication and exchanges through birthday party activities and continuously enhance their sense of happiness and belonging.

Conducting fundraising activities and gathering kindness

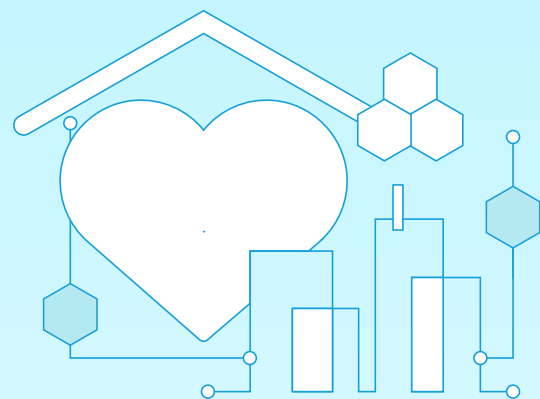
Kangda International cares for employees and strives to solve real issues and difficulties in work and life for employees. Employee Zhang Haiyan and her family suffered rear-end collisions on the highway, and all three people were seriously injured, falling into critical conditions. Being informed, the Union promptly proposed a donation event. The employees made donations and gave their care to Zhang Haiyan and her family, fully mirroring the spirit of unity and mutual assistance of employees in Kangda International.



Sharing and Give Back to Society

Green Home | Philanthropy

With a firm belief in the great vision of “sharing, and give back to society”, Kangda International proactively undertakes corporate social responsibility in environmental protection and philanthropy to give back to society. We make full use of the advantages as an environmental protection enterprise in innovative technologies and project construction. Through the regional environmental governance, the infrastructure construction for environmental protection and the landscape improvement, we hope to build a greener home and create a better life together. We share the knowledge of environmental protection through philanthropic activities to arouse public awareness and actively carry out volunteer services and philanthropic events to promote community communication and support the harmonious development of the community.



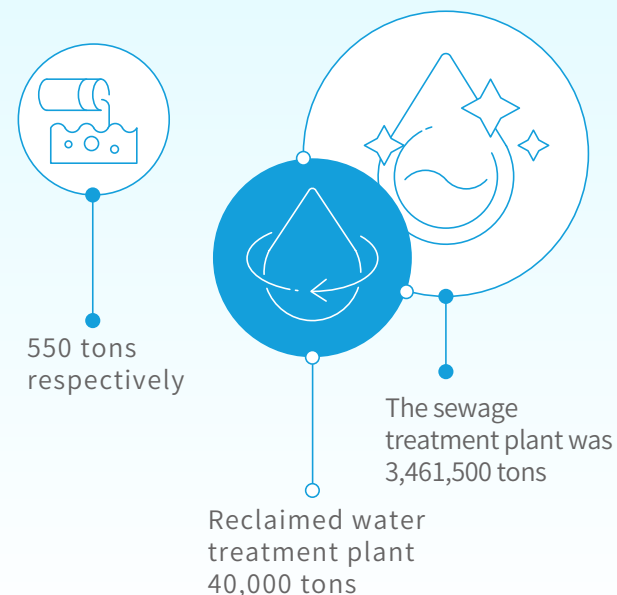
01 Green Home

Taking the "making the water clearer, the mountains greener, the sky bluer" as the mission, we proactively explore new technologies and methods for comprehensive environmental pollution control. The Company has carried out environmental remediation projects in three business sectors, namely, urban water treatment, water environment comprehensive remediation and rural water improvement. Through years of hard work, we have continuously improved our business capabilities, developed the water treatment and improved the ecological environment, striving to build a green home.



• Promote Water Treatment and Build a Green Home

Water pollution is a major obstacle to the sustainable use of urban water resources and the sustainable development of the urban economy. Sewage treatment plays an important and positive role in preventing water environment pollution and alleviating the conflict between supply and demand of urban water resources. Through the active promotion of urban water treatment, Kangda International has effectively improved the protection of water resources and water environment, reduced the pressure and risks brought by urban sewage pollution and promoted the sustainable use of water resources, thus contributing to the sustainable development of the social economy. As of December 31, 2019, the daily treatment capacity of the sewage treatment plants, the reclaimed water treatment plants and sludge treatment plants in operation was 3,461,500 tons, 40,000 tons and 550 tons respectively.



First Sewage Treatment Plant Phase II in Qitaihe City, Heilongjiang Province

To speedily convert the advantage of geographical location and resources into economic strengths, Kangda International launched the Phase II construction of the First Sewage Treatment Plant in Qitaihe City to expand its sewage treatment capacity and provide sustainable, ecological, garden-like and humanized space for urban development. The Sewage Treatment Plant Phase II has promoted the development of the drainage system in the central area, effectively improved the regional water environment, mitigated the increasingly prominent conflict between supply and demand of water resources in Qitaihe City and satisfied people's basic needs for life. Besides, the elimination of the natural water pollution caused by urban sewage pollution is conducive to the protection of the local ecological and cultural environment, laying a foundation for the development of other industrial projects in the region and promoting regional economic development.



Sewage Treatment Plant in Qitaihe City

Upgrading, Reconstruction and Expansion Project of Qunli Sewage Treatment Plant in Harbin

The quantity of the sewage to be treated in western Harbin has been increasing by years, but the current treatment capacity of the sewage treatment plant has reached the maximum design. It is of urgent need to expand the Qunli Sewage Treatment Plant and improve its sewage treatment capacity. On June 30, 2019, the upgrading, reconstruction and expansion project of Harbin Qunli Sewage Treatment Plant passed environmental testing.

The construction and operation of this project can solve the problem of sewage disposal in both the western area of Harbin and the Hejiagou City and improve the environment on both sides of Hejiagou City. We aim to build an ecological residential area to reduce the environmental pollution in Songhua River, Harbin section as well as the entire urban area and improve the people's quality of life.



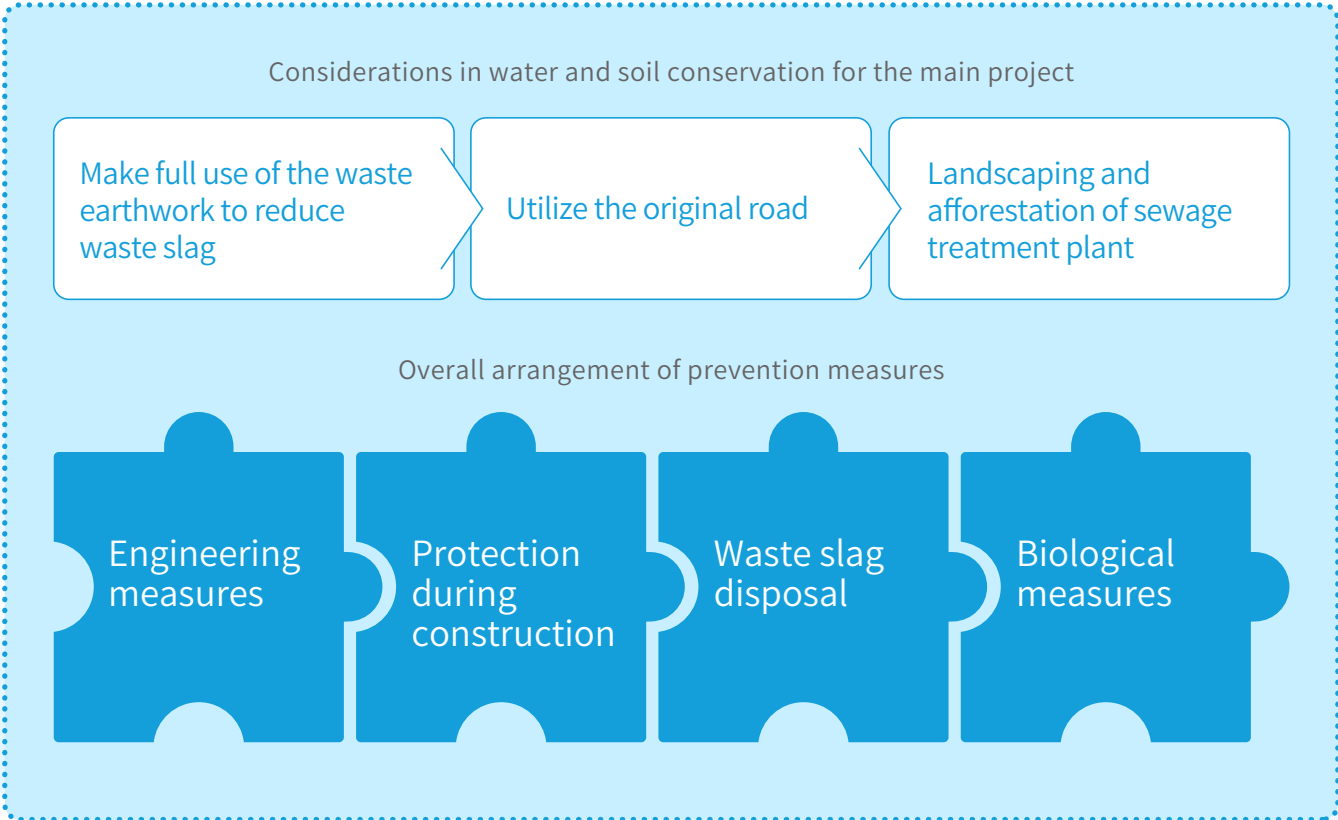
Aerial view of Qunli Sewage Treatment Plant in Harbin

• Improve Soil and Water Conservation and Boost Sustainable Development

During the project construction, the surface water withdrawal and its waste slag dump were likely to cause soil erosion, which endangered the surrounding ecological environment and affected the ecological balance. To deal with this problem, Kangda International made full use of its technical advantages. During the construction of the sewage treatment plant, we took effective and timely measures of water and soil conservation to promote the protection and effective use of water and soil resources, thus achieving the protection and improvement of the ecological environment.

Expansion Project in Shen County

During the construction of Expansion Project in Shen County, Kangda International adopted engineering measures and planting measures while making systematic plans to prevent water loss and soil erosion. Among these measures, the engineering measures mainly refer to empower function of soil and water conservation to the project during construction by optimizing design and construction in main project. During the design of the main project, we fully utilized the cross-section earthwork and reduced the generation and discharge of spoil and waste slag. To control the soil erosion caused by the building of temporary roads and the temporary occupation of cultivated lands, we tried to use only the existing roads for project construction. In addition, we correctly planted trees during project construction. With the soil and water conservation function of the plants, we effectively reduced wind erosion, conserving the water and soil of the park and beautifying the environment.



• Promote Comprehensive Remediation and Achieve Ecological Harmony

In active response to the requirements and initiative of national water environment comprehensive remediation, Kangda International promotes the comprehensive remediation of water ecological environments including regional rivers and wetlands, improves the city’s image and drives urban development by restoring the functions and landscapes of rivers and wetlands.

Sanjiang Wetland Ecological Restoration Project in Fuzhou City, Jiangxi Province

Sanjiang Wetland Ecological Restoration Project is located in the northwest area of the old district of Fuzhou City, covering an area of about 1,388 mu (1 mu equals 666.7 square meters), and the total investment of the project is 230 million yuan. The project includes landscape engineering, water conservation engineering, municipal transportation and bridge engineering, water ecological engineering and early warning system. The landscape engineering is targeted to create an “ecological gateway, wetland paradise, migratory bird habitat, leisure resort, purified platform, a sightseeing spot”, and the main divisions consist of wetland, woods, reed beds, meadow, beach, lotus pond, lawn, renewal of Chengjia Village and renovation of the flood discharge river.



The Sanjiang Wetland Ecological Restoration Project will solve the four major problems in the area, including the living difficulty, slow water flowing, unclear water and unpleasant scenery, get villagers out of the trouble caused by flooding, achieve smooth drainage and reduce the burden caused by flood discharge, while improving the water quality and ecological water environment of the Fuhe River and bringing a beautiful living environment to the city.

Nannei River Water Quality and Regional Environmental Management in Leping City, Jiangxi Province

As one of the two major inland rivers in Leping City, Nannei River undertakes the main function of water discharge in the urban area of Leping City and embodies the historical memory of the city. However, the development of the infrastructure in Leping City lags behind, especially the sewage pipe network, which results in direct discharge of sewage and a slow river flowing. Nannei River is seriously influenced by urban sewage pollution, affecting the life of people along the Nannei River. Through water quality treatment and water ecological treatment, Kangda International improved the water quality and regional environment in an all-round way, meeting people’s fundamental living needs and improving their quality of life. This project has adopted the water treatment measures to improve the flood drainage projects in the Nannei River and the urban area and relieved the current urban waterlogging. In addition, landscaping measures are adopted in the project to improve the riverside landscape and built a more livable and beautiful city, thus contributing to the long-term development of Leping City.

The importance of regional management in the Nannei River

Improve regional water quality and people's quality of life

Improve the landscape of Binhe and build a livable city

Improve urban frastructure

Improve the condition of urban water logging

02 Philanthropy

Bearing in mind the social responsibility of enterprises, Kangda International proactively carries out various social philanthropic activities and makes full use of its advantages to increase environmental awareness and promote environmental education, thus contributing to the development of a harmonious society and a beautiful home.

• Community Engagement

Kangda International proactively participates in community activities to shape harmonious interactive atmosphere with surrounding communities. As a leading enterprise in the environmental protection, Kangda International is committed to informing the knowledge about environmental protection, sharing the knowledge and skills of environmental protection and raising public awareness of environmental protection.

Promoting Environmental Education and Mobilizing Public Participation

Kangda International makes full use of its advantages as an environmental enterprise and plays its role in sharing knowledge about environmental protection and encouraging public engagement to raise the public's awareness of environmental protection.

On November 26, 2019, Kangda International Shangqiu Water Co., Ltd. was officially listed in the fourth batch of "Henan Province Environmental Education Base". With the philosophy of "building an open enterprise", Kangda International actively collaborates with schools and institutions to carry out activities such as "public open day". As an environmental education base, we have a great amount of student visitors from primary and secondary school and college for the purpose of learning in the facility. Through multiple methods including sharing knowledge about environmental protection, presenting products of environmental protection, conducting fun interactive games and field visit and experience, we carried out on-site teaching of environmental protection knowledge for students and built a platform for the public to experience, understand and participate in environmental protection, which has received high praise from the public.

Besides, Kangda International gives full play to its role as a channel and bridge to mobilize the public to participate in ecological environmental protection. Combining environmental educational activities with environmental protection theme days, on World Water Day and World Environment Day, the Company organizes various forms of educational activities including the environmental protection experience day for citizens and the outdoor charitable promotion, which has effectively increased the community's awareness of water conservation, environmental protection and ecological protection and achieved positive social influence.

Tree-planting Day Activity

On March 12, 2019, Kangda International Zhengzhou Xinzhongzhou Water Co., Ltd. carried out the Tree-planting Day activity. They weeded, fertilized and watered the peach, pear, apricot, pomegranate and walnuts trees planted in the area last year. The employees have been encouraged to start from themselves and protect the ecological environment.



• Philanthropic Services

Kangda International advocates the spirit of dedication and volunteer service. We actively carry out philanthropic activities, work in line with the core socialist values and take practical action to give back to society and promote social harmony.

Working Together to Fight Against the Pandemic

In 2020, the COVID-19 pandemic continues to spread throughout the world. Kangda International has taken immediate methods including closed management, reducing job transfer and raising sanitation standards to ensure the normal operation of sewage treatment plants and other environmental sanitation infrastructure as well as employees' safety.

On the afternoon of February 5, 2020, Xuedian Sewage Treatment Plant in Xinzheng District made a donation and gathered necessary materials such as instant noodles, mineral water and ham sausage for the front-line fighters against the pandemic in Xuedian Town. Though not much materials, the workers from Xuedian Sewage Plant have shown their care to the anti-coronavirus battle.



Achievement and Enjoy Alluring Landscape

Environmental Management | Energy Conservation and Consumption Reduction | Pollution Reduction

Low-carbon and green development has become an important issue for global development. Kangda International adheres to the corporate principle of “taking on social responsibility and building ecological civilization”. We continue to promote ecological protection through business development and meanwhile put great efforts to transform each operation process into low-carbon economy and advance towards a low-carbon future.

01

Environmental Management

Sustainable development is the core of our business. We continue to bring positive changes to the environment and society in the three business fields, namely, urban water treatment, water environment comprehensive remediation and rural sewage treatment. At the same time, we work to reduce the harmful environmental impact during business development and consider environmental protection when designing, constructing and operating the project. Through the improvement of the environmental management system and the promotion of environmental culture, we strive to create a resource-saving, environmentally friendly and safe production-oriented enterprise.

A complete environmental management system is the cornerstone for the Company to pursue green development. Kangda International strictly complies with applicable laws and adheres to the principle of “law-based obedience, efficient energy consumption, up-to-standard emission, cleaner production, continuous improvement and green development”. To promote green operations and development, we continuously improve the environmental management system in three aspects, namely, efficient resource utilization, efficient energy transformation and efficient waste recycling. We have formulated the *Environmental, Occupational Health and Safety Inspection System* and the *Environmental Factors, Hazard Source Identification Evaluation Management System* and passed the ISO 14001 environmental management system certification. During the reporting period, we continued to promote the identification of environment impact factors, improve our performance in environmental management and effectively fulfill our green commitment to building a healthy ecological environment.



02

Energy Conservation and Consumption Reduction

With great importance attached to the consumption efficiency of resources and energy, Kangda International has set rules for the use of resources and energy. During the reporting period, we revised the *Kangda Group Equipment and Facilities Management Methods* to further improve the management of the facilities and equipment in the Company and promote effective consumption.

The Company has developed measures to manage resources and energy during project design and construction. During the project design, we encouraged new projects to be planned and designed according to the *Green Building Evaluation Standard* (GB/T 50378-2014). During the project construction, we encouraged them to refer to the *Code for Green Construction of Building* (GB/T 50905-2014) and standardize the management of the energy, water resources and consumables used in the process. Meanwhile, we advocate energy structure optimization, equipment technology innovation, clean energy utilization and reduction of comprehensive energy consumption and carbon emissions, and are willing to share the experience about energy conservation and consumption reduction with peers and people from all walks of life.

Apart from the environmental considerations in the project design and construction, we also actively promote energy conservation and consumption reduction in all operation processes. We continue to advocate paperless office, use low-consumption LED lamps and develop low-carbon lifestyle among employees by encouraging green and healthy energy-saving ways. The energy used by Kangda International includes mainly purchased electricity, natural gas, as well as diesel and gasoline consumed by machinery, equipment and company vehicles during project construction and office operations.

•

Energy Consumption

Energy Category		Energy Source	2019
Direct energy		Diesel (liter)	123,576
		Gasoline (liter)	358,444.4
		Natural gas (cubic meters)	5,080
Indirect energy		Outsourcing power (kWh)	356,051,740.7
Total energy consumption (tons of standard coal)			
Comprehensive energy consumption density (tons of standard coal/10,000 CNY of revenue)			

•

Greenhouse Gas Emissions

Emission of greenhouse gases		2019
Greenhouse gas emissions - direct emissions (tons of carbon dioxide equivalent)		
Greenhouse gas emissions - indirect emissions (tons of carbon dioxide equivalent)		
Total greenhouse gas emissions (tons of carbon dioxide equivalent)		
Greenhouse gas emissions per unit of income (tons of carbon dioxide equivalent/10,000 CNY of revenue)		

The resources used by Kangda International mainly consist of chemicals used in water quality treatment, consumables used in construction, water resources used in construction and operation and paper consumption in the office. During the reporting period, the chemicals used by the Company mainly included inorganic analytical reagents, organic analytical reagents, special effect reagents and benchmark reagents. We have improved the management and control over the entire process of chemical purchasing, using and storing, and constantly enhanced chemical management ability. At the same time, we have reduced the use of resources during construction and operation through timely supervision and effective promotion.

• Resource Consumption

Resource		2019
Construction consumables		850,764.9
Water resources	Construction water (cubic meters)	113,181.0
	Office and operation water (cubic meters)	357,617.4
Paper (tons)		2.3



03 Pollution Reduction

The Company continues to standardize the management of wastewater, waste gas, solid waste and other pollution, and strictly complies with the *People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, the *Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise* and other applicable laws. We take water pollution management, air pollution management and waste pollution management as the Company's environmental protection priorities and control the total emissions. We have formulated the *Standard for Safety and Civilization Construction of Construction Sites* and *Manual for Hazardous Waste Management*, integrated source prevention, process control and the cycle-of-end treatment of pollutants into the project production, and categorized the on-site pollutant management work such as separate collection, storing and recycling. Besides, we strictly control the domestic solid waste and wastewater generated in the operation, properly categorize and recycle the waste and earnestly manage the compliance discharge of wastewater.

Sanjiang wetland ecological restoration project in Fuzhou City

In active response to national policies and laws on green construction, we carry out dust management, noise management and waste management during the construction, striving to create resource-saving and environmentally friendly projects.



- ✓ Dust management: we proactively adopt on-site dust reduction and greening technology, use wet method to generate less dust. And we set up vehicle washing facilities at the entrance and exit of the construction site to recycle the water used for washing vehicles;
- ✓ Noise management: we set up enclosures based on the requirements of closed construction, use low-noise and low-vibration machinery and adopt sound-proofing and isolation measures to avoid or reduce the noise and vibration in construction;
- ✓ Waste management: we sort the generated construction waste and household waste, build an on-site garbage pond and carry out timely cleaning and transport.

During the reporting period, we introduced the low-temperature drying technology to dispose of the sludge generated in the project. The drying process doesn't need any chemical agents. Meanwhile, the capacity and weight of sludge can be reduced by over 40% and 70% respectively, and the emission of the processing system reaches the level-II standard of *Integrated Emission Standard for Air Pollutants* (GB 16297-1996) and the level-II *standard of Emission Standard for Odor Pollutants* (GB 14554-93).

• Wastewater and Solid Waste Discharge

Waste	2019
Domestic and factory wastewater discharge (cubic meters)	1,200
Domestic waste (tons)	12.38
Waste oil discharge (tons)	0.34

Content Index of the *Environmental, Social and Governance Reporting Guide* of the Hong Kong Stock Exchange

Subject Areas, Aspects, General Disclosures and KPIs Page

A.Environmental

Aspect A1: Emissions

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	P48-52
KPI A1.1	The types of emissions and respective emissions data	P52
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P50
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P52
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P52
KPI A1.5	Description of measures to mitigate emissions and results achieved.	P49-52
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P52

Aspect A2: Use of Resources

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	P49-50
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ' 000s) and intensity (e.g. per unit of production volume, per facility).	P50
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P51
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	P49-51
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	No issue in sourcing water
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable, the product does not involve packaging materials

Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer’ s significant impact on the environment and natural resources.。	P39-44
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P39-44

B.Social

Employment and Labour Practices

Aspect B1: Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P29-36
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	P31
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Will disclose in the future

Aspect B2: Health and Safety

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	P33-34
KPI B2.1	Number and rate of work-related fatalities.	P34
KPI B2.2	Lost days due to work injury.	P34
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P33-34

Aspect B3: Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	P32
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Will disclose in the future
KPI B3.2	The average training hours completed per employee by gender and employee category.	P32

Aspect B4: Labour Standards

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	P31
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	P31
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	No violations

Operating Practices

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	P25
--------------------	--	-----

KPI B5.1	Number of suppliers by geographical region.	P26
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P26
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P21-22
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No product recalled for safety and health reasons
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P23-24
KPI B6.4	Description of quality assurance process and recall procedures.	P21-22
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Not applicable, we do not require privacy data from consumers
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and	P18

	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P18
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P18
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P37-46
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P37-46
KPI B8.1	Resources contributed (e.g. money or time) to the focus area.	Will disclose in the future