

Deputy Chairman's Address – Mr. Zhigang Zhang



**2020 China water environment market
PET (Greater China Region) Developing plan**





In 2019, PET (China) fulfilled its commitment to the board with its impressive performance

In 2020, the COVID-19 has a significant impact on the world's economy. The economic downturn was inevitable, and PET business in China was also affected.

PET (China) was well prepared and resumed business very fast
◇ 17th Feb, Changxing factory and Beijing office returned to work
◇ 23rd March, Yunnan, Jiangsu region resumed.
◇ 30th April, All areas resumed except Hubei

With in depth strategy and intense planning , we will turn the crisis into an opportunity and strive to minimize the lost time caused by COVID-19

目录

CONTENTS



**Water environment industry in China,
Application of Phoslock Technology**



PET (China) business model



PET (Greater China) Developing plan



Water environment in China

PHOSLOCK®

According to the Circular of the Ministry of Ecological environment of China: From January to December 2019, in 1940 national surface water assessment sections, the proportion of sections with excellent water quality (class I-III) was 74.9%, up 3.9% year on year; The proportion of class V section is 3.4%, down 3.3% year on year. The improvement of water quality is mainly reflected in the improvement of biochemical indicators.

Closing year

2020 is the closing year of the 13th five-year plan of the Chinese governments "blue water defense war"

Changes in key tasks

In 2020, China's water environment management began to change from the stage of comprehensive river basin regulation to the stage of facility operation and maintenance and biodiversity protection



Comprehensive solutions of Xinfenghe River in Beijing

Main solutions

Ecological restoration materials: phosphorus locking agent, microbial agent, wetland filler and other comprehensive measures

Project construction: wetland construction

Results

- ◆The comprehensive solution for ecological restoration and wetland project have been successful, and have been praised by all parties
- ◆The physical and chemical indexes and the ecological health evaluation indexes of water, grass and fish have been greatly improved

Market prospect

Phoslock technology has excellent performance in water ecological restoration and biodiversity construction.

Full confidence in the prospect of operation and maintenance market



— PHOSLOCK Application (Xinfenghe River)

PHOSLOCK®





According to the statistics of the Ministry of Ecological Environment, From January to December 2019, According to the status of key Lakes (reservoirs) monitored, the number of lakes (reservoirs) with inferior class V water quality accounted for 7.3%, only 0.8% lower than the same period last year.

Monitoring eutrophication
Among the key Lakes (reservoirs), 28% of them are eutrophic. Among them, Taihu Lake, Chaohu Lake, Dianchi Lake, Erhai Lake, Baiyangdian Lake and other famous water bodies have no obvious improvement in water quality and eutrophication.

Eutrophication treatment of lakes, reservoirs and wetlands

- ◆ Relative to river course, the improvement is not obvious
- ◆ The required technology is more complex, and the comprehensive treatment is more difficult
- ◆ The main pollution indicators are total phosphorus, COD and permanganate,
- ◆ The government is under great pressure, and the overall situation requires much attention



— PHOSLOCK Application (Classic Case)



Xingyun Lake (Water Area 34km²)

Main Solutions:

Key technologies: “Lake Modeling + PHOSLOCK + Tech Service”

Key data: Phoslock usage 3,000 tonnes, Max in PET history.

Result

TP result: TP down from 0.28mg/l to 0.06mg/l, down by 80%

Assessment: Achieved goal 0.08mg/l

Sociology: Reach lake standard IV, best water quality in last 10 years

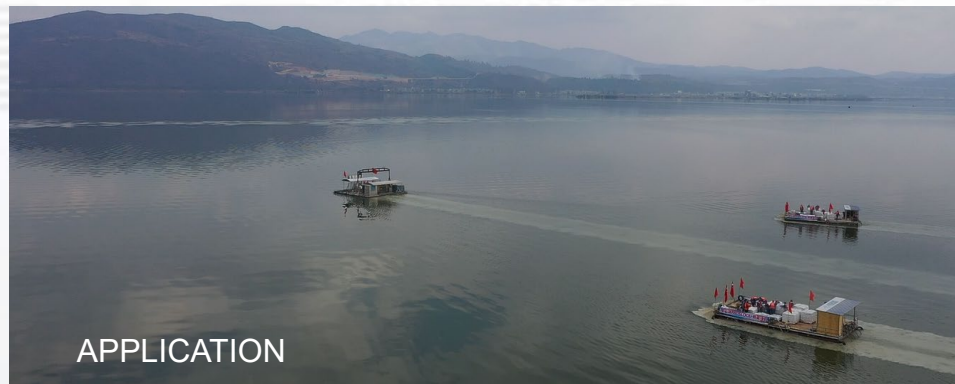
Technical: “Lake Modeling + PHOSLOCK ” has been verified

Marketing: The demonstration effect is obvious, which provides a typical solution for the treatment of other polluted lakes in China



- PHOSLOCK Application (Xingyun Lake)

PHOSLOCK®



星云湖

Xingyun Lake





Yunnan Dianchi demonstration project

Background

Dianchi Lake (water area of 300km²), 10 times the area of Xingyun Lake, Top of nine plateau lakes in Yunnan . Government has agreed to use Phoslock technology to carry out verification demonstration in Dianchi Lake

Difficulty: Technical difficulty and construction difficulty are greater than that of Xingyun Lake

Complexity: The surroundings are complex, affected by the rainy season and rivers

Representativeness: The experimental area is a miniature of Dianchi Lake, with similar pollution and water indicators

Expected Result

Relying on the success of Xingyun Lake, a comprehensive solution of Dianchi Lake is being created



Market forecast

With the success of the demonstration project of Dianchi Lake, it will be promoted on a large scale in Dianchi Lake with the approval of the government

The management of Xingyun Lake has approved the operation and maintenance plan for the second half of this year, which not only includes phosphorus reduction through Phoslock, but also puts forward new requirements for the construction of clear water steady-state system.

PET has more than 300 successful achievements in the field of eutrophication treatment of lakes, reservoirs and wetlands in the world.

PET China team, utilizing the core of Phoslock technology ,achieves phosphorus reduction, ammonia nitrogen removal and COD reduction.

目录

CONTENTS



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Current business model and Layout

1. Comprehensive management of river basin based on the provision of core materials, like Xinfenghe River
2. PET (Beijing) centered key regional marketing network
 - ◇ PET (Beijing) Beijing, Tianjin, Hebei
 - ◇ Southwest Branch: Yunnan, Guizhou, Sichuan
 - ◇ Nanjing Branch Zhejiang, Jiangsu, Shanghai
 - ◇ Wuhan Branch Hubei, Hunan, Jiangxi
 - ◇ Mobile group Other Areas

Many key projects have been implemented in key areas



二 PET (China) Business model

PHOSLOCK®

Innovative business model

A comprehensive engineering model and multiple product sales channels

◇ Sales mode

Supplement current go to market strategy with the establishment of strategic distributors.

◇ Online sales mode

Increased marketing penetration + Online shift (Baidu, Taobao, WeChat, Tik Tok, etc.)

目录

CONTENTS



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PET (China) business model



PET (Greater China) Development plan



1. Established PET Greater China region

Comprehensively restructure the people, technical engineering and factory team , optimize the allocation of capital resources

2. Optimize the proportion of revenue

Optimize the proportion of revenue, adjust the proportion of Engineering project revenue and Phoslock sales to 40% and 60%.

3. Optimize the allocation of human resources

Technical team responsible for the R & D of series products, and providing technical support for projects, products. BEST appropriately increased its marketing program.



4. Technical : expand our products

- Phoslock series: Develop Phoslock with different La content, and with different additives
- Phoslock algae removal series: sodium peroxycarbonate, copper sulfate, magnesium hydroxide
- Modified clay series: removal of COD with compressed air
- Bacteria series : bacteria and bricks
- Patented equipment: aerator

5. New factory

Start construction now , with completion of 20,000tpa capacity the end of 2020.



Conclusion



The China water ecological environment protection has changed from the construction stage (13th five year plan) to the water operation and maintenance stage (14th five year plan). The latest five year plan is designed to protect the water ecological environment and promote the realization of the goal of "clear water, green shore, fish flying " in the Beautiful China stage. The new planning and development stage are very suitable for the exertion of the advantages of Phoslock technology, which will bring more market opportunities for PET

I believe that under the leadership of the board of directors and management, with the strong support of all shareholders, and with the efforts of all employees, PET (China) will bring you substantial returns.

Finally, thank you again for your presence. After the COVID-19 outbreak, you are welcome to visit China at your convenience!

PET Board Director Zhang Zhigang