



Annual Report 2024



Tianjin Capital Environmental Protection Group Company Limited
天津創業環保集團股份有限公司

H Share Stock Code: 1065 A Share Stock Code: 600874

- I. The board of directors (the “**Board**”), supervisory committee (the “**Supervisory Committee**”), directors (the “**Directors**”), supervisors (the “**Supervisors**”) and senior management of Tianjin Capital Environmental Protection Group Company Limited (the “**Company**”) confirm that the information in this annual report contains no false information, misleading statements or material omissions, and accept joint and several responsibilities for the truthfulness, accuracy and completeness of its contents.
- II. All Directors of the Company attended the Board meeting.
- III. WUYIGE Certified Public Accountants LLP has issued standard unqualified audit reports of the Company.
- IV. Tang Fusheng, the officer in charge of the Company, Nie Yanhong, the officer in charge of the accounting function, and Liu Tao, the officer in charge of the accounting department (the accounting management officer), have declared that they are responsible for the truthfulness, accuracy and completeness of the financial reports contained in this annual report.
- V. The proposal on profit distribution or transfer of capital reserve fund to share capital for the reporting period as reviewed by the Board

As audited by WUYIGE Certified Public Accountants LLP, the actual profit available for distribution to shareholders this year was RMB6,133,464,906.76, which was calculated based on the net profit of RMB807,210,626.05 attributable to the Company in 2024, less the statutory surplus reserve of RMB63,434,057.49 drawn in accordance with the Company Law of the PRC and the related provisions in the Articles of Association of the Company, plus the retained earnings of RMB5,650,377,740.31 at the beginning of the year, and less the cash dividend of RMB260,689,402.11 for 2023 already declared in 2024.

To protect the interests of our investors, the Company is committed to maintaining a dividend payout for the year that is no less than that of the previous year. According to the profit distribution policy of the Company, the Company plans to pay a cash dividend of RMB1.70 (tax inclusive) for every 10 shares to all shareholders in 2024, totaling RMB266,971,074.45, with the cash dividend amount accounting for 33.07% of the net profit attributable to shareholders of the Company realized in 2024. In 2024, there was no conversion of capital surplus to share capital.

This distribution plan is subject to the approval of the 2024 annual general meeting.

Important

VI. Risk statements for the forward-looking statements

Not applicable

VII. Did the controlling shareholder of the Company and other connected parties misappropriate the Company's funds for non-operating purposes?

No

VIII. Did the Company provide external guarantees in violation of any specified decision-making procedures?

No

IX. Whether more than half of the Directors cannot guarantee the truthfulness, accuracy and completeness of the Interim Report disclosed by the Company

No

X. Significant risks warning

None

XI. Others

Unless indicated otherwise, financial figures in this annual report are denominated in RMB.

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1. Definitions

1. DEFINITIONS

In this annual report, unless the context requires otherwise, the following terms shall have the following meanings:

Definition of common terms

“Anguo Company”	Anguo Capital Water Co., Ltd.* (安國創業水務有限公司)
“Anhui Company”	Anhui Tianchuang Water Co., Ltd.* (安徽天創水務有限公司)
“Baoying Company”	Baoying Capital Water Co., Ltd.* (寶應創業水務有限責任公司)
“Bayannur Company”	Inner Mongolia Bayannur Capital Water Co., Ltd.* (內蒙古巴彥淖爾創業水務有限責任公司)
“Bohai Chemical”	Tianjin Bohai Chemical Industry (Group) Co., Ltd.* (天津渤海化工(集團)股份有限公司)
“Capital Materials Company”	Tianjin Capital New Materials Co., Ltd.* (天津創業建材有限公司)
“Caring Company”	Tianjin Caring Technology Development Co., Ltd.* (天津凱英科技發展股份有限公司)
“Changsha Tianchuang Environmental Protection”	Changsha Tianchuang Environmental Protection Co., Ltd.* (長沙天創環保有限公司)
“Changsha Tianchuang Water”	Changsha Tianchuang Water Co., Ltd.* (長沙天創水務有限公司)
“Chibi Capital Company”	Chibi Capital Water Co., Ltd.* (赤壁創業水務有限公司)
“Chibi Chuanghuan Company”	Chibi Chuanghuan Water Co., Ltd.* (赤壁創環水務有限公司)
“Company” or “Tianjin Capital”	Tianjin Capital Environmental Protection Group Company Limited
“Compro Company”	Gaoyou Compro Environmental Resources Co., Ltd.* (高郵康博環境資源有限公司)

“CSRC”	the China Securities Regulatory Commission
“Dalian Chunliuhe Company”	Dalian Oriental Chunliuhe Water Quality Purification Co., Ltd.* (大連東方春柳河水質淨化有限公司)
“Deqing Company”	Deqing Capital Water Co., Ltd.* (德清創業水務有限公司)
“Dongying Company”	Dongying Tianchi Environmental Technology Co., Ltd.* (東營天馳環保科技有限公司)
“Eco-city Company”	Tianjin Eco-city Investment & Development Co., Ltd.* (天津生態城投資開發有限公司)
“Enshi Company”	Enshi Capital Water Co., Ltd.* (恩施市創環水務有限公司)
“Fuyang Company”	Fuyang Capital Water Co., Ltd.* (阜陽創業水務有限公司)
“Group”	Tianjin Capital Environmental Protection Group Company Limited and its subsidiaries
“Guizhou Company”	Guizhou Capital Water Co., Ltd.* (貴州創業水務有限公司)
“Hangzhou Company”	Hangzhou Tianchuang Capital Water Co., Ltd.* (杭州天創水務有限公司)
“Hanshan Capital Company”	Hanshan Capital Water Co., Ltd.* (含山創業水務有限公司)
“Hanshan Chuanghuan Company”	Hanshan Chuanghuan Water Co., Ltd. (含山創環水務有限公司)
“Hanshou Company”	Hanshou Tianchuang Water Co., Ltd.* (漢壽天創水務有限公司)
“HBGJTC”	Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.* (河北國津天創污水處理有限責任公司)
“Hebei Guokong”	Hebei Guokong Jincheng Environmental Control Co., Ltd.* (河北國控津城環境治理有限責任公司)

1. Definitions

“Hefei Company”	Hefei Capital Water Co., Ltd.* (合肥創業水務有限公司)
“Hong Kong”	the Hong Kong Special Administrative Region, the PRC
“Hong Kong Company”	Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd.* (天津創業環保(香港)有限公司)
“Honghu Tianchuang Environmental Protection”	Honghu Tianchuang Environmental Protection Co., Ltd.* (洪湖市天創環保有限公司)
“Honghu Tianchuang Water”	Honghu Tianchuang Water Co., Ltd.* (洪湖市天創水務有限公司)
“Huize Capital Company”	Huize Capital Water Co., Ltd.* (會澤創業水務有限公司)
“Huize Chuanghuan Company”	Huize Chuanghuan Water Co., Ltd.* (會澤創環水務有限公司)
“Huoqiu Capital Company”	Huoqiu Capital Water Co., Ltd.* (霍邱創業水務有限公司)
“Huoqiu Chuanghuan Company”	Huoqiu Chuanghuan Water Co., Ltd.* (霍邱創環水務有限公司)
“International Machinery Company”	Tianjin International Machinery Co., Ltd.* (天津國際機械有限公司)
“Jiayuan Binchuang”	Tianjin Jiayuan Binchuang New Energy Technology Co., Ltd.* (天津佳源濱創新能源科技有限公司)
“Jiayuan Tianchuang”	Tianjin Jiayuan Tianchuang New Energy Technology Co., Ltd.* (天津佳源天創新能源科技有限公司)
“Jiayuanxin”	Tianjin Jiayuanxin Innovative Energy Technology Co., Ltd.* (天津佳源鑫創新能源科技有限公司)
“Jiayuanxing”	Tianjin Jiayuanxing Innovative Energy Technology Co., Ltd.* (天津佳源興創新能源科技有限公司)

“Jieshou Company”	Jieshou Capital Water Co., Ltd.* (界首市創業水務有限公司)
“Jinghai Company”	Tianjin Jinghai Capital Water Co., Ltd.* (天津靜海創業水務有限公司)
“Jinning Capital Company”	Tianjin Jinning Capital Water Co., Ltd.* (天津津寧創環水務有限公司)
“Jiuquan Company”	Jiuquan Capital Water Co., Ltd.* (酒泉創業水務有限公司)
“Karamay Capital Company”	Karamay Capital Water Co., Ltd.* (克拉瑪依創環水務有限公司)
“Karamay Tianchuang Company”	Karamay Tianchuang Water Co., Ltd.* (克拉瑪依天創水務有限公司)
“Linxia Company”	Linxia Capital Water Co., Ltd.* (臨夏市創業水務有限公司)
“PRC”	the People’s Republic of China, for the purposes of this annual report, excludes Hong Kong, the Macao Special Administrative Region, and Taiwan
“Qujing Company”	Qujing Capital Water Co., Ltd.* (曲靖創業水務有限公司)
“Shandong Company”	Shandong Capital Environmental Protection Technology Co., Ltd.* (山東創業環保科技發展有限公司)
“Shandong Tanchuang Company”	Shandong Tanchuang Environmental Protection Technology Development Co., Ltd.* (山東鄒創環保科技發展有限公司)
“Shibing Company”	Shibinggui Capital Water Co., Ltd.* (施秉貴創水務有限公司)
“Tianchuang Environmental”	Tianjin Tianchuang Environmental Technology Co., Ltd.* (天津天創環境技術有限公司)
“Tianchuang Green Energy”	Tianjin Tianchuang Green New Energy Investment Management Co., Ltd.* (天津天創綠能投資管理有限公司)
“Tianjin Haihe”	Tianjin Haihe Construction Development and Investment Co., Ltd.* (天津市海河建設發展投資有限公司)

1. Definitions

“Tianjin Investment Group”, “City Investment Group”	Tianjin City Infrastructure Construction and Investment Group Co., Ltd.* (天津城市基礎設施建設投資集團有限公司)
“Tianjin Jiayuanakaichuang”	Tianjin Jiayuanakaichuang New Energy Technology Co., Ltd.* (天津佳源開創新能源科技有限公司)
“TLP”	Tianjin Lecheng Properties Co., Ltd.* (天津樂城置業有限公司)
“TMICL”	Tianjin Municipal Investment Company Limited
“TYCOM”	Tianjin Yuanyicheng Commercial Operation Management Company Limited* (天津元易誠商業運營管理有限公司)
“Water Recycling Company”	Tianjin Water Recycling Co., Ltd.* (天津中水有限公司)
“Wendeng Company”	Wendeng Capital Water Co., Ltd.* (文登創業水務有限公司)
“Weng’an Company”	Weng’an Capital Water Co., Ltd.* (甕安創環水務有限公司)
“Wuhan Company”	Wuhan Tianchuang Capital Environmental Protection Co., Ltd.* (武漢天創環保有限公司)
“Wuhu Chuanghuan Company”	Wuhu Chuanghuan Water Co., Ltd.* (蕪湖創環水務有限公司)
“Xi’an Company”	Xi’an Capital Water Co., Ltd.* (西安創業水務有限公司)
“Xiqing Tianchuang Company”	Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd.* (天津西青天創環保有限公司)
“Yingshang Company”	Yingshang Capital Water Co., Ltd.* (潁上創業水務有限公司)
“Yonghui Company”	Jiangsu Yonghui Resources Utilisation Co., Ltd.* (江蘇永輝資源利用有限公司)

2. Company Profile and Major Financial Indicators

I. INFORMATION OF THE COMPANY

Chinese name of the Company	天津創業環保集團股份有限公司
Abbreviation of the Chinese name of the Company	創業環保
English name of the Company	Tianjin Capital Environmental Protection Group Company Limited
Abbreviation of the English name of the Company	TCEPC
Legal representative of the Company	Tang Fusheng

II. CONTACT PERSON AND METHOD

	Secretary to the Board	Company Secretary in Hong Kong	Securities Affairs Representative
Name	Qi Lipin	Mona Y.Y. Cho	Zhu Fan
Correspondence address	TCEP Building 76 Weijin South Road Nankai District, Tianjin, the PRC	22/F, Worldwide House, Central, Hong Kong, the PRC	TCEP Building 76 Weijin South Road Nankai District, Tianjin, the PRC
Telephone number	86-22-23930128	852-21629620	86-22-23930128
Facsimile number	86-22-23930126	852-25010028	86-22-23930126
Email address	qi_lp@tjcep.com	cosec@tjcep.com	zhu_fan@tjcep.com

III. COMPANY PROFILE

Registered address	12/F, TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC
Historical changes in the registered address	The address of the Company's registered office changed from 45 Guizhou Road, Heping District, Tianjin, PRC to 76 Weijin South Road, Nankai District, Tianjin, PRC in April 2005; The address of the Company's registered office changed from 76 Weijin South Road, Nankai District, Tianjin, PRC to 12/F, TCEP building, 76 Weijin South Road, Nankai District, Tianjin, PRC in December 2020.
Office address	TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC
Postal code of the office address	300381
Website	http://www.tjcep.com
Email address	tjcep@tjcep.com

2. Company Profile and Major Financial Indicators

IV. PLACES WHERE INFORMATION IS DISCLOSED AND AVAILABLE FOR INSPECTION

Name and website of the media designated for the disclosure of the annual report of the Company	Shanghai Securities News and China Securities Journal
Website of the stock exchange for the disclosure of the annual report of the Company	www.sse.com.cn
Place where the annual report of the Company is available for inspection	Office of the Board of Directors, 16/F, TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC

V. PROFILE OF THE SHARES OF THE COMPANY

Shares	Stock Exchange for listing shares	Stock short name	Stock code	Stock short name before its change
A Shares	Shanghai Stock Exchange (the “SSE”)	Tianjin Capital	600874	Bohai Chemical
H Shares	The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)	Tianjin Capital	01065	Tianjin Bohai

VI. OTHER RELEVANT INFORMATION

Certified public accountants engaged by the Company	Name	WUYIGE Certified Public Accountants LLP
	Office address	Room 2206, 22/F, 1 Zhichun Road, Haidian District, Beijing, the PRC
	Name of Signing Accountant	Shi Chenqi, Liu Yong, Xu Xinbo
Sponsoring Organizations Performing Ongoing Supervisory Duties During the Reporting Period	Name	CITIC Securities Company Limited
	Office address	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing, the PRC
	Name of Signing Sponsor Representative(s)	Ma Bin, Ge Xin
	Period of Statutory Continuous Supervision	From 28 September 2022 to 31 December 2023

Note: As the Company had not fully utilised the proceeds upon the conclusion of the statutory supervision period, the ongoing supervision obligations will be resumed by the sponsor during the reporting period until the proceeds were fully utilised.

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE PREVIOUS THREE YEARS

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	2024	2023	Increase/ Decrease for the period as compared to the same period last year (%)	2022
Operating revenue	4,827,453,005.80	4,665,082,961.28	3.48	4,522,166,911.85
Net profit attributable to the shareholders of the Company	807,210,626.05	865,207,128.31	(6.70)	751,254,173.95
Net profit attributable to the shareholders of the Company after deduction of extraordinary profit and loss	723,130,878.23	778,741,496.55	(7.14)	663,662,097.87
Net cash flow from operating activities	1,382,016,720.96	992,016,405.44	39.31	912,051,403.21
	As at the end of 2024	As at the end of 2023	Increase/decrease as at the end of the period as compared to the end of the same period last year (%)	As at the end of 2022
Net assets attributable to the shareholders of the Company	9,668,867,730.10	9,122,173,579.47	5.99	8,479,469,315.94
Total assets	25,154,981,695.71	24,460,654,468.88	2.84	22,969,675,598.93

(II) Major financial indicators

Unit: Yuan Currency: RMB

Major financial indicators	2024	2023	Increase/ decrease for the period as compared to the same period last year (%)	2022
Basic earnings per share (RMB/share)	0.51	0.55	(7.27)	0.51
Diluted earnings per share (RMB/share)	0.51	0.55	(7.27)	0.51
Basic earnings per share after deduction of extraordinary profit and loss (RMB/share)	0.46	0.50	(8.00)	0.45
Weighted average return on net assets ratio (%)	8.35	9.89	Decreased by 1.54 percentage points	9.88
Weighted average return on net assets ratio after deduction of extraordinary profit and loss (%)	7.48	8.95	Decreased by 1.47 percentage points	8.78

2. Company Profile and Major Financial Indicators

Description of the Company's key accounting data and financial indicators for the three preceding years as at the end of the reporting period

Not applicable

VIII. DIFFERENCES IN ACCOUNTING DATA UNDER THE DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

- (1) Differences between net profit and net assets attributable to the shareholders of the Company as disclosed in the financial report in accordance with the international accounting standards and that in accordance with the accounting standards of the PRC simultaneously

Not applicable

- (2) Differences between net profit and net assets attributable to the shareholders of the Company as disclosed in the financial report in accordance with the overseas accounting standards and that in accordance with the accounting standards of the PRC simultaneously

Not applicable

- (3) Explanation on differences in domestic and overseas accounting standards:

Not applicable

IX. KEY QUARTERLY FINANCIAL DATA FOR 2024

Unit: Yuan Currency: RMB

	First quarter (January – March)	Second quarter (April – June)	Third quarter (July – September)	Fourth quarter (October – December)
Operating revenue	1,080,278,097.48	1,137,887,538.93	1,171,259,686.95	1,438,027,682.44
Net profit attributable to the shareholders of the Company	251,596,411.36	170,331,925.94	255,631,897.70	129,650,391.05
Net profit attributable to the shareholders of the Company after deduction of extraordinary profit and loss	234,964,768.40	146,711,279.05	239,748,217.63	101,706,613.16
Net cash flow from operating activities	(53,966,431.13)	492,966,644.52	299,674,571.05	643,341,936.52

Description of the discrepancies between the quarterly data and the data disclosed in the periodic reports

Not applicable

X. EXTRAORDINARY PROFIT AND LOSS ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

Extraordinary Profit and Loss Item	Amount in 2024	Amount in 2023	Amount in 2022
Gain or loss on disposal of non-current assets (including the part of provision for asset impairment being written off)	(625,573.98)	(712)	(2,564,655.66)
Government grants recognized in current profit and loss, except for those closely related to the Company's normal business operation, in compliance with requirements of national policies, and continuously affecting the profit and loss of the Company	90,113,785.21	95,010,279.02	96,999,625.21
Reversal of provision for impairment loss of account receivables subject to separate impairment testing	8,063,573.58	2,340,000.00	10,227,427.03
Other non-operating income and expenses other than the foregoing items	3,934,385.50	3,574,374.21	(656,724.15)
Less: Effect of income tax	16,406,983.47	16,662,670.35	17,075,990.44
Effect of minority interests (after tax)	<u>999,439.02</u>	<u>2,204,360.88</u>	<u>662,394.09</u>
Total	<u>84,079,747.82</u>	<u>86,465,631.76</u>	<u>87,592,076.08</u>

2. Company Profile and Major Financial Indicators

XI. ITEMS MEASURED BY FAIR VALUE

Not applicable

XII. FIVE YEAR FINANCIAL SUMMARY

Unit: 0'000 Currency: RMB

	2024	For the year ended 31 December			
		2023	2022	2021	2020
Turnover	482,745	466,508	452,217	453,558	336,387
Profit before taxation	104,706	110,621	96,930	89,606	71,818
Taxation	(17,640)	(20,277)	(15,669)	(17,705)	(11,205)
Profit after taxation	87,066	90,344	81,260	71,901	60,614
Non-controlling interests	(6,345)	(3,824)	(6,135)	(2,582)	(3,610)
Profit attributable to the shareholders of the Company	80,721	86,521	75,125	69,319	57,004
Dividend	26,069	22,614	20,838	17,127	15,271

Note: The results for each of the five years ended 31 December 2024 have been extracted from the previous annual reports and the audited consolidated income statements as set out in this annual report.

Assets and Liabilities

Unit: 0'000 Currency: RMB

	2024	As at 31 December			
		2023	2022	2021	2020
Fixed assets, construction in progress and investment properties	173,712	170,837	106,330	100,293	81,935
Intangible assets and right-of-use assets	1,094,973	1,090,143	1,013,851	1,034,071	1,199,982
Associated company	19,020	18,865	19,311	19,500	19,500
Financial asset at fair value through other comprehensive income	200	200	200	200	200
Available-for-sale financial assets	—	—	—	—	—
Long-term receivables	512,887	482,882	447,578	381,190	164,740
Deferred income tax assets	7,199	3,208	740	1,927	1,297
Other non-current assets	21,796	41,360	42,088	45,089	33,097
Net current assets	226,910	192,872	300,206	162,636	27,858
Non-controlling interests	112,843	109,358	102,282	98,387	99,029
Long-term liabilities	977,013	993,796	1,012,056	975,045	770,445
Net assets	966,887	912,218	847,947	712,020	659,135

3. Management Discussion and Analysis

I. OPERATION DISCUSSION AND ANALYSIS

In 2024, the Company adhered to the guidance of President Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, gave full play to the spirit of the 20th National Congress of the Communist Party of China and the Second and Third Plenary Sessions of the 20th Central Committee of the Communist Party of China, thoroughly studied and implemented the spirit of President Xi Jinping's important speech during his inspection of Tianjin, dug into the important requirements of "four good deeds and success", as well as seized the "three quantities" and promote the "three new". Given the above, we advanced a new wave of initiatives to deepen and enhance the reform of state-owned enterprises, actively fostered new technologies, and developed advanced productive capabilities. By balancing development with safety, we continued to achieve new milestones in production and operations, engineering construction, management enhancement, risk prevention and control, and the fulfilment of our social responsibilities.

1. Strategic Leadership and Precise Development Planning

During the reporting period, the Company conducted in-depth studies on its medium to long-term development plans and completed the 2025-2027 Three-Year Rolling Development Plan. This reinforced the strategic guidance function, actively identified new strategic opportunities, and laid the groundwork for new business initiatives under the "15th Five-Year Plan". The Company carried out detailed analyses of industry policies, focusing on sectors such as photovoltaic power generation, industrial wastewater, water pricing reforms, and energy storage. Building on its positioning as a "comprehensive urban environmental service provider", the Company enhanced its policy research capabilities in its core water business (One Core) and its two complementary sectors – new energy and solid waste (Two Wings). It intensified analyses of macroeconomic trends, industry responses, and regional characteristics, establishing a "five-dimensional integrated" business model, a "one-heavy, one-light, one-industry" business structure, and a development philosophy of "one project, one city". These initiatives provided strong guidance for the Company's overall business expansion during the year.

2. Operational Efficiency and Asset Optimisation

During the reporting period, the Company focused on unlocking the potential of existing assets. It developed a coordinated factory-network operation plan and mechanism, increasing sewage water treatment volumes. The construction of recycled water pipelines accelerated, with 110 pipeline points connected, expanding the scope and user base of recycled water. The new energy sector exceeded annual energy supply targets, while solid and hazardous waste disposal achieved double growth in contract value and business volume. Core cost management was deepened, identifying key cost components and improving resource allocation efficiency. Centralised procurement under the principle of "centralise where possible" effectively reduced costs. Engineering projects were proactively planned, with detailed construction schemes developed from collaboration with partners, ensuring strict control over timelines and addressing funding and staffing constraints to safeguard project progress.

3. Management Discussion and Analysis

3. Development Innovation and Incremental Project Expansion

During the reporting period, the Company's core water treatment business continued to strengthen, it secured four new projects including Huize Phase III, Chibi Lushui Industrial Park, Huoqiu, and Wuhu Binjiang Phase II, adding 155,000 tonnes/day of sewage water treatment capacity. The acquisition of Zhangguizhuang Recycled Water Plant expanded the recycled water business. The "Two Wings" strategy saw steady progress, with energy supply projects growing in both volume and scope. In Tianjin, the Company was awarded the Junliangcheng Operation and Maintenance Project, adding 2,950,000 square metres of heating service area. The new energy business expanded beyond Tianjin, securing the National Clean Energy and Safety Emergency Technology Industrial Park Renewable Energy Project, adding 104,800 square metres of energy supply service area, marking a step forward in integrated regional development. Distributed photovoltaic projects at four Tianjin sewage water treatment plants were connected to the grid, and the Xi'an Beishiqiao Energy Storage Project has commenced operations. Within the solid waste business, we signed the Bozhou Sludge Disposal Operation and Maintenance Service Project and explored market applications for core technologies such as livestock waste treatment. Light-asset business achieved breakthroughs, obtaining Grade II qualifications for mechanical and electrical engineering, municipal public works, and building mechanical and electrical installation, enhancing integrated "investment + construction + operation" capabilities. Entrusted operations, engineering construction, and high-end equipment integration have all seen significant progress. Xi'an Company has secured its first equipment leasing project, while Karamay Capital Company has successfully signed its first equipment integration sales project. Additionally, a mechanism for embedding asset-light business into project development and a profit distribution plan have been established. New business models, such as EPC+O and equipment sales + operation cooperation, were explored.

4. Technological Innovation and Development Potential

During the reporting period, the Company completed the first phase of its digital transformation, centred on the integration of business and finance functions. It established a business-finance integration platform, enabling online management of comprehensive budgeting, capital planning, procurement, reimbursement, and contract administration. This enhanced system efficiency and allowed real-time monitoring of core business operations, providing technical support for intelligent forecasting, risk control, and decision-making. The Company also focused on five key areas: "efficient sewage water treatment", "high-quality recycled water utilisation", "multi-faceted sludge resource utilisation", "multi-source heat pump energy supply complementarity", and "photovoltaic + energy storage power generation", completing multiple technical solutions to support business expansion. Additionally, over 60 technological advancements were implemented, including precise chemical dosing, accurate aeration, equipment upgrades, process optimisation, and smart transformation, driving cost reduction and efficiency improvements.

5. Focusing on Capital Creation and Ensuring Sufficient and Secure Funding

During the reporting period, the Company fully leveraged its financing capabilities as a listed entity in the capital market, continuously expanded financing channels, and promoted the registration of green medium-term notes, rural revitalization notes, and green corporate bonds for technological innovation, among which the Company was approved for RMB1 billion in medium-term notes. In line with business and funding needs, the Company advanced its annual financing plan, strengthened coordination and cooperation with banks, and secured a cumulative credit line of RMB10.2 billion, successfully completing the annual payment obligations for the Company and its subsidiaries. Seizing favorable policies and market interest rate fluctuations, the Company replaced existing high-cost financing through working capital loans and specific asset-backed loans, further optimizing financing conditions and interest rates, and reducing financial expenses. Tailored plans were formulated to reduce debt, improve debt risk warning indicators, and enhance collection efforts through weekly follow-ups on fund recovery.

6. Focusing on Mechanism Innovation to Build a Strong Development Synergy

During the reporting period, the Company focused on the current state of group-level control and the actual situation of external management, systematically planned a “strengthened headquarters, solid projects” control system, and formulated the Overall Plan for Capital Environmental Protection Group Control and the Implementation Plan for Group Control. The Company promoted the construction of a group control system based on the principle of “clear horizontal functional responsibilities and vertical business penetration supervision”. The Company further emphasized performance orientation, optimized the internal compensation and evaluation system, and strengthened the transmission and linkage of organizational performance and employee performance evaluations. Responsibilities were broken down layer by layer, with a focus on the effective coordination of quantitative and qualitative assessments, fostering a positive internal performance management atmosphere. Starting from strategic decoding, the Company analyzed external market trends in the waterworks industry and internally assessed the Company’s talent structure, proposing a “One Body, Two Wings” core talent development goal. This guided the formulation of an internal human resources enhancement plan, and based on internal talent reserves, a series of training courses for business refinement and management improvement were designed to optimize the talent development system.

3. Management Discussion and Analysis

7. Focusing on Risk Prevention to Continuously Strengthen the Development Foundation

During the reporting period, the Company formulated tailored governance plans for loss-making enterprises, tracked progress through ledgers, intensified scheduling, monitored loss risks, and accelerated the clearance of non-performing assets. The Company promoted the registration of state-owned property rights for subsidiaries, effectively preventing property rights risks. The Company deepened the standardization of safety production, implemented the tasks of the three-year action plan for fundamental safety production improvement, and introduced third-party professional institutions to conduct on-site safety production inspections and evaluations in key areas. The Company enriched control measures, reinforced the dual mechanism of hierarchical safety risk control and potential risk investigation and treatment, and issued the “Safety Risk Hierarchical Management System”, classifying and identifying static and dynamic safety production risks across various businesses, standardizing safety risk hierarchy standards and thresholds, and preventing safety production risks. The Company deepened centralized procurement management, expanded the scope of centralized procurement, improved centralized procurement review procedures, and strictly controlled procurement risks. The Company optimized the internal control system, managed risks through lists, and updated 75 internal control systems and process forms throughout the year in line with the latest regulatory requirements. The Company updated the “three ones” achievements of internal control, compiled a list of mandatory systems, and strengthened penetrative management. Through specific all-level internal control, the Company identified issues and completed 106 rectifications. Relying on the internal control system and existing risk control measures, the Company implemented the “Legacy Issues and Risk Resolution Responsibility List”, forming resolution plans one by one.

II. INDUSTRY WHERE THE COMPANY OPERATES DURING THE REPORTING PERIOD

In July 2024, the Third Plenary Session of the 20th Central Committee of the Communist Party of China was convened, during which the Decision of the Central Committee of the Communist Party of China on Further Deepening Reforms Comprehensively to Advance Chinese Modernisation (《中共中央關於進一步全面深化改革推進中國式現代化的決定》) was adopted. The Decision outlines the goal of establishing a high-level socialist market economy system by 2035, with significant improvements to the socialist system with Chinese characteristics. It also aims to modernise the national governance system and capabilities, laying a solid foundation for building China into a modern socialist powerhouse by the mid-21st century. Key priorities include accelerating the green transformation of economic and social development, improving the ecological environment governance system, promoting ecological conservation, resource efficiency, and green, low-carbon development, and fostering harmonious coexistence between humans and nature. To this end, the Decision emphasises the need to refine the ecological civilisation institutional framework, synergise efforts to reduce carbon emissions, cut pollution, expand green initiatives, and drive economic growth. It also calls for proactive climate action and the establishment of mechanisms to implement the notion of “lucid waters and lush mountains are invaluable assets”. These reforms are expected to provide robust institutional support for the sustainable development of industries such as energy conservation, environmental protection, clean energy and circular economy.

Following the Third Plenary Session of the 20th Central Committee of the Communist Party of China, the Central Committee of the Communist Party of China and the State Council issued the Guidelines on Accelerating Comprehensive Green Transformation of Economic and Social Development (《關於加快經濟社會發展全面綠色轉型的意見》). The Guidelines not only sets out the goals and measures for green transformation but also highlights new directions, opportunities, and growth potential in the environmental protection sector.

Firstly, on energy conservation and environmental protection, the government will promote energy performance contracting, water-saving contracting, third-party environmental pollution governance, and result-oriented environmental entrusting services. It will also encourage the development of green, low-carbon industries, business models, and emerging sectors. By 2030, the energy conservation and environmental protection industry is expected to reach a market size of approximately RMB15 trillion.

Secondly, on clean energy, the country will vigorously develop non-fossil energy, aiming to increase its share in total energy consumption to around 25% by 2030. Efforts will also be focused on building smart grids, accelerating the development of microgrids, virtual power plants, and source network, load and storage-integrated projects. By 2030, pumped storage capacity is expected to exceed 120 million kilowatts.

3. Management Discussion and Analysis

Finally, on circular economy, the government will enhance the waste recycling system, strengthen waste classification and recycling capabilities, and improve the scale, standardisation, and precision of resource recovery. By 2030, the annual utilisation of bulk solid waste is projected to reach approximately 4.5 billion tonnes, with an approximately 45% increase in resource productivity as compared to 2020.

III. BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

During the reporting period, the Company's business scope and operational model remained unchanged from the previous year. Its operations are divided into core businesses and strategic new businesses. Core businesses, including municipal sewage water treatment, water supply, and recycled water, remain the primary sources of revenue and profit. Strategic new businesses, such as renewable energy cooling and heating, sludge treatment and resource utilisation, hazardous waste management, photovoltaic power generation, and energy storage, complement the core businesses by enhancing profitability, economic value-added, and investment returns, thereby optimising the overall business structure.

During the reporting period, the Company added equity-based sewage water treatment capacity of 206,350 cubic meters per day and equity-based recycled water treatment capacity of 60,000 cubic meters per day. Additionally, the Company constructed 11.6 kilometres of recycled water pipeline networks to connect previously disconnected sections. There were no significant changes in the scale of other water-related businesses compared to the beginning of the period. As of the end of the reporting period, the Company's total water business capacity reached 6,323,400 cubic meters per day. The total equity-based water business capacity stood at 6,065,100 cubic meters per day, comprising sewage water treatment capacity of 5,270,100 cubic meters per day, water supply capacity of 315,000 cubic meters per day (including tap water and industrial water supply), and recycled water capacity of 480,000 cubic meters per day. These projects are distributed across 15 provinces, municipalities, and autonomous regions. Under the entrusted operation model, the Company's sewage water treatment capacity was 258,300 cubic meters per day.

The operational models for sewage water treatment and water supply primarily follow the Build-Operate-Transfer (BOT), Transfer-Operate-Transfer (TOT), and Public-Private Partnership (PPP) frameworks. The recycled water business model mainly generates revenue through the production and sale of recycled water, as well as providing pipeline connection engineering services. There were no significant changes in these models compared to the beginning of the period.

During the reporting period, the Company's strategic new businesses progressed as follows:

- (1) **Renewable Energy Cooling and Heating:** the Company added 3,055,600 square meters of service area, bringing the total service area as at the end of the reporting period to 6,960,000 square meters, primarily located in Tianjin and Beijing. The business operates mainly under BOT and entrusted operation models. The increase in service area was primarily due to the securing of the entrusted operation project for the Junliangcheng Heating Station in Dongli District and the renewable energy project at the National Clean Energy and Safety Emergency Technology Industrial Park.
- (2) **Distributed Photovoltaic Power Generation:** the Company added 6.9 MWp of installed capacity, reaching a total designed capacity of 38 MWp as of the end of the reporting period. The projects are mainly distributed in Tianjin and Dalian, operating under a market-oriented pricing model.
- (3) **Energy Storage:** the Company added a total capacity of 22.654 MWh. Among them, the energy storage project at the Xi'an Beishiqiao Sewage Water Treatment Plant, with a capacity of 5.5 MWh, has commenced operation as the Company's first energy storage project. Additionally, the Company is making steady progress on user-side energy storage projects at its external sewage water treatment plants, which collectively account to a capacity of 17.154 MWh.
- (4) **Hazardous Waste Management:** there were no significant changes in hazardous waste management during the reporting period. As of the end of the reporting period, the Company operates four projects with a total disposal capacity of 181,300 tonnes per year, a storage and transfer project with a capacity of 20,000 tonnes per year, and a landfill project with a total capacity of 314,600 tonnes, bringing the comprehensive waste utilization capacity to 78,000 tonnes per year, primarily distributed in the provinces of Shandong and Jiangsu. The hazardous waste business operates under a fully market-oriented model, subject to the obtaining of the necessary hazardous waste operation licenses. The Company selects waste-generating units independently, guided by local government pricing, and provides hazardous waste disposal services for a fee.
- (5) **Sludge Treatment:** the Company added 200 tonnes per day of sludge treatment capacity, bringing the total capacity to 3,010 tonnes per day as of the end of the reporting period, primarily distributed in Tianjin, Gansu, Zhejiang, and Anhui. Equity-based sludge treatment projects, including the Linxia Sludge Project and the Jinnan Sludge Plant, accounted for 890 tonnes per day, while the remaining 2,120 tonnes per day were operated under entrusted operation models. The increase in capacity was primarily due to the securing of the entrusted operation project for sludge treatment in Bozhou.

3. Management Discussion and Analysis

IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

During the reporting period, the Company's core competencies remain centred on four pillars: (1) safe, stable, compliant, and efficient operational capabilities; (2) practical, leading, systematic, and sustainable R&D capabilities; (3) a professional, responsible, collaborative, and innovative workforce; and (4) a reputation for integrity, accountability, standard, and stability. The aforementioned four core competencies complement each other seamlessly. The Company's integrity, the dedication of its employees, and its commitment to technological innovation collectively build customer confidence, fostering a strong and positive brand influence for the Company in the environmental protection sector.

In 2024, the Company continued to strengthen its competitive edge through the following initiatives:

- (1) Continuously consolidating and enhancing operational advantages: the Company deepened its operational capabilities in waterworks projects, developed coordinated operational plans and mechanisms for plant and network integration, and consistently increased sewage water treatment volumes. It advanced pipeline inspection and rectification efforts, improving the concentration and stability of influent water quality. By strengthening regular production management, enhancing refined management capabilities, and promoting centralised procurement, the Company effectively improved resource allocation efficiency. A wastewater plant operational quality evaluation system was established to analyse and assess project operations, linking these evaluations with annual operational planning statistics to identify cost reduction opportunities and rationally control key costs. The Company also continued to advance its digital transformation, integrating IoT platforms for water services, renewable energy, and sludge treatment facilities, consolidating data resources from various operational units to drive digital and intelligent transformation in business and management.
- (2) Continuously consolidating and enhancing technological advantages: the Company focused on five key dimensions: "efficient sewage water treatment", "high-quality recycled water utilisation", "multi-faceted sludge resource utilisation", "multi-source heat pump energy supply complementarity" and "photovoltaic + energy storage power generation". It refined core technological research outcomes, completing 5 single-dimensional, 2 dual-dimensional, and 1 three-dimensional technical solutions to support business expansion. In 2024, the Company initiated 1 municipal-level research project, participated in the drafting of 13 national, industrial, local, and group standards, and received 6 scientific awards, including the Huaxia Construction Science and Technology First Prize (華夏建設科技一等獎) and the Tianjin Innovation Methods Competition Second Prize (天津市創新方法大賽二等獎). Throughout the year, the Company secured 24 authorised patents and 5 software copyrights, further strengthening its leadership and support role in technological innovation.

- (3) Continuously strengthening talent development and incentive systems: in 2024, the Company formulated internal human resource plans, strengthened the development of leadership talent pipelines, and enhanced the competitive advantage of its internal talent pool. The design of the compensation and incentive system was further optimised, with improved performance evaluation cycles and enhanced conveyance of key indicators and critical tasks. This systemic approach elevated the quality of the Group's human resource strategic management, ensuring that human resource management aligns closely with the Group's strategic objectives.
- (4) Continuously building brand influence: in 2024, the Company was recognised as one of the “Top 10 Most Influential Companies in China's Waterworks Industry” (中國水業十大影響力企業) for the 19th consecutive year and ranked among the “Top 50 Environmental Enterprises (by Revenue)” (中國環境企業(營收)50強) for the 7th consecutive year. The Company's project, “Integrated Technology and Equipment for High-Standard Urban Sewage Water Treatment Targeting Water Ecological Security” (面向水生態安全的城鎮污水高標準處理全流程成套技術及裝備), was awarded the Huaxia Construction Science and Technology First Prize (華夏建設科學技術一等獎) by the Ministry of Construction. The Jingu Sewage Water Treatment Plant was honoured as a “Tianjin New Era Civilisation Practice Base” (天津市新時代文明實踐基地) by the Tianjin Civilisation Office. Jiayuanxing was recognised as a “Model of Green Sustainable Development in Tianjin” (天津市綠色可持續發展典型案例) by the Tianjin Sustainable Development Research Association. Xi'an Company was designated as a “Shaanxi Provincial Primary and Secondary School Research and Practice Education Base” (陝西省中小學研學實踐教育基地) by the Shaanxi Provincial Department of Education, the Department of Culture and Tourism, and the Cultural Heritage Administration, and as a “Xi'an Ecological Environmental Protection Law Enforcement Training Base” (西安市生態環境保護執法實戰實訓基地) by the Xi'an Ecological Environment Bureau. Hefei Company's Taochong Sewage Water Treatment Plant was awarded the national “Eco-Standard Sewage Water Treatment Plant” (生態化標準污水處理廠) title, achieving five-star ratings in ecological optimisation services and social services. Guizhou Company's process control team was honoured with the “Workers' Pioneer Team” (工人先鋒號) title by the Guiyang Municipal Trade Union Council. Each business unit fulfilled the corporate mission within their respective fields, establishing a strong corporate image and brand reputation.

3. Management Discussion and Analysis

V. OPERATION SITUATION OF PRINCIPAL BUSINESS DURING THE REPORTING PERIOD

During the reporting period, the Company's overall operation remained stable. Compared with the same period last year, there was no significant change in the Group's core businesses, which continued to focus on sewage treatment, tap water supply, recycled water, new energy heating and cooling supply, road toll collection, hazardous waste, and transformation of achievements in technology research, which became the main sources of the Company's earnings in 2024. In 2024, the Company realised operating revenue of RMB4,827.45 million, representing an increase of 3.48% as compared to the previous year; total profit was RMB1,047.06 million, representing a decrease of 5.35% as compared to the previous year; net profit attributable to the Company amounted to RMB807.21 million, representing a decrease of 6.70%. as compared to the previous year.

(I) ANALYSIS OF THE PRINCIPAL BUSINESSES

1. Analysis of changes in relevant items in income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period last year	Percentage change (%)
Operating revenue	4,827,453,005.80	4,665,082,961.28	3.48
Operating costs	2,906,884,803.82	2,844,516,926.91	2.19
Selling expenses	10,072,934.71	11,471,450.96	(12.19)
Administrative expenses	248,716,944.79	240,127,415.22	3.58
Finance expenses	344,980,035.03	213,142,232.63	61.85
Research and development expenses	65,289,666.95	53,061,711.10	23.04
Net cash flows from operating activities	1,382,016,720.96	992,016,405.44	39.31
Net cash flows from investing activities	(745,374,126.03)	(1,643,106,089.19)	54.64
Net cash flows from financing activities	(542,505,009.96)	34,107,573.55	(1,690.57)
Taxes and other levies	61,262,655.84	47,358,936.44	29.36
Gain/(losses) from investment	1,550,409.92	(4,257,840.64)	136.41
Disposal gain/(losses) on asset	0.00	24,070.32	(100.00)
Non-operating expenses	1,295,697.70	2,583,716.00	(49.85)
Profit or loss for minority shareholders	63,450,406.55	38,235,725.59	65.95

Reasons for the change in operating revenue: the revenue from the sewage treatment business increased, primarily due to the increase in the volume of water transacted for the existing projects and the commissioning of new projects during the current period.

Reasons for the change in operating costs: primarily due to increased costs in line with revenue growth, while the Company implemented stringent cost control measures, resulting in a lower rate of the increase in costs as compared to the growth in revenue.

Reasons for the change in selling expenses: primarily due to the decrease in the volume of hazardous waste disposal business during the current period, and the selling expenses decreased accordingly.

Reasons for the change in administrative expenses: primarily due to the increase in labour costs.

Reasons for the change in finance expenses: primarily due to a decrease in interest income from long-term receivables recognised during the current period.

Reasons for the change in research and development expenses: primarily due to the Company's increased investment in research and development and higher expenditures on technology development and material consumption during the current period.

Reasons for the change in net cash flows from operating activities: primarily due to the higher repayments received from the Tianjin Water Bureau as compared to the same period last year, the Company's stringent control over operating costs leading to reduced cost and expenditures, and lower investment payments related to concession rights accounted for under the financial asset model as compared to the same period last year.

Reasons for the change in net cash flows from investing activities: primarily due to lower payments for asset transfers and project construction expenditures during the current period as compared to the same period last year.

Reasons for the change in net cash flows from financing activities: primarily due to higher debt repayments made during the current period as compared to the same period last year, as well as the Company's strategic scheduling of financing activities in line with its funding requirements.

3. Management Discussion and Analysis

Reasons for the change in taxes and other levies: primarily due to the completion of final financial accounts for certain projects and the acquisition of new projects during the current period, and the increase in property tax and related expenses.

Reasons for the change in gain/(losses) from investment: primarily due to the recognition of gains from investments in an associate, Bihai Sponge City Co., Ltd.* (碧海海绵城市有限公司), under the equity method during the period.

Reasons for the change in disposal gain/(losses) on asset: primarily due to disposal gain recognised on disposal of fixed assets in the same period last year.

Reasons for the change in non-operating expenses: primarily due to the external donations made in the same period last year, while no such activities occurred during the current period.

Reasons for the change in profit or loss for minority shareholders: primarily due to the net profit of principal non-wholly owned subsidiaries for the current period being higher than that of the same period last year.

Details of material changes in business types, profits structure or profits sources of the Company for the reporting period

Not applicable

2. Analysis of revenue and cost

During the reporting period, the Company continued to strengthen project operation and management. On one hand, we improved the quality of operations to meet the increasingly stringent regulatory requirements, and controlled operating costs through lean management; on the other hand, we adhered to the agreement terms of our projects, and adjusted the unit price of sewage treatment service fees in a timely manner to ensure project earnings.

(1). Principal business breakdown by industry, product, region and distribution

Unit: Yuan Currency: RMB

Industry	Operating revenue	Operating cost	Principal business by industry			
			Gross profit margin (%)	Increase/decrease in operating revenue compared with last year (%)	Increase/decrease in operating cost compared with last year (%)	Increase/decrease in gross profit margin compared with last year (%)
Sewage treatment and water plant facilities construction	3,706,033,223.88	2,075,711,159.06	43.99	9.70	7.50	Increased by 1.14 percentage points
Recycled water treatment and recycled water supporting projects business (Note 1)	381,845,702.28	240,107,309.25	37.12	(11.73)	(5.85)	Decreased by 3.92 percentage points
Road toll business	62,163,432.95	7,120,000.00	88.55	(2.05)	0	Decreased by 0.23 percentage points
Tap water supply and water plant facilities construction business (Note 2)	63,504,058.13	49,299,434.54	22.37	(34.44)	(16.02)	Decreased by 17.03 percentage points
Cooling and heating business and related facilities construction business	162,311,778.73	134,797,174.75	16.95	(34.45)	(37.24)	Increased by 3.69 percentage points
Transformation of achievements in technology research	23,671,931.76	18,146,575.67	23.34	(0.86)	(16.86)	Increased by 14.75 percentage points
Hazardous waste disposal business (Note 3)	149,620,768.30	169,339,974.40	(13.18)	(4.88)	7.47	Decreased by 13.01 percentage points
Others	16,775,040.98	8,852,766.51	47.23	57.42	(5.51)	Increased by 35.15 percentage points

3. Management Discussion and Analysis

Principal business by region						
Region	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue compared with last year (%)	Increase/decrease in operating cost compared with last year (%)	Increase/decrease in gross profit margin compared with last year (%)
Tianjin-Beijing-Hebei Region (Note 4)	2,319,336,487.50	1,209,175,341.43	47.87	(4.44)	(9.82)	Increased by 3.11 percentage points
Southwest Region (Note 5)	237,382,674.35	187,652,307.67	20.95	35.34	53.24	Decreased by 9.23 percentage points
Northwest Region (Note 6)	658,255,158.08	412,326,441.46	37.36	20.47	10.69	Increased by 5.53 percentage points
Central China Region (Note 7)	749,776,092.51	448,807,082.46	40.14	8.95	8.55	Increased by 0.22 percentage points
Eastern China Region (Note 8)	431,214,306.74	291,654,711.36	32.36	0.64	(1.60)	Increased by 1.53 percentage points
Northeast Region (Note 9)	169,961,217.82	153,758,509.80	9.53	17.17	40.22	Decreased by 14.88 percentage points

Explanation on principal business breakdown by industry, product, region and distribution

- Note 1: The decrease in gross profit margin was primarily attributable to a lower volume of reclaimed water pipeline connection projects settled as compared to the same period last year, as well as variations in gross profit margins across different projects.
- Note 2: The decrease in gross profit margin was primarily attributable to change in the contracting authority under the concession agreement of Qujing Company, resulting in the exclusion of raw water fees from tap water revenue.
- Note 3: The decrease in gross profit margin was largely driven by intensified market competition, leading to a decline in unit prices for hazardous waste treatment services.
- Note 4: The Tianjin-Beijing-Hebei region comprises the four sewage treatment plants in the eastern suburbs of downtown Tianjin, Xianyang Road, Jinggu and Beicang, as well as Anguo Company, Jinghai Company, Jinning Company, Water Recycling Company, Caring Company, Jiayuanxing, Tianchuang Green Energy, Capital Materials Company, HB GJTC, Xiqing Tianchuang Company and Tianchuang Environmental. The increase in gross profit margin was mainly due to stringent cost control during the current period.
- Note 5: The Southwest region comprises Guizhou Company, Qujing Company, Huize Capital Company, Huize Chuanghuan Company and Weng'an Company. The decrease in gross profit margin was primarily attributable to the addition of new construction projects during the current period, including the second and third phases of the Weng'an County Sewage Water Treatment Plant and the third phase of the Huize County Sewage Water Treatment Plant, which have relatively lower gross profit margins for construction services.
- Note 6: The Northwest region comprises Xi'an Company, Karamay Tianchuang Company, Karamay Capital Company, Bayannur Company, Linxia Company and Jiuquan Company, the improvement in gross profit margin was mainly due to stringent cost control during the period and that revenue from the Qianqi Bayan Project was recognised during the current period.
- Note 7: The Central China region comprises Fuyang Company, Wuhan Company, Yingshang Company, Changsha Tianchuang Water, Changsha Tianchuang Environmental Protection, Anhui Company, Honghu Tianchuang Water, Hefei Company, Hanshou Company, Honghu Tianchuang Environmental Protection, Huoqiu Capital Company, Enshi Company, Hanshan Chuanghuan Company, Hanshan Capital Company, Jieshou Company, Chibi Chuanghuan Company, Huoqiu Chuanghuan Company and Wuhu Company. The slight increase in gross profit margin was mainly due to stringent cost control during the current period.
- Note 8: The East China region comprises Hangzhou Company, Baoying Company, Deqing Company, Yonghui Company and Compro Company. The increase in gross profit margin was primarily due to the increase in the water price of projects in Hangzhou.
- Note 9: The Northeast region includes Dalian Chunliuhe Company, Wendeng Company, Shandong Company, Dongying Company and Shandong Tanchuang Company. The reason for the decrease in gross profit margin is the decrease in gross profit margin of hazardous waste projects in the current period.

3. Management Discussion and Analysis

(2). Analysis of production and sales volume

Not applicable

(3). Performance of material procurement contracts and material sales contracts

Not applicable

(4). Cost analysis

Unit: Yuan Currency: RMB

Industry	Cost items	By industry		Amount for the same period last year	Percentage of total cost for the same period last year (%)	Percentage change in the amount for the current period as compared to the same period last year (%)	Explanation
		Amount for the current period	Percentage of total cost for the current period (%)				
Sewage treatment and water plant facilities construction	Labor cost	184,721,426.04	6.83	176,819,000.77	6.66	4.47	Nil
	Energy consumption (electricity)	374,131,049.65	13.84	363,900,000.00	13.70	2.81	Nil
	Material consumption	213,052,998.55	7.88	195,310,000.00	7.36	9.08	Nil
	Depreciation and amortisation	588,244,750.15	21.76	529,509,000.00	19.94	11.09	Nil
	Other manufacturing expenses	416,740,678.46	15.42	440,690,342.00	16.60	(5.43)	Nil
	Infrastructure Construction costs on Sewage water plant	298,820,256.21	11.05	224,640,000.00	8.46	33.02	Revenue from construction business increased, with a corresponding rise in costs
	Subtotal	2,075,711,159.06	76.78	1,930,868,342.77	72.72	7.50	Nil
Tap water supply and water plant facilities construction	Labor cost	15,496,391.09	0.57	15,282,453.73	0.58	1.40	Nil
	Energy consumption (electricity)	9,372,591.02	0.35	10,169,767.43	0.38	(7.84)	Nil
	Material consumption (source water charges included)	3,832,535.48	0.14	6,753,565.53	0.25	(43.25)	Reduced raw water bill costs
	Depreciation and amortisation	16,985,215.66	0.63	16,531,000.00	0.62	(43.02)	Nil
	Other manufacturing expenses	3,612,701.29	0.13	9,966,805.87	0.38	2.75	Corresponding decrease in costs resulting from reduced water volume
	Subtotal	49,299,434.54	1.82	58,703,592.56	2.21	(63.75)	Nil
Recycled water treatment and recycled water supporting projects	Labor cost	21,871,402.63	0.81	22,585,436.11	0.85	(3.16)	Nil
	Energy consumption (electricity)	11,699,164.43	0.43	13,346,050.13	0.50	(12.34)	Nil
	Material consumption	8,521,982.28	0.32	9,286,351.41	0.35	(8.23)	Nil
	Depreciation and amortisation	21,835,123.74	0.81	25,103,000.00	0.95	(13.02)	Nil
	Other manufacturing expenses	80,791,183.73	2.99	80,554,743.00	3.03	0.29	Nil
	Project construction cost	95,388,452.44	3.53	104,159,292.19	3.92	(8.42)	Nil
	Subtotal	240,107,309.25	8.89	255,034,872.84	9.60	(5.85)	Nil

3. Management Discussion and Analysis

Industry	Cost items	By industry			Percentage of total cost for the same period last year (%)	Percentage change in the amount for the current period as compared to the same period last year (%)	Explanation
		Amount for the current period	Percentage of total cost for the current period (%)	Amount for the same period last year			
Cooling and heating business	Labor cost	13,360,430.84	0.49	16,069,200.00	0.61	(16.86)	Nil
	Energy consumption (electricity)	35,470,657.94	1.31	19,490,897.25	0.73	81.99	Due to rising electricity prices and increased energy demand from customers
	Depreciation and amortisation	25,451,515.98	0.95	27,506,000.00	1.04	(7.47)	Nil
	Other manufacturing expenses	28,680,295.44	1.06	5,017,776.77	0.19	471.57	Corresponding rise in maintenance costs resulting from increased business volume
	Auxiliary projects	31,834,274.55	1.18	146,695,385.47	5.52	(78.30)	The volume of projects settled during the current period decreased compared to the same period last year
	Subtotal	134,797,174.75	4.99	214,779,259.49	8.09	(37.24)	Corresponding decrease in costs for the period resulted from reduced engineering business volume
Road toll business	Toll road and management fee	7,120,000.00	0.26	7,120,000.00	0.27	0	Nil
	Subtotal	7,120,000.00	0.26	7,120,000.00	0.27	0	Nil
Transformation of achievements in technology research	Material cost, equipment cost	18,146,575.67	0.67	21,827,240.67	0.82	(16.86)	The volume of projects settled during the current period decreased compared to the same period last year
	Subtotal	18,146,575.67	0.67	21,827,240.67	0.82	(16.86)	Nil
Hazardous waste business	Labor cost	22,951,982.08	0.85	22,326,260.52	0.84	2.80	Nil
	Energy consumption (electricity)	26,084,681.86	0.96	20,556,474.24	0.77	26.89	Nil
	Material consumption	9,454,836.75	0.35	9,481,176.21	0.36	(0.28)	Nil
	Depreciation and amortisation	28,771,077.26	1.06	30,984,387.00	1.17	(7.14)	Nil
	Other manufacturing expenses	82,077,396.45	3.04	74,219,240.25	2.80	10.59	Nil
	Subtotal	169,339,974.40	6.26	157,567,538.22	5.94	7.47	Nil
Other	Product sales	8,852,766.51	0.33	9,369,398.59	0.35	(5.51)	Nil
	Subtotal	8,852,766.51	0.33	9,369,398.59	0.35	(5.51)	Nil
Total		2,703,374,394.18	100.00	2,655,270,245.14	100.00	1.81	Nil

Other explanation of cost analysis

Nil

(5). Major customers and major suppliers

A. Major customers of the Company

Sales to the top customer amounted to RMB1,570,140,546.78, accounting for 32.53% of the total sales for the year; sales to the top five customers amounted to RMB2,450,094,464.20, accounting for 50.75% of the total sales for the year; among which, sales to related parties was RMB0, accounting for 0% of the total sales for the year.

Sales to a single customer exceeding 50% of total revenue, new customers among the top five customers, or significant reliance over a limited number of customers during the reporting period

Not applicable

B. Major suppliers of the Company

Procurement from the top supplier amounted to RMB163,962,041.71, accounting for 6.57% of the total procurement for the year; procurement from the top five suppliers amounted to RMB435,195,666.70, accounting for 17.43% of the total procurement for the year, among which procurement from related parties amounted to RMB56,499,091.63, accounting for 2.26% of the total procurement for the year.

Purchases from a single supplier exceeding 50% of total revenue, new suppliers among the top five suppliers, or significant reliance over a limited number of suppliers during the reporting period

Not applicable

Other explanations

None

3. Expenses

Please refer to the above analysis statement on changes of relevant items in income statement and cash flow statement for details.

3. Management Discussion and Analysis

4. Research and development investment

(1). Research and development investment

Unit: Yuan Currency: RMB

Expensed research and development investment for the current period	65,289,666.95
Capitalised research and development investment for the current period	454,099.24
Total research and development investment	65,743,766.19
Percentage of total research and development investment over operating revenue (%)	1.36
Ratio of capitalised research and development investment (%)	0.69

(2). Research and development personnel

Number of research and development personnel in the Company	361
Percentage of the number of research and development personnel over the total number of personnel of the Company (%)	15.55

Education of research and development personnel	
Academic Category	Number of Personnel

Doctoral Degree	3
Master Degree	51
Undergraduate Degree	270
Vocational education	33
High school education and below	4

Age Structure of research and development personnel	
Age Category	Number of Personnel

Age under 30 (exclude age 30)	43
Age 30 to 40 (include age 30, exclude age 40)	180
Age 40 to 50 (include age 40, exclude age 50)	114
Age 50 to 60 (include age 50, exclude age 60)	24
Age 60 or above	1

(3). Explanation

Not applicable

5. Cash flow

Please refer to the above analysis on changes of relevant items in the income statement and the cash flow statement for details.

(II) MAJOR CHANGES IN PROFITS CAUSED BY THE NON-PRINCIPAL BUSINESS

Not applicable

(III) ANALYSIS OF ASSETS AND LIABILITIES

1. Assets and liabilities

Currency: RMB

Items	Amount as at the end of the current period	Percentage of the amount as of the end of the current period to the total assets (%)	Amount as at the end of the previous period	Percentage of the amount as of the end of the previous period to the total assets (%)	Percentage of change in amount as at the end of the current period as compared with the end of the previous period (%)	Explanations
Receivables financing	7,024,347.00	0.03	0	0	N/A	Primarily due to the reclassification of receivables from notes with high credit ratings from the accepting banks, which are intended to be held both to maturity and for endorsement purposes, into receivables financing.
Other receivables	97,353,300.68	0.39	20,766,138.91	0.08	368.81	Primarily due to the increase in deposits receivable in the current period.
Other current assets	109,090,786.06	0.43	28,759,979.92	0.12	279.31	Primarily due to an increase in deductible input tax during the current period.
Investment properties	7,657,173.00	0.03	0	0	N/A	Properties leased out by subsidiaries during the current period.
Construction in progress	239,892,515.34	0.95	421,446,385.83	1.72	(43.08)	Primarily due to the capitalisation of certain projects of the recycled water pipe network connection project in the main districts of Tianjin City and the distributed photovoltaic power generation projects at sewage water treatment plants during the current period.
Right-of-use assets	3,722,393.42	0.01	6,670,680.93	0.03	(44.20)	Primarily due to amortisation of right-of-use assets during the current period.
Development expenditures	454,099.24	0.002	0	0	N/A	Primarily due to the recognition of data resources during the current period.
Goodwill	0	0	150,050,856.37	0.61	(100.00)	Primarily due to the impairment of goodwill arising from hazardous waste items purchased in previous years in the current period.
Deferred income tax assets	71,988,345.01	0.29	32,081,174.71	0.13	124.39	Primarily due to the increase in deductible temporary differences caused by credit impairment provisions in the current period.
Other non-current assets	217,956,227.92	0.87	413,597,669.79	1.69	(47.30)	Primarily due to the decrease in value-added tax input tax which is expected to be credited, and contractual assets.
Short-term borrowings	29,228,819.26	0.12	1,992,498.88	0.01	1,366.94	Primarily due to additional working capital loans obtained by subsidiaries during the current period.
Accounts payable	946,965,173.51	3.76	668,887,778.04	2.73	41.57	Primarily due to an increase in operating costs payable during the current period.
Advance receipts	508,010.02	0.002	0	0	N/A	Primarily due to the addition of new advances from site leasing fees by subsidiaries during the current period.
Contract liabilities	221,717,388.90	0.88	411,779,848.07	1.68	(46.16)	Primarily due to the decrease in pre-collection of pipeline connection service fees.
Taxes payable	111,152,981.14	0.44	69,112,568.16	0.28	60.83	Primarily due to the increase in corporate income tax payable and value-added tax.
Other current liabilities	19,732,253.93	0.08	1,490,000.00	0.01	1,224.31	Primarily due to an increase in deferred tax and the discounting of receivables from notes that have not been derecognised during the current period.
Lease liabilities	1,280,116.25	0.01	3,175,826.30	0.01	(59.69)	Primarily due to a reduction in lease payments during the current period.

3. Management Discussion and Analysis

(IV) ANALYSIS OF INDUSTRIAL OPERATIONAL INFORMATION

During the “14th Five-Year Plan” period, the Company has further aligned itself with national regional and basin development strategies, as well as ecological construction plans. In conjunction with its own business operations, the Company has proposed a “five-dimensional integrated” business model encompassing “efficient sewage water treatment”, “high-quality recycled water utilisation”, “multi-faceted sludge resource utilisation”, “multi-source heat pump energy supply complementarity” and “photovoltaic + energy storage power generation”. Additionally, the Company has adopted the operational service philosophy of “one project, one city.”

Currently, China has embarked on a new journey towards its second centennial goal, with Chinese modernisation characterised by the harmonious coexistence of humans and nature. In line with the spirit of the Third Plenary Session of the 20th Central Committee of the Communist Party of China and the Guidelines on Accelerating Comprehensive Green Transformation of Economic and Social Development issued by the Central Committee of the Communist Party of China and the State Council, it is anticipated that green, low-carbon, and circular economy sectors will gradually become new growth drivers for the environmental protection industry. The Company shall seize strategic opportunities, optimise its industrial layout in a timely manner, enhance its core competitiveness, and strive to make new contributions to the construction of a Beautiful China. Specifically, the Company will continue to adopt its “One Body, Two Wings” business layout, focusing on structural optimisation and capability enhancement. The “One Body” business will centre on water treatment and water resource utilisation, reshaping its core competitive advantages on the basis of consolidation and improvement. The “Two Wings” business will leverage its existing cooling and heating services, as well as sludge and solid waste treatment operations, to identify breakthroughs in new business areas related to clean energy and circular economy. The Company will accelerate the construction and enhancement of its industrial chain, strengthen key links, and develop comprehensive business capabilities. Given that the policy framework for clean energy and circular economy is still being refined and commercial models are not yet fully mature, the Company will prioritise early-stage project engagement, actively participate in policy formulation, project planning, and business model design, and identify or create business opportunities in the process.

(V) ANALYSIS OF INVESTMENT STATUS

1. Overall analysis of external equity/non-equity investments

During the reporting period, the Company's external equity/non-equity investments were in waterworks and new energy, among other business areas, mainly through the establishment of project companies and capital injection.

- (1) On 16 January 2024, the Board approved the establishment of Weng'an Company, responsible for the implementation of the Phase II and Phase III Transfer of Concession Right of Sewage Treatment Plant Project in Weng'an County. The registered capital is RMB53,595,000, of which the Company contributed RMB51,987,150, accounting for 97%; Beijing Municipal Construction Group Co., Ltd. contributed RMB1,607,850, accounting for 3%. During the reporting period, the capital injection was completed.
- (2) On 22 March 2024, the Board approved the termination of the Phase I PPP project of the Anyang Municipal Sewage Water Treatment Centre. The project has been terminated.
- (3) On 16 August 2024, the Board approved adjustments to the investment plan for a wholly-owned subsidiary of the Company, Tianchuang Environmental, and approved the injection of an additional RMB25,000,000 by the Company into the entity, increasing its registered capital to RMB45,000,000, with the Company holding a 100% stake in the entity. During the reporting period, the capital injection was completed.
- (4) On 23 August 2024, the Board approved an additional capital injection of RMB4,590,000 into a wholly-owned subsidiary of the Company, Tianchuang Green Energy, to establish Beijing Jinchuang Green Energy Technology Co., Ltd.* (北京津創綠能科技有限公司), responsible for implementing the renewable energy project at the National Clean Energy and Safety Emergency Technology Industrial Park. During the reporting period, the capital injection was completed.
- (5) On 30 August 2024, the Board approved the establishment of Huize Chuanghuan Company, responsible for implementing the Phase III Construction (Expansion) Concession Project of the Huize County Sewage Water Treatment Plant. The registered capital is RMB20,096,900, with the Company contributing RMB19,493,993, accounting for 97%, and Beijing Municipal Construction Group Co., Ltd. contributing RMB602,907, accounting for 3%. During the reporting period, the capital injection was completed.

3. Management Discussion and Analysis

- (6) On 5 November 2024, the Board approved the establishment of Wuhu Company for the implementation of the Phase II BOT Concession Project of the Wuhu Binjiang Sewage Water Treatment Plant. The registered capital is RMB55,400,000, of which the Company will contribute RMB30,470,000, representing a 55% stake, with 60% of the capital to be injected in the first year. Other consortium members will contribute according to their shareholding ratios, with An Hui Shun Yu Water Co., Ltd. holding 35% and Shanghai Civil Engineering Co., Ltd. of CREC (中鐵上海工程局集團有限公司) holding 10%. During the reporting period, the capital injection has not yet been completed.
- (7) On 8 November 2024, the Board approved the establishment of Huoqiu Chuanghuan Company, responsible for implementing the Concession Project of the Huoqiu County North Sewage Water Treatment Plant (including the South, Binhe Road, and East wastewater pumping stations). The registered capital is RMB10,200,000, wholly funded by the Company. During the reporting period, the capital injection was completed.
- (8) On 8 November 2024, the Board approved the establishment of Chibi Chuanghuan Company, responsible for implementing the TOT Concession Project of the Chibi Lushui Industrial Park Sewage Water Treatment Plant and its supporting pipeline network. The registered capital is RMB60,200,000, wholly funded by the Company. During the reporting period, RMB51,200,000 of the capital injection was completed.
- (9) On 29 November 2024, the Board approved a cash capital increase of RMB3,450,000 from internal funds to Tianchuang Green Energy, a wholly-owned subsidiary of the Company, to implement the user-side energy storage project for the Company's external Sewage Water Treatment plants. The Board also approved a cash capital increase of RMB4,300,000 from internal funds to the same entity to implement the Green Energy Saving and Carbon Reduction Renovation Project (5.9 MW Distributed Photovoltaic Power Generation Project) at the Tianjin Dongjiao Sewage Water Treatment Plant. During the reporting period, the capital increases were completed.
- (10) On 17 December 2024, the Board approved the entering into of the Transfer Agreement in connection with the Zhangguizhuang Water Recycling Plant and its Supporting Water Pipe Network with Tianjin Investment, the ultimate controlling shareholder of the Company for the transfer of the Zhangguizhuang Recycled Water Plant and its supporting pipeline network assets, owned by Tianjin Investment to a wholly-owned subsidiary of the Company, Water Recycling Company, for a consideration of RMB218,005,256. During the reporting period, the project handover and 90% of the transfer consideration were completed and paid, with the payment made by Water Recycling Company.

- (11) On 17 December 2024, the Board approved the transfer of 100% equity interest in Hong Kong Company to TMICL, the controlling shareholder of the Company, which will oversee overseas capital operations and investment and financing activities of the ultimate controlling shareholder of the Company, Tianjin Investment Group. Based on the net asset value of Hong Kong Company as shown in the valuation report that has completed the filing procedure, consideration of the equity transfer was RMB29,973,500. As of the end of the reporting period, the change of registration procedures with the Hong Kong Companies Registry is in progress.

(VI) DISPOSAL OF MAJOR ASSETS AND EQUITY INTEREST

Not applicable

3. Management Discussion and Analysis

(VII) ANALYSIS OF MAJOR COMPANIES IN WHICH THE COMPANY HAS INVESTED

Unit: 0'000 Currency: RMB

Subsidiary	Principal Place of Business	Major Products or Services	Registered Capital	Type of Legal Person	Shareholding of the Company	Asset Size	Net Assets	Net Profits/ (losses)
Water Recycling Company	Tianjin	Production and sales of recycled water; development and construction of water recycling facilities; and manufacturing, installation, debugging, and operation of water recycling facilities etc.	10,000	Limited company	100%	149,537.58	45,380.50	9,159.03
Hangzhou Company	Zhejiang	Operation and maintenance for facilities for sewage treatment and recycled water usage, and supporting services such as its technical services and technical training	37,744.50	Limited company	70%	73,273.95	67,604.01	11,678.63
Jiayuanxing	Tianjin	Development, consulting, service, and transfer of energy conservation and new energy technologies; and property management services	21,295.052	Limited company	100%	75,963.37	41,319.72	2,654.61
Caring Company	Tianjin	Environmental engineering management and technical advice etc.	3,333.3333	Stock Limited Company	60%	24,291.62	13,649.23	339.04
Shandong Company	Shandong	Solid waste and hazardous waste treatment and disposal	8,200	Limited company	55%	33,938.61	12,950.71	6.68
Weng'an Company	Guizhou	Sewage treatment and its recycling and utilisation; water pollution control; water environment pollution prevention and control services; environmental protection consultancy services, etc.	5,359.5	Limited company	97%	18,199.40	5,258.50	(101.00)
Huize Chuanghuan Company	Yunnan	Sewage treatment and its recycling and utilisation; water pollution control; water environment pollution prevention and control services; environmental protection consultancy services, etc.	2,009.69	Limited company	97%	6,043.53	2,019.75	10.06
Huoqiu Chuanghuan Company	Anhui	Sewage treatment and its recycling and utilisation; municipal facilities management; solid waste treatment; air pollution prevention and control services; ecological restoration and ecological protection services; engineering project management services, etc.	1,020	Limited company	100%	1,020.00	1,019.74	(0.26)
Chibi Chuanghuan Company	Hubei	Sewage treatment and its recycling and utilisation; water pollution control; water environment pollution prevention and control services; environmental protection consultancy services, etc.	6,020	Limited company	100%	5,120.03	5,120.02	0.02
Wuhu Company	Anhui	Sewage treatment and its recycling; municipal facilities management; solid waste management; environmental advisory services; water pollution control; water environmental pollution control services	5,540	Limited company	55%	0.00	0.00	0.00

Water Recycling Company recognised revenue of RMB399,568,000 from its principal operations and an operating profit of RMB122,971,700 in 2024.

Hangzhou Company recognised revenue of RMB307,221,900 from its principal operations and an operating profit of RMB133,229,700 in 2024.

(VIII) STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

Not applicable

VI. DISCUSSION AND ANALYSIS OF THE COMPANY'S FUTURE DEVELOPMENT

(I) STATUS AND TRENDS OF THE INDUSTRY

In recent years, the water and environmental protection industry has exhibited a series of new trends. These trends, on one hand, have raised higher demands on the capabilities of environmental enterprises, and on the other hand, are profoundly influencing the strategic development paths these enterprises choose.

Firstly, China's economy has entered a phase of high-quality development. The era of driving market growth through scale expansion has clearly transitioned to a stage dominated by the integration of existing assets and quality enhancement. Consequently, whether in the field of municipal infrastructure or water and environmental protection, relying solely on investment-driven models will no longer suffice to sustain future market growth and support continuous performance improvement for enterprises. Therefore, the revitalisation and integration of existing assets have become increasingly critical, with mergers and acquisitions expected to dominate the market landscape for some time.

Secondly, the traditional business model in the water and environmental protection sector, characterised by heavy-asset "investment-driven" approaches, is further transitioning towards light-asset "operational services". This shift necessitates that enterprises urgently reconsider what constitutes their core assets, what can sustain their existing revenue streams, and what can become the core competitive advantages underpinning operational services in a fully transformed industry. These evolving trends will compel enterprises to adjust their strategies and reshape their capabilities.

Thirdly, local water and environmental protection groups are rapidly forming, leading to a noticeable trend of localised investment and operation of environmental projects. Simultaneously, an increasing number of water and environmental protection enterprises are seeking development opportunities overseas, marking the emergence of an international "going global" trend. These changes represent strategic responses by enterprises to the shrinking growth in the domestic market. The former trend intensifies market competition and increases the difficulty of nationwide expansion, while the latter forces enterprises to confront international political and economic risks. This not only introduces greater uncertainty to their development but also imposes higher demands on their comprehensive capabilities and the choice of overseas expansion models.

3. Management Discussion and Analysis

Fourthly, as the industry transitions from “investment-driven” to “operational services,” water and environmental protection enterprises shall focus on building their core competitiveness by providing high-quality, low-cost professional operational services. A viable pathway lies in combining digitalisation, intelligence, and green initiatives to reshape operational advantages. Some environmental enterprises have already begun exploring the use of advanced models to develop specialised smart water management systems, with applications in intelligent water supply, drainage, treatment, and environmental governance. This requires enterprises to continuously strengthen their efforts in key areas such as data utilisation, intelligence empowerment, cloud integration, and autonomous control, ultimately exploring and establishing new models of professional services centred on “smart water management + unmanned water plants.”

(II) DEVELOPMENT STRATEGY OF THE COMPANY

The Company is committed to becoming a professional service provider in the field of water treatment and water resources utilisation in China by the end of the “14th Five-Year Plan” period. In terms of business layout, we will continue to focus on the waterworks industry and expand in accordance with the idea of “One Body, Two Wings”, among which water treatment and water resources utilisation are the “One Body”, and new energy development and sludge treatment are the “Two Wings”. In terms of regional strategy, our development framework, anchored in Tianjin and aimed at serving the Beijing-Tianjin-Hebei region as well as the national market, has been further enhanced and consolidated. Combined with the national and regional development strategy and key areas of environmental protection and governance, we will focus on the Beijing-Tianjin-Hebei region, the Yangtze River Basin, the Yellow River Basin and the Guangdong-Hong Kong-Macao Greater Bay Area. In terms of development model, taking into account the inheritance of the Company and future trends, we adopt the combination of “operation lead + technology drive + investment pull” strategy to upgrade the core competitiveness of the Company in investment, construction and operation in the main business area. On the basis of leveraging the capital operation function of being a listed company, the Company will focus on the introduction of digital and intelligent operation and the standards of low-carbon operation of sewage treatment plants, as well as strive to comprehensively enhance the three major capabilities of technology solution output, technology process research and development and product commercialisation, build a professional incubation carrier, and promote the formation of process packages and product packages with independent intellectual property rights. In terms of deepening reform, the Company will strengthen the reform of the management mechanism, deepen centralized management and control of the Group, consolidate the market-oriented operation mechanism through the reform of the remuneration and performance system, and optimise the talent system through the introduction and cultivation of core talents. In terms of cultural refinement and enhancement, the Company will inherit the spirit of entrepreneurship, regard hard work and second pioneering as the driving force to achieve goals, and focus on strengthening the leadership of the Party, safety net of systems and social responsibility of being a public company.

(III) OPERATING PLANS

During the reporting period, the Company extended its 14th Five-Year Strategic Plan to span 2025-2027, further enhancing its strategic guidance. We conducted in-depth research on medium and long-term development planning, defining clear strategic directions and pathways. At the same time, the Company remained steadfast in pursuing high-quality development, prioritising market expansion, and ensuring the consistent execution of its development strategy and annual business plans.

In 2025, it is expected that the main business of the Company will continue to be sewage treatment business, and the annual sewage treatment volume will be not less than 1,641,860,000 cubic metres. With the higher discharge standards applicable to projects in Tianjin and other areas and the continuous increase in costs of various types of resources, energy and labour, the operation costs of projects would increase to a certain extent. If there are no major changes in the prevailing national guidelines, policies and business environment, it is expected that amount of variation in revenue from charging sewage treatment service fee and relevant costs will not be higher than 20%. The Company's investment in research and development shall not be less than 1.25% of the annual operating income, which will be mainly used for technology research and development and technical reform expenses, with a continuous focus on the research and development of new processes and application-oriented technologies in the fields of sewage treatment, sludge treatment as well as new energy.

3. Management Discussion and Analysis

(IV) POSSIBLE RISKS

1. Possible risks

(1) Risk of government credit

Given the characteristic of licensed operation in sewage treatment projects, the capital source of sewage treatment service fee comes mainly from the special sewage-treatment fee charged by the governments through the sales of water; and any insufficient amount will be supplemented by the local governments. Most of the franchise projects currently promoted include the investment and construction of infrastructures such as pipeline networks with relatively large investments of social capital, the investment return relies mainly on the payment of sewage treatment service fee from the governments. Therefore, the exclusiveness of capital source led to the importance and cruciality of the government credibility. Whether water utilities companies can recoup the investment as scheduled and obtain the expected rate of return depends on the level of government's fiscal revenue and expenditure and credibility. If materialized, government credit risk could directly impact the cash flow of the project companies, potentially leading to financial risks, funding challenges, and other liquidity-related issues.

(2) Policy and market risks

China is currently in a critical phase of comprehensive deepening of reforms and promoting high-quality development, a process that will persist over the long term. During this period, policies will be continuously optimised and adjusted in response to domestic and international economic conditions, societal needs, and reform progress. These policy changes span multiple areas, including industrial restructuring, financial regulation, taxation, and environmental protection. For instance, the introduction of the Guidelines on Regulating the Implementation of New Government and Social Capital Cooperation Mechanisms (《關於規範實施政府和社會資本合作新機制的指導意見》) and the Administrative Measures for Concession Operations in Infrastructure and Public Utilities (《基礎設施和公用事業特許經營管理辦法》) has significantly impacted the business models of public utilities and the water and environmental protection industry. Additionally, while businesses such as hazardous waste disposal primarily serve enterprises, they may also be affected by regional industrial policies. For example, regional industrial upgrades and cross-regional industrial transfers could lead to fluctuations in the volume of hazardous waste generated in specific areas. From a market perspective, as China enters the later stages of the "14th Five-Year Plan", factors such as economic slowdown, insufficient effective demand, and limited local government payment capacities have led to a noticeable deceleration in the growth of the environmental protection industry. The traditional model of heavy reliance on government policy subsidies and large-scale investment-driven construction is gradually being replaced by profit models centred on operations. Furthermore, the increasing trend of local water industry groups consolidating and scaling up has intensified market competition, leading to structural changes within the industry. These changes will manifest in the form of enterprise elimination, consolidation, transformation, and upgrading.

(3) Risk of operation and management

As the government places greater emphasis on environmental protection, policies such as the Environmental Protection Law, the “Ten Measures for Air”, and the “Ten Measures for Water” have been introduced, leading to stricter environmental standards. This has heightened demands on the management and operational quality of environmental enterprises, necessitating the need for upgrades in sewage water treatment plants to meet these standards. Consequently, sewage water treatment plants face risks related to both renovation and operation, while companies also encounter risks from potential adjustments to their original concession agreements. Additionally, the development of a more sustainable business model for sludge disposal post-treatment remains a key area of focus.

(4) Legal risks

There is a possibility that the Company may suffer from negative legal consequences due to changes in the external legal environment or the failure of legal entities, including the Company itself, to effectively exercise their rights and fulfil their obligations in accordance with legal provisions or contractual agreements. Types of the Group’s existing contracts mainly include franchising and construction. There is a risk of default in the payment of downstream payments under franchising contracts as a result of the government defaulting on the payment of service fees, which would lead to the tight cash flow of the project companies under our management. There is a risk of illegal re-contracting/sub-contracting of the projects awarded under the construction contracts, and the actual constructor suing the Company for joint and several liabilities to the extent of the outstanding amounts due as a result of the tight cash flow of the main contractor.

3. Management Discussion and Analysis

2. Risk control measures

(1) Policy research first, strategic planning for the future

The Company will closely monitor domestic and international economic trends, stay abreast of regional and industry development planning policies, and intensify research and analysis of industry policies. It will strategically plan for the “15th Five-Year Plan” period, focusing on resource recycling and energy utilisation as primary directions to identify new strategic opportunities and open up new development pathways. Efforts will be made to seek new growth in areas such as comprehensive water resource utilisation and integrated energy utilisation.

(2) Strengthening risk management and upholding law based corporate governance

To determine the target for comprehensive risk management; establish the institutional framework for comprehensive risk management, strengthen the analysis and early warning of various policy risks, improve the risk prevention and control mechanism, from the aspects such as doing a good job in project maintenance, promoting the completion and settlement of legacy projects, ensuring safe production and compliance procurement, we would identify, analyze, evaluate and respond to risks hidden in different business links to strengthen the Company’s capabilities for risk and compliance management and control. Strengthen the concept of corporate governance in accordance with the laws by making full use of general counsel system to protect lawful interests of the Company. Meanwhile, the Company calls for and supports the further assurance of equality of the contracting parties under the licensed operational projects, tighten up the performance assessment and profit distribution mechanisms, and provide for the government obligations to pay according to contracts and the rights for investors to get reasonable returns under the laws, so as to reduce the risk related to government credibility and the financial risk of the investors. In view of the risk of default on payment by the government and other contracting parties, we will, in light of the actual situation, consider the use of litigation management tools to push forward the repayment, and continue to implement the concept of “strong case management to promote risk mitigation”, and to make use of legal and technological means to protect the legitimate interests of the enterprise, while at the same time, focusing on assisting in the management enhancement and value creation of the enterprise.

- (3) Continue to raise the standards of operational management and mitigate operational risks

As a listed company in the environmental protection field, the Company has control over production and operation risks in a timely manner through standardized management in accordance with relevant changes in policies. Specifically, our risk control measures include staff training, strengthening the consciousness of laws on environmental protection and improving the management and technical levels of technologies, while, at the same time, organizing the operating units to systematically review the legal compliance obligations related to sewage, sludge and odour, and initially forming a list of specific compliance obligations, and strictly fulfilling the management responsibilities according to the list of specific compliance obligations, so as to reduce the risks of operation and management; strengthening the maintenance and protection of facilities for proper preservation of asset value and stable operation; perfecting the monitoring of quality, promoting control over the whole process to ensure the final products could meet the standards of discharge; developing water environment rescue plans and safe production plans, so as to ensure careful operation and the best environmental performance of the Company under force majeure conditions, and maintain smooth contact and strengthen communications with local governments and regulatory authorities.

(V) OTHERS

Not applicable

VII. FAILURE TO DISCLOSE AS PER RULES DUE TO INAPPLICABILITY OR SPECIAL REASONS, SUCH AS STATE SECRETS AND BUSINESS SECRETS

Not applicable

4. Corporate Governance

I. DESCRIPTION OF CORPORATE GOVERNANCE OF THE COMPANY

(I) Corporate Governance of the Company

During the reporting period, the Company strictly complied with the requirements under the Company Law of the PRC, Code on Corporate Governance for Listed Companies, the Articles of Association and the requirements of the relevant laws and regulations of the CSRC, to continuously improve its corporate governance structure and regulate its daily operation.

According to the Articles of Association and the relevant regulations, the general meeting shall be the highest authority of the Company. The Company shall convene and hold general meetings in strict compliance with the Shareholders Meeting Rules in order to ensure the shareholders can exercise their voting rights duly and successfully. Within the scope authorized by the general meetings, the Board shall be responsible for the overall operation and management of the Company and convene the Board meetings in strict compliance with the Board Meeting Rules. All Directors shall duly discharge their duties in a diligent manner, independently perform their duties and pay sufficient attention to the interests of all medium and small shareholders. The committees of the Board including the Audit and Risk Control Committee, Remuneration and Assessment Committee, Nomination Committee and Strategy and ESG Committee shall perform their tasks independently according to their respective detailed implementation rules, and provide support for the scientific decisions to be made by the Board in their respective disciplines. Managers of the Company shall, with the authorization and under the leadership of the Board, be responsible for the daily operation and management of the Company according to the “Rules of Procedures for Meeting of General Managers”*《總經理議事規則》。 Within the scope authorized by general meetings, the Supervisory Committee shall be responsible for supervision of the legality and compliance of the performance of duties by the Board and managers.

To further enhance the Company’s corporate governance structure, establish a scientific and standardised decision-making mechanism, and safeguard the interests of shareholders, the Company revised its Articles of Association during the reporting period in accordance with the requirements of the State Council, the CSRC, and the relevant rules and regulations of the Shanghai and Hong Kong stock exchanges, as well as the implementation of the new Company Law. Simultaneously, the Company revised and improved the Shareholders Meeting Rules and the Directors Meeting Rules.

The Company is in compliance with the relevant requirements of regulatory authorities in respect of major governance aspects such as the Company’s controlling shareholder and the Company, the Directors and the Board, the Supervisors and the Supervisory Committee, performance appraisal and incentive control mechanism, stakeholders of interest as well as information disclosure and transparency. There is no difference between the actual governance practices of the Company and the relevant requirements of the Company Law of the PRC and the CSRC.

(II) Corporate Governance Report

1. *About Corporate Governance Practices*

The Company has continuously updated its relevant codes on corporate governance pursuant to the revised corporate governance rules of regulatory bodies and implemented them strictly. During the reporting period, the Company has complied with the Corporate Governance Code (“Corporate Governance Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (“Stock Exchange Listing Rules”).

The Board recognizes that corporate governance shall be the collective responsibilities of the Directors, and the corporate governance functions include the followings:

- (1) Developing and reviewing the Company’s policies and practices on corporate governance and making recommendations to the Board;
- (2) Reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- (3) Reviewing and monitoring the Company’s policies and practices on compliance with legal and regulatory requirements;
- (4) Developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors;
- (5) Reviewing the Company’s compliance with the Stock Exchange Listing Rules and disclosures in the Corporate Governance Report.

4. Corporate Governance

2. *About Securities Transactions by the Directors*

According to the Articles of Association of the Company and the “Management System for Inside Information”* (《内幕信息管理制度》), the Company has formulated the “Management System for the Shareholding of Directors, Supervisors and Senior Management”* (《Director、Supervisor、高級管理人員持股管理制度》), which requires that the Directors, the Supervisors, the managers and the other senior management shall during their terms of office make regular reports to the Company on the shares of the Company they hold; they shall not transfer more than a total of 25% of the shares of the Company they hold for each year during their terms of office, and shall not transfer the shares of the Company they hold within six months after their resignation, etc.

3. *About the Board*

According to the Articles of Association of the Company, the Board shall consist of nine Directors. During the reporting period, Mr. Pan Wenguang resigned as an executive Director and his roles on the various specialised committees of the Board due to job transfer. On 14 January 2025, the Company convened its first general meeting in 2025, during which Mr. Fu Xinghai was elected to succeed Mr. Pan Wenguang as an executive Director and as a member of the relevant specialised committees. Current Board members of the Company include Mr. Tang Fusheng (Chairman of the Board), Mr. Fu Xinghai and Ms. Nie Yanhong as executive Directors, Mr. An Pindong, Mr. Wang Yongwei and Mr. Liu Tao as non-executive Directors and Mr. Xue Tao, Mr. Wang Shanggan and Ms. Liu Fei as independent non-executive Directors; the term of office of the Directors of the ninth session of the Board shall be for a period until 8 September 2025.

Mr. Fu Xinghai was appointed as executive Director of the Company on 14 January 2025, and he has obtained legal advice under Rule 3.09D of the Stock Exchange Listing Rules on 13 January 2025 regarding the Stock Exchange Listing Rule requirements to which he is required to comply as Director of the Company, and the possible consequences arising from making a false statement or providing false information to the Stock Exchange, and he has confirmed that they understand their responsibilities as Director of the Company.

There was no relationship including financial, business, family or other material and relevant relationship between the members of the Board. All members of the Board possess immense qualifications and management experience. The qualifications and professional experiences of the independent non-executive Directors have fully complied with the requirements under the Stock Exchange Listing Rules. The Board has accepted the declaration of independence made by each independent non-executive Director, and confirms that they comply with the relevant requirements regarding independence as set out under Rule 3.13 of the Stock Exchange Listing Rules.

The Company has established a mechanism that can adequately safeguard the independence of independent non-executive Directors. The Board of Directors, the Supervisory Committee and the shareholders who individually or collectively hold more than 1% of the issued shares of the Company are entitled to nominate candidates for independent non-executive Directors, which will be subject to election by poll at a general meeting of shareholders. The nominator is required to express his opinion on the candidate's qualifications and independence to serve as a Director, and at the same time, in accordance with domestic and foreign laws and regulations and regulatory requirements, the Company strictly reviews and determines independence through the domestic and foreign lawyers and the compliance department of the Company. Only upon review by the Nomination Committee of the Board, it could be confirmed that the nominee is qualified to be a candidate for independent non-executive Director of the Company. The Company shall and will disclose in its announcements and circulars the information of the candidate for independent non-executive Director and the reasons why it considers the candidate to be independent in accordance with the requirements of the Stock Exchange Listing Rules.

During the reporting period, to standardise the conduct of independent non-executive Directors and fully leverage their role in the governance of listed company, thereby promoting the improvement of listed company quality, the Company formulated its Independent Director Management System and Independent Director Special Meeting System in accordance with the Opinions of the General Office of the State Council on the Reform of the Independent Director System for Listed Companies and the Administrative Measures for Independent Directors of Listed Companies.

During the term of office of the independent non-executive Directors, the Office of the Board of Directors sends information on the economy, the industry and the Company's communication with investors to the independent non-executive Directors regularly, reports on the implementation of the resolutions of the Board regularly, and maintains daily communication with them at all times, while the Company arranges site visits to its subsidiaries for the independent non-executive Directors when conditions allow, in order to satisfy the right to full information of independent non-executive Directors in exercising their duties independently. On 22 March 2024, independent non-executive Directors Mr. Xue Tao and Ms. Liu Fei visited the Company for research purposes and attended the Board meeting for the annual report. They engaged in discussions with the management on the latest industry developments. In accordance with the provisions of the Company's Articles of Association, independent non-executive Directors may engage intermediary institutions to obtain external professional opinions, with the associated costs and other expenses incurred in the exercise of their duties borne by the Company. Additionally, to the extent any changes occur that may affect their independence, each independent non-executive Director is required to notify the Company as soon as reasonably practicable; the Company confirms with the independent non-executive Directors on an annual basis to ensure that they remain independent.

4. Corporate Governance

During the reporting period, the Company held a total of 24 Board meetings and 3 general meetings. Detailed attendance records of Directors at these meetings are provided in the section headed “Attendance of Directors at the Board meetings and general meetings”.

There is a clear demarcation on the duties of the Board and the managerial level in the Articles of Association and the Board Meeting Rules of the Company. The Board Meeting Rules and the “Rules of Procedures for General Manager’s Meeting” have made specific requirements on the decision making procedure and basis of decisions for the Board and the managerial level, so as to ensure the decisions the Directors, the Board, the senior management and the managerial level to be scientific and legal. Within the scope authorized by general meetings, all matters that are required to be disclosed shall be submitted to the Board for its decision and disclosed according to the requirements under the Rules Governing the Listing of Stocks on SSE (“SSE Listing Rules”) and the Stock Exchange Listing Rules, and matters which are not required to be disclosed are generally decided and implemented by the General Manager’s meeting of the Company.

In accordance with the provisions of the Stock Exchange Listing Rules and the Corporate Governance Code, in order to ensure that the Directors have comprehensive and relevant knowledge and skills to contribute to the Board, the Company has arranged suitable trainings for the continuous professional development of the Directors such as providing them with information materials and organizing special trainings regularly.

Based on understanding of the Group’s business at real-time, the Company sends the Directors the “Briefing on the Group’s Operations”*《集團經營情況簡報》 on a monthly basis, which covers the Group’s production and operation, financial statements and analysis, etc., to ensure that the Directors have continuous access to the overall information on the Company’s production and operation. All Directors (including the current executive Directors, namely Mr. Tang Fusheng, Mr. Pan Guangwen and Ms. Nie Yanhong; the non-executive Directors, namely Mr. An Pindong, Mr. Wang Yongwei and Mr. Liu Tao; the independent non-executive Directors, namely Mr. Xue Tao, Mr. Wang Shanggan and Ms. Liu Fei; and the departed executive Directors, namely Mr. Ji Guanglin, Mr. Li Yang, Ms. Jing Wanying; the departed non-executive Director Ms. Peng Yilin, all during the reporting period) have obtained the aforementioned relevant information for the corresponding period during their office.

Trainings for Directors in 2024: with the continuous growth of the Company’s business and the amendments of the SSE Listing Rules, Stock Exchange Listing Rules from time to time, professional development on an on-going basis is very important for the Directors. In order to ensure the Directors constantly develop talents and knowledge necessary for their performance of duties, the Company has arranged some trainings for the Directors appropriately with proper training records kept at the office of the Board.

On 7 March 2024, executive Director Mr. Pan Wenguang and non-executive Director Mr. Wang Yongwei attended the SSE's 2024 Second Session of Initial Training for Directors, Supervisors, and Senior Management. The training covered key areas such as the responsibilities and shareholding change management of key personnel in listed companies, regulatory policies and trends in information disclosure, and typical case study of disciplinary actions against Directors, supervisors, and senior executives.

On 28 March 2024, independent non-executive Directors Mr. Xue Tao, Mr. Wang Shanggan, Ms. Liu Fei, and former secretary to the Board Mr. Niu Bo participated in a training session organised by the Tianjin Listed Companies Association on the requirements on performance of duties for independent Directors and new dividend regulations in the Tianjin region. The training included explanations of the requirements on performance of duties for independent Directors under the new independent Director system, as well as an analysis of the new cash dividend policies and the key points of implementation.

On 8 May 2024, executive Directors Mr. Tang Fusheng, Mr. Pan Wenguang, Ms. Nie Yanhong, supervisor Ms. Wang Jing, and members of the Company's management attended an internal training session on market value management for listed companies. The session, conducted by Heheng Consulting, covered the historical and policy background of capital market development and the assessment of market value management for state-owned enterprises, the logical framework and virtue of market value management, and how listed companies can achieve value creation, description, communication, and realisation.

On 16 August 2024, independent non-executive Director Ms. Liu Fei attended the SSE's 2024 Fourth Session of Follow-up Training for Independent Directors. The training included interpretations of the reform of the independent Director system for listed companies, changes in the legal responsibilities of independent Directors under new circumstances, information disclosure and performance of duties for independent Directors, and case studies on independent Director performance.

On 11 December 2024, all Directors, supervisors, and senior management of the Company to attend a training session hosted by the Tianjin Securities Regulatory Bureau and the Tianjin Listed Companies Association on comprehensive prevention and punishment of financial fraud and annual report disclosure for listed companies in the Tianjin region. The training covered recent regulatory requirements, interpretations of comprehensive measures to prevent and punish financial fraud, and key considerations for financial information disclosure in listed companies' annual reports.

4. Corporate Governance

Through continuous and effective trainings for the Directors, the Company sought to deepen the Directors' understanding of their duties and responsibilities comprehensively which allows them to grasp the trends of relevant laws and regulations and industry development in the management of the Company more accurately and make appropriate and informed decisions; and to develop their knowledge and skills further through training, to enhance the constructiveness and professionalism of their opinions and ensure that they make adequate contributions that suit the needs of to the Board.

4. *About the Chairman and the Chief Executive*

In accordance with the Articles of Association of the Company, the Chairman of the Company is responsible for holding and presiding over the Board meetings, and the effective operation of the Board, while the General Manager is responsible for various operation activities of the Group, and is accountable to the Board. The appointment of the Chairman should be approved by more than a half of all the Directors while the appointment of the General Manager shall be approved by the Board.

On 16 January 2024, the twenty-sixth meeting of the ninth session of the Board of the Company elected Mr. Tang Fusheng as the Chairman of the ninth session of the Board of the Company.

5. *About Non-executive Directors*

The current non-executive Directors of the Company are Mr. An Pindong, Mr. Wang Yongwei and Mr. Liu Tao, and the independent non-executive Directors are Mr. Xue Tao, Mr. Wang Shanggan and Ms. Liu Fei.

6. *About Committees under the Board*

(1) The members of the Remuneration and Assessment Committee of the ninth session of the Board of the Company comprised three independent non-executive Directors (being Mr. Xue Tao, Mr. Wang Shanggan and Ms. Liu Fei) and one non-executive Director (being Mr. Liu Tao) and the chairman is Mr. Xue Tao, an independent non-executive Director. The major terms of reference of the Remuneration and Assessment Committee include:

- (a) to make recommendations to the Board on the overall remuneration policy and structure of the Directors and senior management; and the establishment of a formal and transparent procedure for formulating such remuneration policy;
- (b) to review and approve the proposed remuneration of the management in accordance with the corporate policies and objectives set by the Board;

- (c) to make recommendations to the Board on the remuneration packages (which include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) of individual executive Directors and senior management together with the remuneration of non-executive Directors;
- (d) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (e) to review and approve the Company's performance-based method of reward and punishment and amount of remuneration by reference to the Company's targets approved by Board;
- (f) to review and approve the compensation paid to the Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with relevant contractual terms; and is otherwise fair and not excessive;
- (g) to review and approve the compensation arrangement relating to dismissal or removal of the Directors for misconduct, to ensure that they are consistent with relevant contractual terms, and otherwise reasonable and appropriate;
- (h) to ensure no Director or any of his/her associates is involved in deciding his/her own remuneration;
- (i) to review and/or approve matters relating to share schemes under Chapter 17 of the Stock Exchange Listing Rules.

Its written terms of reference can be found in the "Implementation Rules of the Remuneration and Assessment Committee" published on the website of the Stock Exchange.

During the reporting period, the Remuneration and Assessment Committee held 6 meetings, which mainly discussed matters such as adjustments to the list of participants, the number of options granted and the exercise price of the Company's 2020 share option incentive scheme, and the completion and appraisal of the indicators for the year 2023 of the management. Members of the Remuneration and Assessment Committee attended all the meetings held during the reporting period.

4. Corporate Governance

- (2) During the reporting period, the members of the Nomination Committee of the ninth session of the Board of the Company comprised three independent non-executive Directors (being Mr. Xue Tao, Mr. Wang Shanggan and Ms. Liu Fei) and two executive Directors (being Mr. Tang Fusheng and Mr. Pan Wenguang) and the chairman is Mr. Xue Tao, an independent non-executive Director. The primary duties of the Nomination Committee are to study and propose candidates, selection criteria and procedures of Directors and senior management. For its written terms of reference, please refer to the Implementation Rules of the Nomination Committee under the Board which is available on the website of the Stock Exchange.

In respect of the nomination procedures as well as the selection and recommendation of candidates for the Directors, the Articles of Association of the Company provides that, the Board and shareholders representing, in aggregate, more than 3% of the total shares of the Company may nominate candidates for the Director. The Nomination Committee under the Board shall make suggestions to the Board regarding the nomination, selection and recommendation of candidates of Directors pursuant to the Implementation Rules of the Nomination Committee under the Board. The appointment of Directors is determined by the general meetings. The nomination and appointment of the executive Directors and non-executive Directors have been carried out in accordance with the above-mentioned procedures of nomination, selection and recommendation. In addition, the qualifications of candidates acting as independent non-executive Directors are subject to review and approval by SSE.

The Company insists on the principle of hiring employees based on their competence, which is selecting members of the Board by objective standards, and considering factors like business model and special needs of the Company from time to time, taking into account multiple factors such as skills, expertise and industry experience, cultural and educational background, nationality, the term of service, gender and age. Pursuant to the diversity policy, current members of the Board possess different professional backgrounds. Each of them has accumulated rich experience in areas such as environmental water business, business management, capital operation, financial management and law, providing the Board with diverse perspectives to make decisions, and providing the Group with professional opinions for formulating operation policies. The Nomination Committee regularly reviews the structure, size and composition of the Board, and proposes changes to be made to the Board in line with the Company's strategies. In reviewing and assessing the composition of the Board and nomination of Directors, the Nomination Committee is committed to diversity at all levels and considers factors of the diversity policy, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, as well as industry and regional experience. At present, the Nomination Committee considers that the Board is sufficiently diverse, which can ensure that the members of the Board have the appropriate talents, experience, and diverse perspectives and views for decision-making.

During the reporting period and up to the date of this annual report, the Company has achieved its measurable goal of the diversity policy of the Board which is having at least one female member on the Board. At present, there are two female Directors on the Board. The Board expects the proportion of female members to remain at least at the current level. The Board will continue to seek opportunities to increase the proportion of female members in the future if suitable candidates are identified.

The Nomination Committee has reviewed the diversity policy of the Board and its effectiveness and is of the view that the current members of the Board of the Company, in terms of gender, age, cultural and educational background, professional experience, skills and knowledge etc., are in conformity with the Implementation Rules of the Nomination Committee under the Board, the diversity policy of the Board as well as the present situation and future development plan of the Company and conducive to the improvement of the Company's corporate governance and standardized operation. The Board currently includes two female members, which is in compliance with the relevant provisions of Rule 13.92 of the Stock Exchange Listing Rules.

During the reporting period, the Nomination Committee of the Company held 5 meetings which discussed matters in relation to the resignation of senior management, nomination of candidates for Directors and independent Directors, the nomination of the secretary to the Board, the general counsel, etc.

The members of the Nomination Committee attended all the meetings held during the reporting period.

- (3) During the reporting period, the members of the Audit Committee (with its name changed to the Audit and Risk Control Committee) of the ninth session of the Board of the Company comprised three independent non-executive Directors (being Mr. Xue Tao, Mr. Wang Shanggan and Ms. Liu Fei) and one non-executive Director (being Mr. Wang Yongwei), the chairman is Mr. Wang Shanggan, an independent non-executive Director. The primary duties of the Audit and Risk Control Committee include reviewing yearly, half-yearly and quarterly financial statements, reviewing and monitoring the financial management, internal control, risk management and corporate governance of the Company and making recommendations for the appointment of external auditors. For details of its written terms of reference, please see the Implementation Rules for the Audit and Risk Control Committee under the Board which is available on the website of the Stock Exchange.

4. Corporate Governance

During the reporting period, with respect to reviewing of the Company's periodic reports, during the preparation of annual reports, half-yearly reports and quarterly reports, the Audit and Risk Control Committee takes into consideration the audit opinions of the external auditor and internal auditor, and reviews the results report at a separate meeting; With the assistance of the internal audit department of the Group company, the Audit and Risk Control Committee reviews the effectiveness of the Company's internal control system at the beginning of the year 2024 and reviews the annual internal control evaluation report of the Company and discloses it together with the annual results report.

With respect to corporate governance, the Company has established a relatively sound corporate governance structure according to the relevant laws and regulations and the actual situation of the Group. For details of the corporate governance, please refer to “(1) Corporate Governance” above. The Audit and Risk Control Committee reviews and assesses the internal control of the Company during the reporting period, including the evaluation of the corporate governance of the Company.

During the reporting period, the Audit and Risk Control Committee held 7 meetings which mainly discussed the financial information in quarterly reports, half-yearly reports and annual reports, and reviewed the internal control of the Group, etc. The members of the Audit and Risk Control Committee have attended all the meetings during the reporting period.

- (4) During the reporting period, the members of the Strategic Committee (with its name changed to Strategic and ESG Committee) of the ninth session of the Board comprised two independent non-executive Directors (being Mr. Xue Tao and Mr. Wang Shanggan), two executive Directors (being Mr. Tang Fusheng and Mr. Pan Wenguang) and one non-executive Directors (being Mr. An Pindong), the chairman is Mr. Tang Fusheng. Its primary duties are to study and propose medium and long-term development strategies and major investment decisions of the Company and provide guidance on ESG matters of the Company.

During the reporting period, the Strategic and ESG Committee held 1 meeting which mainly discussed the change of the name, duties and implementation rules of the Strategic Committee,. The members of the Strategic Committee have attended all the meetings during the reporting period.

7. *About the Remuneration of the Auditor*

During the reporting period, as approved by the annual general meeting in 2023, the Company appointed Wuyige Certified Public Accountants LLP as the Company's external auditor. The appointment agreement sets out the details of the audit content and remuneration of the auditors. Meanwhile, Wuyige Certified Public Accountants LLP provided internal control audit services to the Group and issued an audit opinion on the internal control of the Group. The fee for the services provided by Wuyige Certified Public Accountants LLP for the audit of the financial statements for the year 2024 is RMB3.09 million (including RMB0.52 million for the internal control audit).

8. *About Company Secretary*

The ninth session of the Board of the Company re-appointed Ms. Cho Yee Yung, Mona of Li & Partners as company secretary and the authorised representative of the Company under Rule 3.05 of the Stock Exchange Listing Rules of Hong Kong. Ms. Cho Yee Yung, Mona attended not less than 15 hours of relevant professional trainings during the financial year 2024 in accordance with Rule 3.29 of the Stock Exchange Listing Rules. Ms. Cho Yee Yung, Mona mainly contacts Mr. Qi Lipin, the secretary to the Board of the Company.

4. Corporate Governance

9. *About Shareholders' Rights*

In accordance with the relevant requirements of the Articles of Association of the Company and the Shareholders Meeting Rules, shareholders who severally or jointly hold 10% or more shares in the Company are entitled to request the Board or the Supervisory Committee to convene or convene by themselves an extraordinary general meeting. The conditions and procedures for the application for convening or convening by themselves such a general meeting are explicitly stated. For details of the regulations, please refer to the Articles of Association of the Company and the Shareholders Meeting Rules.

Shareholders may request access to relevant information obtainable in accordance with the Articles of Association of the Company (such as the register of shareholders, personal particulars of the Directors, Supervisors, general manager and other senior management of the Company, minutes of general meetings, resolutions of Board meetings, resolutions of Supervisory Committee meetings, financial and accounting reports, etc.) or obtain the information, and shall provide written documents evidencing the type of shares and number of shares held in the Company and the relevant information shall be provided to shareholders upon request after verification of the shareholder's identity by the Company. At the general meeting convened by the Company, the Board, the Supervisory Committee and shareholders who individually or collectively hold more than 1% shares of the Company shall be entitled to propose a resolution in writing, and the Company shall include such proposal in the agenda of such meeting to the extent that it falls within the responsibilities of the general meeting. Shareholders who individually or collectively hold more than 1% shares of the Company shall be entitled to propose a provisional resolution in writing 10 days prior to the convening of the general meeting and submit to the convener. The convener shall issue a supplementary notice of the general meeting within two days after receiving the proposal, announce the content of the provisional proposal, and disclose the names of the shareholders who have made the provisional proposal and their shareholding percentages.

10. *About Investor Relationship*

The Company attaches great attention to providing accurate, timely and as comprehensive information as possible to investors, and procures to maintain communication with shareholders and investors through effective channels, thus reinforcing understanding of each other and improving the transparency of information disclosure of the Company. The Chairman, general managers, chief accountant, secretary to the Board and other management of the Company attach importance to and directly participate in communication with investors, conduct investor relations management work in accordance with the “Company’s Investor Relations Management System”, etc., with an aim to allow investors to further understand the information of the Company. During the reporting period, the Office of the Board of the Company was responsible for investor relations management, receiving calls, visits and on-site inspections from investors, and organizing participation in annual investor conferences, investment strategy meetings and domestic and overseas roadshows. The Company publishes information in relation to the Group in a timely manner. The latest developments, announcements and press releases in relation to the Company are available on the website designated by the two SSE and the Stock Exchange and the Company’s website (www.tjcep.com). Investors could also contact the Company via the Company’s investor enquiry hotline (+86(22)23930128) or email (tjcep@tjcep.com). During the reporting period, the Company actively implemented the above-mentioned relevant measures, and therefore has effectively implemented the Company’s investor relations-related policies. After review, the Board of the Company is of the view that the shareholders’ communication policy currently adopted has provided a channel for shareholders, potential investors and others to communicate effectively and express their views adequately, and the Company has complied with the principles and required measures of the said policy during the year, and the Board considers the policy and its implementation are effective.

During the reporting period, to enable investors to gain a deeper and more comprehensive understanding of the Company’s development strategy, corporate governance, profit distribution, production and operations, and sustainable development initiatives, the Company held the following events: on 23 May 2024, the Company conducted its 2023 Annual Results Briefing via a live video broadcast and online interactive session on the Panorama Network Investor Relations Interactive Platform (<https://ir.p5w.net>); on 3 September 2024, the Company participated in the 2024 Interim Results Briefing and Online Investor Reception Day for listed companies in the Tianjin region, hosted on the Panorama Network’s roadshow platform (<http://rs.p5w.net>); on 19 November 2024, the Company held its 2024 Third Quarter Briefing in an online interactive format on the Panorama Network’s roadshow platform (<http://rs.p5w.net>). During these events, the Company addressed and responded to questions of interest to investors.

4. Corporate Governance

On 25 September 2024, the Company, in collaboration with the Tianjin Listed Companies Association, Tianjin Securities Association, Tianjin Fund Association, and East Money, organised the “2024 Community Grid-Based Investor Education and ‘Financial Education Promotion Month’ – Visit to Entrepreneurial Environmental Protection” event. Investors conducted an on-site visit to the Dongjiao Sewage Water Treatment Plant. Through the exploration of physical models, historical artifacts, archival footage, photographs, and other valuable historical materials, investors gained an in-depth understanding of Tianjin’s sewage water treatment development journey. Using detailed introductions and functional displays of the plant’s scale model, investors gained a clear and intuitive understanding of the Company’s innovative “five-dimensional integrated” business model, which encompasses “efficient sewage water treatment, high-quality recycled water, sludge resource utilisation, renewable energy cooling and heating, and distributed photovoltaic + energy storage”. This provided investors with a deeper insight into the Company’s development status, investment value, and market prospects.

11. *Risk Management and Internal Control*

During the reporting period, the Company has established an appropriate internal control system. The internal control system is established and gradually improved with the orientation to possible risks exposed by the Group in various key business and management activities. The Compliance Management Department of the Group is responsible for the building of the risk management and internal control system.

The Audit and Risk Control Committee of the Board of the Company shall take into account the annual summary of the Company’s internal audit work report and plans from the Compliance Management Department (the Audit Department) as appropriate every year and review the internal control and risk management of the Group.

The Board (through the Audit and Risk Control Committee of the Board) is responsible for the Company's risk management and internal control system and the review of the effectiveness of such. In accordance with Code Provision D.2.1 of the Corporate Governance Code, the Board would carry out annual review against the effectiveness of risk management and the internal control system (including internal audit function) of the Company and its subsidiaries during the reporting period, covering matters such as financial control, operational control, compliance control, to ensure that the Company has sufficient resources, employee qualifications and training, and budgets for internal audit and financial reporting. At the Twenty-Ninth Meeting of the Ninth Session of the Board of Directors held on 22 March 2024, the internal control situation of the Company for the year 2023 was reviewed and a self-assessment report on internal control was issued. WUYIGE Certified Public Accountants LLP conducted an audit of the internal control of the Company for the year 2024 and issued a standard unqualified audit opinion. The Board is of the opinion that the Company has fully complied with the code provisions regarding risk management and internal control in the Corporate Governance Code. The internal control system of the Company is adequate and has been operating effectively.

The Board has implemented procedures and internal controls for handling and releasing inside information. During the reporting period, the Group's companies' internal departments would review material transactions, including the Office of the Board and the Compliance Management Department. After reviewing, if the Office of the Board and the Compliance Management Department were of the view that the proposed transactions may involve inside information, they would consult with the legal adviser of the Company. Thereafter, the proposed transactions concerned would be reported to the Secretary of the Board. If the relevant information constituted inside information, the legal adviser, with the assistance of the Office of the Board, would draft an announcement which would be reviewed by members of the Board. After that, relevant information would be published on the website of the Stock Exchange and the website of the SSE in accordance with the Stock Exchange Listing Rules.

The Company considers that the above risk management and internal control system was effective and adequate.

4. Corporate Governance

12. About Other Specific Disclosures

The Directors are responsible for supervising the compilation of the accounts for each financial period, in order to ensure that those accounts reflect genuinely and fairly the business and results of the Company for the period. In compiling the accounts for the year ended 31 December 2024, the Directors have chosen and thoroughly applied the appropriate accounting policies with due and reasonable judgment and estimates having been made, and prepared the accounts on an on-going concern basis.

The Directors consider that there was no occurrence of material uncertainties or situations which may affect the ability of the Company as a going concern during the reporting period.

II. SHAREHOLDERS' GENERAL MEETINGS

Session of meeting	Date of meeting	Inquiry index for the designated website for publishing the resolutions	Date of disclosure of the resolutions	Resolutions of the Meeting
2024 first extraordinary general meeting	16 January 2024	Website of the SSE at www.sse.com.cn Website of the Stock Exchange of Hong Kong at www.hkex.com.hk Website of A.Plus Financial Press Limited at http://www.aplushk.com/?Customer	17 January 2024	The resolutions on the appointment of Mr. Tang Fusheng, Mr. Pan Wenguang, Ms. Nie Yanhong and Mr. Wang Yongwei as Directors were considered and approved
2023 Annual General Meeting	5 June 2024	Website of the SSE at www.sse.com.cn Website of the Stock Exchange of Hong Kong at www.hkex.com.hk Website of A.Plus Financial Press Limited at http://www.aplushk.com/?Customer	6 June 2024	Eleven motions were considered and approved, including the Company's 2023 annual report and its summary, published both domestically and internationally
2024 second extraordinary general meeting	27 September 2024	Website of the SSE at www.sse.com.cn Website of the Stock Exchange of Hong Kong at www.hkex.com.hk Website of A.Plus Financial Press Limited at http://www.aplushk.com/?Customer	28 September 2024	The resolution on the amendments to the Articles of Association, Shareholders Meeting Rules, Board Meeting Rules and Supervisory Committee Meeting Rules were considered and approved

III. INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes in shareholdings and compensation of existing Directors, supervisors and senior management and those who left during the reporting period

Name	Position held	Gender	Age	Appointment date	Termination date	Number of shares held at the beginning of the year (shares)	Number of shares held at the end of the year (shares)	Changes in number of shares for the year	Reason for changes	Total pre-tax remunerations received from the Company during the reporting period (RMB: 0'000)	Whether remuneration was received from connected parties of the Company
Tang Fusheng	Executive Director, Chairman	M	52	16 January 2024	8 September 2025	0	0	0	No change	26.51	Yes
Pan Guangwen	Executive Director	M	47	16 January 2024	14 January 2025	0	0	0	No change	52.48	No
Fu Xinghai	Executive Director	M	44	14 January 2025	8 September 2025	0	0	0	No change	0	
Nie Yanhong	Executive Director	F	50	16 January 2024	8 September 2025	0	0	0	No change	83.16	No
	Chief Accountant			1 March 2023	8 September 2025						
Wang Yongwei	Non-executive Director	M	44	16 January 2024	8 September 2025	0	0	0	No change	0	Yes
An Pindong	Non-executive Director	M	57	9 September 2022	8 September 2025	0	0	0	No change	0	Yes
Liu Tao	Non-executive Director	M	41	11 November 2021	8 September 2025	0	0	0	No change	0	Yes
Xue Tao	Independent non-executive directors	M	51	9 September 2022	8 September 2025	0	0	0	No change	12	No
Wang Shanggan	Independent non-executive directors	M	61	9 September 2022	8 September 2025	0	0	0	No change	12	No
Liu Fei	Independent non-executive directors	F	46	1 June 2023	8 September 2025	0	0	0	No change	12	No
Sun Shubin	Supervisor, Chairman of the Supervisory Committee	M	51	9 September 2022	8 September 2025	0	0	0	No change	0	Yes
Shi Zhenjuan	Supervisor	F	55	9 September 2022	8 September 2025	0	0	0	No change	0	Yes
Wang Jing	Staff representative supervisor	F	54	9 September 2022	8 September 2025	0	0	0	No change	56.03	No
Zhou Jingdong	Acting General Manager	M	57	22 December 2023	8 September 2025	0	0	0	No change	87.49	No
	Deputy General Manager			1 December 2022	8 September 2025						
Zhang Jian	Deputy General Manager	M	55	17 January 2012	8 September 2025	822	822	0	No change	87.49	No
Peng Yilin	Deputy General Manager	F	45	12 October 2024	8 September 2025	0	0	0	No change	14.58	Yes
	Non-executive Director (departed)			9 September 2022	16 January 2024						
Niu Bo	Deputy General Manager	M	49	12 October 2024	8 September 2025	0	0	0	No change	75.6	No
	Secretary to the Board (departed)			29 January 2016	17 December 2024						
	General Counsel (departed)			24 November 2023	17 December 2024						
Zhao Xi	Deputy General Manager	F	50	12 October 2024	8 September 2025	0	0	0	No change	14.58	
Qi Lipin	Secretary to the Board	F	48	17 December 2024	8 September 2025	0	0	0	No change	45.89	No
	General Counsel			17 December 2024	8 September 2025						
Ji Guanglin	Executive Director, Chairman (departed)	M	50	9 September 2022	16 January 2024	0	0	0	No change	0	Yes
Li Yang	Executive Director (departed)	M	56	9 September 2022	16 January 2024	0	0	0	No change	55.13	No
Jing Wanying	Executive Director (departed)	F	48	9 September 2022	16 January 2024	0	0	0	No change	17.99	Yes
Li Jinhe	Deputy General Manager (departed)	M	54	29 August 2017	30 August 2024	0	0	0	No change	58.33	No
Jiang Nan	Deputy General Manager (departed)	M	53	1 December 2022	28 June 2024	0	0	0	No change	44.28	No
Total	/	/	/	/	/	822	822	0	/	/	/

4. Corporate Governance

Directors', Supervisors' and the Company's chief executives' interests and/or short positions in the shares, underlying shares and debentures of the Company or its associated corporations

As at 31 December 2024, the interests and/or short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which were taken as or deemed to have pursuant to the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name	Title	The Company/ name of associated corporation	Class of shares	Nature of interest	Number of underlying shares held	Approximate percentage of the relevant class of shares	Approximate percentage of total number of shares
Jing Wanying (Note i)	Executive director	The Company	A shares	Beneficial owner	250,000 (Note ii)	0.02032%	0.01592%
Li Yang (Note i)	Executive director	The Company	A shares	Beneficial owner	250,000 (Note iii)	0.02032%	0.01592%

Note:

- (i) With effect from 16 January 2024, Ms. Jing Wanying and Mr. Li Yang retired from the offices as Directors. For details, please refer to the relevant announcements of the Company dated 22 December 2023 and 16 January 2024 published on the website of the Stock Exchange.
- (ii) These interests refer to the A-Share options granted to Ms. Jing Wanying (as the beneficial owner) under the A share option incentive scheme adopted by the Company on 23 December 2020.
- (iii) These interests refer to the A-Share options granted to Mr. Li Yang (as the beneficial owner) under the A share option incentive scheme adopted by the Company on 23 December 2020.

As at 31 December 2024, none of the directors, supervisors or chief executives of the Company or their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Name	Primary working experience
Tang Fusheng	<p>He is currently the secretary of the Party Committee and the chairman of the Board of the Company, and the secretary of the Party Committee and vice general manager of Tianjin Municipal Investment. From July 2001 to April 2009, Mr. Tang served as the head of the development department, deputy general manager and general manager of Water Recycling Company; from April 2009 to February 2010, he served as the assistant to the general manager of the Company and concurrently served as the chairman of the board of directors and general manager of Water Recycling Company; and from March 2010 to February 2015, he served as the deputy general manager of the Company and concurrently served as the general manager of the energy and resources department, the chairman and secretary of the Party branch of Water Recycling Company, an executive director of Tianjin Jiayuanxing Innovative Energy Company, and the chairman of the board of directors of Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd. In February 2015, he was appointed as deputy secretary of the Party branch, general manager and director of Tianjin Urban Road Pipeline Network Supporting Construction Investment Co., Ltd. Mr. Tang has been the General Manager of the Company since 26 January 2017 and a Director of the Company from 14 March 2017 to 17 December 2018. From October 2020 to November 2021, he served as the secretary of the party committee and chairman of the board of directors of Tianjin Haihe Construction Development and Investment Co., Ltd.; from November 2021 to December 2023, he served as the secretary of the Party general branch and chairman of the board of directors of Tianjin Environmental Construction Investment Co. Ltd.; since December 2023, he served as the secretary of the Party committee of the Company and the chairman of the Board; and since January 2024, he served as an executive Director and the chairman of the Board of the Company. He has been a member of the Party Committee and deputy general manager of Tianjin Investment Group since May 2024, and concurrently serves as the Party secretary and chairman of the Company.</p>
Pan Guangwen	<p>He is currently the deputy secretary of the Party committee and a Director of the Tianjin Expressway Group Company Limited. Mr. Pan worked for Tianjin Financial City Development Co., Ltd. from March 2009 to August 2013, during which he served as deputy director of the general management department and director of the general management department; from August 2013 to September 2017, he served as an assistant to the director of the office of Tianjin Investment Group; from September 2017 to October 2022, he served as a member of the Party committee and secretary of the Disciplinary Committee of Tianjin Haihe Construction Development and Investment Co., Ltd. Since October 2022, he served as a member of the Party committee and secretary of the Disciplinary Committee of the Company; from December 2023 to November 2023, he served as a Deputy Secretary of the Party committee of the Company; from January 2024 to 14 January 2025, he served as an executive Director of the Company.</p>
Fu Xinghai	<p>Mr. Fu currently serves as the deputy secretary of the Party Committee and a Director of the Company. From July 2007 to July 2016, he served at Tianjin Water Recycling Co., Ltd., where he held positions including assistant director, deputy director, and director of the general office. From July 2016 to July 2017, he served as assistant director of the party-mass work department of the Company. From July 2017 to October 2021, he was a supervisor in the Party Committee organisation department (United Front Work Department) of Tianjin City Infrastructure Construction and Investment Group Co., Ltd. From October 2021 to November 2024, he served as deputy director of the Party Committee Organisation Department (United Front Work Department and Human Resources Department) of Tianjin City Infrastructure Construction and Investment Group Co., Ltd. Mr. Fu was appointed deputy secretary of the Party Committee of the Company in November 2024 and assumed the role of executive Director on 14 January 2025.</p>
Nie Yanhong	<p>Ms. Nie is currently the chief accountant and a Director of the Company. Ms. Nie worked for Tianjin Construction Investment Co., Ltd.* (天津市建設投資公司) from July 1997 to January 2021, where she served as the head of the finance department, deputy chief accountant and chief accountant; she served as the chief accountant of Tianjin Chengchan Development Co., Ltd.* (天津城產發展有限公司) from January 2021 to August 2022; and the deputy general manager (presiding over the work) of the audit department (audit center) of Tianjin Investment Group from August 2022 to February 2023. Ms. Nie has been the chief accountant of the Company since March 2023, and since January 2024, she served as an executive Director of the Company.</p>

4. Corporate Governance

Name	Primary working experience
Wang Yongwei	He is currently a Director of the Company and the general manager of the investment and development department of Tianjin Investment Group, a director of Tianjin Eco-city Investment & Development Co., Ltd. and a director of Municipal Investment. From April 2015 to August 2019, Mr Wang served as a staff member of the Department of Utilisation of Foreign Capital and Overseas Investment and a chief staff member of the Department of Fixed Asset Investment of the Tianjin Municipal Development and Reform Commission; from August 2019 to October 2020, he served as the head of the planning and construction department of the Tuanbo New City Development and Construction Committee of Tianjin Municipality; from October 2020 to November 2022, he served as the director of the integrated office of the Tuanbo New City Working Committee of the Tianjin Municipality of the Communist Party of China; from November 2022 to June 2023, he served as a member of the Party committee and deputy director of the Development and Reform Commission of Tianjin Jinghai District, and a member of the Party committee of the Management Committee of the Demonstration Area for International Co-operation in Tianjin Healthcare Industry; since July 2023, he served as the general manager of the asset (investment) management department of Tianjin Investment Group (with a probationary period of one year). He was appointed as the general manager of the investment development department and general manager of operations management department in september 2024. Since January 2024, he served as a non-executive Director of the Company.
An Pindong	He is currently a Director of the Company and the chief operating officer of Tianjin Investment Group, and concurrently the secretary of the Party and the chairman of Tianjin Municipal Investment Co., Ltd. Mr. An entered the workforce in July 1991. He has served as a director and chief accountant of the Company, a deputy chief economist and the head of the asset operation department of Tianjin Investment Group. Mr. An has been a non-executive Director of the Company since 9 September 2022.
Liu Tao	Mr. Liu Tao is now a non-executive Director of the Company, and concurrently served as a manager of the investment management department of Ningbo Energy Group Co., Ltd. and a director of Ningbo Jintong Finance Leasing Co., Ltd.* (寧波杭灣綠捷新能源有限公司) and Ningbo Langchen New Energy Co., Ltd. Mr. Liu Tao worked for Blue Source Capital Investment Management Co., Ltd.* (浙江藍源投資管理有限公司) in 2011, engaging in investment management of government-guided funds. He served in the investment management department of Ningbo Energy in 2014. He served as deputy manager and manager of the investment department of Ningneng Investment Management Co., Ltd.* (寧能投資管理有限公司) and deputy manager and deputy manager (presiding work) of the investment management department of Ningbo Energy. Since June 2023, he served as a manager of the investment management department of Ningbo Energy. Mr. Liu Tao has been a non-executive director of the Company since 11 November 2021.
Xue Tao	He is currently an independent Director of the Company. He is currently the executive partner of the E20 Environment Platform and the executive president of the E20 Environmental Industry Research Institute, an adjunct professor of the School of Public Administration of Hunan University, a visiting professor of the School of Management and Economics of North China University of Water Conservancy and Hydropower, and an independent director of listed companies such as Shanghai City Investment Holdings and CSCEC SCIMEE. He concurrently serves as the vice president of the E20 Joint Research Institute of the College of Environmental Sciences at Peking University, a targeted invitation expert of the National PPP Experts Database of both the National Development and Reform Commission and the Ministry of Finance, a registered expert of World Bank and Asian Development Bank (infrastructure and PPP direction), the member of the Investment and Financing Professional Committee of PPP Research Center, School of Public Administration, Tsinghua University, Secretary General of PPP Special Committee of China Environment Service Industry Association; expert of the Expert Advisory Committee of National Green Development Fund Co., Ltd., an expert in the think tank of chemical and waste environment management of the Asia Pacific Regional Center of the Basel Convention, a member of the expert committee of waste incineration of China Environmental Health Association, a special consultant of the “Strategic Alliance for Technology Innovation in Sludge Treatment and Disposal Industry” of the Ministry of Environment, a member of the think tank of the Institute of Political Science and Information of the Central University of Finance and Economics, and a special expert of the China Urban Investment Network; a member of the editorial board of “Urban and Rural Construction” magazine and “Environmental Health Engineering” magazine under the guidance of the Ministry of Housing and Construction, and the editorial board of “Government Procurement and PPP Review” magazine under the guidance of the Ministry of Finance; He is an external tutor of the Environmental Research Centre of Chinese Academy of Sciences. Mr. Xue has been an independent non-executive director of the Company since 9 September 2022.

Name	Primary working experience
Wang Shanggan	Mr. Wang is now an independent director of the Company, the special assistant to the chairman of the board of directors of Shanghai SUS Environment Co., Ltd. and an independent director of Shanghai Yizhen Network Technology Co., Ltd. Mr. Wang entered the workforce in August 1984 and served as an accountant of the Finance Department of Xinyu Steel Company and the Finance Department of Jiangxi Metallurgical Industry Corporation, the financial controller of Shanghai Environmental Group, a financial controller of Shanghai Investment Group, a director and the chairman of the supervisory committee of Western Securities, etc. Mr. Wang has been an independent non-executive Director of the Company since 9 September 2022.
Liu Fei	She is currently an independent director of the Company and a senior partner of Shanghai Allbright Law Offices. Ms. Liu Fei is a professional lawyer providing legal services for infrastructure investment and financing in China, and has extensive experience in infrastructure investment and financing business models, transaction structure design, project financing, corporate governance, infrastructure REITs and ABS issuance, etc. She is currently a legal expert of the PPP Expert Database of the Ministry of Finance, an invited expert of the PPP Expert Database of the National Development and Reform Commission ("NDRC"), an expert of the Ministry of Finance's third and fourth batches of PPP demonstration projects, an expert of the second batch of NDRC's PPP demonstration projects, and a registered legal expert of the Asian Development Bank (ADB). She has been honoured as one of the "Top 15 Female Lawyers in ALB China 2020" and "Recommended Lawyer in Projects and Infrastructure" in Chambers Global and Greater China in 2022 and 2023. Ms. Liu Fei has been appointed as an independent non-executive Director of the Company since 1 June 2023.
Sun Shubin	Mr. Sun is now the Chairman of the Supervisory Committee of the Company, the general counsel, chief compliance officer and the general manager of the Legal Compliance Department of Tianjin Investment Group. Mr. Sun served as the deputy general manager (presiding work) of the compliance management department (audit department and legal department) and the deputy general manager (in charge) of the legal and compliance department of Tianjin Investment Group. Mr. Sun has been a supervisor and the chairman of the supervisory committee of the Company since 9 September 2022.
Shi Zhenjuan	She is now a supervisor of the Company and the chief accountant of Tianjin Municipal Investment Company Limited. Ms. Shi graduated from Nankai University with a master's degree in business administration for senior management and is an accountant. She has served as the chief accountant, a director and a member of the disciplinary committee of the Company, and a member of the party committee, chief accountant and a director of Tianjin Haihe Construction Development & Investment Co., Ltd. Ms. Shi has been a supervisor of the Company since 9 September 2022.
Wang Jing	Ms. Wang is now a Supervisor and the deputy secretary of the Communist Party Committee and chairwoman of the labour union of the Company. Ms. Wang served as the deputy director, director, and minister of the administration department of Tianjin Municipal Construction Group Co. Ltd.* (天津市政建設集團) from June 2007 to December 2010; served as a party branch member, deputy secretary, secretary of the party general branch, chairwoman of the labour union, and director of Tianjin Ziya Circular Economy Industrial Investment and Development Co., Ltd.* (天津子牙循環經濟產業投資發展有限公司) from December 2010 to July 2016; acted as a member of the management committee, deputy secretary, deputy director of Tianjin Ziya Circular Economy Industrial District* (天津子牙循環經濟產業區) from September 2012 to July 2016; Ms. Wang has been serving as the deputy secretary of the Communist Party Committee and chairwoman of the labour union of the Company since August 2016. Ms. Wang served as the staff representative Supervisor and the chairwoman of the Supervisory Committee of the Company from 24 November 2016 to 17 December 2018, a Director of the Company from 18 December 2018 to 8 September 2022 and a Supervisor of the Company since 9 September 2022.
Zhou Jingdong	He is currently the Deputy General Manager of the Company and is acting as the General Manager. Mr. Zhou has served as Party secretary, general manager and chairman of Fuyang Company; general manager of Anhui region of the Company's outbound water business division, general manager of Central China region; secretary of the Party branch and general manager of the Southern region; Mr. Zhou also served as chairman of a number of subsidiaries, including Wuhan Company, during his tenure in the region, and is rich in experience in the areas of professional and technical skills, investment and development, financial risk control and corporate management. Mr. Zhou has been appointed as the deputy general manager of the Company with effect from 1 December 2022 and acted as the general manager from 22 December 2023 onwards.

4. Corporate Governance

Name	Primary working experience
Zhang Jian	Mr. Zhang is now the deputy general manager of the Company. From April 2006 to December 2009, Mr. Zhang was the administrative deputy general manager (presiding over the work) of Hangzhou Company. He has been the general manager of the non-local water business division of the Zhejiang region and the general manager of Hangzhou Company since December 2009. He has been the chairman of Hangzhou Company, and the director and chairman of Baoying Company since September 2015. He has been the deputy general manager of the Company since January 2012.
Peng Yilin	She is currently the deputy general manager of the Company. Ms. Peng was employed by Tianjin Municipal Investment from March 2008 to September 2015, and served as assistant to the head of the finance and development department, head of the finance centre, assistant to the general manager of the Company since 29 October 2015, chief accountant of the Company from 29 January 2016 to 19 November 2021, director of the Company from 16 March 2016 to 17 December 2018, and director of Municipal Investment since 28 December 2020. Ms. Peng was the deputy general manager of the property investment department of Tianjin Municipal Investment from November 2021 to June 2023 (presiding over the work); and the deputy general manager of Municipal Investment from June 2023 onwards. Ms. Peng served as a director of the Company from 9 September 2022 to 16 January 2024. She was appointed as a deputy general manager of the Company on 12 October 2024.
Niu Bo	Mr. Niu is now a deputy general manager of the Company. Mr. Niu joined the Company in August 2004, and from then to December 2009, he acted as the project manager and deputy department manager of the market development department and the department manager of the strategic investment department of the Company. He was the deputy chief economist of the Company from December 2009 to December 2019, and served as a Director of the Company from 18 December 2018 to 8 September 2022. Mr. Niu was the secretary of the Board of the Company from 29 January 2016 to 17 December 2024. From September 2022 to December 2024, he also served as the secretary of the Party Branch and chairman of Tianjin Jiayuanxing Innovative Energy Technology Co., Ltd, chairman of Tianjin Jiayunkaichuang New Energy Technology Co., Ltd., and chairman of Tianjin Tianchuang Green Energy Investment Management Co., Ltd. Mr. Niu has been the deputy general manager of the Company since 12 October 2024.
Zhao Xi	She is currently a deputy general manager of the Company. Ms. Zhao served in Tianjin Jizhuang Sewage Treatment Plant from December 1997 to March 2007 as assistant to minister and director of the operation department. From March 2007 to February 2013, she served in the business development department of the Company successively as an assistant manager of the business development department, deputy manager of the investment management department and deputy manager of the strategic investment department. Since February 2013, she has been serving as the general manager of the southern region of Tianjin water affairs division of the Company and the director of Jizhuangzi Sewage Treatment Plant. From March 2020 to January 2023, she served as the director of the operation management center of the Company. She was the general manager of the Beijing-Tianjin-Hebei regional company of the Company since April 2022. She was appointed as a deputy general manager of the Company in December 2024.
Qi Lipin	Currently, she serves as the secretary to the Board, general counsel, and chief compliance officer of the Company. Ms. Qi joined the Company in February 2001 and has held various positions including staff member in the project development department, deputy manager in the planning department, manager in the operations management department, chief economist, and assistant to the general manager before May 2023. Since May 2023, she has served as the director of the Board office (supervisor office). On 17 December 2024, she was appointed as the Company's secretary to the board, general counsel, and chief compliance officer.
Ji Guanglin	Currently, he is currently an executive director and the chief executive officer of SIIC Environment Holdings Ltd. He has served as deputy chief economist, general manager of the strategic planning department and general manager of the asset management department of Shanghai Urban Investment Group, deputy secretary of the Party Committee, chairman of the board of directors and president of Shanghai Urban Investment Holding Co., Ltd, and deputy general manager of Tianjin Investment Group. Mr. Ji was appointed as an executive Director and chairman of the Board of Directors of the Company from 9 September 2022 to 16 January 2024.

Name	Primary working experience
Li Yang	He is currently the general manager of Tianjin Investment Group Public Rental Housing Operation Co. Mr. Li was the general manager of Fuyang Capital Water Co., Ltd., a wholly-owned subsidiary of the Company, from November 2005 to April 2009; the general manager of the Company's Water Division 2 from April 2009 to December 2009; the general manager of the Eastern Region of the Company's Tianjin Water Business Division from January 2010 to February 2011; and the general manager of Xi'an Company from February 2011 to May 2017; He has been the assistant to the general manager of the Company since January 2012; the chairman of the board of directors of Xi'an Company since September 2015; a supervisor of the Company from 8 September 2009 to 15 March 2017; a deputy general manager of the Company since 15 March 2017, and concurrently the chairman of the board of directors of Hangzhou Company from September 2020 onwards. Mr. Li was the general manager of the Company from February 2021 to December 2023 and an executive director of the Company from 9 September 2022 to 16 January 2024.
Jing Wanying	She is currently the general manager of the Finance Centre of Tianjin Municipal Investment. Ms. Jing joined Tianjin Municipal Investment Co., Ltd. in November 2003. From January 2005 to September 2015, she served as deputy manager of the finance department, manager of the finance department and deputy chief accountant of Municipal Investment. From September 2015 to 16 November 2021, Ms. Jing was the chief accountant of Municipal Investment. Ms. Jing was the chief accountant of the Company from November 2021 to 1 March 2023 and an executive director of the Company from 9 September 2022 to 16 January 2024.
Li Jinhe	Mr. Li is now a designated external director of Tianjin Investment Group. Mr. Li has served in the 9th design institute of North China Municipal Engineering Design & Research Institute Co., Ltd. since March 1999 and acted successively as the technician, leader of the 2nd Process Group, deputy chief engineer, and chief engineer as well as the deputy chief engineer. Mr. Li has been engaged in municipal engineering design and research works for years and has extensive experience in such fields as water treatment facilities and designing, research and operation of process. Mr. Li has been the chief engineer of the Company since 29 August 2017 and the deputy general manager of the Company from 1 January 2020 to 30 August 2024.
Jiang Nan	He was the Vice President of Kaidan Water International Group, the General Manager of Water Investment Department of Gezhouba Investment and the Vice General Manager of Everbright Financial Holding Finance Capital* (光大金控財金資本). Mr. Jiang was the deputy general manager of the Company from 1 December 2022 to June 2024.

Notes on other information

Not applicable

4. Corporate Governance

(II) POSITIONS HELD BY THE EXISTING AND RESIGNED DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

1. Positions held at shareholder's entities

Name	Name of shareholder's entities	Position held in shareholder's entities	Appointment date	Termination date
Wang Yongwei	TMICL	Director	22 September 2023	—
An Pindong	TMICL	Secretary of the Party		
		Chairman	19 April 2022	—
Sun Shubin	TMICL	Director	July 2022	—
Shi Zhenjuan	TMICL	Chief Accountant	16 November 2021	—
Jing Wanying	TMICL	Director	22 September 2023	—
Description of positions held at shareholders' entities		None		

2. Positions held at the other entities

Name	Name of other entities	Position held in other entities	Appointment date	Termination date
Wang Yongwei	Tianjin Investment Group	General manager of investment development department, general manager of operations management department	September 2024	—
	Tianjin Low-Altitude Economy Investment and Development Co., Ltd. (天津低空經濟投資發展有限公司)	Director	February 2025	—
	Tianjin Eco-city Investment & Development Co., Ltd.	Director	September 2023	—
An Pindong	Tianjin Investment Group	Chief operating officer	27 December 2019	—

Name	Name of other entities	Position held in other entities	Appointment date	Termination date
Liu Tao	Ningbo Energy Group Co., Ltd.	Investment management manager	27 June 2023	—
	Ningbo Jintong Finance Leasing Co., Ltd.	Director	21 July 2020	—
	Ningbo Langchen New Energy Co., Ltd.	Director	12 August 2022	—
	Ningbo Jintong Finance Leasing Co., Ltd.	Director	14 December 2023	9 May 2024
Xue Tao	Beijing E20 Environmental Co., Ltd.* (北京易二零環境股份有限公司)	General manager	20 August 2021	—
	E20 Joint Research Institute of the College of Environmental Sciences at Peking University	Vice president	1 July 2015	—
	E20 Environmental Industry Research Institute	Executive president	1 May 2014	—
	Yancheng Haipurun Technology Co., Ltd. (unlisted company)	Independent director	15 September 2019	—
	Cscec Scimee Sci.&Tech. Co., Ltd.	Independent director	24 January 2022	—
	Yunnan Hexu Environmental Technology Co., Ltd. (unlisted company)	Independent director	January 2023	—
	Beijing OriginWater Technology Co., Ltd.* (北京碧水源科技股份有限公司)	Independent director	1 April 2024	—
Wang Shanggan	Shanghai SUS Environment Co., Ltd.	Special assistant to the chairman of the board of directors	June 2019	—
	Shanghai Yizhen Network Technology Co., Ltd.	Independent director	1 November 2021	—
Liu Fei	Shanghai Allbright Law Offices	Senior partner lawyer	March 2014	—

4. Corporate Governance

Name	Name of other entities	Position held in other entities	Appointment date	Termination date
Sun Shubin	Tianjin Investment Group	General counsel chief compliance officer	December 2024	–
		General manager of legal and compliance department	February 2023	–
		Staff representative supervisor	July 2022	–
	Tianjin Eco-City Investment and Development Co., Ltd.	Supervisor	July 2020	–
	Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.	Director	August 2020	–
	Tianjin Urban Renewal Construction Development Co., Ltd.	Supervisor	June 2021	–
	Tianjin Investment Group Asset Management Co., Ltd.	Director	March 2023	–
Positions held at other entities		Nil		

(III) REMUNERATION OF DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT

Procedures for determining the remuneration of the Directors, Supervisors, and senior management	The remuneration of the Directors and Supervisors will be determined in accordance with the remuneration standard for the Directors and Supervisors as approved at the general meetings of the Company. The remuneration of the senior management will be determined on the basis of the remuneration plan approved by the Board and the operation result of the Company, and an annual salary system and an performance-based remuneration system based on the completion of annual operating targets will be implemented. The Directors (other than the independent non-executive Directors) and Supervisors of the Company do not receive remuneration for acting as Directors or Supervisors.
Whether the Directors recuse themselves from Board discussions on their own emoluments	Yes
Specific information on the recommendations issued by the Remuneration and Evaluation Committee or the specialised meeting of independent Directors on matters relating to the remuneration of Directors, Supervisors and senior management	During the reporting period, the Remuneration and Assessment Committee expressed opinions on the assessment of professional managers and other senior managers of the Company.
Basis for determining the remuneration of the Directors, Supervisors, and senior management	The remuneration of the Company's senior management will be distributed in accordance with their achievements in production and operation tasks and their routine management work. The performance-based remuneration will be distributed according to the achievement of annual operating targets and performance appraisal results.
Actual payment of the remuneration to the Directors, Supervisors, and senior management	The remuneration distributed by the Company to the Directors, Supervisors, and senior management is in line with the salaries and performance appraisal requirements of the Company and distributed according to the requirements.
Actual remuneration received by all Directors, Supervisors, and senior management as at the end of the reporting period (in total)	RMB6,464,200

During the reporting period, the Company did not pay any housing allowance, other allowance, and benefits in kind and bonus to the Directors, Supervisors and senior management, nor any payment to them as an inducement to join the Company or as compensation for loss of office of Directors, Supervisors or senior management. None of the Directors, Supervisors and senior management of the Company waived or agreed to waive any emoluments. The Company has not provided any loans or guarantees to the Directors, Supervisors or senior management. Except for remuneration, the Directors, Supervisors and senior management or such entities connected thereto have not derived other material interests, whether directly or indirectly, from other transactions, arrangements or contracts. The Company, during the reporting period, did not enter into any administration or management contracts for all or material parts of its business.

4. Corporate Governance

(IV) CHANGES IN DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position held	Changes	Reasons for changes
Tang Fusheng	Executive Director, Chairman	Election	Election of shareholders at general meetings
Pan Guangwen	Executive Director	Election	Election of shareholders at general meetings
Fu Xinghai	Executive Director	Departure (note)	Job transfer
	Executive Director	Election	Election of shareholders at general meetings
Wang Yongwei	Non-executive Director	Election	Election of shareholders at general meetings
Peng Yilin	Non-executive Director	Departure	Job transfer
Niu Bo	Deputy General Manager	Appointment	Job requirement
	Secretary to the Board \ General Counsel	Departure	Job transfer
Zhao Xi	Deputy General Manager	Appointment	Job requirement
	Deputy General Manager	Appointment	Job requirement
Qi Lipin	Secretary to the Board \ General Counsel	Appointment	Job requirement
Ji Guanglin	Executive Director, Chairman	Departure	Job transfer
Li Yang	Executive Director	Departure	Job transfer
Jing Wanying	Executive Director	Departure	Job transfer
Li Jinhe	Deputy General Manager	Departure	Job transfer
Jiang Nan	Deputy General Manager	Departure	Dismissal by the board

Note: Mr. Pan Guangwen was appointed as a Director of the Company on 16 January 2024 and resigned as Director on 14 January 2025.

(V) PUNISHMENTS IMPOSED BY SECURITIES REGULATORY AUTHORITIES IN THE LATEST THREE YEARS

Not applicable

IV. BOARD MEETING HELD DURING THE REPORTING PERIOD

Session	Date of meeting	Resolution(s)
Twenty-sixth meeting of the ninth session of the Board	16 January 2024	<p>Consideration and approval of the resolution on the election of Mr. Tang Fusheng as the chairman of the ninth session of the Board;</p> <p>Resolution on the election of Mr. Wang Yongwei as a member of the Audit Committee;</p> <p>Resolution on the election of Mr. Tang Fusheng and Mr. Pan Wenguang as members of the Company's Nomination Committee;</p> <p>Resolution on the election of Mr. Tang Fusheng and Mr. Pan Wenguang as members of the Company's Strategic Committee and the nomination of its chairman;</p> <p>Resolution on the consideration and approval of the investment in the transfer of concession rights for the second and third phases of the Weng'an County Sewage Water Treatment Plant and the establishment of a project company;</p> <p>Resolution on providing a guarantee for the loan of Hanshan Capital Water Co., Ltd.;</p> <p>Resolution on applying for the Company's first-quarter financing limit.</p>
Twenty-seventh meeting of the ninth session of the Board	26 January 2024	<p>Consideration and approval of the resolution on the adjustment of the list of grantees and the number of share options under the Company's 2020 Share option Incentive Scheme (reserved portion), and the cancellation of a portion of the options;</p> <p>Resolution on the adjustment of the exercise price of the reserved share options under the Company's 2020 Share Option Incentive Scheme;</p> <p>Resolution on the fulfilment of the exercise conditions for the first exercise period of the reserved share options under the Company's 2020 Share Option Incentive Scheme.</p>
Twenty-eighth meeting of the ninth session of the Board	14 March 2024	<p>Consideration and approval of the resolution on the adjustment of the list of grantees and the number of share options under the Company's 2020 Share Option Incentive Scheme, and the cancellation of a portion of the options;</p> <p>Resolution on the fulfilment of the exercise conditions for the second exercise period of the initially granted share options under the Company's 2020 Share Option Incentive Scheme;</p> <p>Resolution on the execution of a supporting contract with the related party, Tianjin Chengze Real Estate Development Co., Ltd. (天津市城澤房地產開發有限公司)</p>

4. Corporate Governance

Session	Date of meeting	Resolution(s)
Twenty-ninth meeting of the ninth session of the Board	22 March 2024	<p>Consideration and approval of the resolution on the review and approval of the 2023 Annual Report and its summary to be published domestically and internationally;</p> <p>Resolution on the review and approval of the 2023 Board of Directors' Report;</p> <p>Resolution on the review and approval of the Company's 2023 Financial Final Accounts and 2024 Financial Budget Report;</p> <p>Resolution on the review and approval of the Company's 2023 Profit Distribution Plan;</p> <p>Resolution on the review and approval of the Company's 2024 Business Plan;</p> <p>Resolution on the review and approval of the Company's 2023 Internal Control Self-Assessment Report;</p> <p>Resolution on the review and approval of the 2024 Internal Audit Work Plan;</p> <p>Resolution on the review and approval of the 2023 Audit Committee Performance Report;</p> <p>Resolution on the review and approval of the Company's 2023 Social Responsibility Report;</p> <p>Resolution on the review and approval of the Company's 2023 Environmental, Social, and Governance (ESG) Report;</p> <p>Resolution on the application for the 2024 loan limit;</p> <p>Resolution on the Company's additional external guarantee limit;</p> <p>Resolution on the appointment of WUYIGE Certified Public Accountants LLP as the Company's external auditor and the submission of this appointment for shareholder approval;</p> <p>Resolution on the review and approval of the Company's 2023 report on the deposit and actual use of proceeds;</p> <p>Resolution on the proposed provision for asset impairment;</p> <p>Resolution on the termination of the Phase I PPP project of the Anyang Municipal Sewage Water Treatment Centre.</p>
Thirtieth meeting of the ninth session of the Board	29 March 2024	<p>Resolution on the provision of guarantee for a loan of Tianjin Jiayuansheng Innovative Energy Technology Co., Ltd.</p>
Thirty-first meeting of the ninth session of the Board	23 April 2024	<p>Consideration and approval of the resolution on the review and approval of the Company's 2024 First Quarterly Report;</p> <p>Resolution on the submission to shareholders for approval to authorise the Board to issue shares to specific targets under the simplified procedure;</p> <p>Resolution on the application for the registration and issuance of green corporate bonds for technological innovation;</p> <p>Resolution on providing a guarantee for the loan of Tianjin Jinghai Capital Water Co., Ltd.;</p> <p>Resolution on providing a guarantee for the loan of Yingshang Capital Water Co., Ltd.;</p> <p>Resolution on convening the 2023 Annual General Meeting, the 2024 First A Share Class Meeting, and the 2024 First H Share Class Meeting;</p> <p>Resolution on the amendment of the name, responsibilities, and implementation rules of the Strategy Committee.</p>

Session	Date of meeting	Resolution(s)
Thirty-second meeting of the ninth session of the Board	5 June 2024	Consideration and approval of the resolution on the establishment of the ESG Management System; Resolution on the revision of the Company's Work Safety Responsibility System; Resolution on the review and approval of the 2023 performance evaluation of professional managers and other senior management personnel.
Thirty-third meeting of the ninth session of the Board	20 June 2024	Consideration and approval of the resolution on the signing of the Memorandum on the Adjustment of Water Prices for the Concession Operations of Four Sewage Water Treatment Plants in Tianjin's Central Urban Area.
Thirty-fourth meeting of the ninth session of the Board	28 June 2024	Consideration and approval of the resolution on the review and approval of the dismissal of deputy general manager Mr. Jiang Nan; Resolution on the adjustment of the exercise price of share options under the Company's 2020 Share Option Incentive Scheme.
Thirty-fifth meeting of the ninth session of the Board	2 August 2024	Consideration and approval of the resolution on the signing of a supporting contract with Tianjin Jinzhong Urban Renewal Construction and Development Company Limited; Resolution on the unilateral capital increase by Tianjin BENEFO Machinery Equipment Group Co., Ltd.* (天津百利機械裝備集團有限公司) into Tianjin International Machinery Co., Ltd.* (天津國際機械有限公司); Resolution on the amendment of the name, responsibilities, and implementation rules of the Audit Committee.
Thirty-sixth meeting of the ninth session of the Board	16 August 2024	Consideration and approval of the resolution on the review and approval of the adjustment to the investment plan for the establishment of Tianjin Tianchuang Environmental Technology Co., Ltd.* (天津天創環境技術有限公司) and its capital increase.

4. Corporate Governance

Session	Date of meeting	Resolution(s)
Thirty-seventh meeting of the ninth session of the Board	23 August 2024	<p>Consideration and approval of the resolution on the review and approval of the Company's 2024 Interim Report and its summary;</p> <p>Resolution on the exercise and resale of the Company's bonds;</p> <p>Resolution on the review and approval of the Company's 2024 interim report on the deposit and actual use of proceeds;</p> <p>Resolution on the review and approval of the determination of primary responsibilities and core business;</p> <p>Resolution on the revision of the Information Disclosure Management System;</p> <p>Resolution on the signing of an engineering construction contract between Tianjin Water Recycling Co., Ltd.* (天津中水有限公司) and a related party;</p> <p>Resolution on the capital increase into Tianjin Tianchuang Green Energy Investment Management Co., Ltd.* (天津天創綠能投資管理有限公司) and its establishment of Beijing Jinchuang Green Energy Technology Co., Ltd. (北京津創綠能科技有限公司) (tentative name) to implement the renewable energy project at the National Clean Energy and Safety Emergency Technology Industrial Park.</p>
Thirty-eighth meeting of the ninth session of the Board	30 August 2024	<p>Consideration and approval of the resolution on the acceptance of Mr. Li Jinhe's resignation as deputy general manager;</p> <p>Resolution on the establishment of the Independent Director Management System;</p> <p>Resolution on the establishment of the Independent Director Special Meeting System;</p> <p>Resolution on the establishment of Huize Capital Water Co., Ltd. (tentative name) to implement the phase III construction (expansion) concession project of the Huize County Sewage Water Treatment Plant;</p> <p>Resolution on the signing of a recycled water-related supporting agreement with Tianjin Liulin District Urban Renewal Industrial Operation Co., Ltd.;</p> <p>Resolution on the review and approval of the advance performance-based compensation for professional managers and other senior management personnel for 2023;</p> <p>Resolution on the selection and appointment plan for professional managers of Tianjin Capital Environmental Protection Group Company Limited.</p>
Thirty-ninth meeting of the ninth session of the Board	6 September 2024	<p>Consideration and approval of the resolution on the revision of the Articles of Association of Tianjin Capital Environmental Protection Group Company Limited;</p> <p>Resolution on the revision of the Board Meeting Rules;</p> <p>Resolution on the revision of the Shareholders Meetings Rules;</p> <p>Resolution on the convening of the 2024 Second Extraordinary General Meeting, the 2024 Second A Share Class Meeting, and the 2024 Second H Share Class Meeting;</p> <p>Resolution on the formulation of the compliance management work plan for Capital Environmental Company (創業環保公司).</p>

Session	Date of meeting	Resolution(s)
Fortieth meeting of the ninth session of the Board	25 September 2024	Consideration and approval of the resolution on the Company's participation in the bidding for the concession project of the Huoqiu County North Sewage Water Treatment Plant (including the South, Binhe Road, and East wastewater pumping stations) and the establishment of a project company.
Forty-first meeting of the ninth session of the Board	12 October 2024	Consideration and approval of the resolution on the appointment of Ms. Peng Yilin, Mr. Niu Bo, and Ms. Zhao Xi as deputy general managers of the Company; Resolution on the signing of the Comprehensive Heating Station Construction Cooperation Agreement for the Jinzhong River South Side Urban Renewal Project between Tianjin Tianchuang Lvneng New Energy Technology Co., Ltd. and the related party Tianjin Jinzhong Urban Renewal Construction Development Company Limited* (方天津金鐘城市更新建設發展有限公司).
Forty-second meeting of the ninth session of the Board	25 October 2024	Consideration and approval of the resolution on the review and approval of the Company's 2024 Third Quarterly Report; Resolution on the review and approval of the 2023 performance evaluation of professional managers and other senior management personnel; Resolution on the review and approval of the 2024 business performance evaluation plan for professional managers and other senior management personnel; Resolution on the review and approval of the 2023-2025 business performance evaluation plan for professional managers and senior management personnel; Resolution on the signing of a hazardous waste transportation and disposal contract with the related party Tianjin Eco-city Environmental Protection Co., Ltd.* (天津生態城環保有限公司).
Forty-third meeting of the ninth session of the Board	5 November 2024	Consideration and approval of the resolution on the Company's participation in the bidding for the Phase II BOT concession project of the Wuhu Binjiang Sewage Water Treatment Plant and the establishment of Wuhu Capital Water Co., Ltd. (tentative name) upon winning the bid.
Forty-fourth meeting of the ninth session of the Board	7 November 2024	Consideration and approval of the resolution on the investment in the TOT concession project of the Chibi Lushui Industrial Park Sewage Water Treatment Plant and its supporting pipeline network, and the establishment of Chibi Capital Water Co., Ltd. (tentative name).
Forty-fifth meeting of the ninth session of the Board	19 November 2024	Consideration and approval of the resolution on the review and approval of the Articles of Association for the establishment of Huoqiu Capital Water Co., Ltd.

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Session	Date of meeting	Resolution(s)
Forty-sixth meeting of the ninth session of the Board	29 November 2024	Consideration and approval of the resolution on the nomination of Mr. Fu Xinghai as a candidate for the ninth session of the Board of the Company; Resolution on the provision of a loan to Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.; Resolution on the capital increase into Tianjin Tianchuang Lvneng New Energy Technology Co., Ltd.; Resolution on the capital reduction of Tianjin International Machinery Co., Ltd.
Forty-seventh meeting of the ninth session of the Board	14 December 2024	Consideration and approval of the resolution on the 2023 performance-based compensation and the 2022 tenure incentive payout for professional managers and senior management personnel of the Group.
Forty-eight meeting of the ninth session of the Board	17 December 2024	Consideration and approval of the resolution on the appointment of Ms. Qi Lipin as the Company's secretary to the Board; Resolution on the appointment of Ms. Qi Lipin as the Company's general counsel and chief compliance officer; Resolution on the acquisition of the Zhangguizhuang Recycled Water Plant and its supporting pipeline network assets; Resolution on the revision of the "1+3" Authority and Responsibility Table for Corporate Governance Entities of Tianjin Capital Environmental Protection Group Company Limited; Resolution on the change of use for part of the proceeds; Resolution on the revision of the Investment Management System; Resolution on the non-public agreement transfer of 100% equity in Tianjin Capital Environmental Protection (Hong Kong) Limited; Resolution on the convening of the 2025 First Extraordinary General Meeting.
Forty-ninth meeting of the ninth session of the Board	25 December 2024	Consideration and approval of the resolution on the 2023 salary settlement and 2024 salary budget adjustment for Tianjin Capital Group; Resolution on the review and approval of the Articles of Association for the establishment of Wuhu Capital Water Co., Ltd.; Resolution on the provision of a guarantee for the loan of Fuyang Capital Water Co., Ltd.; Resolution on the provision of guarantee for a loan of Hebei Guojin Tianchuang Sewage Water Processing Co., Ltd.; Resolution on the application for the Company's first-quarter financing limit.

V. PERFORMANCE OF DUTIES BY DIRECTORS

(I) Attendance of Directors at the Board meetings and general meetings

Name of director	Independent non-executive directors	Attendance at the Board meetings					Attendance at the general meetings	
		Number of Board meetings required to attend during the year	Number of attendance in person	Number of attendance by means of communication	Number of attendance by proxy	Number of absences	Not attending in person for 2 consecutive meetings	Number of attendance at the general meetings
Tang Fusheng	No	24	23	10	1	0	No	1
Pan Guangwen	No	24	23	13	1	0	No	2
Nie Yanhong	No	24	24	13	0	0	No	2
Wang Yongwei	No	24	24	20	0	0	No	2
An Pindong	No	24	24	20	0	0	No	3
Liu Tao	No	24	24	23	0	0	No	3
Xue Tao	Yes	24	24	22	0	0	No	3
Wang Shanggan	Yes	24	23	22	1	0	No	3
Liu Fei	Yes	24	23	22	1	0	No	3
Ji Guanglin	No	0	0	0	0	0	No	0
Li Yang	No	0	0	0	0	0	No	1
Jing Wanying	No	0	0	0	0	0	No	1
Peng Yilin	No	0	0	0	0	0	No	1

Explanation on not attending in person for 2 consecutive meetings

Not applicable

Number of Board meetings convened during the year	24
Among all: number of meetings held on site	0
Number of meetings held through communication	10
Number of meeting held on site combined with communication	14

(II) Disagreement on the relevant matters of the Company by the Directors

Not applicable

4. Corporate Governance

VI. THE ESTABLISHMENT OF SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS

(I) Special committee under the Board

Categories	Name of members
Audit and Risk Control Committee	Wang Shanggan, Xue Tao, Liu Fei, Wang Yongwei
Nomination Committee	Xue Tao, Wang Shanggan, Liu Fei, Tang Fusheng, Pan Wenguang
Remuneration and Assessment Committee	Xue Tao, Wang Shanggan, Liu Fei, Liu Tao
Strategic and ESG Committee	Tang Fusheng, Xue Tao, Wang Shanggan, An Pindong, Pan Wenguang

(II) The Audit and Risk Control Committee held 7 meetings during the reporting period

Date of meeting	Minutes of the meeting	Major opinions and recommendations	Other performance of duties
25 January 2024	<ul style="list-style-type: none"> (1) Resolution on the Company's procurement plan for audit service intermediaries for 2024-2026; (2) To discuss the status of the Company's unaudited financial metrics for FY2023; (3) To consider the external auditor's 2023 Final Audit Work Plan; and (4) To consider the Company's Annual Reporting Work Plan 2023. 	The Audit Committee agreed to the External Auditors' 2023 Final Audit Work Plan and 2022 Annual Report Work Plan, agreed that the Company would not conduct a 2023 Annual Results Presentation, and agreed to the auditors' access.	No
5 March 2024	<ul style="list-style-type: none"> (1) The Audit Committee received a report from the Finance Centre on key financial matters for the 2023 Annual Report; (2) The Audit Committee communicates with the external auditors on key audit issues during the year; and (3) The independent directors communicate separately with the external auditors. 	The Audit Committee recommends that the management of the Company pay close attention to important audit matters, follow up on them and communicate with the auditors.	No
22 March 2024	<ul style="list-style-type: none"> (1) Resolution to consider the 2023 Annual Report and its summary to be published both domestically and internationally; (2) Resolution to consider the Company's 2023 Internal Control Self-Evaluation Report; (3) Resolution to consider the Internal Audit Work Plan 2024; (4) Resolution to consider the Company's 2023 Audit Committee Performance Report; and (5) Resolution on the appointment of WUYIGE Certified Public Accountants LLP as the Company's external auditors and request for authorization of such resolution 	The Audit Committee considered and passed all the resolutions and agreed to submit the resolutions to the Board of Directors of the Company for consideration.	No

Date of meeting	Minutes of the meeting	Major opinions and recommendations	Other performance of duties
23 April 2024	Resolution to consider the First Quarterly Report of the Company for the year 2024	The Audit Committee unanimously approved the Company's First Quarterly Report for 2024 and agreed to submit it to the Company's Board of Directors for consideration.	No
2 August 2024	Matter considered: (1) Resolution on the change of the name, duties and implementation rules of the Audit Committee Matters reported: (1) The Company's major financial data and related statements in the first half of 2024 reported by the chief accountant Ms. Nie Yanhong; (2) Report on updating and maintaining the list of related parties.	The Audit Committee agreed with the contents of the report and concluded that the Company's operations in the first half of 2024 were solid.	No
23 August 2024	Resolution to consider the Company's 2024 Interim Report and its Summary;	The Audit and Risk Control Committee agreed with the contents of the report and agreed that the full and summary 2024 Half Year Report should be submitted to the Board for consideration.	No
25 October 2024	To consider the Company's Third Quarterly Report for the year 2024.	Agreed to the Company's Third Quarterly Report for 2024 and agreed to submit it to the Board for consideration.	No

In addition to the number of times the Audit and Risk Control Committee met, the contents of its deliberations and significant opinions during the reporting period as disclosed in this table, the composition of the staff of the Ninth Audit and Risk Control Committee of the Company, the attendance of its members, etc. are set out in detail in the relevant contents of “6. About Committees under the Board” under “(2) Corporate Governance Report” in “I. DESCRIPTION OF CORPORATE GOVERNANCE” in “4. Corporate Governance”.

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(III) The Nomination Committee held 5 meetings during the reporting period

Date of meeting	Minutes of the meeting	Major opinions and recommendations	Other performance of duties
28 June 2024	Regarding the resolution on the dismissal of deputy general manager Mr. Jiang Nan	The committee agreed to dismiss deputy general manager Mr. Jiang Nan and approved the submission of the resolution to the Board for review.	No
30 August 2024	Regarding the resolution to accept the resignation of Mr. Li Jinhe as deputy general manager	The committee agreed to accept Mr. Li Jinhe's resignation as deputy general manager and approved the submission of the resolution to the Board for review.	No
12 October 2024	Regarding the resolution to nominate Ms. Peng Yilin, Mr. Niu Bo, and Ms. Zhao Xi as deputy general managers of the Company	The committee nominated Ms. Peng Yilin, Mr. Niu Bo, and Ms. Zhao Xi as deputy general managers of the Company, with their terms of office aligning with the current Board's tenure. The resolution was approved for submission to the Board for review.	No
29 November 2024	Regarding the resolution to nominate Mr. Fu Xinghai as a candidate for Director of the ninth session of the Board	The committee agreed to nominate Mr. Fu Xinghai as a candidate for Director, with his term of office aligning with the current Board's tenure. The resolution was approved for submission to the Board for review.	No
17 December 2024	(1) Regarding the resolution to nominate Ms. Qi Lipin as secretary to the Board (2) Regarding the Resolution to Nominate Ms. Qi Lipin as general counsel and chief compliance officer	The committee determined that Ms. Qi Lipin meets the appointment criteria for the roles of secretary to the Board and general counsel. It agreed to nominate Ms. Qi Lipin for these positions, with her term of office aligning with the current Board's tenure. The resolution was approved for submission to the Board for review.	No

In addition to the number of times the Nomination Committee was convened, the contents of its deliberations and the significant opinions expressed during the reporting period as disclosed in this table, details of the composition of the Nomination Committee of the Ninth Session of the Company, the attendance of its members, etc. are set out in the relevant parts of “6. About Committees under the Board” under “(2) Corporate Governance Report” in “I. DESCRIPTION OF CORPORATE GOVERNANCE” in “4. Corporate Governance”.

(IV) The Remuneration and Evaluation Committee held 6 meetings during the reporting period

Date of meeting	Minutes of the meeting	Major opinions and recommendations	Other performance of duties
26 January 2024	Resolution on the adjustment of the list of share option incentive targets reserved in the 2020 Share Option Incentive Scheme, the number of options granted and the cancellation of certain options	The Remuneration and Assessment Committee agreed to adjust the number of share option incentive targets reserved for the 2020 Share Option Incentive Scheme from 17 to 15, and the number of share options granted from 1.348 million to 848,000. The Company needs to cancel the total number of share options granted but not yet exercised, totaling 500,000, and agreed to submit the resolution to the Board for consideration.	None
	Resolution on the adjustment of the exercise price of share options reserved for the Company's 2020 Share Option Incentive Scheme	The Remuneration and Assessment Committee agreed to adjust the exercise price of the share options reserved for the Company's 2020 Share Option Incentive Scheme to RMB6.69/share, and agreed to submit the resolution to the Board for consideration.	None
	Resolution on the achievement of the exercise conditions for the first exercise period reserved for share options under the 2020 Share Option Incentive Scheme	The Remuneration and Assessment Committee agreed on the resolution and agreed to submit to the Board for consideration.	None
14 March 2024	Resolution on the adjustment of the list of incentive targets and the number of options granted under the 2020 Share Option Incentive Scheme and cancelling certain options	The Remuneration and Assessment Committee agreed to adjust the number of share option incentive targets for the first grant of the 2020 Share Option Incentive Scheme from 140 to 137, and volume of the second exercise period to 3,196,126. The total number of share options to be cancelled by the Company is 268,668 and they agreed to submit the resolution to the Board for consideration.	None
	Resolution on the achievement of the exercise conditions for the second exercise period of equity options granted for the first time under the 2020 Share Option Incentive Scheme	The committee agreed on the resolution and agreed to submit to the Board for consideration.	
5 June 2024	Resolution on examining the assessment of professional managers and other senior managers in 2023	The Remuneration and Assessment Committee agreed with the results of the Company's 2023 remuneration and other senior management assessment and agreed to submit the resolution to the Board for consideration.	None

4. Corporate Governance

Date of meeting	Minutes of the meeting	Major opinions and recommendations	Other performance of duties
28 June 2024	Regarding the resolution to review Mr. Jiang Nan's remuneration	In accordance with the Company's regulations on the remuneration and performance evaluation management of professional managers, the Remuneration and Assessment Committee has approved the deduction of Mr. Jiang Nan's full annual performance-based remuneration for the year 2023. His basic salary for 2024 will be paid normally based on the actual months worked in the position, while his performance-based salary will be calculated and paid according to the evaluation results of his current role for 2024, prorated based on the actual months worked. Additionally, his tenure-based incentives will not be disbursed. The committee has agreed to submit this resolution to the Board for review.	None
	Resolution on the adjustment of the exercise price of share options under the Company's 2020 Share Option Incentive Scheme	The Remuneration and Assessment Committee agreed to adjust the exercise price of the share option under Company's 2020 Share Option Incentive Scheme. After the adjustment, the exercise price of the first share option granted is RMB6.414/share. The exercise price of the reserved share option is RMB6.524/share, and they agreed to submit the resolution to the Board for consideration.	None
25 October 2024	Resolution on examining the assessment of professional managers and other senior managers in 2023	The committee agreed with the results of the Company's 2023 performance review of professional managers and other senior executives and agreed to submit the resolution to the Board for consideration.	None
14 December 2024	Resolution on the performance-based remuneration for professional managers and senior managers of the Group in 2023 and tenure incentives in 2022	The committee agreed on the resolution and agreed to submit to the Board for consideration.	None

In addition to the number of times the Remuneration and Evaluation Committee was convened, the contents of its deliberations and important opinions during the reporting period as disclosed in this table, details of the composition of the staff of the Ninth Remuneration and Evaluation Committee of the Company, the attendance of its members, etc. are set out in the relevant contents of "6. About Committees under the Board" under "(2) Corporate Governance Report" in "I. DESCRIPTION OF CORPORATE GOVERNANCE" in "4. Corporate Governance".

(V) The Strategic and ESG Committee held 1 meetings during the reporting period

Date of meeting	Minutes of the meeting	Major opinions and recommendations	Other performance of duties
23 April 2024	Resolution on the change to the name, duties and implementation rules of the Strategic Committee	The committee agreed on the resolution and agreed to submit to the Board for consideration.	None

In addition to the number of times the Strategic and ESG Committee was convened, the contents of its deliberations and important opinions during the reporting period as disclosed in this table, the composition of the staff of the Ninth Strategic and ESG Committee of the Company, the attendance of its members, etc. are set out in detail in the relevant contents of “6. About Committees under the Board” under “(2) Corporate Governance Report” in “I. DESCRIPTION OF CORPORATE GOVERNANCE” in “4. Corporate Governance”.

(VI) Disclosure on events involving objections

Not applicable

VII. DESCRIPTION OF RISKS IN THE COMPANY FOUND BY THE SUPERVISORY COMMITTEE

The Supervisory Committee has no disagreement with the supervisory matters during the reporting period.

4. Corporate Governance

VIII. EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

(I) Employees

Number of on-duty employees of the Company	467
Number of on-duty employees of major subsidiaries	1,854
Total number of on-duty employees	2,321
Number of retired employees to whom the Company and its major subsidiaries are required to pay charges	0
Composition by profession	
Category of profession	Number
Production	1,247
Sales	108
Technical	447
Finance	129
Administration	207
Corporate management	183
Total	2,321
Education	
Category of education	Number (person)
PHD	5
Master	155
Undergraduate	1,402
College	525
Technical secondary and technical school	118
High school or below	116
Total	2,321

As at 31 December 2024, the gender ratio of the Group's employees (including senior management) was approximately 67.82% for males and 32.18% for females. The Company has implemented a fair employment policy, put the emphasis on gender diversity of employees, adhered to the laws and regulations of the People's Republic of China, including the Labor Law of the PRC and the Labor Contract Law of the PRC, demonstrated fully respects to the individual differences of the talents, and recruited on the basis of merit and without discrimination. We will continue to strive to increase the proportion of female employees and achieve an appropriate balance of gender diversity with reference to the expectations of our shareholders and the best management recommended.

(II) Remuneration policy

The Company established remuneration management and income distribution system focusing on performance based on the requirements of three system reforms of state-owned enterprises. Based on the “Remuneration and Appraisal Management System for Professional Managers and other Senior Management Personnel” and “Remuneration Management System for Employees”, the remuneration of the management is composed of basic annual salary, annual performance-related pay and tenure incentive; and the remuneration of the employee is composed of basic salary, performance-based salary, benefits and other remuneration. Performance-based annual bonuses and performance-related salaries are awarded subject to the outcome of performance evaluations.

(III) Training programs

During the reporting period, the Company implemented an independent training policy under the control of training funds. The Company formulated annual training plan with the principle of “Aligning with Strategy, Focusing on the Long Term, Addressing Urgent Needs, and Delivering Tangible Results”, and determined the main contents from three aspects, including quality improvement, mandatory training and self-improvement, so as to ensure that the training courses are target-oriented and effective and the employees will grow with the enterprise.

(IV) Subcontracting labor

Not applicable

IX. PROPOSAL ON PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE FUND

(I) Formulation, Execution, or Adjustment of Cash Dividend Policy

In order to establish a sustainable, clear, and transparent cash dividend policy and a scientific decision-making mechanism and to improve the quality of the Company's information disclosure in the principle of the "Listed Companies Regulatory Guidance No. 3 – Cash Dividend Distribution of Listed Companies" issued by the CSRC, pursuant to the latest requirements under the Company Law, the Company revised the article related to profit distribution in its Articles of Association. The aforesaid revision to the Articles of Association was considered and approved by the Company at the 39th meeting of the ninth session of the Board on 6 September 2024 and at the second extraordinary general meeting of 2024 held on 27 September 2024. Article 205 of the Articles of Association was amended as follows:

"I. Basic principles for profit distribution of the Company:

- (I) The Company shall take full account of the return to investors. The Company shall, after making up for the losses of previous years and contributing to the statutory reserve and discretionary reserve, distribute dividends to the shareholders per annum in proportion to distributable profit realized for the year concerned attributable to the parent company, which shall be determined by resolutions at the general meetings.
- (II) The Company's profit distribution policy shall maintain continuously and stably, for the long term interest of the Company, in the interest of all shareholders as a whole, and for sustainable development of the Company.
- (III) The Company shall give priority to dividend distribution in cash.

II. Dividend distribution policies of the Company:

- (I) Dividends shall be distributed in the following manner: the Company may distribute profits in cash, in shares, or in a combination of both cash and shares or by otherwise permitted by laws and regulations. If the conditions of cash dividends are met, priority shall be given to dividend in cash over dividend in shares.
- (II) Interval of profit distribution: provided that the Company makes a profit and the distributable profit is a positive figure for the year, the Company shall distribute profit once a year. To the extent that the scale of profit and the capital position are appropriate for the relevant period, the Company may distribute interim dividend in cash.
- (III) Conditions of cash dividend distribution of the Company:
 - 1. the Company's profit and aggregate undistributed profit realized for the year are positive with sufficient cash flow, and cash dividend distribution has no impact on the Company's sustained operations;
 - 2. the accounting firm issues a standard unqualified audit report on the Company's financial report for that year;
 - 3. the Company has no events such as material investment plan or significant cash expenditure, excluding investments projects using proceeds raised.

Material investment plans or significant cash expenditures refer to the proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months with an accumulated expenditures amounting to or exceeding 30% of the latest audited net assets of the Company.

4. Corporate Governance

(IV) Proportion of cash dividends:

Subject to the satisfaction of the above conditions, the profit to be distributed in cash per annum will not be less than 20% of the distributable profit realized for that year attributable to the parent company, and the Company's aggregated profit distributable by way of cash for three consecutive years will not be less than 30% of the distributable profit attributable to the parent company realized within such three years. The specific dividend proportion of each year shall be determined by the Board according to the profit for the relevant year and utilisation plan for future capital.

The Board shall take into full account of various factors such as features of the industries where the Company operates, the stage of development of the Company, its own business model, level of profitability, and whether there is significant capital expenditure arrangement, to distinguish the following situations and put forward a differentiated cash dividend policy in accordance with the procedures as required by this Articles of Association:

1. If the Company is at the mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 80% when the profit distribution is made;
2. If the Company is at the mature stage of development and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 40% when the profit distribution is made;
3. If the Company is at the growing stage of development and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 20% when the profit distribution is made;

If it is difficult to distinguish the stage of development of the Company and the Company has significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the preceding provisions.

- (V) Conditions for distributing dividends in shares by the Company: where the Company's business is in a sound condition, and the Board considers that the stock price of the Company does not reflect its share capital size and distributing dividend in shares will be favorable to all the shareholders of the Company as a whole, provided that the above conditions for cash dividend distribution are fully satisfied, the Company may propose dividend distribution in shares. Distributing profit by way of dividend in shares shall include true and reasonable factors such as growth of the Company and dilution of net assets per share.
- (VI) Profit distribution of the Company shall not exceed the cumulative distributable profit or damage the Company's sustainable operation ability.
- (VII) In case any shareholder misappropriates the funds of the Company unlawfully, the Company will deduct cash dividends to be distributed to such shareholder for making up the amount misappropriated.
- (VIII) If the Company's most recent audit report contains a modified opinion or an unqualified opinion with a material uncertainty paragraph related to going concern, the Company may choose not to distribute profits.

III. Decision making procedures and mechanism of the Company's profit distribution:

- (I) Formulation of profit distribution policy

The Company shall scientifically formulate the profit distribution policy of the Company after comprehensively taking into account factors such as the actual conditions of the Company's operating development, the needs and requests of the Shareholders, social capital costs, external financing environment etc.

The profit distribution policy of the Company shall be considered and approved by more than two-thirds of voting shares held by the shareholders (including their proxies) present at the general meeting. The Board, the Supervisory Committee, and shareholders individually or jointly holding 1% or more of the Company's shares, have the right to propose resolution(s) in respect of the profit distribution policy to the Company.

4. Corporate Governance

The Board shall specifically study and discuss matters relating to the returns for shareholders, set out a specific and clear plan on the returns for shareholders and explain the reasons for the formulation of the plan in details. Opinions of shareholders (especially minority shareholders), independent directors, and Supervisors shall be fully heard and considered during the meeting of the Directors, the meeting of the Supervisors of the Company, and the general meeting in respect of the study, discussion, and decision-making process of the profit distribution policy of the Company.

The Board, independent Directors, and shareholders complying with certain conditions can collect the voting rights at general meeting from the shareholders of the Company.

(II) Formulation of specific proposal of profit distribution

The Company's profit distribution plan for each year shall be proposed by the Company's management after taking into account factors such as the requirements in the Company's Articles of Association, production and operation position, cash flows, and future business development plan, and shall be submitted to the Board and the supervisory committee of the Company for consideration. If the supervisory committee has no objection to the profit distribution plan, the Board shall thoroughly discuss its rationality on profit distribution proposal for the consideration and approval by the shareholders at the general meeting.

The Board shall fully consider the capital needs of normal production and operation of the Company, arrangement of investment, actual profit status, cash flows and scale of share capital of the Company and the sustainability of development when formulating the specific proposal of cash dividend, and carefully study and discuss the timing, conditions and minimum proportion of cash dividend of the Company, conditions for adjustment and requirements for decision-making procedures. If independent Directors believe that the specific cash dividend proposal may harm the interests of the Company or minority shareholders, they have the right to express their independent opinions. If the Board does not adopt or only partially adopts the opinions of the independent Directors, the Board's resolution must document the independent Directors' opinions and the specific reasons for not adopting them, and such details must be disclosed.

Independent directors can collect views from minority shareholders to propose profit distribution proposal and directly propose to the Board for consideration.

Prior to consideration of the specific proposal of cash dividend at the general meeting, the Company shall actively communicate and exchange ideas with shareholders (especially minority shareholders) through various channels (including but not limited to telephone, facsimile, e-mail and interactive platforms), fully listen to the opinions and requests of medium and small shareholders and reply in a timely manner the questions from minority shareholders. When considering the profit distribution plan, the Company shall make internet voting accessible to the shareholders.

(III) Undistributed profit

If the Company makes a profit for the year, but the Board does not propose the profit distribution proposal by the way of cash, the Company shall explain the reason and the usage and plan of utilization for the capital which is not utilised as cash dividends and reserved in the Company; it shall propose to the general meeting for consideration after consideration and approval by the Board. Meanwhile, the Company shall make internet voting for medium and small shareholders to vote at the general meeting.

IV. *Adjustment to profit distribution policy:*

The Company shall strictly implement the profit distribution policy stipulated in this Articles of Association and the specific proposal of profit distribution considered and approved at the general meeting.

In case of war, natural disasters and other force majeure, or changes to the Company's external operational environment resulting in a material impact on its production and operation, or relatively significant changes to the Company's operational position, or new policies on profit distribution published by competent authorities in which cases the profit distribution policy stipulated by this Articles of Association, in particular the cash dividend policy, is required to be adjusted, the Company may adjust its profit distribution policy. The Board shall thoroughly discuss the rationality of the adjustment to the profit distribution policy, and form a special proposal and submit the same for the consideration by the shareholders at the general meeting. The proposal shall be considered and approved by more than two-thirds of voting rights held by the shareholders (including their proxies) present at the general meeting.

The supervisory committee shall issue its review opinions on the adjustment to the profit distribution policy.

The adjusted profit distribution policy shall not contravene with the relevant requirements of the CSRC and the stock exchange on which shares of the Company are listed.

When the general meeting considers the adjustment to the profit distribution policy, the Company shall make internet voting accessible to the shareholders or collect voting rights of the shareholders.

4. Corporate Governance

V. Disclosures in regular reports:

The Company shall disclose in details the formulation and implementation of cash dividend policy in its annual reports, and specifically explain whether it is in compliance with the provisions of this Articles of Association or requirements of the resolutions of the general meeting, whether the criteria and proportion of dividend distribution is specific and clear, whether the relevant decision-making procedures and mechanism are complete. If the Company does not distribute cash dividends, it must disclose the specific reasons for this decision, as well as the measures it plans to take to enhance investor returns in the future. Whether medium and small shareholders have opportunities to fully express their opinions and requests, and whether the legitimate interests and interests of medium and small shareholders are fully protected.

Where the Company adjusts or changes its cash dividend distribution policy, it shall explain in details as to whether the conditions and procedures of such adjustments or changes are in compliance with relevant regulations and transparent.

If the Company is unable to determine the profit distribution proposal for the year according to the established cash dividend policy or the minimum cash dividend proportion under extraordinary circumstances, the Board shall explain in details the reason for not proposing cash profit distribution according to this Articles of Association, and the usage and plan of utilisation for the capital which is not utilised as cash dividends and reserved in the Company.

VI. Supervision on profit distribution by the supervisory committee:

The supervisory committee shall supervise the Board and the management in respect of the formulation and implementation of the profit distribution policy and the status of returns for shareholders and the relevant decision-making procedure.

The supervisory committee shall give specific opinions and monitor the prompt rectification of the Board in the event of any of the following circumstances:

- (1) the cash dividend policy and the plan on returns for shareholders are not strictly implemented;
- (2) the relevant decision-making procedures in respect of the cash dividend distribution are not strictly implemented;
- (3) the disclosure and implementation of the cash dividend policy are not true, accurate or complete.

The Company has laid emphasis on reasonable returns to investors since its reorganization completed in December 2000. Other than no profit distribution in 2018 due to the preparation for the non-public issuance of A shares, the Company has made cash dividend distribution in other years.

(II) Description of Cash Dividend Policy

Whether it is in compliance with the provisions of this Articles of Association or requirements of the resolutions of the general meeting	Yes
Whether the criteria and proportion of dividend distribution is specific and clear	Yes
Whether the relevant decision-making procedures and mechanism are complete	Yes
Whether independent directors duly perform their duties and play their due roles	Yes
Whether medium and small shareholders have opportunities to fully express their opinions and requests, the legitimate interests and interests of medium and small shareholders are fully protected	Yes

(III) Plan of profit distribution and capital reserve conversion for capital increase during the reporting period

Unit: Yuan Currency: RMB

Number of bonus shares per 10 shares (shares)	0
Amount of dividends distributed per 10 shares (Yuan) (inclusive of tax)	1.70
Number of shares transferred per 10 shares (shares)	0
Amount of cash dividends (inclusive of tax)	266,971,074.45
Net profit attributable to the ordinary shareholders of the Company in the consolidated financial statements	807,210,626.05
Amount of cash dividends as a percentage of the net profit attributable to the ordinary shareholders of the Company in the consolidated financial statements (%)	33.07%
Amount of shares repurchased in cash included in the cash dividend	Not applicable
Total dividend (tax inclusive)	266,971,074.45
Total dividend as a percentage of consolidated net profit attributable to ordinary shareholders of the Company (%)	33.07%

(IV) Cash dividends for the last three financial years

Currency: RMB Currency: RMB

Cumulative cash dividends for the last three financial years (tax inclusive) (1)	753,800,680.80
Cumulative repurchases and cancellation in the last three financial years (2)	0
Cash dividends and repurchases and cancellation of accumulated amounts for the last three financial years (3) =(1) +(2)	753,800,680.80
Average annual net profit for the last three financial years (4)	862,236,741.08
Cash dividend ratio for the last three financial years (%) (5) =(3)/(4)	87.42
Net profit attributable to ordinary shareholders of the listed company in the most recent financial year	807,210,626.05
Undistributed profit at the end of the last financial year reported by parent company	4,269,840,895.53

4. Corporate Governance

X. THE COMPANY SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN, OR OTHER EMPLOYEE INCENTIVE SCHEME AND THEIR EFFECTS

Matters related to the 2020 A share option incentive scheme (“Share Option Incentive Scheme”) were considered and approved by the shareholders of the Company at 38th meeting of the eighth session of the Board of the Company held on 27 November 2020 and the 2020 Second Extraordinary General Meeting, 2020 Second A Shareholder’s Class Meeting and 2020 Second H Shareholder’s Class Meeting of the Company held on 23 December 2020.

For details of the Share Option Incentive Scheme, please refer to the relevant announcements and overseas regulatory announcements published on the website of Stock Exchange on 27 November 2020, 23 December 2020, 21 January 2021, 29 January 2021, 21 December 2021, 25 January 2022, 22 February 2023, 25 May 2023, 29 June 2023, 23 January 2024, 26 January 2024, 14 March 2024, 27 May 2024, 24 June 2024, 2 July 2024, 8 October 2024, 2 January 2025 and 14 January 2025 and the relevant circular published on the website of the Stock Exchange on 8 December 2020.

(I) Purpose of the Share Option Incentive Scheme

In order to further improve the corporate governance structure of the Company, promote the establishment and improvement of the incentive and constraints mechanism, fully mobilize the initiative, responsibility and sense of mission of the Directors, senior management, other members of the leadership team, the core management staff, core technical personnel, and business backbone staff of the Company and its holding Subsidiaries, effectively align the interests of shareholders, the Company and the operators, and attract common attention and joint efforts to the long-term development of the Company, the Share Option Incentive Scheme is formulated in accordance with the relevant provisions of the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Trial Measures on Implementation of Share Incentive Schemes by State-Owned Listed Companies (Domestic) (Guo Zi Fa Fen Pei [2006] No. 175)*《(國有控股上市公司(境內)實施股權激勵試行辦法》(國資發分配[2006]175號)), the Notice on Issues concerning Regulating the Implementation of the Share Incentive Schemes by State-Owned Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171)*《(關於規範國有控股上市公司實施股權激勵制度有關問題的通知》(國資發分配[2008]171號)) and the Administrative Measures on Share Incentives of Listed Companies*《(上市公司股權激勵管理辦法》), and based on the current compensation system, performance appraisal system and other management systems implemented in the Company.

(II) Determination and Distribution on Participants under Share Option Incentive Scheme

As at the end of the reporting period, there are no more than 152 Participants for the Share Option Incentive Scheme, including the Directors, senior management (excluding the independent non-executive Directors, external Directors and Supervisors), other members of the leadership team and core technology, management, business and skill backbones of the Company.

The Participants of the Share Option Incentive Scheme do not include Supervisors, independent non-executive Directors, and shareholders or actual controllers who hold more than 5% of the Company's issued shares (including A Shares and H Shares) individually or in aggregate, as well as their spouses, parents and children.

As for each of the Directors and the aggregate figures for employees of the Company, the information regarding the outstanding options as at the beginning and the end of the reporting period (including the number of options, date of grant, validity period, exercise period and exercise price, as well as the number of options lapsed during the period pursuant to the terms of the scheme) are set out as follows:

Class of Grantees	Name of Grantees	Outstanding as of		Validity Period	Exercise Period	Exercise Price	Outstanding as of	Exercised during the year	Cancelled during the year	Lapsed during the year
		31 December 2023	Date of Grant			(RMB)	31 December 2024			
		(Note 5)				(Note 4)	(Note 5)			
Directors	Li Yang (Note 1)	250,000	21 January 2021	(Note 2)	(Note 3)	6.58	0	0	250,000	0
	Jing Wanying (Note 1)	250,000	21 December 2021			6.69	0	0	250,000	0
Employees (in aggregate)		9,754,500	21 January 2021			6.414	6,401,040	0	3,353,460	0
		1,098,000	21 December 2021			6.524	848,000	0	250,000	0

Note 1: Mr. Li Yang and Ms. Jing Wanying, have retired as Directors with effect from 16 January 2024. For details, please refer to the relevant announcements of the Company published on the website of the Stock Exchange on 22 December 2023 and 16 January 2024.

Note 2: Please refer to (8) Validity Period under this section.

Note 3: Please refer to (6) Exercise Period and Exercise Date under this section.

Note 4: Please refer to (7) The Exercise Price and Determination Method under this section.

Note 5: The reasons for the differences between the number of options presented in this column and the number presented in Section XI of this report, "Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises – Notes to the Financial Statements – XIV. SHARE-BASED PAYMENTS", are explained as follows: During the reporting period, on 20 January 2024, the first exercise period for the Share Options Granted for the First Time expired while the second exercise period commenced; On 20 December 2024, the first exercise period for the Reserved Share Options expired while the second exercise period commenced. From the beginning of the reporting period to the end of the reporting period, none of the Participants had exercised their options. However, in terms of accounting treatment, in accordance with the relevant provisions of "Accounting Standards for Enterprises No. 11 – Share-based Payments", the number of share options expected to be exercisable will be revised at each balance sheet date of the vesting period based on the latest available further information such as changes in the number of Participants who are eligible for exercise and the attainability of performance targets, and therefore the share options of those Participants who have left the Company or lost their interests will be deemed lapse on that balance sheet date (but not on the date of the Board meeting of the Company held before the first exercise date). At the same time, services acquired in the period are charged to the relevant costs or expenses and capital reserve at fair value of the share options at the date of grant. The Company's actual operation and accounting treatment are slightly different. Meanwhile, as confirmed by the Company's auditors, the financial expense concerned (even after taking into account the actual number of personnel who left the Company) would be insignificant, which is negligible and with no material impact.

4. Corporate Governance

During the reporting period, on 26 January 2024, in view of the fact that 2 original Participants under the Share Option Incentive Scheme had terminated their employment relationship with the Company or were no longer working in the Company system due to re-designations, the Board of the Company considered and approved the cancellation of 500,000 Reserved Share Options granted to these original Participants but have not yet exercised. The number of Participants holding Reserved Share Options was adjusted from 17 to 15. For details, please refer to the relevant announcement and overseas regulatory announcement of the Company published on the website of the Stock Exchange on 26 January 2024.

During the reporting period, on 14 March 2024, in view of the fact that 3 original Participants under the Share Option Incentive Scheme had terminated their employment relationship with the Company or were no longer working in the Company system due to re-designations, the Board of the Company considered and approved the cancellation of 260,001 Share Options Granted for the First Time granted to these original Participants but have not yet exercised. Besides, 4 Participants were entitled to 90% Exercise for the Second Exercise Period as they have attained a pass in the 2022 personal performance assessment. The Board of the Company considered and approved the cancellation of the remaining 10%, a total of 8,667 Share Options Granted for the First Time. Therefore, the number of Participants holding Share Options Granted for the First Time was adjusted from 140 to 137. For details, please refer to the relevant announcement and overseas regulatory announcement of the Company published on the website of the Stock Exchange on 14 March 2024.

On 14 January 2025, as one of the original participants under the A Share Option Incentive Scheme no longer met the grant conditions due to his/her death, the Board of the Company considered and approved the cancellation of 40,000 reserved share options that had been granted to but not yet exercised by the said participant. As a result, the number of participants holding reserved share options was adjusted from 15 to 14. For further details, please refer to the relevant announcement published by the Company on the website of the Stock Exchange on 14 January 2025.

(III) Number of share options granted under the Share Option Incentive Scheme

From the beginning to the end of the reporting period, the number of A share options proposed to be granted under the Share Option Incentive Scheme is 7,249,040 and the corresponding number of underlying shares is 7,249,040 A shares, representing not more than 1.0% of the Company's total issued share capital of 1,570,418,085 shares as at the end of the reporting period; where 6,401,040 options will be granted for the first time (the **"Share Options Granted for the First Time"**), representing approximately 0.41% of the total issued capital (i.e. 1,570,418,085 Shares) of the Company as at the end of the reporting period, and approximately 88.30% of the total number of the current share options granted; and 848,000 options will be reserved (the **"Reserved Share Options"**), representing approximately 0.05% of the total issued capital of 1,570,418,085 Shares of the Company as at the end of the reporting period, and 11.70% of the total number of the current share options granted.

The number of Shares that may be issued as a result of A share options to be granted under the Share Option Incentive Scheme during the year ended 31 December 2024 (i.e. 7,249,040 Shares) divided by the weighted average number of Shares in issue during the year ended 31 December 2024 (i.e. 1,570,418,085 Shares) is 0.46%. The total number of shares available for issue under the Share Option Incentive Scheme is 7,249,040 Shares, which represents approximately 0.46% of the issued Shares as at the date of this report.

The nature of the underlying shares is ordinary A Shares in RMB. The source of the underlying shares is issuance of new shares by the Company to the Participants. The cumulative number of the underlying shares of the Company involved in the Share Option Incentive Scheme during the Validity Period shall not exceed 10.00% of the total issued share capital of the Company as at the end of reporting period and the date on which the Share Option Incentive Scheme is approved by the shareholders.

On 21 January 2021, the grant conditions under the Share Option Incentive Scheme were fulfilled. The Board approved the grant of an aggregate of 12,170,000 share options (the “**First Grant**”) to 155 Participants who have fulfilled the grant conditions pursuant to the authorization by the Shareholders. The closing price of the A shares of the Company immediately before the date of the First Grant is RMB6.28 per A share. On 29 January 2021, the Company completed the registration of the First Grant under the Share Option Incentive Scheme.

On 21 December 2021, the reserved grant conditions under the Share Option Incentive Scheme were fulfilled. The Board approved the grant of an aggregate of 1,348,000 share options (the “**Reserved Grant**”) to 17 Participants who have fulfilled the grant conditions pursuant to the authorization by the Shareholders. The closing price of the A shares of the Company immediately before the date of the Reserved Grant is RMB6.96 per A share. On 24 January 2022, the Company completed the registration of the Reserved Grant under the Share Option Incentive Scheme.

On 22 February 2023, 15 original Participants under the A share option incentive scheme no longer meet the incentive conditions as they no longer work for the Company due to termination of their employment relationship with the Company, adjustment of their positions or re-designation, and 2,165,500 share options granted but not yet exercised were cancelled by the Company. Therefore, the number of Share Options Granted for the First Time was adjusted from 12,170,000 to 10,004,500 and the total number of share options required to be cancelled by the Company was 2,165,500.

During the reporting period, the First Exercise Period for the Share Options Granted for the First Time ended on 20 January 2024. The Share Options Granted for the First Time not fully exercised within the First Exercise Period (i.e. 3,334,792) were cancelled by the Company, and the number of Share Options Granted for the First Time was adjusted to 6,669,708. The Company has applied to the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited for registration of matters relating to the cancellation.

4. Corporate Governance

During the reporting period, on 26 January 2024, 2 original Participants under the A share option incentive scheme no longer met the incentive conditions as they no longer work for the Company due to termination of their employment relationship with the Company or adjustment of their job positions, and 500,000 share options granted but not yet exercised were cancelled by the Company. Therefore, the number of Reserved Share Options was adjusted from 1,348,000 to 848,000 and the total number of share options required to be cancelled by the Company was 500,000.

During the reporting period, on 14 March 2024, 3 original Participants under the A share option incentive scheme no longer meet the incentive conditions as they no longer work for the Company due to termination of their employment relationship with the Company or adjustment of their job positions, and 260,001 share options granted but not yet exercised were cancelled by the Company. In addition, 4 Participants shall exercise 90% of their options for the second exercise period due to the “pass” result of their 2022 individual performance appraisal, and the remaining 10% of the Share Options Granted for the First Time of 8,667 share options were cancelled by the Company. Therefore, the number of Share Options Granted for the First Time was adjusted from 6,669,708 to 6,401,040 and the total number of share options required to be cancelled by the Company was 268,668.

On 14 January 2025, as one of the original participants under the A Share Option Incentive Scheme no longer met the grant conditions due to his/ her death, the 40,000 reserved share options that had been granted to but not yet exercised by the said participant will be cancelled by the Company. As a result, the number of the Reserved Share Options granted was adjusted from 848,000 to 808,000, and the total number of Reserved Share Options that were granted but not yet exercised and shall be cancelled by the Company would be 40,000.

(IV) Maximum number granted for each participant

During the Validity Period, none of the Participants of the Share Option Incentive Scheme shall be and has been granted more than 1.00% of the total issued share capital of the Company as at the date on which the Share Option Incentive Scheme is approved by the shareholders and the end of reporting period through the Share Option Incentive Scheme.

(V) Vesting Period

The Vesting Period is the interval between the date of grant and the first exercise date. The Vesting Period of the share options granted to the Participants under the Share Option Incentive Scheme is 24 months, and the exercise of options is not allowed during the Vesting Period.

(VI) Exercise Period and Exercise Date

The participants of the Share Option Incentive Scheme shall not exercise the share options until the expiration of the Vesting Period. The exercise date must be a trading day within the Validity Period of the Share Option Incentive Scheme, provided that exercise is not allowed in the following periods:

- (i) the period from the date of 30 days prior to the announcements of the periodic reports of the Company to 2 trading days after such announcement, provided that if the announcement date of the periodic report is delayed due to special reasons, it shall be calculated from 30 days prior to the pre-determined announcement date;
- (ii) the period from the date of 10 days prior to the announcement of the results forecast and preliminary results of the Company to 2 trading days after such announcement;
- (iii) the period from the date of the major transaction or major event decision process to 2 trading days after the announcement of the event;
- (iv) the period from the date of occurrence of other material events that may affect the stock price to 2 trading days after the announcement.

The aforementioned “major transaction”, “major event” and “material events that may affect the stock price” are transaction or other major event that should be disclosed by the Company in accordance with the Rules Governing the Listing of Stocks on SSE.

During the exercise period, if the exercise conditions stipulated in the Share Option Incentive Scheme are met, the Participants shall exercise the options in three phases in the next 36 months after the expiration of 24 months from the date of grant (including the Share Options Granted for the First Time and Reserved Share Options). The exercise arrangement is as follows:

Exercise period	Exercise time	Percentage of exercise
First exercise period	From the first trading day after 24 months has passed since the date of grant to the last trading day within 36 months from the date of grant	1/3
Second exercise period	From the first trading day after 36 months has passed since the date of grant to the last trading day within 48 months from the date of grant	1/3
Third exercise period	From the first trading day after 48 months has passed since the date of grant to the last trading day within 60 months from the date of grant	1/3

The Participants must exercise within the exercise period. Where the exercise conditions cannot be fulfilled, the current share options shall not be exercised. Where the exercise conditions are fulfilled, such part of the share options that are not fully exercised during the aforementioned exercise period will be cancelled by the Company.

4. Corporate Governance

On 22 February 2023, the Board announced that the exercise conditions for the first exercise period of the 140 incentive Participants who hold the Share Options under the First Grant had been satisfied. According to the exercise arrangement of the Share Option Incentive Scheme, the number of share options exercisable in the first exercise period represents 1/3 of the number of share options granted, i.e. the total number of share options exercisable by the 140 Participants of the Company in the first exercise period is 3,334,792. The exercise period shall commence from the completion of the independent exercise approval procedures of the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to the expiry date of the first exercise period on 20 January 2024.

During the reporting period, on 26 January 2024, the Board announced that the exercise conditions for the first exercise period of the 15 Participants holding the Reserved Share Options had been fulfilled. According to the exercise arrangement of the Share Incentive Scheme, the ratio of the number of options exercisable in the first exercise period to the number of share options granted was 1/3, i.e. a total of 282,665 Reserved Share Options are to be exercised by the 15 Participants of the Company in the first exercise period. The exercise period would start from the completion of the approval procedures for the independent exercise of share options by China Securities Depository & Clearing Corporation Limited Shanghai Branch and end on 20 December 2024.

During the reporting period, on 14 March 2024, the Board announced that the exercise conditions for the second exercise period of the 137 Participants holding the Share Options Granted for the First Time had been fulfilled. According to the exercise arrangement of the Share Incentive Scheme, the ratio of the number of options exercisable in the second exercise period to the number of share options granted was 1/3, i.e. a total of 3,196,126 Reserved Share Options are to be exercised by the 137 Participants of the Company in the second exercise period. The exercise period would start from the completion of the approval procedures for the independent exercise of share options by China Securities Depository & Clearing Corporation Limited Shanghai Branch and end on 20 January 2025.

On 14 January 2025, the Board announced that the exercise conditions for the second exercise period of the 14 participants holding reserved share options had been met. In accordance with the exercise arrangements under the share option incentive scheme, the number of share options exercisable in the second exercise period represents one-third of the total share options granted. Accordingly, the 14 participants are entitled to exercise a total of 262,665 reserved share options during the second exercise period. The exercise period will commence upon completion of the self-directed exercise approval procedures by the China Securities Depository and Clearing Corporation Limited, Shanghai Branch and will end on 20 December 2025, the closing date of the second exercise period.

(VII) The Exercise Price and Determination Method

As disclosed in the Company's announcement dated 27 November 2020 and the circular dated 8 December 2020, as at the date of the announcement on the Share Option Incentive Scheme, the exercise price of the Share Options Granted for the First Time and the Reserved Share Options under the Share Option Incentive Scheme was fixed at RMB6.98 per share, that is, each share option granted to the Participant carries the right to purchase one A Share of the Company at RMB6.98 during the Validity Period, subject to the fulfillment of the exercise conditions.

The exercise price of share options granted under the Share Option Incentive Scheme shall not be lower than the par value of A Share and shall not be lower than the higher of:

- (i) The average trading price of the A shares of the Company on the trading day immediately before the date of the announcement on the Share Option Incentive Scheme on 27 November 2020, being approximately RMB6.98 per A share;
- (ii) The average trading price of the A shares of the Company for the 20 trading days immediately before the date of the announcement on the Share Option Incentive Scheme on 27 November 2020, being approximately RMB6.98 per A share.

The method for determining the exercise price of Reserved Share Options is consistent with the method for determining the exercise price of the Share Options Granted for the First Time.

During the period from the date of the announcement on the Share Option Incentive Scheme to the completion of the exercise of share options by the Participants, the exercise price of the share options shall be adjusted accordingly in the event of any capitalisation issue, bonus issue, share subdivision or share consolidation, rights issue, issuance of new shares, dividend distribution, etc.

In view of the completion of (i) the Company's profit distribution plan for the year 2020, a cash dividend of RMB0.12 (including tax) per share was paid based on the total share capital of the Company of 1,427,228,430 shares, resulting in a total cash dividend of RMB171,267,411.60, (ii) the Company's profit distribution plan for the year 2021, a cash dividend of RMB0.146 (including tax) per share was paid based on the total share capital of the Company of 1,427,228,430 shares, resulting in a total cash dividend of RMB208,375,350.78; (iii) the Company's 2022 annual profit distribution plan, which is based on the Company's total share capital of 1,570,418,085 shares, with a cash dividend of RMB0.144 per share (tax inclusive), and a total cash dividend of RMB226,140,204.24; and the Company's 2023 annual profit distribution plan, which is based on the Company's total share capital of 1,570,418,085 shares, with a cash dividend of RMB0.166 per share (tax inclusive), and a total cash dividend of RMB260,689,402.11.

4. Corporate Governance

On 22 February 2023, the Board considered and approved the “Resolution on Adjustment of Exercise Price of Share Options under the Company’s 2020 Share Option Incentive Scheme” (《關於調整公司2020年股票期權激勵計劃股票期權行權價格的議案》), which adjusted the exercise price of the Share Option Incentive Scheme and the exercise price of the Share Options Granted for the First Time after the adjustment was RMB6.72 per share.

On 29 June 2023, the Board considered and approved the “Resolution on Adjustment of Exercise Price of Share Options under the Company’s 2020 Share Option Incentive Scheme”, which adjusted the exercise price of the Share Option Incentive Scheme and the exercise price of the Share Options Granted for the First Time after the adjustment was RMB6.58 per share.

During the reporting period, on 26 January 2024, the Board considered and approved the “Resolution on Adjustment of Exercise Price of Share Options under the Company’s 2020 Share Option Incentive Scheme”, which adjusted the exercise price of the Share Option Incentive Scheme and the exercise price of the Reserved Share Options after the adjustment was RMB6.69 per share.

During the reporting period, on 28 June 2024, the Board considered and approved the “Resolution on Adjustment of Exercise Price of Share Options under the Company’s 2020 Share Option Incentive Scheme”, which adjusted the exercise price of the Share Option Incentive Scheme and the exercise price of the Share Options Granted for the First Time after the adjustment was RMB6.414 per share, the exercise price of the Reserved Share Options after the adjustment was RMB6.524 per share.

(VIII) Validity Period

The Validity Period of the Share Option Incentive Scheme shall commence from the date of grant of the share options, and end on the date on which all the share options granted under the Share Option Incentive Scheme have been exercised or cancelled, and shall not be longer than 60 months.

(IX) Value and Relevant Accounting Policies of Share Options

1. Value of Share Options

As disclosed in the Company's announcement dated 27 November 2020 and circular dated 8 December 2020, the Company uses Black-Scholes Model (B-S Model) to calculate the fair value of the share options to be granted, and it is predicted that the value of each share option of the Company is RMB2.11 and the total value of share options granted are RMB30,109,700 by using this model. The valuation results of share options here are not used as the basis for accounting treatment. The fair value of share options used to calculate accounting costs will be re-estimated after the actual completion of the grant by collecting real-time market data at the date of grant. Relevant valuation inputs and results are set out in the below table:

Parameter inputs	Parameter values	Definition
Expected volatility	33.00%	Historic volatility in recent 4 years of the Company
Expected dividend rate	0.00%	The Share Option Incentive Scheme to adjust the grant of share options for ex-rights, ex-dividends, etc. on target shares
Risk-free interest rate	2.42%	On linear extrapolation, being the interest rate of the national debt with same expected period as the share options
Expected period	4 years	Expected period = $0.5 \times (\text{weighted expected period} + \text{total Validity Period})$
Exercise price	6.98	Exercise price determined in accordance with the Share Option Incentive Scheme
Share market price	7.05	The closing price of the Company's share on the valuation date
Valuation results	2.11	Share option per share granted based on the calculation of Black-Scholes valuation model

Pursuant to the "Accounting Standards for Business Enterprises" and their application guidelines, the Company's main accounting principles for granting share options to the Participants are as follows:

- (i) if the equity-settled share-based payment is exchanged for the Participants to provide services, it shall be measured by the fair value of the equity instruments granted to the Participants;

4. Corporate Governance

- (ii) for equity-settled share-based payment in exchange for Participants' services after completing the services within the Vesting Period or meeting the prescribed performance conditions, on each balance sheet date within the Vesting Period, based on the best estimate of the number of feasible equity instruments, the services obtained in the current period are included in the relevant asset costs or current expenses according to the fair value of the equity instruments on the date of grant, which are charged in the recurring profit and loss and included in the capital reserve at the same time.

Accounting treatment on the date of grant: since share options cannot be exercised on the date of grant, there is no need to carry out relevant accounting treatment;

Accounting treatment during the Vesting Period: on each balance sheet date during the Vesting Period, based on the best estimate of the number of exercisable share options, according to the fair value of share options on the date of grant, the services obtained in the current period are included in the relevant asset costs or current expenses, and also included in the capital reserve;

Accounting treatment after the exercise date: the confirmed cost and total owner's equity will not be adjusted. On each balance sheet date, the option cost that should be borne in the current period will be amortised;

Accounting treatment upon exercise: share capital and share premium shall be recognized with reference to the actual exercise of the share options, and carry forward the capital reserve confirmed during the Vesting Period.

(X) Establishment and implementation of the assessment mechanism and incentive system for senior management during the reporting period

In 2020, the Company built professional manager team and put in place a corresponding salary and appraisal system. The annual salary of professional managers comprises of the basic annual salary and the annual performance-related pay, among which annual performance-related pay is tied to the annual appraisal plan approved by the Board and results of the completion of individual targets, as well as the accomplishments of the Group's overall operation results. Meanwhile, the Company also sets incentive targets and incentive methods.

During the reporting period, the 2024 Performance Evaluation Plan for Professional Managers and Senior Executives has been formulated in line with the Company's key operational and management objectives for 2024 to incentivize the Senior Management to perform their duties as conferred by the Board of Directors, to establish a mechanism of incentives and constraints for the unification of responsibilities, rights and benefits, as well as a performance appraisal system that is focused, differentiated and in line with the enterprise's real condition, in which the orientation and differentiation of the objectives and tasks are achieved and rigid constraints and flexible incentives are combined, so as to motivate the Senior Management and the Company to grow together.

During the accounting period, the contributions made to the pension schemes of the five highest paid individuals by the Company are as follows:

Name	Contribution to pension schemes (RMB)
Wang Jing	100,991.04
Zhang Jian	100,991.04
Nie Yanhong	97,675.20
Zhou Jingdong	90,966.72
Niu Bo	89,732.16

4. Corporate Governance

XI. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

During the reporting period, the Company has established an appropriate internal control system. The Company adjusts and gradually improves its internal control system by taking into account the latest organisational structure and the risks that may be faced in the actual business. The compliance management department of the Company supervises and manages the construction of the internal control system and the effectiveness of internal control in each professional business line.

The Audit and Risk Control Committee of the Board shall take into account the annual summary of the Company's internal audit work report and plans from the Corporate Governance Center at certain time every year and review the internal control of the Company.

During the reporting period, the Board reviewed the internal control system of the Company, and disclosed the "2024 Annual Self Evaluation Report on Internal Control" on the website of the Stock Exchange and the SSE on March 21 2025 and 22 March 2025, respectively.

Descriptions of Material Defects Relating Internal Control during the Reporting Period

Not applicable

XII. MANAGEMENT CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

As of the end of the reporting period, the Company had a total of 64 wholly-owned and controlled subsidiaries and 3 joint-stock companies, which were distributed in 16 provinces, municipalities and autonomous regions across the country. In order to achieve effective management and control over subsidiaries, the Company aims to "strengthen the Group and solidify project execution" by exploring improvements to its organisational structure and core functions, while enhancing the establishment of a group-wide control system and a comprehensive oversight mechanism. Meanwhile, the Group paid attention to the improvement of the corporate governance structure of subsidiaries, enhanced the construction of the Board of Directors, strengthened the selection of directors and operation personnel and their performance management, so as to improve the governance level of subsidiaries. By continuously promoting the effective integration of the above two management mechanisms, the Group could gradually improve the effective management and control of subsidiaries.

XIII. EXPLANATION IN RESPECT OF THE INTERNAL CONTROL AUDIT REPORT

WUYIGE Certified Public Accountants LLP engaged by the Company has audited the effectiveness of internal control relating to the financial reporting of the Company and has issued an internal control audit report with standard unqualified opinions.

For details of the internal control audit report, please refer to the “2024 Internal Control Audit Report” disclosed on the website of the Stock Exchange and the SSE on March 21 2025 and 22 March 2025, respectively.

Disclosure of internal control audit report: Yes

Type of opinion in the internal control audit report: Unqualified opinion (standard)

XIV. RECTIFICATIONS OF SELF-EXAMINATION ON CORPORATE GOVERNANCE FOR LISTED COMPANIES

None

5. Environment and Social Responsibility

I. ENVIRONMENT INFORMATION

- (I) Explanation on environmental protection of the company and its important subsidiaries classified as key pollutant discharging entities as published by environmental protection authorities

1. *Pollutant Discharging*

- (1) Sewage discharge

The Company is mainly engaged in the sewage treatment business which is to collect and treat domestic and municipal sewage by removing the main pollutants therein to the extent that the treated sewage meets the discharge standards stipulated by the national or local government, and then discharge the treated sewage to rivers via sewage outfalls as designated after assessment. The advanced treatment of part of the tailrace is further performed for recycled water supply. According to the aforesaid effluent water quality standards for sewage treatment plants stipulated by the national or local government, the effluent of sewage treatment plants is allowed to contain certain types and amounts of pollutants, mainly comprising chemical oxygen demand (COD), biochemical oxygen demand (BOD), suspended solids (SS), total nitrogen, ammonia nitrogen, total phosphorus, etc. Given the fact that most of sewage treatment projects have a designed capacity of exceeding 20,000 tonnes/day, they are classified as key pollutant discharging entities by local environmental protection authorities.

As at the end of the reporting period, the Company owned 55 operating sewage treatment projects, each of which has 1 or 2 effluent outfall(s) confirmed by competent industry authorities and experts upon examination and verification. According to the relevant agreements, currently the effluent water quality carried out by most sewage treatment plants is first-grade A under the Pollutant Discharge Standards for Urban Sewage Treatment Plants (GB18918-2002), and the other sewage treatment plants implement the local standard or agreement standard. The common pollutant indexes requiring basic control include COD, BOD, SS, total nitrogen, ammonia nitrogen, total phosphorus, etc. The following table sets out the maximum allowable discharge concentrations (daily average) of the pollutant indices requiring national standard first-grade A.

I. ENVIRONMENT INFORMATION (Continued)

- (I) Explanation on environmental protection of the company and its important subsidiaries classified as key pollutant discharging entities as published by environmental protection authorities (Continued)

1. Pollutant Discharging (Continued)

- (1) Sewage discharge (Continued)

No.	Pollutant indexes requiring basic control		National standard first grade class A
1	COD		50
2	BOD		10
3	SS		10
4	Animal & plant oil		1
5	Petroleum		1
6	Anion surfactant		0.5
7	Total nitrogen (N)		15
8	Ammonia nitrogen (N)		5(8)
9	Total phosphorus (P)	Constructed before 31 December 2005	1
		Constructed after 1 January 2006	0.5
10	Chroma (dilution multiple)		30
11	PH		6~9
12	Number of fecal coliforms/L		1000

During the reporting period, the discharge concentrations of the major pollutant indexes requiring basic control of the Company's sewage treatment business were all below the above standards. In aggregate, the COD, total nitrogen, ammonia nitrogen, and total phosphorus discharged by the Company during the reporting period were approximately 25,000 tonnes, 13,700 tonnes, 668 tonnes and 275 tonnes, respectively. In aggregate, environmental pollutants, namely, the COD, total nitrogen, ammonia nitrogen, and total phosphorus, were eliminated by approximately 376,000 tonnes, 53,600 tonnes, 52,700 tonnes, and 5,800 tonnes, respectively, representing a significant contribution to water body environmental governance.

I. ENVIRONMENT INFORMATION (Continued)

(I) Explanation on environmental protection of the company and its important subsidiaries classified as key pollutant discharging entities as published by environmental protection authorities (Continued)

1. Pollutant Discharging (Continued)

(2) Solid waste emissions

The Company currently operates 4 key pollutant discharge units for solid waste management across various provinces and municipalities in China. Primary emission methods include continuous direct atmospheric emissions and organised emissions. The emission standards we followed primarily include the Standard for Pollution Control on Hazardous Waste Incineration (GB18484-2020), Shandong Provincial Integrated Emission Standard for Regional Air Pollutants (DB37/2376-2013), and Integrated Emission Standard of Air Pollutants (GB 16297-1996). Commonly monitored pollutants include particulate matter (PM), sulfur dioxide (SO₂), nitrogen oxides (NO_x), hydrogen chloride (HCl), and carbon monoxide (CO). The maximum allowable emission concentrations (daily average values) for key control items under the Standard for Pollution Control on Hazardous Waste Incineration (GB18484-2020) are detailed in the table below:

No.	Key control item	Threshold	Averaging Time
1	Particulate Matter (PM)	30	1-hour average
		20	24-hour average
2	Nitrogen Oxides (NO _x)	300	1-hour average
		250	24-hour average
3	Sulfur Dioxide (SO ₂)	100	1-hour average
		80	24-hour average

During the reporting period, the Company's cumulative emissions of major pollutants were 1.51 tonnes of particulate matter (PM), approximately 1.01 tonnes of sulfur dioxide (SO₂) and approximately 25.2 tonnes of nitrogen oxides (NO_x).

2. Construction and operation of pollution prevention facilities

During the reporting period, the sewage treatment projects of the Company strictly complied with the relevant emission standards with all the effluent water quality, odor, noise, and solid emission meeting the requirements; all solid waste treatment projects strictly complied with the relevant emission standards. Both waste gas and wastewater emissions met the required standards, and operations were running smoothly.

The operation of the projects was also in normal condition. The construction of the sewage treatment facilities followed the relevant construction procedures and quality standards and proceeded normally.

I. ENVIRONMENT INFORMATION (Continued)

- (I) Explanation on environmental protection of the company and its important subsidiaries classified as key pollutant discharging entities as published by environmental protection authorities (Continued)

3. *Environmental Impact Assessment of Construction Projects and Other Administrative Permissions for Environmental Protection*

All the Company's sewage treatment and solid waste disposal projects in operation have gone through the relevant environmental impact assessment procedures and obtained approvals and environmental acceptance upon construction completion from the competent environmental authorities.

4. *Emergency Plans for Sudden Environmental Incidents*

During the reporting period, all project entities of the Company prepared the "Environmental Emergency Response Plan" with reference to the "Interim Measures for the Administration of Environmental Emergency Response Plan", and the plan was approved by and filed with the local ecology and environmental protection departments.

5. *Environmental Self-monitoring Program*

During the reporting period, all project entities of the Company carried out environmental self-monitoring in accordance with the relevant requirements of the government. At the beginning of each year, each entity prepares the "Environmental Self-monitoring Program" for the year based on the actual situation. The monitoring program mainly specifies the monitoring items, monitoring points, monitoring methods, monitoring frequency, analysis methods, etc. The monitoring results are publicized on the local environmental information monitoring platform. Each entity will also file the self-monitoring program and adjustments and changes with the local ecology and environmental protection departments in a timely manner.

6. *Administrative penalties due to environmental issues during the reporting period*

1. Baoying Company, a subsidiary of the Company, was fined RMB200,000 and RMB20,000 by the Yangzhou Ecological Environment Bureau on 14 September 2024 for violating the Regulations on the Administration of Pollutant Discharge Permits;
2. Baoying Company, a subsidiary of the Company, was fined RMB130,000 by the Baoying County Housing and Urban-Rural Development Bureau on 3 December 2024 for violating the Regulations on Urban Drainage and Sewage Treatment;
3. Baoying Company, a subsidiary of the Company, was fined RMB60,000 by the Yangzhou Ecological Environment Bureau on 25 December 2024 for violating the Water Pollution Prevention and Control Law.

None of the above penalties had a material adverse impact on the overall operation of the Company.

5. Environment and Social Responsibility

I. ENVIRONMENT INFORMATION (Continued)

(I) Explanation on environmental protection of the company and its important subsidiaries classified as key pollutant discharging entities as published by environmental protection authorities (Continued)

7. Other environmental information that should be disclosed

Not applicable

(II) Description of environmental information of companies other than those classified as key pollutant discharge entities

Not applicable

(III) Relevant information that is conducive to protecting ecology, preventing pollution, and fulfilling environmental responsibilities

As a key player in the environmental protection sector, the Company relies on its “One Core, Two Wings” business strategy and leverages five major business development platforms to expand its service areas, gradually transitioning into a comprehensive environmental service provider. At the same time, we have strengthened our environmental and resource management, promoted resource conservation, advocated for green office practices, and proactively addressed climate change.

During the reporting period, the Company’s sewage water treatment business continued to reduce environmental pollutants, including approximately 376,000 tonnes of chemical oxygen demand (COD), 53,600 tonnes of total nitrogen, 52,700 tonnes of ammonia nitrogen, and 5,800 tonnes of total phosphorus. Additionally, the Company treated 343,700 tonnes of solid waste and reduced carbon dioxide equivalent emissions by 14,900 tonnes, contributing significantly to environmental governance and the development of ecological civilization.

(IV) Measures and effects taken to reduce carbon emissions during the reporting period

Whether carbon emission reduction measures have been taken	Yes
Emission reduction of carbon dioxide equivalent (unit: tonnes)	14,895
Type of measures to reduce carbon emissions (e.g. using clean energy to generate electricity, using technologies to reduce carbon emissions in the production process, developing and producing new products that help reduce carbon emissions, etc.)	During the reporting period, the Company’s relevant projects such as new energy cooling and heating supply business, distributed photovoltaic power generation, expansion of renewable water supply, promotion of application of high energy efficient equipment, optimisation of process control to save carbon sources and pharmaceuticals, and implementation of digital transformation, etc., had certain effects on and made contributions to reducing carbon emissions.

I. ENVIRONMENT INFORMATION (Continued)

(IV) Measures and effects taken to reduce carbon emissions during the reporting period (Continued)

Detailed description

1. Breakthrough in carbon monitoring technology

During the reporting period, the Company utilised its self-developed greenhouse gas (GHG) online monitoring equipment to systematically monitor GHG emissions from the aeration tanks of the Jingu and Xianyang Road sewage water treatment plants. This initiative enabled the Company to understand emission patterns, develop auxiliary equipment such as gas collection covers and static chambers, and propose a GHG emission flux calculation method applicable to urban sewage water treatment plants. These advancements provide valuable technical support for carbon monitoring in China.

2. Exploring sludge resource utilisation

The Company's Jinnan Sludge Treatment Plant achieved energy self-sufficiency through its “high-concentration anaerobic digestion + plate-frame dewatering + thermal drying” process. By utilising self-produced biogas to meet thermal energy demands, the plant reduces carbon emissions by approximately 10,000 tonnes annually, demonstrating significant achievements in sludge resource utilisation and carbon reduction. This serves as a model for resource recycling and low-carbon development in the industry.

3. “Five-Dimensional Integration” yields results

During the reporting period, the Company focused on building technical support around its “Five-Dimensional Integration” business model, completing multiple single- and multi-dimensional technical solutions. These initiatives have been successfully implemented in Tianjin and other regions: expansion of “Water-Photovoltaic” Synergy Projects – Distributed photovoltaic power generation projects at the Beicang, Xianyang Road, Jingu, and Dongjiao sewage water treatment plants were all connected to the grid, adding a total installed capacity of 33.6 MWp; winning bid for Beijing Science and Technology Industrial Park New Energy Project – the Company's new energy business expanded to Beijing, marking the final piece of the Beijing-Tianjin-Hebei coordinated development strategy; commissioning of energy storage project at Xi'an Beishiqiao Sewage Water Treatment Plant – this project, the first user-side energy storage benchmark project in Xi'an, has been put into operation.

5. Environment and Social Responsibility

II. SOCIAL RESPONSIBILITY WORK

- (I) Whether the social responsibility report, sustainability report or Environmental, Social and Governance Report has been disclosed separately

The Company has disclosed the Social Responsibility Report, details of which are set out in the Company's disclosure on the website of the SSE dated March 22 2025 and the Company's Overseas Regulatory Announcement dated March 21 2025. The Environmental, Social and Governance Report is scheduled to be published on the websites of the SSE and the Stock Exchange by April 30, 2025 in tandem with this annual report.

- (II) Specific details for social responsibility work

Not applicable

III. CONSOLIDATE AND EXPAND THE RESULTS OF POVERTY ALLEVIATION, RURAL REVITALIZATION AND OTHER SPECIFIC WORK

Not applicable

I. PERFORMANCE OF COMMITMENT

- (I) Commitment of the Company's Ultimate Controller, Shareholders, Connected Parties, Purchaser, the Company, and Other Related Parties During or Subsisted in the Reporting Period

Not applicable

- (II) Where the Company Has Profit Forecasts on Assets or Projects, and the Reporting Period Was Within the Term of Profit Forecasts, the Company Has to State Whether Such Profit Forecasts on Assets or Projects Are Fulfilled and the Reasons Therefor

Not applicable

- (III) Fulfillment of performance commitments and their impact on goodwill impairment testing

Not applicable

II. CONTROLLING SHAREHOLDER OF THE COMPANY AND ITS CONNECTED PARTIES MISAPPROPRIATE THE COMPANY'S FUNDS FOR NONOPERATING PURPOSES FOR DURING THE REPORTING PERIOD

Not applicable

III. GUARANTEES IN VIOLATION

Not applicable

IV. EXPLANATION BY THE BOARD OF DIRECTORS OF THE COMPANY ON "QUALIFIED AUDIT REPORT" PROVIDED BY THE ACCOUNTING FIRM

Not applicable

6. Major Events

V. ANALYSIS AND EXPLANATION OF THE COMPANY ON THE REASONS AND EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR CORRECTION OF MATERIAL ACCOUNTING ERRORS

- (I) Analysis and explanation of the Company on the reasons and effects of the changes in accounting policies and accounting estimates

Not applicable

- (II) Analysis and Explanation of the Company on the Reasons and Effects of Correction of Material Accounting Errors

Not applicable

- (III) Communication with the Former Accounting Firm

Not applicable

- (IV) Approval Process and Other Explanations

Not applicable

VI. APPOINTMENT AND REMOVAL OF ACCOUNTING FIRMS

Unit: 0'000 Yuan Currency: RMB

	Original Appointment	Present Appointment
Name of the domestic accounting firm	PricewaterhouseCoopers Zhong Tian LLP	WUYIGE Certified Public Accountants LLP
Remuneration of the domestic accounting firm	310	257
Service years of the domestic accounting firm	29	1
Name of the certified public accountants of the domestic accounting firm	/	Shi Chenqi, Liu Yong, Xu Xinbo
The continuous period of audit service of the domestic accounting firm's certified public accountants	/	1

	Name	Fees
Accounting firm responsible for internal control audit	WUYIGE Certified Public Accountants LLP	52
Sponsor	CITIC Securities Company Limited	1,999.999998

Explanations on the Appointment and Removal of Accounting Firms

To enhance the internal control system and mitigate risks, the Company conducted an open tender in February 2024 to select a qualified auditing firm with high professional standards and market recognition to provide audit services. WUYIGE Certified Public Accountants LLP was awarded the contract based on its competitive proposal offering both quality and cost-effectiveness. On March 22 2024, the Board of Directors resolved to propose a change of auditors by recommending the appointment of WUYIGE Certified Public Accountants LLP as the Company's new auditors upon the retirement of PricewaterhouseCoopers Zhong Tian LLP, which was effected by the approval of the Company's shareholders at the 2023 Annual General Meeting. PricewaterhouseCoopers Zhong Tian LLP retired at the conclusion of the 2023 Annual General Meeting. The Company has thoroughly communicated the change of auditing firm with PricewaterhouseCoopers Zhong Tian LLP which raised no objections to the change. PricewaterhouseCoopers Zhong Tian LLP has confirmed that there are no matters related to the change of auditors that need to be brought to the attention of the Company's shareholders and investors. For details of the change of auditors, please refer to the relevant announcements of the Company dated 22 March 2024 and 5 June 2024 published on the website of the Stock Exchange.

6. Major Events

VII. RISK OF DELISTING

(I) Causes of Delisting

Not applicable

(II) Measures to be taken by the Company

Not applicable

(III) Situation and reasons for termination of Listing

Not applicable

VIII. MATTERS RELATING TO BANKRUPTCY AND RESTRUCTURING

Not applicable

IX. MATTERS RELATING TO MATERIAL LITIGATION AND ARBITRATION

The Company was not involved in any material litigation or arbitration during the reporting period.

X. VIOLATIONS OF REGULATIONS, PUNISHMENTS AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, ULTIMATE CONTROLLERS, AND PURCHASERS

Not applicable

XI. EXPLANATION ON THE INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS, AND ULTIMATE CONTROLLERS DURING THE REPORTING PERIOD

Not applicable

XII. MATERIAL CONNECTED TRANSACTIONS

(I) Connected Transactions in the Ordinary Course of Business

1. Events disclosed in the temporary announcements and with no progress or change in subsequent implementation

- a. On 16 August 2021, Jiayuanxing entered into the TLP Cold and Heat Supply Agreements for the years from 2021 to 2023 with TLP, pursuant to which Jiayuanxing is required to provide cold and heat supply services at the Tianjin MIXc of TLP, which is owned by TLP. In particular, the heat supply services in 2023 was from 15 November 2023 to 15 March 2024, during which the unit price of the services was 363,042 m², the chargeable area for heat supply services was 363,042 sq.m. and the service fee for the heat supply services was RMB14,521,680.

Connected relationship: Jiayuanxing is a wholly-owned subsidiary of the Company; TLP is an indirect subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

- b. On 10 October 2022, Water Recycling Company entered into the Engineering Consultation Service (Second Batch) Agreement with Tianjin Infrastructure Consultant, to engage Tianjin Infrastructure Consultant to provide engineering consultation services in respect of the Tianjin Main District Recycled Water Pipeline Network Connection Project (Second Batch). The service period is scheduled to be three years from 10 October 2022 to the completion of the final accounts and completion of all engineering projects of the Project. The total service fee of the Project is calculated by multiplying the sum of the individual service fees for the entrusted (i) project entrusted construction services, (ii) cost consultation services and (iii) engineering consultation services by 0.8 (i.e. the fee preferential rate of the Engineering Consultation Service (Second Batch) Agreement) and to be settled in accordance with the fees actually incurred. The Company expects that the aggregate amount of such engineering consultation service fee payable by Water Recycling Company to Tianjin Infrastructure Consultant will not exceed RMB35.89 million.

Connected relationship: Water Recycling Company is a direct wholly-owned subsidiary of the Company; Tianjin Infrastructure Consultant is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

1. *Events disclosed in the temporary announcements and with no progress or change in subsequent implementation* (Continued)

- c. On 22 February 2023, Water Recycling Company entered into the Second Tender Section (Second Batch) Agreement with Railway Fifth Institute (an Independent Third Party to the Company) and Environmental Investment Company, entrusting Railway Fifth Institute and Environmental Investment Company to provide EPC general contracting service for the second tender section of Tianjin Main District Recycled Water Pipeline Network Connection Project (Second Batch), including the design, construction and procurement work of all the engineering projects involved, with a service period which is planned to start from 10 March 2023 to the completion date of the works, which is expected to be 31 August 2025. The service fees under the Second Tender Section (Second Batch) Agreement is RMB80,518,738 (tax inclusive), of which the amount of the design fees paid to Railway Fifth Institute is RMB713,379, and the amount of the construction and installation engineering fees (including the procurement part) paid to Environmental Investment Company is RMB79,805,359.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company; Environmental Investment Company is a direct wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

1. *Events disclosed in the temporary announcements and with no progress or change in subsequent implementation* (Continued)

- d. On 22 February 2023, Water Recycling Company entered into the Third Tender Section (Second Batch) Agreement with Tianjin Municipal Institute (an Independent Third Party to the Company) and Tianjin Tongsheng Municipal, entrusting Tianjin Municipal Institute and Tianjin Tongsheng Municipal to provide EPC general contracting service for the third tender section of Tianjin Main District Recycled Water Pipeline Network Connection Project (Second Batch), including the design, construction and procurement work of all the engineering projects involved, with a service period which is planned to start from 10 March 2023 to the completion date of the works, which is expected to be 31 August 2025. The service fees under the Third Tender Section (Second Batch) Agreement is RMB81,589,770 (tax inclusive), of which the amount of the design fees paid to Tianjin Municipal Institute is RMB713,700, and the amount of the construction and installation engineering fees (including the procurement part) paid to Tianjin Tongsheng Municipal is RMB80,876,070.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company; Tianjin Tongsheng Municipal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

1. *Events disclosed in the temporary announcements and with no progress or change in subsequent implementation* (Continued)

- e. On 30 June 2023, Jiayuanxing entered into the TLP Cold and Heat Supply Agreement with TLP pursuant to which Jiayuanxing shall provide cold and heat supply services at the Tianjin MIXc of TLP during the period for the cold and heat supply services. The cold and heat supply services period shall be 1 June 2024 to 15 March 2025, 1 June 2025 to 15 March 2026 and 1 June 2026 to 15 March 2027, of which: the period for the cold supply services shall be 1 June 2024 to 30 September 2024, 1 June 2025 to 30 September 2025 and 1 June 2026 to 30 September 2026, the unit price for each year of the Cold Supply Services is RMB33.21 per m², the chargeable area for each year of the Cold Supply Services is 363,042 m² respectively, and the total service fees for each year of the Cold Supply Services (value-added tax inclusive) shall be RMB12,056,624.82 respectively, to be paid in one lump sum to Jiayuanxing by TLP prior to 1 November 2024, 1 November 2025 and 1 November 2026; the period for the heat supply services shall be 15 November 2024 to 15 March 2025, 15 November 2025 to 15 March 2026 and 15 November 2026 to 15 March 2027, the unit price for each year of the Heat Supply Services is RMB40 per m², the chargeable area for each year of the Heat Supply Services is 363,042 m² respectively, and the total service fees for each year of the Heat Supply Services (value-added tax inclusive) shall be RMB14,521,680 respectively, to be paid in one lump sum to Jiayuanxing by TLP prior to 1 May 2025, 1 May 2026 and 1 May 2027. During the Cold and Heat Supply Period, the total service fees for each year of the Cold Supply Services and the Heat Supply Services shall be RMB26,578,304.82 respectively.

Connected relationships: Jiayuanxing is a wholly-owned subsidiary of the Company; TLP is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

1. *Events disclosed in the temporary announcements and with no progress or change in subsequent implementation*
(Continued)

- f. On 1 February 2024, Tianjin Chengze entered into the Reclaimed Water Networks Agreement with Water Recycling Company, pursuant to which, Tianjin Chengze entrusted Water Recycling Company to perform construction for auxiliary reclaimed water equipment within the planned red line of Phases I, II and III (Zexi Park) of the Houtai Lot G Project. The fee for auxiliary primary water supply facilities in the reclaimed water area is RMB951,717.69

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Tianjin Chengze is an indirect subsidiary of Tianjin Investment Group, the ultimate controlling company of the Company.

- g. On 21 February 2024, Water Recycling Company and Liulin Urban Renewal entered into the Reclaimed Water Pipe Network Ancillary Entrustment Agreement (Liu'an Lanyuan), pursuant to which, Liulin Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, the construction of reclaimed water supporting facilities for buildings 1-11 and lots 1-3 of Lot 70 (Liu'an Lanyuan) of Tianjin Liu Lin Urban Renewal Phase I Project. The fees of ancillary facilities (tax inclusive) shall be RMB1,394,996.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Liulin Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

- h. On 14 March 2024, the Board has considered and approved the Heat Supply Agreement, pursuant to which, Tianjin Chengze entrusted Tianjin Jiayuankaichuang to perform construction for auxiliary heat supply equipment for Houtai Lot G Project. The construction fee for the heat supply works is RMB4,209,553.20.

Connected relationships: Tianjin Jiayuankaichuang is a direct wholly-owned subsidiary of the Company. Tianjin Chengze is an indirect subsidiary of Tianjin Investment Group, the ultimate controlling company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

1. *Events disclosed in the temporary announcements and with no progress or change in subsequent implementation* (Continued)

- i. On 3 April 2024, Water Recycling Company and Liulin Urban Renewal entered into the Reclaimed Water Pipe Network Ancillary Entrustment Agreement (Zhihui Center Building), pursuant to which, Liulin Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, construction of reclaimed water supporting facilities for buildings 1-3 of Lot 69 (Zhihui Center Building) of Tianjin Liulin Urban Renewal Phase I Project. The fees of ancillary facilities (tax inclusive) is RMB771,006.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Liulin Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

- j. On 3 April 2024, Water Recycling Company and Liulin Urban Renewal entered into the Reclaimed Water Pipe Network Ancillary Entrustment Agreement (Secondary School), pursuant to which, Liulin Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, construction of reclaimed water supporting facilities for the comprehensive teaching building and door guard of Lot 66 (Secondary School) for Tianjin Liu Lin Urban Renewal Phase I Project. The fees of ancillary facilities (tax inclusive) is RMB623,300.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Liulin Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

1. *Events disclosed in the temporary announcements and with no progress or change in subsequent implementation*
(Continued)

- k. On 27 May 2024, Water Recycling Company and Jinzhong Urban Renewal entered into the Reclaimed Water Pipe Network Ancillary Entrustment Agreement, pursuant to which, Jinzhong Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, construction of reclaimed water supporting facilities for buildings 1-15 of the Tianjin Jinzhonghe Avenue South Side Area Urban Renewal Project (Qingxiyuan). The construction fees (tax inclusive) is RMB1,897,385.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Jinzhong Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

- l. On 18 June 2024, Water Recycling Company and Jinzhong Urban Renewal entered into the Reclaimed Water Ground Meter Installation Agreement, pursuant to which, Jinzhong Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, the purchase, installation and daily maintenance and management of reclaimed water meter (ground meter) for the comprehensive teaching building and door guard of Lot 8 of Tianjin Jinzhonghe Avenue South Side Area Urban Renewal Project (Qingxiyuan). The installation fees (tax inclusive) is RMB18,586.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Jinzhong Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

- m. On 18 June 2024, Water Recycling Company and Jinzhong Urban Renewal entered into the Reclaimed Water Household Meter Installation Agreement, pursuant to which, Jinzhong Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, the purchase, installation and daily maintenance and management of reclaimed water meter (household meter) for Lot 8 of Tianjin Jinzhonghe Avenue South Side Area Urban Renewal Project (Qingxiyuan). The installation fees (tax inclusive) is RMB602,140.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Jinzhong Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

1. *Events disclosed in the temporary announcements and with no progress or change in subsequent implementation* (Continued)

- n. On 18 June 2024, Water Recycling Company and Liulin Urban Renewal entered into the Reclaimed Water Pump House Project Construction Agreement (Secondary School), pursuant to which, Liulin Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, the construction of a reclaimed water pump house at Lot 66 (Secondary School) of the Tianjin Liu Lin Urban Renewal Phase I Project. The construction fees (tax inclusive) is RMB698,911.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Liulin Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

- o. On 2 August 2024, Water Recycling Company and Jinzhong Urban Renewal entered into the Reclaimed Water Pump House and High Pressure Pipeline Project Construction Agreement, pursuant to which, Jinzhong Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, the construction of reclaimed water pump house, high pressure pipelines and basement pressurized flushing pipelines for Lot 8 of Tianjin Jinzhonghe Avenue South Side Area Urban Renewal Project (Qingxiyuan). The construction fees (tax inclusive) is RMB2,191,571.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Jinzhong Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

1. *Events disclosed in the temporary announcements and with no progress or change in subsequent implementation*
(Continued)

- p. On 8 August 2024, Water Recycling Company and Liulin Urban Renewal entered into the Reclaimed Water Ground Meter Installation Agreement (Secondary School), pursuant to which, Liulin Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, the installation of ground meters at Lot 66 (Secondary School) of Tianjin Liu Lin Urban Renewal Phase I Project. The installation fees (tax inclusive) is RMB19,854.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Liulin Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

- q. On 8 August 2024, Water Recycling Company and Liulin Urban Renewal entered into the Reclaimed Water Ground Meter Installation Agreement (Zhihui Center Building), pursuant to which, Liulin Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, the installation of ground meters at Lot 69 (Zhihui Center Building) of Tianjin Liu Lin Urban Renewal Phase I Project. The installation fees (tax inclusive) is RMB18,166.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Liulin Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

1. *Events disclosed in the temporary announcements and with no progress or change in subsequent implementation* (Continued)

- r. On 13 August 2024, Water Recycling Company and Jinzhong Urban Renewal entered into the Reclaimed Water Pipe Network Ancillary Entrustment Agreement for New Residential and Public Buildings in Tianjin, pursuant to which, Jinzhong Urban Renewal has agreed to commission, and the Group has agreed to be engaged for, the construction of reclaimed water supporting facilities for the secondary school (Lot 03-05) at Lot 9 of Tianjin Jinzhonghe Avenue South Side Area Urban Renewal Project. The construction fees (tax inclusive) is RMB380,650.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Jinzhong Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

- s. On 23 August 2024, Water Recycling Company entered into the Fourth Tender Section (Second Batch) Agreement with Railway Fifth Institute (an independent third party of the Company) and Tianjin Tongsheng Municipal, pursuant to which, Railway Fifth Institute and Tianjin Tongsheng Municipal agreed to provide Water Recycling Company with EPC general contracting service for the fourth tender section of the Project (Second Batch) during the Fourth Tender Section (Second Batch) Service Period, including the design, construction and procurement work of all the engineering projects involved. The service period is scheduled to commence from the commencement date of construction (expected to be 30 August 2024, the actual commencement date shall be based on the commencement date specified in the written notice issued by Water Recycling Company) and to end on the completion date of the project (expected to be 30 May 2025). The service fees for the fourth tender section of the Second Batch is RMB13,406,399.01 (tax inclusive), of which the amount of the design fees to be paid to Railway Fifth Institute is RMB242,549.01 and the amount of the construction and installation engineering fees (including the procurement part) to be paid to Tianjin Tongsheng Municipal is RMB13,163,850.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Tianjin Tongsheng Municipal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

1. *Events disclosed in the temporary announcements and with no progress or change in subsequent implementation*
(Continued)

- t. On 23 August 2024, Water Recycling Company entered into the Fifth Tender Section (Second Batch) Agreement with Urban Construction Design Institute (an independent third party of the Company) and Environmental Investment Company, pursuant to which, Urban Construction Design Institute and Environmental Investment Company agreed to provide Water Recycling Company with EPC general contracting service for the fifth tender section of the Project (Second Batch) during the Fifth Tender Section Service Period, including the design, construction and procurement work of all the engineering projects involved. The service period is scheduled to commence from the commencement date of construction (expected to be 30 August 2024, the actual commencement date shall be based on the commencement date specified in the written notice issued by Water Recycling Company) and to end on the completion date of the project (expected to be 30 May 2025). The total service fees for the fifth tender section of the Second Batch is RMB18,162,338 (tax inclusive), of which the amount of the design fees to be paid to Urban Construction Design Institute is RMB354,000 and the amount of the construction and installation engineering fees (including the procurement part) to be paid to Environmental Investment Company is RMB17,808,338.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Environmental Investment Company is a direct wholly-owned subsidiary of Tianjin Investment Group, the ultimate controlling shareholder of the Company.

- u. On 30 August 2024, Water Recycling Company and Liulin Urban Renewal entered into the Reclaimed Water Pump House and High Pressure Pipeline (Hanging) Project Construction Agreement (Liu'an Lanyuan), pursuant to which, Liulin Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, the construction of reclaimed water pump house and high pressure pipelines (hanging) of Lot 70 of Tianjin Liu Lin Urban Renewal Phase I Project (Liu'an Lanyuan). The construction fees (tax inclusive) is RMB1,664,303.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Liulin Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

1. *Events disclosed in the temporary announcements and with no progress or change in subsequent implementation* (Continued)

- v. On 30 August 2024, Water Recycling Company and Liulin Urban Renewal entered into the Reclaimed Water Ground Meter Installation Agreement (Liu'an Lanyuan), pursuant to which, Liulin Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, the installation of ground meters of Lot 70 of Tianjin Liu Lin Urban Renewal Phase I Project (Liu'an Lanyuan). The installation fees (tax inclusive) is RMB10,179.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Liulin Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

- w. On 30 August 2024, Water Recycling Company and Liulin Urban Renewal entered into the Reclaimed Water Household Meter Installation Agreement (Liu'an Lanyuan), pursuant to which, Liulin Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, the installation of ground meters of Lot 70 of Tianjin Liu Lin Urban Renewal Phase I Project (Liu'an Lanyuan). The installation fees (tax inclusive) is RMB483,560.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Liulin Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

1. *Events disclosed in the temporary announcements and with no progress or change in subsequent implementation*
(Continued)

- x. On 11 October 2024, Water Recycling Company and Jinzhong Urban Renewal entered into the Reclaimed Water Meter Agreement (Ground Meter), pursuant to which, Jinzhong Urban Renewal has agreed to commission, and the Group has agreed to be engaged for, construction of ground meters for secondary school (lot 03-05) of the Tianjin Jinzhonghe Avenue South Side Area Urban Renewal Project Lot 9. The installation fees (tax inclusive) is RMB28,375.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Jinzhong Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

- y. On 14 October 2024, Tianchuang Green Energy and Jinzhong Urban Renewal entered into the Co-operation Agreement on the Construction of the Integrated Heat Supply Station Project, pursuant to which, Jinzhong Urban Renewal has agreed to commission, and Tianchuang Green Energy has agreed to be engaged for, the construction of ancillary heating and cooling supply facilities within the Tianjin Jinzhonghe Avenue South Side Area Urban Renewal Project (Qingxiyuan) Newly-built Area Boundary. The term of the agreement is three years commencing on 14 October 2024 and ending on 14 October 2027. The aggregate amount of the ancillary construction fees receivable by the Group for carrying out the ancillary heating and cooling supply construction transaction under the Co-operation Agreement on the Construction of the Integrated Heat Supply Station Project for the year ended 31 December 2024 did not exceed the annual cap of RMB2,000,000.

Connected relationships: Tianchuang Green Energy is a direct wholly-owned subsidiary of the Company. Jinzhong Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

1. *Events disclosed in the temporary announcements and with no progress or change in subsequent implementation* (Continued)

- z. On 25 October 2024, Shandong Company and Tianjin Eco-city entered into the Hazardous Waste Disposal Agreement, pursuant to which, Tianjin Eco-city has agreed to commission, and Shandong Company has agreed to be engaged for, the disposal of hazardous waste from the Industrial Solid Waste Sources Environmental Pollution Control Project Hazardous Waste Disposal (DYWGPSY) Stage II Project, for a term until 30 June 2025. The service fees (tax inclusive) is RMB8,000,000.

Connected relationships: Shandong Company is a direct non-wholly owned subsidiary of the Company. Tianjin Eco-city is an indirect non-wholly owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company

- aa. On 29 November 2024, the Board considered and approved the loan in an aggregate amount of up to RMB40,000,000 to be provided by the Company (as lender) to HBGJTC (as borrower) pursuant to the Loan Agreement for a term of three years in respect of the agreed loan in the amount of RMB24,350,000 and a term of one year for the agreed loan in the amount of RMB15,650,000.

Connected relationships: HBGJTC is a non-wholly owned subsidiary of the Company. Hebei Guokong is held as to 40% by Tianjin Investment Group, the ultimate holding company of the Company. Hebei Guokong holds 30% equity interest in HBGJTC.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

2. *Events disclosed in the temporary announcements but with progress or change in subsequent implementation* (Continued)

- ab. On 26 April 2021, the Company and Tianjin Investment Group entered into the Existing Sludge Disposal Contract, pursuant to which, the Company entrusted Jinnan Sludge Disposal Plant held by Tianjin Investment Group to carry out sludge disposal during the service period from 26 April 2022 to 25 April 2024. The sludge disposal fee is RMB370 per tonne. The Company expects that the total amount of the sludge disposal fee to be paid to Tianjin Investment Group during the service period will not exceed RMB97,236,000. Subsequently, on 26 April 2022, the Board has considered and approved the resolution related to the renewal of the Existing Sludge Disposal Contract entered into between the Company and Tianjin Investment Group on 26 April 2021, pursuant to which, the Company continued to entrust Jinnan Sludge Disposal Plant held by Tianjin Investment Group to carry out sludge disposal during the service period (from 26 April 2022 to 25 April 2024). The sludge disposal fee is RMB370 per tonne. The Company expects that the total amount of the sludge disposal fee to be paid to Tianjin Investment Group during the service period will not exceed RMB194,738,400.

Connected relationships: Tianjin Investment Group is the ultimate controlling company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

2. *Events disclosed in the temporary announcements but with progress or change in subsequent implementation* (Continued)

- ac. On 26 April 2021, Tianjin Investment Group, Caring Company and the Company entered into the Existing Entrusted Operation Agreement, pursuant to which, Caring Company to operate and maintain all assets of Jinnan Sludge Disposal Plant for Tianjin Investment Group, for a service period from 26 April 2021 to 25 April 2022. The entrusted operation service fee is RMB249 per tonne, which is payable by Tianjin Investment Group to Caring Company based on the actual amount of sludge treated. The Company expects that the total amount of the Entrusted Operation Service Fee to be paid to Caring Company by Tianjin Investment Group during the Service Period will not exceed RMB65,400,000. After that, on 26 April 2022, the Board considered and approved the renewal of the Existing Entrusted Operation Agreement dated 26 April 2021 entered into between Tianjin Investment Group, Caring Company and the Company. Pursuant to the Entrusted Operation Agreement, Caring Company shall continue to provide operation and maintenance of all assets of the Jinnan Sludge Disposal Plant for Tianjin Investment Group, for a service period from 26 April 2022 to 25 April 2024. The entrusted operation service fee is RMB249 per tonne, payable by Tianjin Investment Group to Caring Company based on the actual amount of sludge treated. The Company expects that the total amount of the entrusted operation service fee to be paid to Caring Company by Tianjin Investment Group during the service period will not exceed RMB131,053,680.

Connected relationships: Caring Company is a non-wholly-owned subsidiary of the Company. Tianjin Investment Group is the ultimate holding company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

2. *Events disclosed in the temporary announcements but with progress or change in subsequent implementation* (Continued)

- ad. On 3 September 2021, Water Recycling Company entered into the Engineering Consultation Service Agreement with Tianjin Infrastructure Consultant, to engage Tianjin Infrastructure Consultant to provide engineering consultation services in respect of the recycled water pipeline network connection project in the main district of Tianjin Project (First Batch). The service period is scheduled to be three years from 3 September 2021 to the completion of the final accounts and completion of all engineering projects of the Project. The total service fee of the Project is calculated by multiplying the sum of the individual service fees for the entrusted (i) project entrusted construction services, (ii) cost consultation services and (iii) engineering consultation services by 0.8 (i.e. the fee preferential rate of the Engineering Consultation Service Agreement) and to be settled in accordance with the fees actually incurred. The Company expects that the aggregate amount of such engineering consultation service fee payable by Water Recycling Company to Tianjin Infrastructure Consultant will not exceed RMB10.02 million. On 16 November 2022, as the work progress of the Tianjin Main District Recycled Water Pipeline Network Connection Project (First Batch) is faster than expected, Water Recycling Company has to pay the Engineering Consultation Service Fee under the Engineering Consultation Service Agreement, which was originally expected to be paid in 2023 and 2024. The Company revised and increased the annual cap for 2022 under the Engineering Consultation Agreement. There is no change or modification in the terms (including the terms of service fees) of the Engineering Consultation Agreement.

Connected relationship: Water Recycling Company is a wholly-owned subsidiary of the Company; Tianjin Infrastructure Consultant is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in the Ordinary Course of Business (Continued)

2. *Events disclosed in the temporary announcements but with progress or change in subsequent implementation* (Continued)

- ae. On 21 December 2022, the Board has considered and approved the resolution in respect of the renewal of the contract operation agreement on Zhangguizhuang Water Recycling Plant and its supporting water pipe-network assets between Tianjin Investment Group and Water Recycling Company, pursuant to which Tianjin Investment Group shall continue to contract the operation of Zhangguizhuang Water Recycling Plant and its supporting water pipe-network assets to Water Recycling Company during the operating term, while Water Recycling Company shall be responsible for the contract operation of the Zhangguizhuang Water Recycling Plant Project constructed by Tianjin Investment Group, and shall be engaged in the production and sales of recycled water. The operating term shall be two years from 1 January 2023 to 31 December 2024. Water Recycling Company shall charge recycled water fees from its recycled water users, and pay all reasonable production expenses, while the contracting fee payable by Water Recycling Company to Tianjin Investment Group is based on the annual profit (i.e. revenue from sales of reclaimed water less expenses) of the Zhangguizhuang Water Recycling Plant Project for the operating period of the project according to the annual audit of the Project, which shall be 60% of the profit for the year. Given that the Project is operating better than expected with the actual volume of water sold higher than expected and the operating cost lower than expected for the 2023, the Company has revised the annual caps for 2023 and 2024 from RMB12.51 million per year to RMB16.10 million and RMB20.00 million per year, respectively. The contracting fees for 2023 and 2024 will be paid by Water Recycling Company to Tianjin Investment Group in late 2024 and 2025, respectively.

Connected relationships: Water Recycling Company is a wholly-owned subsidiary of the Company. Tianjin Investment Group is the ultimate holding company of the Company.

3. *Connected transactions which have not been disclosed in the Company's announcements*

Not applicable

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(II) Connected transactions arising from acquisitions or disposals of assets or shareholdings

1. *Connected transactions which have been disclosed in the Company's announcements, but without subsequent progress or changes to their implementation*

- af. On 14 October 2024, Tianchuang Green Energy and Jinzhong Urban Renewal entered into the Co-operation Agreement on the Construction of the Integrated Heat Supply Station Project, pursuant to which Jinzhong Urban Renewal has agreed to lease to Tianchuang Green Energy, and Tianchuang Green Energy has agreed to lease from Jinzhong Urban Renewal, the Integrated Heat Supply Station. The lease term is for a period of 20 years commencing on the date of handover of the leased site from Jinzhong Urban Renewal to Tianchuang Green Energy. Upon expiry of the aforesaid 20-year lease period, Tianchuang Green Energy may continue to use the leased site for a further period of 8 years at no charge. The total rental fees (inclusive of tax) during the lease term amounted to RMB38,000,000. The lease transaction is regarded as an acquisition of assets by the Group. The value of the right-of-use asset recognised by the Group in respect of the lease transaction pursuant to the Co-operation Agreement on the Construction of the Integrated Heat Supply Station Project is estimated to be approximately RMB34.86 million.

Connected relationships: Tianchuang Green Energy is a direct wholly-owned subsidiary of the Company. Jinzhong Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the ultimate holding company of the Company.

- ag. On 17 December 2024, the Board considered and approved the resolution on the Equity Transfer Agreement to be entered into between the Company and TMICL in relation to the 100% shareholding in Hong Kong company as target equity. Pursuant to the Equity Transfer Agreement, the Company conditionally agreed to sell, and TMICL conditionally agreed to acquire the 100% shareholding in Hong Kong company for a consideration of RMB29,973,500

Connected relationships: TMICL is the controlling shareholder of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(II) Connected transactions arising from acquisitions or disposals of assets or shareholdings (Continued)

1. *Connected transactions which have been disclosed in the Company's announcements, but without subsequent progress or changes to their implementation* (Continued)

- ah. On 17 December 2024, the Board considered and approved the resolution on the Assets Transfer Agreement to be entered into between Water Recycling Company and Tianjin Investment Group in relation to the Zhangguizhuang Water Recycling Plant Project. Pursuant to the Assets Transfer Agreement, the Company conditionally agreed to acquire, and Tianjin Investment Group conditionally agreed to sell the structures and other auxiliary facilities, pipelines and trenches, land use rights, other intangible assets, machinery and equipment, electronic equipment, and inventories of the Zhangguizhuang Water Recycling Plant Project at a consideration of RMB218,005,256.

Connected relationships: Water Recycling Company is a direct wholly-owned subsidiary of the Company. Tianjin Investment Group is the ultimate holding company of the Company.

2. *Connected transactions which have been disclosed in the Company's announcements, with subsequent progress or changes to their implementation*

Not applicable

3. *Connected transactions which have not been disclosed in the Company's announcements*

Not applicable

4. *In case of any guaranteed performance, whether the performance is achieved for the reporting period shall be disclosed*

Not applicable

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(III) Significant Connected Transactions in Joint External Investment

1. *Connected transactions which have been disclosed in the Company's announcements, but without subsequent progress or changes to their implementation*

Not applicable

2. *Connected transactions which have been disclosed in the Company's announcements, with subsequent progress or changes to their implementation*

Not applicable

3. *Connected transactions which have not been disclosed in the Company's announcements*

Not applicable

(IV) Creditor's Rights and Debts with Connected Parties

1. *Connected transactions which have been disclosed in the Company's announcements, but without subsequent progress or changes to their implementation*

Not applicable

2. *Connected transactions which have been disclosed in the Company's announcements, with subsequent progress or changes to their implementation*

Not applicable

3. *Connected transactions which have not been disclosed in the Company's announcements*

Not applicable

6. Major Events

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

- (V) Financial operations between the Company and financial company with connected relationship, the Company holds financial company and connected parties

Not applicable

- (VI) Other

According to Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), the above-mentioned items (a), (b), (c), (d), (e), (t), (y), (ab), (ac), (ad) and (ae) constitute continuing connected transactions. The independent non-executive Directors of the Company have reviewed the above continuing connected transactions in accordance with Rule 14A.55 of the Listing Rules, and confirmed that:

- (1) the above continuing connected transactions were in the ordinary course of business of the Company;
- (2) the above continuing connected transactions were conducted on normal commercial terms; and
- (3) the above continuing connected transactions were carried out in accordance with the terms of the agreements of the relevant transactions, which were fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Board also confirmed that the auditors of the Company had confirmed the matters as set out in Rule 14A.56 of the Listing Rules regarding the above-mentioned continuing connected transactions occurred in 2024, namely items (a), (b), (c), (d), (e), (t), (y), (ab), (ac), (ad) and (ae).

Saved as disclosed above, there is no related party transaction or continuing related party transaction as set out in the Annual Report 2024 of the Company that falls under the definition of “connected transaction” or “continuing connected transaction” which requires disclosure in Chapter 14A of the Listing Rules. The Company confirms that it has complied with the relevant disclosure requirements in accordance with Chapter 14A of the Listing Rules.

XIII. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

(I) Custody, Contracting and Leasing

1. Custody

Not applicable

2. Contracting

Not applicable

3. Leasing

Not applicable

(II) Guarantees

Unit: RMB0'000

Guarantees provided to external parties by the Company (excluding guarantees provided to subsidiaries)	
Total amount of guarantees provided during the reporting period (excluding guarantees provided to subsidiaries)	0
Total balance of guarantees as at the end of the reporting period (A) (excluding guarantees provided to subsidiaries)	0
Guarantees provided to subsidiaries of the Company and its subsidiaries	
Total amount of guarantees provided to subsidiaries during the reporting period	22,663.32
Total balance of guarantees provided to subsidiaries as at the end of the reporting period (B)	281,739.66
Total amount of guarantees provided by the Company (including guarantees provided to subsidiaries)	
Total amount of guarantees (A+B)	281,739.66
Percentage of the total amount of guarantees to the net assets of the Company (%)	29.14
Of which:	
Amount of guarantees provided to shareholders, ultimate controllers, and their connected parties (C)	0
Amount of guarantees provided directly or indirectly to guaranteed entities with a gearing ratio of over 70% (D)	20,869.69
Total amount of guarantees exceeding 50% of net assets (E)	0
Total of the above three classes of guarantees (C+D+E)	20,869.69
Explanation on contingent joint liability for undue guarantees	N/A
Explanation on guarantees	Nil

6. Major Events

XIII. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION (Continued)

(III) Cash Asset Management Entrusted to Others

1. *Entrusted wealth management*

Not applicable

2. *Entrusted loans*

Not applicable

3. *Others*

Not applicable

(IV) Other Material Contracts

Not applicable

XIV. PROGRESS ON THE USE OF PROCEEDS

(I) Overall utilisation of proceeds

Unit: RMB0'000

Source of proceeds	Time of receipt of proceeds	Total amount of proceeds	Net proceeds (1)	Total committed investment amount as stated in the prospectus or offering circular (1)	Total amount of excess raised funds (3) =(1)-(2)	Cumulative progress of investment as at the end of the reporting period (%) (4)	Including: cumulative total of excess proceeds invested as at the end of the reporting period (5)	Cumulative investment progress of proceeds as at the end of the reporting period (%) (6) =(4)/(1)	Cumulative progress of investment as at the end of the reporting period (%) (7) =(5)/(3)	Amount invested in the current year (8)	Amount invested in the current year Percentage (%) (9) =(8)/(1)	Total amount of proceeds with usage changed
Issuance of shares to specific parties	20 September 2022	83,050.00	81,075.66	81,075.66	N/A	60,239.80	N/A	74.30	N/A	13,148.16	16.22	10,300.00
Total	/	83,050.00	81,075.66	81,075.66	N/A	60,239.80	N/A	/	/	13,148.16	/	10,300.00

6. Major Events

(II) Project Details

1. Details of the use of proceeds

Unit: RMB0'000

Source of proceeds	Name	Nature	Whether it is a committed investment project in the prospectus or offering circular	Whether it involves a change of use	Total planned investment amount of proceeds (1)	Amount invested during the year	Total cumulative proceeds invested as at the end of the reporting period(2)	Progress of cumulative inputs as at the end of the reporting period (%) (3) =(2)/(1)	The date when the item reaches its intended useable condition	Closed or not	Whether the progress of inputs is in line with the progress of the programme	Specific reasons for not meeting the planned progress of inputs	Benefits realized during the year	Benefits realised or R&D results of the project	Has there been any significant change in the feasibility of the project, and if so, please specify?	Savings
Issuance of shares to specific parties	The construction project of the sewage processing plant at the Tianying Science and Technology Park in the Jieshou Hi-Tech District of Fuyang in Anhui	Production and construction	Yes	No	14,800.00	1,677.20	13,395.02	90.51	1 July 2022	No	No	As the government's audit and final account settlement for this project have not yet been completed, a portion of the remaining project funds does not meet the conditions for payment.	1,218.60	3,510.14	No	N/A
Issuance of shares to specific parties	The newly-built and upgrade and supporting pipeline network (phase II) PPP project of Honghu township sewage processing plant	Production and construction	Yes	Yes, this project has not been cancelled, and the total investment amount of the proceeds has been adjusted	11,150.00	3,190.45	7,340.60	65.83	1 August 2024	No	No	The project is currently in the settlement phase, and the settlement process has not yet been completed. Furthermore, a portion of the remaining project funds does not meet the necessary conditions for payment.	141.72	141.72	Yes, the Company convened the eighteenth Meeting of the Ninth Session of the Board of Directors and the Eighth Meeting of the Ninth Session of the Board of Supervisors on 7 August 2023 and the Second Extraordinary General Meeting of 2023 on 21 September 2023, both of which had deliberated on and passed the ^(f) Proposal on Changing the Purpose of Part of the Proceeds', agreeing to the Company's change of use of the proceeds of the Honghu Project of RMB103.00 million for the investment and construction expenditure of the concessionary project of the Kalamayi Nanjiao Sewage Treatment Plant.	N/A
Issuance of shares to specific parties	The first batch of projects of the recycled water pipe network connection project in the main districts of Tianjin City	Production and construction	Yes	No	21,900.00	2,458.73	10,756.74	49.12	27 March 2024	No	No	The project is currently in the settlement phase, and the settlement process has not yet been completed. Furthermore, a portion of the remaining project funds does not meet the necessary conditions for payment.	1,607.62	1,607.62	No	N/A
Issuance of shares to specific parties	Karamay Nanjiao Water/Treatment Plant Concession Project	Production and construction	No	Yes, it was a new project	10,300.00	5,821.78	5,821.78	56.52	Expected to be August 2025	No	Yes	N/A	N/A	N/A	No	N/A
Issuance of shares to specific parties	The repayment of interest-bearing liabilities and supplement the working capital	Replenishment of cash flow and repayment of loans	Yes	No	22,925.66	0.00	22,925.66	100.00	N/A	Yes	Yes	N/A	N/A	N/A	No	0.00
Total	/	/	/	/	81,075.66	13,148.16	60,239.80	/	/	/	/	/	/	/	/	

(III) Changes in or termination of investments during the reporting period

Not applicable

(IV) Other use of proceeds during the reporting period

Not applicable

XV. DETAILS OF OTHER MAJOR EVENTS THAT HAVE SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS

(1) Sale and Purchase or Redemption of Shares of the Company

During the reporting period, the Company or any of its subsidiaries did not purchase, sell, or redeem any shares of the Company.

(2) Corporate Governance Code

None of the Directors is aware of any information that would reasonably indicate that the Company is not or was not, for any part of the reporting period, in compliance with the Corporate Governance Code under the Listing Rules.

(3) Model Code for Securities Transactions by the Directors

The Company has adopted a code of practice regarding directors' securities transactions on terms not less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules. During the reporting period, all Directors complied with the the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

(4) Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the amount of public float as required under the Listing Rules as at date of this report.

(5) Pre-emptive Rights

There is no provision regarding pre-emptive rights under the Articles of Association of the Company and there is no restriction on such rights under the laws of the PRC.

(6) Tax Concession

Holders of listed securities of the Company were not granted any tax concession for holding securities of the Company.

6. Major Events

XV. DETAILS OF OTHER MAJOR EVENTS THAT HAVE SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS (Continued)

(7) Charge of Assets

For details about charge of assets of the Company, please refer to the financial reports as set out below.

(8) Audit and Risk Control Committee

On 31 July 2001, the Board approved the establishment of the Audit Committee which is responsible for reviewing and supervising the financial reporting process and internal control of the Company. On 2 August 2024, the Board approved the renaming of the Audit Committee to the Audit and Risk Control Committee, and added responsibilities such as considering and approving, if thought fit, major risk control strategies and risk mitigation plans on top of the existing responsibilities. The Audit and Risk Control Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the audited accounts for the year ended 31 December 2024 with the Directors.

7. Details of Changes in Shares and Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Changes in Shares

1. *Changes in Shares*

There was no change in the total number of shares and the structure of share capital of the Company during the reporting period.

2. *Explanations on Changes in shares*

Not applicable

3. *Effect of changes in shares on earnings per share, net asset value per share and other financial indicators for the latest year and the latest period (if any)*

Not applicable

4. *Other information deemed necessary by the Company or required to be disclosed by the securities regulatory authorities*

(1) Details of the Non-public Issuance of A Shares

As approved by the China Securities Regulatory Commission through the Approval on the Non-public Issuance of Shares of Tianjin Capital Environmental Protection Group Company Limited (Zheng Jian Xu Ke [2022] No. 1122)* (《關於核准天津創業環保集團股份有限公司非公開發行股票的批覆》(證監許可[2022]1122號), the Company completed a non-public issuance of 143,189,655 RMB-denominated ordinary shares (A Shares) with the nominal value of RMB1.00 each (“Non-public Issuance of A Shares”) in September 2022. The issue price is RMB5.80 per share, and the net price to the Company is RMB5.66 per share. The closing price of the A Shares on the date on which the terms of the issue were fixed was RMB6.51 per share. The total proceeds raised from the Non-public Issuance of A Shares were RMB830,499,999.00. After deducting the relevant issue expenses (excluding tax) of RMB19,743,434.08, the actual net proceeds raised from the Non-public Issuance of A Shares were RMB810,756,564.92. The total number of subscribers under the Non-public Issuance of A Shares is more than six persons, each of whom and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons, and none of them will become a substantial shareholder upon completion of the subscription of A Shares under the Non-public Issuance of A Shares.

7. Details of Changes in Shares and Shareholders

I. CHANGES IN SHARE CAPITAL (Continued)

(I) Changes in Shares (Continued)

4. *Other information deemed necessary by the Company or required to be disclosed by the securities regulatory authorities* (Continued)

(2) Reasons and objectives of the Non-public Issuance of A Shares

1. To follow the policy situation and seize market opportunities

Positioned as an “integrated environmental service provider”, the Company will continue to consolidate its core business of sewage treatment, expand its potential business areas such as solid waste treatment, new energy and environmental technology, and explore emerging business areas such as environmental restoration and environmental monitoring. Through non-public issuance of A Shares, the Company will enrich its capital reserve and enhance the flexibility of its operation and management to seize the opportunities brought by the rapid development of the industry and the favourable national policies, and to meet the challenges brought by the macroeconomic fluctuations and the increasingly fierce competition in the environmental protection industry.

2. Optimise capital structure to relieve working capital pressure

In recent years, the Company’s business scale has been expanding, resulting in a corresponding increase in liquidity requirements. The current capital structure of the Company has limited the Company’s ability of indirect financing and has also exposed the Company to certain financial risks. With the proceeds raised from the non-public issuance of A Shares, the Company will be able to repay its interest-bearing liabilities and replenish its liquidity, which will, on the one hand, help to reduce the gearing ratio, optimise the capital structure and reduce the risk of debt servicing and, on the other hand, help to further strengthen the Company’s capital strength, improve the Company’s risk resistance, financial security and financial flexibility, and support its stable and rapid development.

I. CHANGES IN SHARE CAPITAL (Continued)

(I) Changes in Shares (Continued)

4. Other information deemed necessary by the Company or required to be disclosed by the securities regulatory authorities (Continued)

(3) Total funds raised from the issue and details of the use of proceeds

Details of the use of proceeds from the Non-public Issuance of A Shares as of 31 December 2024 (including the expected timeline for the intended use of the proceeds not yet utilized) are as follows:

No.	Committed Investment Projects	Proposed investment amount of proceeds to be utilized <i>Approximately RMB0'000</i>	Change of investment amount of Proceeds <i>(Note 1)</i> <i>Approximately RMB0'000</i>	Proceeds utilized for the year ended 31 December 2024 <i>Approximately RMB0'000</i>	Balance of unutilized proceeds as of 31 December 2024 <i>Approximately RMB0'000</i>	Estimated timetable for use of unutilized proceeds as of 31 December 2024
1	The first batch of projects of the recycled water pipe network connection project in the main districts of Tianjin City	21,900.00	21,900.00	10,756.74	11,143.26	The balance of the proceeds is expected to be used up by 31 December 2026 (note 2)
2	The construction project of the sewage processing plant at the Tianying Science and Technology Park in the Jieshou Hi-Tech District of Fuyang in Anhui	14,800.00	14,800.00	13,395.02	1,404.98	The balance of the proceeds is expected to be used up by 31 August 2025
3	The newly-built and upgrade and supporting pipeline network (phase II) PPP project of Honghu township sewage processing plant	21,450.00	11,150.00	7,340.60	3,809.40	The balance of the proceeds is expected to be used up by 31 December 2025
4	Karamay Nanjiao Water Treatment Plant Concession Project	0.00	10,300.00	5,821.78	4,478.22	The balance of the proceeds is expected to be used up by 31 December 2025
5	The repayment of interest-bearing liabilities and supplement the working capital	22,925.66	22,925.66	22,925.66	–	–
	Total	81,075.66	81,075.66	60,239.80	20,835.86	

7. Details of Changes in Shares and Shareholders

I. CHANGES IN SHARE CAPITAL (Continued)

(I) Changes in Shares (Continued)

4. *Other information deemed necessary by the Company or required to be disclosed by the securities regulatory authorities* (Continued)

(3) Total funds raised from the issue and details of the use of proceeds (Continued)

Note 1: The Company held the 14th meeting of the ninth session of the Board of Directors on 23 May 2023 to consider and approve the proposal on the adjustment of the change of the investment plan of Honghu Project, and a supplemental project agreement was entered into between the Honghu project company and Honghu Municipal Bureau of Housing and Urban-Rural Development on 7 August 2023, which stipulated that the scope of the Honghu Project was adjusted to the construction of the Honghu Fengkou East Domestic Sewage Treatment Plant and ancillary pipeline network and the construction of the pipeline network for the villages on the outskirts of the townships of Honghu City. The total scale of recent sewage treatment is 3,000m³/day and the total investment of the Honghu Project is adjusted to RMB148,319,900, of which the capital expenditure is approximately RMB118,253,800. The 18th meeting of the ninth session of the Board of Directors and the 8th meeting of the ninth session of the Board of Supervisors were held on 7 August 2023 and the 2023 Second Extraordinary General Meeting was held on 21 September 2023, both of which had considered and passed a resolution on changing the purpose of part of the proceeds, agreeing to the Company's change of use of the proceeds of the Honghu Project of RMB103.00 million for the investment and construction expenditure of the concessionary project of the Karamay Nanjiao Sewage Treatment Plant. In order to improve the efficiency of the use of the proceeds, safeguard the long-term interests of the Company and arrange the use of the proceeds, the Company intends to use RMB103,000,000 of the remaining proceeds of RMB181,393,100 of the Honghu Project for the construction of the Karamay Nanjiao Project. The remaining proceeds of RMB78,393,100 will continue to be used for the construction of the Honghu Project, thereby promoting the long-term and steady development of the Company's business and protecting the interests of the Company and shareholders. For further details, please refer to the Company's announcement dated 7 August 2023 in relation to the proposed change in the use of part of the proceeds, the circular dated 4 September 2023 in relation to the proposed change in the use of part of the proceeds and the Announcement of Resolution of the 2023 Second Extraordinary General Meeting posted on the Stock Exchange website.

Note 2: The delay in project usage is due to the fact that all 43 points of the project have completed the construction acceptance on March 27 2024, however, the project is still in the stage of construction settlement and has not yet been completed, and part of the remaining construction payment has not yet fulfilled the conditions of payment.

Save as disclosed above, during the year ended 31 December 2024, the Company has used or proposed to use the proceeds from the Non-public Issuance of A Shares in accordance with the previously disclosed intentions and there has been no material change or delay in the use of the proceeds. The Company expects to utilize all of the proceeds from the Non-public Issuance of A Shares by 31 December 2026, the usage and proposed usage are consistent with those set out in the circular dated 8 December 2021 in relation to the proposed Non-public Issuance of A Shares, the circular dated 4 September 2023 in relation to the proposed change in the use of part of the proceeds and the 2024 Interim Report of the Company.

For more information about this Non-public Issuance of A Shares, please refer to the relevant announcements and overseas regulatory announcements dated 22 November 2021 of the Company in relation to (1) the termination of 2020 Adjusted Non-public Issuance of A Shares; (2) the proposed Non-public Issuance of A Shares; (3) the Specific Mandate; and (4) the proposed adoption of the Shareholders' Return Plan, the relevant circular dated 8 December 2021, the notice of 2021 fourth extraordinary general meeting and the notice of 2021 second H shareholders' class meeting dated 8 December 2021, the announcement dated 10 December 2021 in relation to the approval of Non-public Issuance of A Shares by Tianjin SASAC, the announcement dated 24 December 2021 on the resolutions passed at the 2021 fourth extraordinary general meeting, the 2021 second H shareholders' class meeting and the 2021 second A shareholders' class meeting, the announcement dated 11 January 2022 in relation to the acceptance of the application for Non-public Issuance of A Shares by the CSRC, the relevant overseas regulatory announcements dated 7 February 2022, 21 February 2022, 3~March 2022, 17 March 2022 and 22 April 2022, the announcement dated 16 May 2022 in relation to the approval obtained from the Issuance Examination Committee of the CSRC for the application for the Non-public Issuance of A Shares, the announcement dated 8 June 2022 in relation to the approval obtained from the CSRC for the application for the Non-public Issuance of A Shares, the announcement dated 29 September 2022 in relation to the results of the Non-public Issuance of A Shares and changes in share capital and the relevant overseas regulatory announcement, and the relevant overseas regulatory announcement dated 27 March 2023.

I. CHANGES IN SHARE CAPITAL (Continued)**(II) Changes in Restricted Shares**

Not applicable

II. ISSUE AND LISTING OF SECURITIES**(I) Issue of Securities as at the End of the Reporting Period**

Not applicable

(II) Changes in the Total Number of Shares of the Company and Shareholder Structure and the Company's Assets and Liabilities Structure

Not applicable

(III) Existing Employee Shares

Not applicable

III. DETAILS OF SHAREHOLDERS AND ULTIMATE CONTROLLER**(I) Total number of shareholders**

Total number of ordinary shareholders as at the end of the reporting period	54,566
Total number of ordinary shareholders as at the end of the previous month before the disclosure date of the annual report	54,218
Total number of shareholders of preferred shares whose voting rights have been restored as at the end of the reporting period	Not applicable
Total number of shareholders of preferred shares whose voting rights have been restored at the end of last month prior to the date on which the annual report shall be disclosed	Not applicable

Note: The total numbers of shareholders above represent the sum of holders of A Shares and H Shares. The total number of ordinary shareholders as at the end of the reporting period is 54,566, among which 60 are holders of H Shares. The total number of ordinary shareholders as at the end of the previous month before the disclosure date of the annual report is 54,218, among which 60 are holders of H Shares.

7. Details of Changes in Shares and Shareholders

III. DETAILS OF SHAREHOLDERS AND ULTIMATE CONTROLLER (Continued)

(II) Shareholdings of the Top Ten Shareholders and the Top Ten Shareholders of Circulating Shares (or Shareholders of Non-Restricted Shares) at the End of the Reporting Period

Name of shareholder (Full name)	Shareholdings of the top ten shareholders (excluding shares lent through refinancing)						
	Increase/ decrease during the reporting period (shares)	Number of shares held at the end of the period (shares)	Percentage (%)	Number of restricted shares held (shares)	Status	Pledged, marked or frozen Number (shares)	Nature of the Shareholder
Tianjin Municipal Investment Company Limited	0	715,565,186	45.57	0	Pledged	284,000,000	State-owned legal person
HKSCC NOMINEES LIMITED	42,000	337,888,810	21.52	0	None	–	Other
Central Huijin Asset Management Ltd.	0	13,868,294	0.88	0	None	–	State-owned legal person
Hong Kong Securities Clearing Company Limited	3,325,101	12,530,670	0.80	0	None	–	Other
Wang Caijin	713,800	7,133,638	0.45	0	None	–	Domestic natural persons
Zhejiang Jinxin Construction Engineering Co., Ltd. (浙江錦鑫建設工程有限公司)	-704,500	6,688,500	0.43	0	None	–	Domestic nonstate-owned legal person
Jinan Hanxiang investment management partnership (L.P.) (濟南瀚祥投資管理合夥企業(有限合夥))	-2,207,900	6,412,789	0.41	0	None	–	Other
China Merchants Bank Co., Ltd. – Southern China Securities 1000 Trading Open-ended Index Securities Investment Fund (招商銀行股份有限公司—南方中證1000交易型開放式指數證券投資基金)	4,351,100	5,089,300	0.32	0	None	–	Other
China Construction Bank Corporation Limited – Dongfanghong Zhongzheng Dongfanghong Dividend Low Volatility Index Securities Investment Fund (中國建設銀行股份有限公司—東方紅中證東方紅紅利低波動指數證券投資基金)	5,039,300	5,039,300	0.32	0	None	–	Other
Yan Gang	5,032,150	5,032,150	0.32	0	None	–	Domestic natural persons

III. DETAILS OF SHAREHOLDERS AND ULTIMATE CONTROLLER (Continued)

(II) Shareholdings of the Top Ten Shareholders and the Top Ten Shareholders of Circulating Shares (or Shareholders of Non-Restricted Shares) at the End of the Reporting Period (Continued)

Shareholdings of the top ten shareholders of non-restricted circulating shares (excluding shares lent through refinancing)			
Name of shareholder (Full name)	Number of non-restricted circulating shares held (shares)	Type and number of shares	
		Type	Numbers (shares)
Tianjin Municipal Investment Company Limited	715,565,186	Ordinary RMB Shares	715,565,186
HKSCC NOMINEES LIMITED	337,888,810	Overseas listed Foreign Shares	337,888,810
Central Huijin Asset Management Ltd.	13,868,294	Ordinary RMB Shares	13,868,294
Hong Kong Securities Clearing Company Limited	12,530,670	Ordinary RMB Shares	12,530,670
Wang Caijin	7,133,638	Ordinary RMB Shares	7,133,638
Zhejiang Jinxin Construction Engineering Co., Ltd. (浙江錦鑫建設工程有限公司)	6,688,500	Ordinary RMB Shares	6,688,500
Jinan Hanxiang investment management partnership (L.P.) (濟南瀚祥投資管理合夥企業(有限合夥))	6,412,789	Ordinary RMB Shares	6,412,789
China Merchants Bank Co., Ltd. – Southern China Securities 1000 Trading Open-ended Index Securities Investment Fund (招商銀行股份有限公司—南方中證1000交易型開放式指數證券投資基金)	5,089,300	Ordinary RMB Shares	5,089,300
China Construction Bank Corporation Limited – Dongfanghong Zhongzheng Dongfanghong Dividend Low Volatility Index Securities Investment Fund (中國建設銀行股份有限公司—東方紅中證東方紅紅利低波動指數證券投資基金)	5,039,300	Ordinary RMB Shares	5,039,300
Yan Gang	5,032,150	Ordinary RMB Shares	5,032,150

7. Details of Changes in Shares and Shareholders

III. DETAILS OF SHAREHOLDERS AND ULTIMATE CONTROLLER (Continued)

(II) Shareholdings of the Top Ten Shareholders and the Top Ten Shareholders of Circulating Shares (or Shareholders of Non-Restricted Shares) at the End of the Reporting Period (Continued)

Description of the repurchase of special accounts among the top ten shareholders	Not applicable
Explanation of the above-mentioned shareholders' entrusted voting rights, and waiver of voting rights	Not applicable
Notes on the connected relationship or parties acting in concert among the above shareholders	<p>(1) According to the register of members as provided by HKSCC Nominees Limited, those H shares held by it were held on behalf of various clients. As at the end of reporting period, Ningbo BSLS Trade Co., Ltd.* (寧波百思樂斯貿易有限公司) and its concert parties Ningbo Ningdian Investment Development Co., Ltd.* (寧波寧電投資發展有限公司) and LVNENG Investment & Development Co., Ltd. (Hong Kong)* (綠能投資發展有限公司(香港)) held a total of 156,956,000 H shares of the Company, representing 9.99% of the total share capital of the Company, and none of the shares were pledged.</p> <p>(2) The top ten shareholders are not strategic investors of the Company.</p>
Description of preferred shareholders with restored voting rights and the number of shares they hold	Not applicable

(III) Strategic Investors or General Legal Persons Becoming the Top Ten Shareholders Due to Placing of New Shares

Not applicable

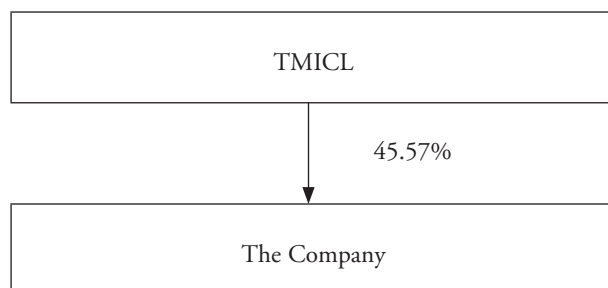
IV. THE CONTROLLING SHAREHOLDER AND THE ULTIMATE CONTROLLER

(I) Controlling Shareholder

1. Legal person

Name	TMICL
Head of the entity or legal representative	An Pindong
Date of incorporation	20 January 1998
Principal operations	Engaging in investment activities with own funds; asset management services for investment of own funds; property management; leasing of residential housing; leasing of non-residential real estate; corporation management and consultation; Category I value-added telecommunication services; Category II value-added telecommunication services; Internet information services; computer and telecommunication equipment leasing; information technology consulting services; network technology services. (for the above business covering the industry license, operating with the license within the validity period; for specific projects and operations, in accordance with the State regulations) (projects subject to approval according to law may be operated upon the approval of relevant departments).
The shareholdings of other domestic and foreign listed companies in which the company has controlling interests and has invested during the reporting period	None
Notes on other information	None

2. Flowchart on the shareholding interests and relationship of control between the Company and its controlling shareholder



7. Details of Changes in Shares and Shareholders

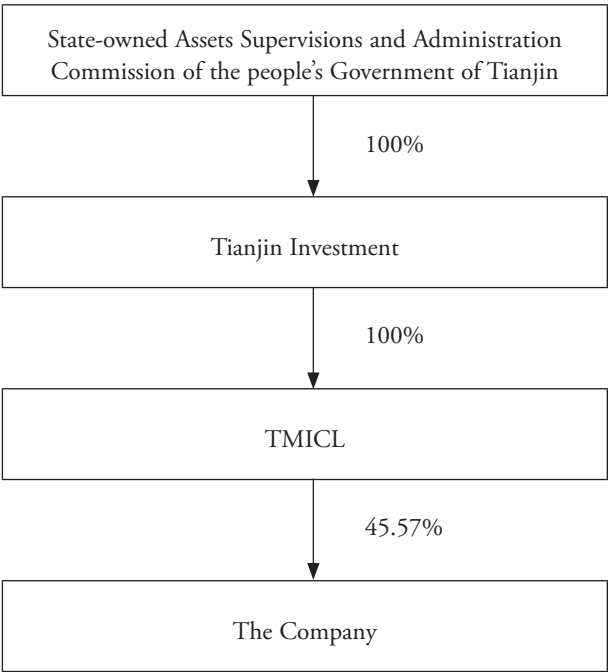
IV. THE CONTROLLING SHAREHOLDER AND THE ULTIMATE CONTROLLER (Continued)

(II) Details of Ultimate Controller

1. Legal Person

Name	State-owned Assets Supervisions and Administration Commission of the people's Government of Tianjin
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2. Chart of the equity and control relationship between the Company and its ultimate controlling shareholder



V. DESCRIPTION OF RESTRICTION ON DECREASE OF SHAREHOLDINGS

Not applicable

VII. SUBSTANTIAL SHAREHOLDERS INTERESTS

- (a) As at 31 December 2024, so far as is known to or can be ascertained after reasonable enquiries by the Directors, Supervisors or chief executive of the Company, the following entities (other than the Directors, Supervisors or chief executive of the Company) had an interest or short position in the shares or underlying shares (including options) of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the “SFO”) or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity	Number and class of securities (Note)	Approximate percentage of the relevant class of securities	Approximate percentage of the total issued share capital of the Company
TMICL	Beneficial owner	715,565,186 A Shares (L)	58.16%	45.57%
Ningbo Development Investment Group Limited Company (寧波開發投資集團有限公司)	Interest of controlled corporation	156,956,000 H Shares (L)	46.16%	9.99%
Ningbo Energy Group Co., Ltd. (寧波能源集團股份有限公司)	Interest of controlled corporation	156,956,000 H Shares (L)	46.16%	9.99%
Ningbo Ningdian Investment Development Co., Ltd. (寧波寧電投資發展有限公司)	Beneficial owner	107,552,000 H Shares (L)	31.63%	6.85%
Ningbo BSLS Trade Co., Ltd. (寧波百思樂斯貿易有限公司)	Beneficial owner	45,142,000 H Shares (L)	13.28%	2.87%
ISIS Asset Management Plc	Investment manager	17,286,000 H Shares (L)	5.08%	1.10%

Note: The letter “L” represents the person’s long position in the shares. The letter “S” represents the person’s short position in the shares.

- (b) Save as disclosed above, there is no other person (other than the Directors, Supervisors or chief executive of the Company) so far as is known to the Directors, Supervisors or chief executives of the Company who, as at 31 December 2024, had an interest or short position in the shares or underlying shares (including options) of the Company which would fall to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

8. Relevant Details of Bonds

I. CORPORATE BONDS -INCLUDING ENTERPRISE BONDSAND NONFINANCIAL ENTER-PRISE DEBT FINANCING INSTRUMENTS

(I) Corporate bonds (including enterprise bonds)

Not applicable

(II) Particulars of proceeds of corporate bonds

None of the Company's corporate bonds involved the use of proceeds or rectification during the reporting period.

(III) Other matters that should be disclosed for special variety bonds

Not applicable

(IV) Important matters in relation to corporate bonds during the reporting period

Not applicable

(V) Non-financial enterprise debts financing instruments of the inter-bank bond market

1. Basic information on debt financing instruments for non-financial enterprises

Unit: RMB

Name of Bond	Abbreviation	Code	Issue Date	Value Date	Maturity Date	Balance of Bond	Coupon (%)	Debt Service	Trading Place	In-vestor Suitability Arrangement (if any)	Trading Mechanism	Risk of Delisting
2022 First Tranche Green Medium-term Notes of Tianjin Capital Environmental Protection Group Company Limited	22 Jinchuanghuanbao GN001* (22津創環保GN001)	132280072	2022/07/26, 2022/07/27	2022/07/28	2025/07/28	630,000,000.00	3.94	Interest is payable annually, with the last installment paid together with the principal	Interbank Bond Market	Nil	Interbank bond market trading mechanism	No
2024 Second Tranche Green Medium-Term Notes of Tianjin Capital Environmental Protection Group Company Limited (Rural Revitalisation) (Series 1)	24 Jinchuanghuanbao MTN002A (Rural Revitalisation) (24津創環保MTN002A (鄉村振興))	102483682	2024/8/21, 2024/8/22	2024/8/23	2027/8/23	300,000,000.00	2.50	Interest is payable annually, with the last installment paid together with the principal	Interbank Bond Market	Nil	Interbank bond market trading mechanism	No
2024 Second Tranche Green Medium-Term Notes of Tianjin Capital Environmental Protection Group Company Limited (Rural Revitalisation) (Series 2)	24 Jinchuanghuanbao MTN002B (Rural Revitalisation) (24津創環保MTN002B (鄉村振興))	102483683	2024/8/21, 2024/8/22	2024/8/23	2029/8/23	200,000,000.00	3.05	Interest is payable annually, with the last installment paid together with the principal	Interbank Bond Market	Nil	Interbank bond market trading mechanism	No

Counter-measures to the risks of listing termination of the Company

Not applicable

Overdue bonds

Not applicable

Interests payment and bonds repayment during the reporting period

Name of Bond	Description of interest payment and bonds repayment
2022 First Tranche Green Medium-term Notes of Tianjin Capital Environmental Protection Group Company Limited	Interest paid as scheduled
2024 Second Tranche Green Medium-Term Notes of Tianjin Capital Environmental Protection Group Company Limited (Rural Revitalisation) (Series 1)	Interest payment/redemption not yet fall due as of the end of the reporting period.
2024 Second Tranche Green Medium-Term Notes of Tianjin Capital Environmental Protection Group Company Limited (Rural Revitalisation) (Series 2)	Interest payment/redemption not yet fall due as of the end of the reporting period.

2. *Trigger and execution of the Company or investor option terms and investor protection terms*

Not applicable

8. Relevant Details of Bonds

3. Intermediaries providing services for bonds issuance and duration products

Name of intermediaries	Office address	Name of Signing Accountant	Contact per-son	Contact number
Agricultural Bank of China Limited	No. 69, Jianguomen Nei Avenue, Dongcheng District, Beijing, the PRC	N/A	Zhao Cheng	022-83061710
China Construction Bank Corporation	Chang'an Xingrong Center, Downtown Xicheng District, Beijing, the PRC (No. 1 Naoshikou Street, Xicheng District, Beijing Courtyard Building 1)	N/A	Cui Tong	022-58751897
China Merchants Bank Co., Ltd.	China Merchants Bank, 7088 Shennan Avenue, Futian District, Shenzhen	N/A	Guo Pengfei	0755-88026264
China CITIC Bank Corporation Company	Building 1, No.10 Guanghua Road, Chaoyang District, Beijing	N/A	Song Yu	010-66635905

Changes in the above intermediaries

Not applicable

4. Use of proceeds as of the end of reporting period

Unit: RMB

Name of Bond	Total amounts of capital raised	Utilised amounts	Unutilized amounts	Operation of special account for proceeds (if any)	Rectification of violations regarding the use of proceeds (if any)	Whether the use of proceeds is consistent with the use of proceeds committed, the planned use and other agreements in the prospectus
2022 First Tranche Green Mediumterm Notes of Tianjin Capital Environmental Protection Group Company Limited	630,000,000.00	630,000,000.00	0.00	Normal	Nil	Yes
2024 Second Tranche Green MediumTerm Notes of Tianjin Capital Environmental Protection Group Company Limited (Rural Revitalisation) (Series 1)	300,000,000.00	300,000,000.00	0.00	Normal	Nil	Yes
2024 Second Tranche Green MediumTerm Notes of Tianjin Capital Environmental Protection Group Company Limited (Rural Revitalisation) (Series 2)	200,000,000.00	200,000,000.00	0.00	Normal	Nil	Yes

Progress and operational benefits of raised funds used for construction projects

Not applicable

Description of the change in use of proceeds of the bond

Not applicable

5. *Adjustment of credit rating results*

Not applicable

6. *Implementation and changes of guarantees, debt repayment plans and other debt repayment supporting measures during the reporting period and their impact*

Not applicable

7. *Description of other debt financing instruments for non-financial enterprises*

Not applicable

(VI) Losses in the scope of the Company's consolidated statements for the reporting period exceeded 10% of net assets at the end of the previous year

Not applicable

(VII) Interest-bearing debt overdue (other than bonds) as at the end of the Reporting Period

Not applicable

(VIII) Impact on bond investors' interests caused by any breach of laws and regulations, the Company's Articles of Association, the management system on information disclosure affairs and the agreements or undertakings set out in bond prospectus during the Reporting Period

Not applicable

8. Relevant Details of Bonds

(IX) Accounting Data and Financial Indicators of the Company for the Previous Two Years as of the end of Reporting Period

Unit: RMB

Major indicators	2024	2023	Increase/ decrease for the current period as compared to the same period last year (%)	Change reasons
Net profit after extraordinary profit or loss attributable to shareholders of the Company	723,130,878.23	778,741,496.55	(7.14)	Basically unchanged
Current ratio	1.49	1.45	3.23	Basically unchanged
Quick ratio	1.49	1.44	3.21	Basically unchanged
Gearing ratio (%)	57.08	58.24	(1.99)	Basically unchanged
Debt to EBITDA ratio	0.21	0.21	–	Basically unchanged
Interest protection multiples	3.74	3.83	(2.28)	Basically unchanged
Cash interest protection multiples	4.05	3.19	27.39	The increase in net operating cash flow during the reporting period
EBITDA interest protection multiples	5.72	5.51	3.81	Basically unchanged
Debt service ratio (%)	100	100	–	
Interest coverage rate (%)	100	100	–	

II. PARTICULARS OF CONVERTIBLE CORPORATE BONDS

Not applicable

9. Financial Report

For details, please refer to the Company's accounting statements and audit report for the year 2024.

10. Auditor's Report

Auditor's Report

Da Xin Shen Zi [2025] No. 1-02178

(Page 1 of 7)

To the Shareholders of Tianjin Capital Environmental Protection Group Company Limited,

I. OPINION

We have audited the accompanying financial statements of Tianjin Capital Environmental Protection Group Company Limited (hereinafter the "Company"), which comprise the consolidated and company balance sheets as at 31 December 2024, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity for 2024 and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of the Company as at 31 December 2024, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(I) Impairment assessment of goodwill

1. Description

Refer to note 3(20), note 3(28) and note 5(19) "Goodwill" to the financial statements.

As at 31 December 2024, the gross carrying amount of goodwill in the Group's consolidated financial statements was RMB505,120,400, with a provision for impairment of goodwill of RMB505,120,400. During the year, an additional provision for impairment of goodwill of RMB150,050,900 was recognised, which constituted a significant proportion of the year's total profit. The impairment testing process for goodwill is highly complex, requiring substantial management judgement and estimation. Key assumptions such as future cash inflows and the discount rate are inherently uncertain and may be susceptible to management bias. As such, we have identified this as a key audit matter.

2. How our audit addressed the Key Audit Matter

We performed the following procedures to address the key audit matter:

- (1) obtained an understanding of, tested and evaluated the design and operating effectiveness of key internal controls relating to goodwill impairment testing, assessing the inherent risk of material misstatement;
- (2) evaluated the reasonableness of the identification of asset groups, and the methodology for allocating goodwill to relevant asset groups;
- (3) assessed the competence, professional qualifications and independence of external valuation specialists engaged by the management;
- (4) evaluated the appropriateness of assumptions and methodologies employed by both management and their external valuation specialists, including comparing historical actual performance of asset groups with management's prior forecasts, and assessing the reliability of management's future cash flow projections used in goodwill impairment testing;

III. KEY AUDIT MATTERS (Continued)

(I) Impairment assessment of goodwill (Continued)

2. How our audit addressed the Key Audit Matter (Continued)

- (5) verified the arithmetical accuracy of the goodwill impairment test calculations;
- (6) evaluated whether the financial statement disclosures regarding goodwill and its impairment testing were sufficient and appropriate.

(II) Assessment of expected credit losses for accounts receivable and long-term receivables

1. Description

Refer to note 3(10), note 3(11), note 3(28), note 5(3) "Accounts receivable" and note 5(10) "Long-term receivables" to the financial statements.

As at 31 December 2024, the Company's accounts receivable amounted to RMB3,984.6795 million, and a loss allowance of RMB394.8532 million was recognised. Capital Environmental Protection's long-term receivables (including the current portion) amounted to RMB5,367.3151 million, and a loss allowance of RMB39.3499 million was recognised (accounts receivable and long-term receivables are hereafter collectively referred to as "Receivables"). The Receivables represented 35.45% of the consolidated total assets.

The balance of provision for loss allowance of the Receivables represented the management's best available estimates on the expected credit losses ("ECL") for the Receivable as of the balance sheet date.

Management assessed the ECL on an individual basis for Receivables with material amount and obviously low credit risk, as well as Receivables with credit risk significantly increased since initial recognition or with credit loss allowance were being recognized. The remaining Receivables were grouped into different groupings based on their shared credit risk characteristics and aging for determining the related ECL. In determining the ECL, significant management's judgement is involved in the selection of calculation model and the data inputs for ECL calculations (after considering the historical aging profile of the Receivables, existing market conditions and macroeconomic factors for forward-looking adjustments).

III. KEY AUDIT MATTERS (Continued)

(II) Assessment of expected credit losses for accounts receivable and long-term receivables (Continued)

1. *Description* (Continued)

Considering the estimates on ECL for Receivables are subject to high degree of estimation uncertainty and the key assumptions and estimates as adopted involved management's subjective judgement, the inherent risk in relation to the assessment of ECL for Receivables is considered as significant. Also, the balance of the Receivables is material and hence we focused on this area in our audit. Therefore, we have identified assessment of ECL for Receivables as a key audit matter.

2. *Auditor's Response*

We performed the following procedures to address the key audit matter:

- (1) obtained an understanding of and tested the design and operating effectiveness of key internal controls relating to the assessment of expected credit losses on receivables, and assessing the inherent risk of material misstatement;
- (2) Evaluated the outcome of prior period assessment of ECL for receivables to assess the effectiveness of management's estimation process;
- (3) Evaluated the appropriateness of the methodology and model as adopted by management for the calculation of ECL by considering the business nature and characteristics of customers;
- (4) Evaluated the reasonableness of management's assessment of ECL, including the categorization of customers for individual assessment or grouping for collective assessment, and checked the accuracy of the categorization of the Receivables on a sample basis. Also checked, on a sample basis, the accuracy of the aging analysis of the Receivables as prepared by management.
- (5) Checked the mathematical accuracy of the calculation of ECL for the Receivables;
- (6) performed independent confirmation procedures on material receivables; executed alternative procedures for customers failing to respond; and examined subsequent payments to evaluate the reasonableness of management's provision for bad debts.

10. Auditor's Report

IV. OTHER INFORMATION

Management of the Company (the "Management") is responsible for the other information. The other information comprises all of the information included in 2024 annual report of the Company other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (IV) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

10. Auditor's Report

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

- (V) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WUYIGE Certified Public Accountants LLP
Beijing, the People's Republic of China

Signing: _____
(Engagement Partner)

21 March 2025

Signing: _____

Signing: _____

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Consolidated and Company Balance Sheets

31 December 2024

Unit: RMB

Prepared by: Tianjin Capital Environmental Protection Group Company Limited

Item	Notes	Closing balance	Opening balance	Closing balance	Opening balance
Current assets:					
Cash and cash equivalents	V (I)	2,756,992,021.69	2,612,621,802.44	1,414,579,828.11	1,394,631,523.73
Held-for-trading financial assets					
Derivative financial assets					
Notes receivable	V (II)	34,433,958.06	27,711,016.52		
Trade receivables	V (III)	3,589,826,335.15	3,261,907,227.10	1,093,758,954.18	1,258,932,633.64
Receivables financing	V (IV)	7,024,347.00			
Prepayments	V (V)	22,314,317.34	19,808,623.72	445,801.65	321,360.00
Other receivables	V (VI)	97,353,300.68	20,766,138.91	101,295,806.46	32,006,450.20
Including: Interest receivable					
Dividend receivable				4,000,000.00	10,147,500.00
Inventories	V (VII)	40,535,081.99	35,685,140.84	9,811,104.88	11,030,413.77
Including: Data resources					
Contractual assets					
Assets held for sale					
Non-current assets due within one year	V (VIII)	199,090,708.41	228,393,634.16	56,250,459.60	29,411,349.75
Other current assets	V (IX)	109,090,786.06	28,759,979.92	511,399,347.87	804,408,393.36
Total current assets		6,856,660,856.38	6,235,653,563.61	3,187,541,302.75	3,530,742,124.45
Non-current assets:					
Debt investments					
Other debt investments					
Long-term receivables	V (X)	5,128,874,522.65	4,828,821,024.70	3,218,991,182.55	2,945,152,927.11
Long-term equity investments	V (XI)	190,200,882.52	188,650,472.60	5,686,216,183.46	5,293,374,596.95
Other equity instruments investment	V (XII)	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
Other non-current financial assets					
Investment properties	V (XIII)	7,657,173.00			
Fixed assets	V (XIV)	1,489,568,498.08	1,286,922,492.03	451,541,876.19	515,023,704.89
Construction in progress	V (XV)	239,892,515.34	421,446,385.83	15,094,509.62	17,119,828.90
Productive biological assets					
Oil and gas assets					
Right-of-use assets	V (XVI)	3,722,393.42	6,670,680.93	1,379,191.69	7,522,656.60
Intangible assets	V (XVII)	10,946,006,182.15	10,894,760,148.31	3,163,179,941.94	3,325,590,001.39
Including: Data resources					
Development expenditures	V (XVIII)	454,099.24		454,099.24	
Including: Data resources		454,099.24		454,099.24	
Goodwill	V (XIX)		150,050,856.37		
Long-term unamortized expenses					
Deferred income tax assets	V (XX)	71,988,345.01	32,081,174.71	29,152,088.36	31,313,818.25
Other non-current assets	V (XXI)	217,956,227.92	413,597,669.79	1,082,923,240.38	273,749,666.15
Total non-current assets		18,298,320,839.33	18,225,000,905.27	13,650,932,313.43	12,410,847,200.24
Total assets		25,154,981,695.71	24,460,654,468.88	16,838,473,616.18	15,941,589,324.69

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Consolidated and Company Balance Sheets

31 December 2024
Unit: RMB

Item	Notes	Closing balance	Opening balance	Closing balance	Opening balance
Current liabilities:					
Short-term borrowings	V (XXIII)	29,228,819.26	1,992,498.88		
Trading financial liabilities					
Derivative financial liabilities					
Notes payable					
Trade payables	V (XXIV)	946,965,173.51	668,887,778.04	136,359,803.49	100,066,092.86
Advance receipts	V (XXV)	508,010.02			
Contract liabilities	V (XXVI)	221,717,388.90	411,779,848.07	73,878.40	73,878.40
Employee benefits payable	V (XXVII)	105,252,309.61	106,268,337.04	46,235,010.19	42,232,731.30
Taxes payable	V (XXVIII)	111,152,981.14	69,112,568.16	15,138,179.04	611,469.50
Other payables	V (XXIX)	1,060,257,870.64	1,036,476,545.93	927,886,444.89	737,798,105.69
Including: Interest payable					
Dividend payable		7,986,980.00	7,024,880.00		
Liabilities held for sale					
Non-current liabilities due within a year	V (XXX)	2,092,742,750.09	2,010,925,749.09	1,795,841,690.35	1,670,675,591.75
Other current liabilities	V (XXXI)	19,732,253.93	1,490,000.00		
Total current liabilities		4,587,557,557.10	4,306,933,325.21	2,921,535,006.36	2,551,457,869.50
Non-current liabilities:					
Long-term borrowings	V (XXXII)	7,414,407,322.97	7,257,624,506.97	3,833,031,110.87	3,443,564,110.87
Debentures payable	V (XXXIII)	499,632,500.00	629,632,500.00	499,632,500.00	629,632,500.00
Including: Preference shares					
Perpetual bonds					
Lease liabilities	V (XXXIV)	1,280,116.25	3,175,826.30	453,251.00	4,004,537.64
Long-term payables	V (XXXV)	102,593,539.92	140,960,085.72	102,593,539.92	138,375,357.31
Long-term employee compensations payable					
Accrued liabilities					
Deferred revenue	V (XXXVI)	1,637,976,137.69	1,791,278,739.63	1,255,247,033.12	1,322,224,947.28
Deferred income tax liabilities	V (XX)	86,249,975.52	87,288,520.05		
Other non-current liabilities	V (XXXVII)	27,990,000.00	28,000,000.00	470,000,000.00	470,000,000.00
Total non-current liabilities		9,770,129,592.35	9,937,960,178.67	6,160,957,434.91	6,007,801,453.10
Total liabilities		14,357,687,149.45	14,244,893,503.88	9,082,492,441.27	8,559,259,322.60
EQUITY:					
Share capital	V (XXXVIII)	1,570,418,085.00	1,570,418,085.00	1,570,418,085.00	1,570,418,085.00
Other equity instruments					
Including: Preference shares					
Perpetual bonds					
Capital surplus	V (XXXIX)	1,114,966,012.00	1,114,793,085.31	1,065,703,468.04	1,065,703,468.04
Less: Treasury shares					
Other comprehensive income					
Special reserve					
Surplus reserve	V (XXXX)	850,018,726.34	786,584,668.85	850,018,726.34	786,584,668.85
Undistributed profits	V (XXXXI)	6,133,464,906.76	5,650,377,740.31	4,269,840,895.53	3,959,623,780.20
Total equity attributable to shareholders of the Company		9,668,867,730.10	9,122,173,579.47		
Minority interests		1,128,426,816.16	1,093,587,385.53		
Total equity		10,797,294,546.26	10,215,760,965.00	7,755,981,174.91	7,382,330,002.09
Total liabilities and equity		25,154,981,695.71	24,460,654,468.88	16,838,473,616.18	15,941,589,324.69

Officer in charge of the Company:
Tang Fusheng

Officer in charge of accounting operations:
Nie Yanhong

Officer in charge of the
accounting department:
Liu Tao

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Consolidated and Company Income Statements

2024 Year
Unit: RMB

Prepared by: Tianjin Capital Environmental Protection Group Company Limited

Item	Notes	2024	2023	2024	2023
I. Operating income	V (XLII)	4,827,453,005.80	4,665,082,961.28	1,651,764,871.69	1,657,681,188.33
Less: Operating costs	V (XLII)	2,906,884,803.82	2,844,516,926.91	805,853,759.42	804,057,535.54
Tax expenses and surcharge	V (XLIII)	61,262,655.84	47,358,936.44	28,602,188.58	17,807,996.10
Selling expenses	V (XLIV)	10,072,934.71	11,471,450.96		
Administrative expenses	V (XLV)	248,716,944.79	240,127,415.22	118,548,557.01	111,140,548.53
Research and development expenses	V (XLVI)	65,289,666.95	53,061,711.10	36,482,087.36	28,462,705.40
Finance expenses	V (XLVII)	344,980,035.03	213,142,232.63	205,480,843.25	89,112,912.80
Including: Interest expenses		381,723,020.15	390,842,621.17	239,024,966.72	248,055,689.61
Interest income		21,685,451.68	168,983,308.52	18,030,926.77	150,016,089.92
Add: Other income	V (XLVIII)	93,685,969.92	96,824,449.76	67,427,221.25	67,159,853.84
Investment gain (losses marked with a “-” sign)	V (XLIX)	1,550,409.92	-4,257,840.64	342,556,438.20	266,673,750.19
Including: Investment revenue in associates and joint ventures		1,550,409.92	-4,457,840.64	1,550,409.92	-4,457,840.64
Gain on derecognition of financial assets measured at amortized cost					
Net exposure hedging gains (losses marked with a “-” sign)					
Gain on fair value changes (losses marked with a “-” sign)					
Impairment loss of credit (losses marked with a “-” sign)	V (L)	-94,040,256.92	-75,581,792.72	6,342,454.14	-46,627,799.00
Impairment loss of assets (losses marked with a “-” sign)	V (LI)	-148,160,626.04	-169,752,950.19	-150,050,856.37	-169,762,307.54
Disposal gain on asset (losses marked with a “-” sign)	V (LII)		24,070.32		
II. Profit from operations (losses marked with a “-” sign)		1,043,281,461.54	1,102,660,224.55	723,072,693.29	724,542,987.45
Add: Non-operating income	V (LIII)	5,076,578.79	6,133,308.31	4,569,102.92	5,004,961.17
Less: Non-operating expenses	V (LIV)	1,295,697.70	2,583,716.00	13,504.93	2,168,298.48
III. Total profit (total loss marked with a “-” sign)		1,047,062,342.63	1,106,209,816.86	727,628,291.28	727,379,650.14
Less: Income tax expenses	V (LV)	176,401,310.03	202,766,962.96	93,287,716.35	85,423,374.66
IV. Net profit (net loss marked with a “-” sign)		870,661,032.60	903,442,853.90	634,340,574.93	641,956,275.48
(I) Classified by continuity of operations:					
1. Net profit from continuing operations (net loss marked with a “-” sign)		870,661,032.60	903,442,853.90	634,340,574.93	641,956,275.48
2. Net profit from discontinued operations (net loss marked with a “-” sign)					
(II) Classified by ownership:					
1. Net profits attributable to shareholders of the parent (net loss marked with a “-” sign)		807,210,626.05	865,207,128.31		
2. Profit or loss attributable to minority shareholders (net loss marked with a “-” sign)		63,450,406.55	38,235,725.59		

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Consolidated and Company Income Statements

31 December 2024
Unit: RMB

Item	Notes	2024	2023	2024	2023
V. Other comprehensive income, net of tax					
(I) Other comprehensive income attributable to shareholders of the parent, net of tax					
1. Other comprehensive income not subject to reclassification to profit or loss					
(1) Remeasure the change in the set benefit plan					
(2) Other comprehensive income under the equity method that cannot be converted into profit or loss in future					
(3) Change in fair value of other equity instrument investments					
(4) Changes in the fair value of the enterprise's own credit risk					
2. Other comprehensive income to be reclassified into profit or loss in future					
(1) Other comprehensive income of convertible profit or loss under the equity method					
(2) Changes in the fair value of other debt investments					
(3) The amount of financial assets reclassified into other comprehensive income					
(4) Other debt investment credit impairment provisions					
(5) Cash flow hedging reserve (effective portion of cash flow hedge gains/losses)					
(6) Conversion difference of foreign currency statement					
(7) Others					
(II) Other comprehensive income attributable to minority shareholders, net of tax					
VI. Total comprehensive income		870,661,032.60	903,442,853.90	634,340,574.93	641,956,275.48
(I) Total comprehensive income attributable to shareholders of the parent		807,210,626.05	865,207,128.31		
(II) Total comprehensive income attributable to minority shareholders		63,450,406.55	38,235,725.59		
VII. Earnings per share					
(I) Basic earnings per share		0.51	0.55		
(II) Diluted earnings per share		0.51	0.55		

Officer in charge of the Company:

Tang Fusheng

Officer in charge of accounting operations:

Nie Yanhong

Officer in charge of the

accounting department:

Liu Tao

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Consolidated and Company Cash Flow Statements

2024 Year

(All amounts in RMB thousand unless otherwise stated)

Prepared by: Tianjin Capital Environmental Protection Group Company Limited

Item	Notes	2024	2023	2024	2023
I. Cash flows from operating activities:					
Cash received from sales of goods and provision of services		4,138,875,876.23	3,885,453,498.40	1,567,821,347.83	1,288,258,522.01
Refund of taxes and levies		3,311,909.06	2,242,195.09		57,817.68
Other cash received relating to operating activities	V (LVI)	44,526,009.51	77,131,737.78	1,330,437,655.74	1,314,473,669.51
Subtotal of cash inflows of operating activities		4,186,713,794.80	3,964,827,431.27	2,898,259,003.57	2,602,790,009.20
Cash paid for goods purchased and services received		1,872,429,100.26	2,188,579,891.97	483,474,123.29	537,853,655.39
Cash paid to or on behalf of employees		482,066,981.10	445,462,617.33	152,329,613.13	138,800,762.32
Taxes and levies paid		318,248,452.62	281,913,386.62	142,465,819.26	102,580,798.65
Other cash paid relating to operating activities	V (LVI)	131,952,539.86	56,855,129.91	1,719,492,780.85	1,386,535,195.08
Subtotal of cash outflows from operating activities		2,804,697,073.84	2,972,811,025.83	2,497,762,336.53	2,165,770,411.44
Net cash flows from operating activities		1,382,016,720.96	992,016,405.44	400,496,667.04	437,019,597.76
II. Cash flows from investing activities:					
Cash received from disposal of investments					
Cash from investment income	V (LVI)		200,020.00	335,408,076.07	264,339,636.12
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	V (LVI)	195,563.21	686,603.53	11,000.00	337,860.66
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets					
Other cash received relating to investing activities	V (LVI)		22,339,496.17	437,820,000.00	387,064,313.00
Subtotal of cash inflows from investing activities		195,563.21	23,226,119.70	773,239,076.07	651,741,809.78
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	V (LVI)	686,443,107.62	1,666,332,208.89	42,625,857.11	327,438,142.98
Cash paid for investments	V (LVI)	8,893,947.34		214,993,705.34	
Net cash paid to acquire subsidiaries and other business units					388,011,054.61
Cash paid relating to other investing activities	V (LVI)	50,232,634.28		808,855,888.96	1,032,937,551.09
Subtotal of cash outflows from investing activities		745,569,689.24	1,666,332,208.89	1,066,475,451.41	1,748,386,748.68
Net cash flows from investing activities		-745,374,126.03	-1,643,106,089.19	-293,236,375.34	-1,096,644,938.90
III. Cash flows from financing activities:					
Cash received from capital injection		19,955,142.00	71,773,045.00		
Including: Cash received from capital injection of minority shareholders in subsidiaries		19,955,142.00	71,773,045.00		
Cash received from acquisition of loans		2,645,330,051.06	2,557,369,537.01	1,580,000,000.00	1,588,494,720.00
Proceeds from issuance of bonds		500,000,000.00		500,000,000.00	
Cash received relating to other financing activities	V (LVI)	500,000.00	1,000,000.00	320,100,000.00	
Subtotal of cash inflows from financing activities		3,165,785,193.06	2,630,142,582.01	2,400,100,000.00	1,588,494,720.00
Cash paid for repayment of borrowings		2,977,171,287.47	1,909,773,626.20	1,698,939,000.00	1,544,509,714.93
Cash paid for distribution of dividends, profits or payment of interest expenses		690,406,852.01	638,205,863.97	468,472,987.32	226,140,204.24
Including: Dividends and profits paid to minority shareholders by subsidiaries		36,523,291.66	36,063,624.52		
Cash paid relating to other financing activities	V (LVI)	40,712,063.54	48,055,518.29	320,000,000.00	38,859,284.23
Subtotal of cash outflows from financing activities		3,708,290,203.02	2,596,035,008.46	2,487,411,987.32	1,809,509,203.40
Net cash flows from financing activities		-542,505,009.96	34,107,573.55	-87,311,987.32	-221,014,483.40
IV. Effect on cash and cash equivalent from change of exchange rate					
V. Net increase in cash and cash equivalents		94,137,584.97	-616,982,110.20	19,948,304.38	-880,639,824.54
Add: Balance of cash and cash equivalents as at the beginning of the Period		2,571,361,674.43	3,188,343,784.63	1,394,631,523.73	2,275,271,348.27
VI. Balance of cash and cash equivalents as at the end of the Period		2,665,499,259.40	2,571,361,674.43	1,414,579,828.11	1,394,631,523.73

Officer in charge of the Company:
Tang Fusheng

Officer in charge of accounting operations:
Nie Yanhong

Officer in charge of the
accounting department:
Liu Tao

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Consolidated Statement of Changes in Shareholders' Equity

2024 Year
Unit: RMB

Prepared by: Tianjin Capital Environmental Protection Group Company Limited

2024													
Item	Equity attributable to shareholders of the parent												
	Share capital	Preference shares	Other equity instruments Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Sub-total	Minority interests	Total shareholders' equity
I. Closing balance of the previous year	1,570,418,085.00				1,114,793,085.31				786,584,668.85	5,650,377,740.31	9,122,173,579.47	1,093,587,385.53	10,215,760,965.00
Add: Changes in accounting policies													
Correction of prior period errors													
Others													
II. Opening balance for the year	1,570,418,085.00				1,114,793,085.31				786,584,668.85	5,650,377,740.31	9,122,173,579.47	1,093,587,385.53	10,215,760,965.00
III. Changes during the period (decrease marked with a "-" sign)					172,926.69				63,434,057.49	483,087,166.45	546,694,150.63	34,839,430.63	581,533,581.26
(I) Total comprehensive income										807,210,626.05	807,210,626.05	63,450,406.55	870,661,032.60
(II) Shareholders' inputs and capital reduction					172,926.69						172,926.69	10,888,267.97	11,061,194.66
1. Ordinary shares invested by shareholders												19,955,142.00	19,955,142.00
2. Capital contributions from holders of other equity instruments													
3. Amount of share-based payments credited to owners' equity													
4. Acquisition of minority interests					172,926.69						172,926.69	-9,066,874.03	-8,893,947.34
(III) Profit distribution									63,434,057.49	-324,123,459.60	-260,689,402.11	-39,499,243.89	-300,188,646.00
1. Withdrawal of surplus reserve									63,434,057.49	-63,434,057.49			
2. Distribution to shareholders										-260,689,402.11	-260,689,402.11	-39,499,243.89	-300,188,646.00
3. Others													
(IV) Internal transfer of shareholders' equity													
1. Capitalization of capital reserves into share capital													
2. Transfer of surplus reserves to share capital													
3. Make up losses by surplus reserves													
4. Carry forward of retained earnings in respect of changes in defined benefit plans													
5. Other comprehensive income carried forward to retained earnings													
6. Others													
(V) Special reserve													
1. Withdrawals during the period													
2. Utilization during the period													
(VI) Others													
IV. Closing balance of the Period	1,570,418,085.00				1,114,966,012.00				850,018,726.34	6,133,464,906.76	9,668,867,730.10	1,128,426,816.16	10,797,294,546.26

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Consolidated Statement of Changes in Shareholders' Equity

2024 Year
Unit: RMB

2023													
Equity attributable to shareholders of the parent													
Item	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Sub-total	Minority interests	Total shareholders' equity
I. Closing balance of the previous year	1,570,418,085.00				1,111,155,745.85				722,389,041.30	5,075,506,443.79	8,479,469,315.94	1,022,824,093.82	9,502,293,409.76
Add: Changes in accounting policies													
Correction of prior period errors													
Others													
II. Opening balance for the year	1,570,418,085.00				1,111,155,745.85				722,389,041.30	5,075,506,443.79	8,479,469,315.94	1,022,824,093.82	9,502,293,409.76
III. Changes during the period													
(decrease marked with a "-" sign)					3,637,339.46				64,195,627.55	574,871,296.52	642,704,263.53	70,763,291.71	713,467,555.24
(I) Total comprehensive income										865,207,128.31	865,207,128.31	38,235,725.59	903,442,853.90
(II) Shareholders' inputs and capital reduction					3,637,339.46						3,637,339.46	72,059,063.13	75,696,402.59
1. Ordinary shares invested by shareholders												71,773,045.00	71,773,045.00
2. Capital contributions from holders of other equity instruments													
3. Amount of share-based payments credited to owners' equity					3,637,339.46						3,637,339.46	286,018.13	3,923,357.59
4. Others													
(III) Profit distribution									64,195,627.55	-290,335,831.79	-226,140,204.24	-39,531,497.01	-265,671,701.25
1. Withdrawal of surplus reserve									64,195,627.55	-64,195,627.55			
2. Distribution to shareholders										-226,140,204.24	-226,140,204.24	-39,531,497.01	-265,671,701.25
3. Others													
(IV) Internal transfer of shareholders' equity													
1. Capitalization of capital reserves into share capital													
2. Transfer of surplus reserves to share capital													
3. Make up losses by surplus reserves													
4. Carry forward of retained earnings in respect of changes in defined benefit plans													
5. Other comprehensive income carried forward to retained earnings													
6. Others													
(V) Special reserve													
1. Withdrawals during the period													
2. Utilization during the period													
(VI) Others													
IV. Closing balance of the Period	1,570,418,085.00				1,114,793,085.31				786,584,668.85	5,690,377,740.31	9,122,173,579.47	1,093,587,385.53	10,215,760,965.00

Officer in charge of the Company:
Tang Fusheng

Officer in charge of accounting operations:
Nie Yanhong

Officer in charge of the
accounting department:
Liu Tao

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Statement of Changes in Shareholders' Equity of the Parent Company

2024 Year
Unit: RMB

Prepared by: Tianjin Capital Environmental Protection Group Company Limited

Item	2024									
	Share capital	Preference shares	Other equity instruments Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits
I. Closing balance of the previous year	1,570,418,085.00				1,065,703,468.04				786,584,668.85	3,959,623,780.20
Add: Changes in accounting policies										
Correction of prior period errors										
Others										
II. Opening balance for the year	1,570,418,085.00				1,065,703,468.04				786,584,668.85	3,959,623,780.20
III. Changes during the period (decrease marked with a "-" sign)									63,434,057.49	310,217,115.33
(I) Total comprehensive income										634,340,574.93
(II) Shareholders' inputs and capital reduction										
1. Ordinary shares invested by shareholders										
2. Capital contributions from holders of other equity instruments										
3. Amount of share-based payments credited to owners' equity										
4. Others										
(III) Profit distribution									63,434,057.49	-324,123,459.60
1. Withdrawal of surplus reserve									63,434,057.49	-63,434,057.49
2. Distribution to shareholders										-260,689,402.11
3. Others										
(IV) Internal transfer of shareholders' equity										
1. Capitalization of capital reserves into share capital										
2. Transfer of surplus reserves to share capital										
3. Make up losses by surplus reserves										
4. Carry forward of retained earnings in respect of changes in defined benefit plans										
5. Other comprehensive income carried forward to retained earnings										
6. Others										
(V) Special reserve										
1. Withdrawals during the period										
2. Utilization during the period										
(VI) Others										
IV. Closing balance of the Period	1,570,418,085.00				1,065,703,468.04				850,018,726.34	4,269,840,895.53

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Statement of Changes in Shareholders' Equity of the Parent Company

2024 Year
Unit: RMB

Item	2023										
	Share capital	Preference shares	Other equity instruments Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Total shareholders' equity
I. Closing balance of the previous year	1,570,418,085.00				1,061,780,110.45				722,389,041.30	3,608,003,336.51	6,962,590,573.26
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Opening balance for the year	1,570,418,085.00				1,061,780,110.45				722,389,041.30	3,608,003,336.51	6,962,590,573.26
III. Changes during the period											
(decrease marked with a "-" sign)					3,923,357.59				64,195,627.55	351,620,443.69	419,739,428.83
(I) Total comprehensive income										641,956,275.48	641,956,275.48
(II) Shareholders' inputs and capital reduction					3,923,357.59						3,923,357.59
1. Ordinary shares invested by shareholders											
2. Capital contributions from holders of other equity instruments											
3. Amount of share-based payments credited to owners' equity					3,923,357.59						3,923,357.59
4. Others											
(III) Profit distribution									64,195,627.55	-290,335,831.79	-226,140,204.24
1. Withdrawal of surplus reserve									64,195,627.55	-64,195,627.55	
2. Distribution to shareholders										-226,140,204.24	-226,140,204.24
3. Others											
(IV) Internal transfer of shareholders' equity											
1. Capitalization of capital reserves into share capital											
2. Transfer of surplus reserves to share capital											
3. Make up losses by surplus reserves											
4. Carry forward of retained earnings in respect of changes in defined benefit plans											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawals during the period											
2. Utilization during the period											
(VI) Others											
IV. Closing balance of the Period	1,570,418,085.00				1,065,703,468.04				786,584,668.85	3,959,623,780.20	7,382,330,002.09

Officer in charge of the Company:
Tang Fusheng

Officer in charge of accounting operations:
Nie Yanhong

Officer in charge of the
accounting department:
Liu Tao

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

1 GENERAL INFORMATION

(I) Information of the Company

Tianjin Capital Environmental Protection Group Company Limited (the “Group”) was formerly Tianjin Bohai Chemical Industry (Group) Company Limited (“Bohai Chemical Industry”). Bohai Chemical Industry was established on 8 June 1993 in Tianjin, the People’s Republic of China (the “PRC”). Shares (“H Shares”) were issued to foreign investors, listed in the Stock Exchange of Hong Kong Ltd. in May 1994; then listed in the Shanghai Stock Exchange (“A Shares”) in June 1995. Due to significant losses, Bohai Chemical Industry completed the major equity and assets reorganisation, and became Tianjin Capital Environmental Protection Group Company Limited at the end of 2000. As at 31 December 2024, the total share capital of the Group was RMB 1.57 billion with a par value of RMB 1 per share.

The registered address of the Group is 12th Floor, TCEP Building No.76 Weijin South Road, Nankai District, Tianjin, the PRC. The parent company of the Group is Tianjin Municipal Investment Company Limited (“Tianjin Municipal Investment”) and the ultimate holding company of the Group is Tianjin Investment Group & Investment (Group) Co., Ltd. (“Tianjin Infrastructure Investment Group”).

The principal business activities of the Group and its subsidiaries (hereafter collectively the “Group”) include sewage treatment, tap water supply, recycled water business, heating and cooling supply services, environmental protection equipment customisation, hazardous waste treatment, the construction and management of related facilities, and contract operation services.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

1 GENERAL INFORMATION (Continued)

(I) Information of the Company (Continued)

1. Sewage treatment

In accordance with the concession agreements signed with the relevant institutions affiliated to the governments of many places in China ("Service Concession Right Agreements"), the Group engages in processing of sewage water through the following listed sewage treatment plants, obtaining the revenue of the processing of sewage at the agreed price. According to the changes in the factors affecting the cost of water price, the unit price of sewage treatment service will be adjusted periodically based on the contract, as shown below.

Location	Agreement date	Authorised by
Guiyang, Guizhou	16 September 2004	Guiyang City Administration Bureau
Baoying, Jiangsu	13 June 2005	Baoying Construction Bureau
Chibi, Hubei	15 July 2005	Chibi Construction Bureau
Fuyang, Anhui	18 December 2005	Fuyang Construction Committee
Qujing, Yunnan	25 December 2005	Qujing Housing and Urban-Rural Construction Bureau
Honghu, Hubei	29 December 2005	Honghu Construction Bureau
Hangzhou, Zhejiang	20 November 2006	Hangzhou City Water Facilities and River Protection Management Center
Jinghai District, Tianjin	12 September 2007	Management Committee of Tianjin Tianyu Science Technology Park
Wendeng District, Weihai, Shandong	19 December 2007	Weihai Wendeng Construction Bureau
Xi'an, Shaanxi	18 March 2008	Xi'an Municipal Infrastructure Construction Investment Group Corporation, Ltd.
Anguo, Hebei	28 September 2008	The People's Government of Anguo City
Xianning, Hubei	16 October 2008	Xianning Construction Committee
Yingdong District, Fuyang, Anhui	10 August 2009	Fuyang Yingdong Construction Bureau
Ninghe District, Tianjin	21 September 2010	Management Committee of Modern Industrial Zone of Ninghe
Qujing, Yunnan	16 August 2011	Qujing Housing and Urban-Rural Construction Bureau
Chaoahu, Anhui	25 August 2011	Chaoahu Hanshan Housing and Urban-Rural Construction Bureau
Jinnan District, Tianjin	18 February 2014	Tianjin Urban-rural Construction Commission and Tianjin Water Authority Bureau
Xiqing District, Tianjin	18 February 2014	Tianjin Urban-rural Construction Commission and Tianjin Water Authority Bureau
Dongli District, Tianjin	18 February 2014	Tianjin Urban-rural Construction Commission and Tianjin Water Authority Bureau
Beichen District, Tianjin	18 February 2014	Tianjin Urban-rural Construction Commission and Tianjin Water Authority Bureau
Yingshang County, Fuyang, Anhui	16 June 2016	Fuyang Yingshang Housing and Urban-Rural Construction Bureau
Karamay, Xinjiang	4 November 2016	Karamay Construction Bureau
Linxia, Gansu	13 May 2017	Linxia Housing and Urban-Rural Construction Bureau
Ningxiang, Hunan	5 June 2017	Administrative Committee of Ningxiang Economic & Technological Development Zone
Hefei, Anhui	16 June 2017	Hefei Urban-Rural Construction Committee
Dalian, Liaoning	1 November 2017	Dalian Urban Construction Bureau
Bayannur, Inner Mongolia	12 December 2017	Bayannur Water Bureau and Bayannur Hetao Water Affair Group Co., Ltd.
Ningxiang, Hunan	27 April 2018	Administrative Committee of Ningxiang Economic & Technological Development Zone
Honghu, Hubei	9 June 2018	Honghu Housing and Urban-Rural Construction Bureau

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

1 GENERAL INFORMATION (Continued)

(I) Information of the Company (Continued)

1. Sewage treatment (Continued)

Location	Agreement date	Authorised by
Shibing County, Qiandongnan, Guizhou	12 July 2018	Shibing Water Bureau
Hefei, Anhui	28 November 2018	Hefei Urban-Rural Construction Committee
Deqing County, Huzhou, Zhejiang	21 November 2018	Deqing Qianyuan Municipal Government
Jieshou, Anhui	2 March 2019	Jieshou Housing and Urban-Rural Construction Committee
Gaocheng District, Shijiazhuang, Hebei	2 April 2019	Management Committee of Shijiazhuang Gaocheng Economic and Technological Development Zone
Jiuquan, Gansu	22 June 2019	Jiuquan Suzhou District People's Government
Yingdong District, Fuyang, Anhui	26 August 2019	Fuyang Urban-Rural Construction Bureau
Huoqiu County, Lu'an, Anhui	2 January 2020	Lu'an Huoqiu Housing and Urban-Rural Construction Bureau
Huize County, Qujing, Yunnan	24 February 2020	Qujing Huize Housing and Urban-Rural Construction Bureau
Honghu, Hubei	18 March 2021	Honghu Housing and Urban-Rural Construction Bureau
Xiqing District, Tianjin	12 May 2021	Tianjin Xiqing District Water Affairs Center
Karamay, Xinjiang	24 March 2023	Karamay Housing and Urban-Rural Construction Bureau
Enshi, Hubei	9 June 2023	Enshi Housing and Urban-Rural Construction Bureau
Ma'anshan, Anhui	22 September 2023	Ma'anshan Hanshan Housing and Urban-Rural Construction Bureau
Weng'an County, Qiannan, Guizhou	17 January 2024	Weng'an County Bureau of Water Affairs
Chibi, Hubei	15 November 2024	Chibi Housing and Urban-Rural Construction Bureau
Huize County, Qujing, Yunnan	8 November 2024	Huize Housing and Urban-Rural Construction Bureau
Huoqiu County, Lu'an, Anhui	8 November 2024	Huoqiu Housing and Urban-Rural Construction Bureau
Wuhu, Anhui	31 December 2024	Wuhu Housing and Urban-Rural Construction Bureau

2. Tap water supply

Pursuant to Service Concession Right Agreements, tap water supply service of the Group was initially at the pre-determined price. According to the changes in the factors affecting the cost of water price, the unit price of tap water supply service will be adjusted periodically based on the contract, as shown below:

Location	Agreement date	Authorised by
Bayannur, Inner Mongolia	12 December 2017	Bayannur Water Bureau and Bayannur Hetao Water Affair Group Co., Ltd.
Hanshou County, Changde, Hunan	12 December 2017	Changde Hanshou Water Bureau
Qujing, Yunnan	25 December 2005	Qujing Sewage Company

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

1 GENERAL INFORMATION (Continued)

(I) Information of the Company (Continued)

3. Recycled water business

The Group's recycled water business mainly includes developing, constructing, and operating of recycled water projects, production and sales of recycled water, as well as provision of related research, development and technical consultation services of recycled water treatment process and equipment.

4. Heating and cooling supply services

Pursuant to Service Concession Right Agreements, the Group provides the following areas with the heating and cooling supply services, including design, construction, operations and transfer of centralised heating and cooling infrastructures, and provision of heating and cooling services:

Location	Agreement date	Authorised by
Xiqing District, Tianjin	16 June 2016	Tianjin Urban-Rural Construction Commission
Binhai New Area, Tianjin	11 July 2017	Tianjin Urban-Rural Construction Commission and The People's government of Tianjin Binhai New Area
Hexi District, Tianjin	16 June 2016	Tianjin Urban-Rural Construction Commission
Hexi District, Tianjin	16 March 2011	Tianjin Urban-Rural Construction and Transportation Commission
Xiqing District, Tianjin	31 December 2021	Tianjin Xiqing District Housing and Construction Committee and Tianjin Xiqing District Urban Management Committee

5. Hazardous waste treatment

Hazardous treatment includes hazardous and general solid waste treatment. Currently, the Group conducts the disposal by way of incineration, landfill, physicochemical and curing treatment. Adoption of treatment method tailored to the local conditions helps to realise the aim of harmless treatment, conversion to resource and waste reduction.

(2) Authorisation of Financial Statements and Approval Date

The financial statements of Tianjin Capital Environmental Protection Group Company Limited were approved for issue at its 54th meeting of the 9th session of the Board on 21 March 2025.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(I) Basis of Preparation

The Group's financial statements have been prepared on a going concern basis in accordance with actual transactions and events in compliance with the Accounting Standards for Business Enterprises – Basic Standards and specific accounting standards issued by the Ministry of Finance (collectively referred to as “ASBE”) applying the significant accounting policies and estimates established by the Group.

The Group's H Shares are listed and traded on The Stock Exchange of Hong Kong Ltd. Related matters have been disclosed in the financial statements in accordance with the requirements of the Hong Kong Companies Ordinance which came into effect on 3 March 2014.

(II) Going Concern

The Company has the ability to continue as a going concern for at least twelve months from the end of the reporting period, with no significant matters identified that may cast doubt on this ability.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group determines its specific accounting policies and estimates based on operational characteristics, which are primarily reflected in measurement of expected credit losses on receivables and contract assets, depreciation of fixed assets, amortisation of intangible assets and right-of-use assets, impairment of intangible assets and goodwill, timing of revenue recognition, deferred tax assets and deferred tax liabilities.

The key judgements made in determining significant accounting policies, along with important accounting estimates and their underlying assumptions, are detailed in Section III (28) “Other Significant Accounting Policies and Estimates”.

(I) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Group are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position as at 31 December 2024 and their financial performance, cash flows and other information for the year 2024.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(II) Accounting period

The Group's accounting year starts on 1 January and ends on 31 December.

(III) Operating Cycle

The Group applies a 12-month period as its normal operating cycle and uses the operating cycle as the basis for classifying assets and liabilities as current.

(IV) Recording currency

The Group's recording currency is Renminbi (RMB). The recording currency of the Group's each of subsidiaries is determined based on the primary economic environment in which the subsidiary operates, and except the recording currency of Tianjin Capital Environmental Protection (Hong Kong) Limited is HKD, the remaining subsidiaries' recording currency is RMB. The financial statements are presented in RMB.

(V) Methodology and Basis for Determining Materiality Thresholds

1. *Materiality of Financial Statement Items*

The Group determines the materiality of financial statement items based on whether they may influence the economic decisions of financial statement users, considering both qualitative and quantitative factors. Quantitative materiality is assessed by reference to an item's proportion of total assets, total liabilities, total equity, operating revenue, or net profit. Qualitative materiality is evaluated based on factors such as whether the item relates to ordinary business activities, causes a change between profit and loss or affects regulatory compliance indicators, thereby significantly impacting financial position or operating results.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(V) Methodology and Basis for Determining Materiality Thresholds (Continued)

2. Materiality of Disaggregated Disclosures in Notes

The Group assesses the materiality of disaggregated note disclosures by applying a proportion threshold relative to the parent financial statement line item; or combining quantitative and qualitative considerations, including the nature of specific items. Certain items may not be material to the financial statements but remain material for note disclosure purposes and are therefore disclosed separately. The materiality criteria for note disclosures are as follows:

Item	Materiality Threshold
Significant individual provision for bad debts on receivables	Individual accounts receivable exceeding 5% of the total consolidated accounts receivable balance.
Significant construction-in-progress projects	Budgeted investment exceeding 5% of the latest audited equity attributable to the parent company's owners.
Subsidiaries with significant minority interests	Comprehensive consideration of whether the subsidiary is a listed company and whether its minority interests exceed 1% of the Group's consolidated equity.

(VI) Business Combinations

1. Business Combinations Under Common Control

For long-term equity investments formed through business combinations under common control, if the combining party pays cash, transfers non-cash assets, or assumes liabilities as the consideration for the combination, the initial investment cost of the long-term equity investment is the share of the carrying amount of the combined party's owners' equity in the consolidated financial statements of the ultimate controlling party on the combination date. If the combining party issues equity instruments as the consideration for the combination, the total par value of the shares issued is recognised as share capital. The difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration (or the total par value of the shares issued) is adjusted against capital reserve; if the capital reserve is insufficient to offset the difference, the balance is adjusted against retained earnings.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VI) Business Combinations (Continued)

2. *Business Combinations Not Under Common Control*

For business combinations not under common control, the cost of the combination is the sum of the fair values of the assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer to obtain control of the acquiree on the acquisition date. The identifiable assets, liabilities, and contingent liabilities acquired in a business combination not under common control that meet the recognition criteria are measured at fair value on the acquisition date. The excess of the cost of the combination over the acquirer's interest in the fair value of the identifiable net assets acquired is recognised as goodwill. If the cost of the combination is less than the acquirer's interest in the fair value of the identifiable net assets acquired, the difference is recognised as non-operating income in the current period after reassessment confirms that the cost remains less than the fair value of the identifiable net assets acquired.

(VII) Criteria for Control and Methods for Preparing Consolidated Financial Statements

1. *Criteria for Control*

The consolidation scope of the consolidated financial statements is determined based on control. An investee is considered to be controlled if the following three elements are present: power over the investee, exposure to variable returns from involvement with the investee, and the ability to use power over the investee to affect the amount of returns.

2. *Methods for Preparing Consolidated Financial Statements*

- (1) Uniform accounting policies and uniform balance sheet date and accounting periods for the parent and subsidiaries.

If a subsidiary adopts accounting policies or accounting periods inconsistent with those of the Group, necessary adjustments are made to the subsidiary's financial statements in accordance with the Group's accounting policies or accounting periods when preparing the consolidated financial statements.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VII) Criteria for Control and Methods for Preparing Consolidated Financial Statements (Continued)

2. *Methods for Preparing Consolidated Financial Statements* (Continued)

(2) Elimination of intercompany transactions in consolidated financial statements

The consolidated financial statements are based on the financial statements of the parent and subsidiaries, with internal transactions between the parent and subsidiaries or among subsidiaries eliminated. The portion of the subsidiary's owners' equity not attributable to the Group is presented as minority interests under equity in the consolidated balance sheet. Long-term equity investments held by a subsidiary in the parent are treated as treasury shares of the parent and presented as a credit to equity under the "Less: Treasury Shares" item in the consolidated balance sheet.

(3) Accounting treatment for subsidiaries acquired through business combinations

For subsidiaries acquired through business combinations under common control, the combination is deemed to have occurred when the ultimate controlling party began to exercise control, and the subsidiary's assets, liabilities, operating results, and cash flows are included in the consolidated financial statements from the beginning of the period in which the combination occurred. For subsidiaries acquired through business combinations not under common control, adjustments are made to the subsidiary's individual financial statements based on the fair value of identifiable net assets on the acquisition date when preparing the consolidated financial statements.

(4) Accounting treatment for disposal of subsidiaries

For partial disposals of long-term equity investments in subsidiaries without loss of control, the difference between the disposal proceeds and the share of the subsidiary's net assets continuously calculated from the acquisition or combination date corresponding to the disposed long-term equity investment is adjusted against capital reserve in the consolidated financial statements; if the capital reserve is insufficient to offset the difference, the balance is adjusted against retained earnings. If control over the investee is lost due to partial disposal of equity investments, the remaining equity is remeasured at fair value on the date control is lost when preparing the consolidated financial statements. The sum of the consideration received from the disposal and the fair value of the remaining equity, less the share of the original subsidiary's net assets continuously calculated from the acquisition or combination date based on the original shareholding ratio, is recognised as investment income in the period control is lost, with any goodwill written off. Other comprehensive income related to the original subsidiary's equity investment is reclassified to investment income for the current period when control is lost.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VII) Criteria for Control and Methods for Preparing Consolidated Financial Statements (Continued)

3. *Accounting Treatment for Joint Ventures*

Where the Group is a joint venture party, investments in joint ventures are accounted for in accordance with Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments. Where the Group is not a joint venture party, accounting treatment is based on the degree of influence over the joint venture.

(VIII) Definition of Cash and Cash Equivalents

For the purpose of preparing the cash flow statement, cash comprises cash on hand and deposits that can be withdrawn on demand. Cash equivalents determined when preparing the cash flow statement are short-term, highly liquid investments that are readily convertible into known amounts of cash and subject to insignificant risk of changes in value.

(IX) Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

1. *Translation of Foreign Currency Transactions*

Foreign currency transactions are translated into the functional currency at the spot exchange rate on the transaction date. Monetary items denominated in foreign currencies are translated at the spot exchange rate on the balance sheet date. Exchange differences arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at initial recognition or the previous balance sheet date are recognised in profit or loss for the period, except for exchange differences on foreign currency borrowings that qualify for capitalisation, which are capitalised as part of the cost of the related asset during the capitalisation period. Non-monetary items measured at historical cost continue to be translated at the spot exchange rate on the transaction date and are not restated. Non-monetary items measured at fair value are translated at the spot exchange rate on the date the fair value is determined, with the difference between the translated amount and the original functional currency amount treated as a fair value change (including exchange rate changes) and recognised in profit or loss or other comprehensive income.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(IX) Foreign Currency Transactions and Translation of Foreign Currency Financial Statements (Continued)

2. Translation of Foreign Currency Financial Statements

For subsidiaries, joint ventures, or associates that use a functional currency different from the Group's, their foreign currency financial statements are translated before accounting and consolidation. Assets and liabilities in the balance sheet are translated at the spot exchange rate on the balance sheet date, while equity items, except for "retained earnings," are translated at the spot exchange rate on the date of the transaction. Income and expenses in the income statement are translated at the spot exchange rate on the transaction date. Translation differences arising from the translation of foreign currency financial statements are presented under other comprehensive income in equity of the balance sheet. Foreign currency cash flows are translated at the spot exchange rate on the date the cash flows occur. The effect of exchange rate changes on cash is presented separately in the cash flow statement. Upon disposal of a foreign operation, the cumulative translation differences related to that operation are reclassified to profit or loss for the period in full or proportionally to the disposal.

(X) Financial Instruments

1. Classification, Recognition, and Measurement of Financial Instruments

(1) Financial Assets

Based on the business model for managing financial assets and the contractual cash flow characteristics of the financial assets, the Group classifies financial assets into the following three categories:

- ① Financial assets measured at amortised cost. The business model for managing such financial assets is to collect contractual cash flows, and the contractual cash flows of such financial assets represent solely payments of principal and interest on the principal amount outstanding. Such financial assets are subsequently measured using the effective interest method to recognise interest income. These primarily include cash and cash equivalents, notes receivable, accounts receivable, other receivables, and long-term receivables. Long-term receivables due within one year (inclusive) from the balance sheet date are presented as non-current assets due within one year.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial Instruments (Continued)

1. Classification, Recognition, and Measurement of Financial Instruments (Continued)

(1) Financial Assets (Continued)

- ② Financial assets measured at fair value through other comprehensive income. The business model for managing such financial assets is both to collect contractual cash flows and to sell the financial assets, and the contractual cash flows of such financial assets represent solely payments of principal and interest on the principal amount outstanding. Such financial assets are subsequently measured at fair value, with changes in fair value recognised in other comprehensive income, except for interest income calculated using the effective interest method, impairment losses or gains, and exchange differences, which are recognised in profit or loss.
- ③ Financial assets measured at fair value through profit or loss. Financial assets not classified as measured at amortised cost or at fair value through other comprehensive income are measured at fair value, with gains or losses (including interest and dividend income) recognised in profit or loss. At initial recognition, if doing so eliminates or significantly reduces an accounting mismatch, a financial asset may be irrevocably designated as measured at fair value through profit or loss. Once designated, this classification cannot be revoked.

For non-trading equity instrument investments, the Group may irrevocably designate them as measured at fair value through other comprehensive income at initial recognition. Such designation is made on an individual investment basis, and the investment must meet the definition of an equity instrument from the issuer's perspective. Such financial assets are subsequently measured at fair value, with dividends (excluding those representing a return of capital) recognised in profit or loss and other related gains and losses recognised in other comprehensive income, with no subsequent reclassification to profit or loss.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial Instruments (Continued)

1. *Classification, Recognition, and Measurement of Financial Instruments* (Continued)

(2) Financial Liabilities

Financial liabilities are classified at initial recognition as financial liabilities measured at amortised cost. Such financial liabilities are subsequently measured at amortised cost using the effective interest method. These primarily include accounts payable, other payables, borrowings, long-term payables, and bonds payable. Such financial liabilities are initially measured at fair value less transaction costs and subsequently measured using the effective interest method. Those due within one year (inclusive) are presented as current liabilities; those due beyond one year but within one year (inclusive) from the balance sheet date are presented as non-current liabilities due within one year; the remainder are presented as non-current liabilities.

2. *Methods for Determining the Fair Value of Financial Instruments*

For financial instruments with active markets, their fair value is determined based on quoted prices in active markets. For financial instruments without active markets, valuation techniques are used to determine their fair value. When valuing, the Group uses valuation techniques appropriate to the current circumstances and supported by sufficient available data and other information, selecting inputs consistent with the characteristics of the asset or liability considered by market participants in transactions, and prioritising observable inputs where possible. Where observable inputs are unavailable or impractical to obtain, unobservable inputs are used.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial Instruments (Continued)

3. *Derecognition of Financial Instruments*

A financial asset is derecognised when one of the following conditions is met: (1) the contractual right to receive the cash flows of the financial asset expires; (2) the financial asset has been transferred, and the Group has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee; (3) the financial asset has been transferred, and although the Group has neither transferred nor retained substantially all the risks and rewards of ownership, it has relinquished control over the financial asset.

Upon derecognition of investments in other equity instruments, the difference between their carrying amount and the sum of the consideration received and the cumulative amount of fair value changes previously recognised in other comprehensive income is recognised in retained earnings. For other financial assets, upon derecognition, the difference between their carrying amount and the sum of the consideration received and the cumulative amount of fair value changes previously recognised in other comprehensive income is recognised in profit or loss.

When the present obligation of a financial liability is wholly or partially discharged, the discharged portion is derecognised. If an existing liability is replaced by another financial liability from the same creditor with substantially different terms, or if the terms of an existing liability are substantially modified, the existing financial liability is derecognised, and a new financial liability is recognised. Financial assets bought or sold in the ordinary course of business are recognised and derecognised using trade date accounting.

(XI) Methods for Determining Expected Credit Losses and Accounting Treatment

1. *Scope of Expected Credit Losses*

Provision for bad debts ° The Group applies the expected credit loss model to account for impairment of financial assets and contract assets measured at amortised cost and recognises provisions for impairment.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XI) Methods for Determining Expected Credit Losses and Accounting Treatment (Continued)

2. *Methods for Determining Expected Credit Losses*

Giving consideration to reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that is available without undue cost or effort at the balance sheet date, weighted by the probability of default, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the contractual cash flows receivable and the cash flows expected to be collected.

For accounts receivable arising from sales of goods and rendering of services in the ordinary course of operating activities, the Group recognises the lifetime ECL regardless of whether a significant financing component exists.

At each balance sheet date, the ECL of financial instruments other than aforesaid accounts receivable is measured based on different stages. A 12-month ECL is recognised for financial instruments in Stage 1 which have not had a significant increase in credit risk since initial recognition; a lifetime ECL is recognised for financial instruments in Stage 2 which have had a significant increase in credit risk since initial recognition but are not deemed to be credit-impaired; and a lifetime ECL is recognised for financial instruments in Stage 3 that are credit-impaired.

For those financial instruments with a low credit risk as at the balance sheet date, the Group assumes that there is no significant increase in credit risk since initial recognition and recognises a 12-month ECL.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XI) Methods for Determining Expected Credit Losses and Accounting Treatment (Continued)

2. Methods for Determining Expected Credit Losses (Continued)

For those financial instruments in Stage 1 and 2 and with lower credit risk, the interest income is calculated by applying the effective interest rate to the gross carrying amount (before net of ECL provision). For the financial instruments in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (net of ECL provision).

The Group assessed the ECL on an individual basis for a single financial asset with huge amount and significant lower credit risk, as well as financial assets whose credit risk had significantly increased since initial recognition or whose credit impairment was recognised.

In cases where the ECL of an individually assessed financial asset cannot be evaluated with reasonable cost, the Group categorises the receivables into different groups based on their shared risk characteristics, and calculates the ECL for each group respectively. The basis for the determination of grouping and the method of provision are as follows:

Group		Basis for determination
Group 1	Related parties within the consolidation scope (for Company's financial statements only)	Receivables from related parties within the consolidation scope
Group 2	Bank acceptance notes	Banks with lower credit risk
Group 3	Government clients	Government clients other than those affiliated with the franchisors in provincial capital cities and municipalities, using the initial recognition point as the starting point for aging calculation.
Group 4	Other clients	Other clients, using the initial recognition point as the starting point for aging calculation.
Group 5	Project deposits	Project deposits
Group 6	Others	Other receivables other than VAT refund receivable and project deposits
Group 7	Government grants	VAT refunds, and other government grants

For accounts receivable, notes receivable, and long-term receivables arising from daily operating activities such as product sales and service provision that are classified into groups, the expected credit losses are calculated by reference to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, using the exposure at default and the lifetime expected credit loss rate.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XI) Methods for Determining Expected Credit Losses and Accounting Treatment (Continued)

2. *Methods for Determining Expected Credit Losses* (Continued)

For other receivables which are categorised into different groups, the Group calculates the ECL with reference to historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the 12-month or lifetime ECL rates.

(XII) Inventories

1. *Classification of Inventories*

Inventories are materials and supplies held by the Group in the ordinary course of business for sale as finished goods or merchandise, work in progress in the production process, or materials and supplies consumed in the production process or provision of services. These primarily include raw materials, components and consumables, and finished goods (inventory goods).

2. *Pricing Method for Issuing Inventories*

When inventories are issued, the weighted average method is used to determine their actual cost.

3. *Inventory Counting System*

The perpetual inventory system is used.

4. *Amortisation Method for Low-Value Consumables and Packaging Materials*

Low-value consumables and packaging materials are amortised using the one-time write-off method.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XII) Inventories (Continued)

5. *Recognition Criteria and Provision Method for Inventory Write-Downs*

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. When the net realisable value is lower than the cost, a provision for inventory write-down is made, and the provision is calculated for individual inventory items. However, for inventories that are numerous and low in unit price, the provision is calculated by inventory category. If the factors causing the previous write-down have reversed, the provision for inventory write-down is reversed within the originally provided amount.

When determining the net realisable value of inventories, reliable evidence is obtained, and the purpose of holding the inventories and events after the balance sheet date are considered.

(XII) Contract Assets and Contract Liabilities

1. *Contract Assets*

The Group presents as contract assets the right to receive consideration in exchange for goods or services transferred to the customer, where the right is conditional on factors other than the passage of time. The impairment provision for contract assets is determined with reference to the methods for determining expected credit losses.

2. *Contract Liabilities*

The Group presents as contract liabilities its obligation to transfer goods or provide services to the customer for consideration received or receivable. Contract assets and contract liabilities under the same contract are presented on a net basis.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIV) Long-term Equity Investments

1. *Criteria for Joint Control and Significant Influence*

Joint control refers to the unanimous consent of the parties sharing control over decisions on activities that significantly affect the returns of an arrangement, including the sale and purchase of goods or services, management of financial assets, acquisition and disposal of assets, research and development activities, and financing activities. Significant influence is presumed when the Group holds between 20% and 50% of the voting rights of the investee, or less than 20% but meets one of the following conditions: representation on the Board or similar governing body of the investee; participation in the policy-making process of the investee; interchange of managerial personnel; dependence of the investee on the Group's technology or technical information; or significant transactions between the Group and the investee.

2. *Determination of Initial Investment Cost*

For long-term equity investments acquired through business combinations, if the combination is under common control, the initial investment cost is the share of the carrying amount of the combined party's owners' equity in the consolidated financial statements of the ultimate controlling party on the combination date. If the combination is not under common control, the initial investment cost is the cost of the combination determined on the acquisition date. For long-term equity investments acquired by paying cash, the initial investment cost is the actual purchase price paid. For long-term equity investments acquired by issuing equity instruments, the initial investment cost is the fair value of the equity instruments issued. For long-term equity investments acquired through debt restructuring, the initial investment cost is determined in accordance with the relevant provisions of the debt restructuring standards. For long-term equity investments acquired through non-monetary asset exchanges, the initial investment cost is determined in accordance with the relevant provisions of the non-monetary asset exchange standards.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIV) Long-term Equity Investments (Continued)

3 Subsequent measurement and recognition of related profit and loss

Long-term equity investments over which the Group has control are accounted for using the cost method. Long-term equity investments in associates and joint ventures are accounted for using the equity method. For equity investments in associates, if part of the investment is held indirectly through venture capital institutions, mutual funds, trust companies, or similar entities (including linked insurance funds), regardless of whether such entities have significant influence over that part of the investment, the relevant provisions of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments are applied, and the equity method is used for the remaining portion.

For long-term equity investments accounted for using the equity method, where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at that cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted upwards accordingly.

Under the equity method of accounting, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group does not recognise further losses when the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the Group's net investment in the investee is reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognising the investment losses and the provisions at the amount it expects to undertake. The Group's share of changes in the investee's owners' equity other than those arising from the net profit or loss, other comprehensive income and profit distribution is recognised in capital surplus with a corresponding adjustment to the carrying amount of the long-term equity investment. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investee.

Unrealised gains or losses on transactions between the Group and its investees are eliminated to the extent of the Group's equity interest in the investees, based on which the investment income or losses are recognised. Any losses resulting from transactions between the Group and its investees, which are attributable to asset impairment losses are not eliminated.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XV) Investment Properties

The Group's investment properties include buildings held for rental purposes. Investment properties are initially measured at cost and subsequently measured using the cost model. Subsequent expenditures related to investment properties are capitalised if it is probable that future economic benefits will flow to the Group and the cost can be reliably measured; otherwise, they are expensed as incurred.

Depreciation of buildings held for rental is calculated using the straight-line method, with specific accounting policies as follows:

Asset Category	Depreciation Method	Depreciation Period (Years)	Residual Rate (%)	Annual Depreciation Rate (%)
Buildings	Straight-line	20-45 years	4-5%	2.11%-4.80%

(XVI) Fixed Assets

1. Recognition Criteria for Fixed Assets

Fixed assets are tangible assets held for the production of goods, provision of services, rental, or administrative purposes, with a useful life of more than one accounting year. Fixed assets are recognised when the following conditions are met: it is probable that the economic benefits associated with the fixed asset will flow to the entity, and the cost of the fixed asset can be reliably measured.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVI) Fixed Assets (Continued)

2. Depreciation of Fixed Assets

The Group's fixed assets are primarily classified into buildings and structures, machinery and equipment, transportation equipment, and others. Depreciation is calculated using the straight-line method. The useful lives and estimated residual values of each category of fixed assets are determined based on the nature and usage of the fixed assets. At the end of each year, the useful lives, estimated residual values, and depreciation methods are reviewed, and adjustments are made if there are differences from previous estimates. All fixed assets are depreciated, except for those fully depreciated but still in use and land accounted for separately.

Asset Category	Depreciation Method	Depreciation Period (Years)	Residual Rate (%)	Annual Depreciation Rate (%)
Buildings and structures	Straight-line	10-50 years	0%-5%	1.9%-10%
Machinery and equipment	Straight-line	10-20 years	0%-5%	4.8%-10%
Transportation equipment and others	Straight-line	5-10 years	0%-5%	9.5%-20%

3. Derecognition of Fixed Assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVII) Construction in progress

The Company's construction in progress is primarily divided into projects under construction by the proprietor and projects under construction by the contractor. Construction in progress is transferred to fixed assets when the construction is completed and the conditions for intended use are reached. Reaching the conditions for intended use shall be any of the following circumstances: the substantial construction (including installation) has been finished completely or substantially; the result of trial production or operation shows that the asset can run normally or produce quality products stably or that the asset can function or operate normally; the fixed asset under construction incurs very little or essentially no further capital expenditure; the fixed asset purchased or built has reached or basically reached the designed or contractual requirements.

(XVIII) Borrowing costs

1. Principles for capitalised of borrowing costs

Borrowing costs incurred by the Group, which are directly attributable to the purchase, construction or production of qualifying assets, are capitalized into the cost of relevant assets; other borrowing costs are expensed when incurred. Qualifying refer to fixed assets, investment properties, inventories and other assets that require purchase, construction or production activities over a very long period to reach the conditions for intended use.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVIII) Borrowing costs (Continued)

2. Calculation of capitalised amount

Capitalization period refers to the period from the time point when borrowing costs start capitalization to the time point when capitalization stops, excluding the period during which capitalization of borrowing costs is suspended. The capitalization of borrowing costs are suspended if purchase, construction or production activities are interrupted abnormally for more than 3 consecutive months.

Interest on specific-purpose borrowings is determined based on actual interest expenses incurred for the specific-purpose loan for the current period, minus interest income from depositing the unused portion with the bank or gain on temporary investment. If any general-purpose borrowing is used, interest is determined by multiplying the weighted average excess of accumulated asset expenditures over the amount of specific-purpose borrowings by the capitalization rate of utilized general-purpose borrowings. The capitalization rate is the weighted average interest rate of general-purpose borrowings. In case of discount or premium on the borrowing, the discount or premium is amortised during each financial period using the effective interest rate method and the interest amount for each amount is adjusted accordingly.

The effective interest rate method is a method to calculate the amortized discount or premium or interest expense at the effective interest rate of the loan. The effective interest rate is the rate that is used to discount expected future cash flows of the loan over its life to current book value of the loan.

(XIX) Intangible assets

1. Measurement of intangible assets

Intangible assets are initially measured at cost. For purchased intangible assets, the actual cost is the actually paid price and related expenses. For intangible assets injected by investors, the actual cost is determined at the value agreed in the investment contract or agreement, or if the value agreed in the contract or agreement is unfair, at the fair value. The cost of intangible assets developed by the Company is the total expenditure incurred before reaching the conditions for intended use.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIX) Intangible assets (Continued)

2. *Useful life and its determination basis, estimation circumstances, amortisation method or review procedures*

Intangible assets include concession rights, land use rights, technical know-how and software, and are measured at cost.

(1) Concession rights

The Group is engaged in the development, financing, operating and maintenance of facilities for public service (the “Concession services”) by the government or its authorised institution over a specified period (the “Concession services period”). The Group is reimbursed for the Concession services related to the operation and franchising of the facility on behalf of the government in accordance with the terms of the Concession services’ agreements and hand over the facilities to the government or its authorised institution at the end of the Concession service period.

The *Service Concession Right Agreements* sets out the implementation criteria and price adjustment mechanism to stipulate the Concession services to be performed of the Group, which meets the dual control and dual characteristics of the *Interpretation No. 14 of Accounting Standards for Business Enterprises* (“Interpretation No. 14”). Therefore, assets under the concession arrangement (“Concession project assets”) should be recognised as intangible assets or financial assets accordingly based on the contract. In accordance with the *Service Concession Right Agreements*, the Group has the right to charge the recipients of services during the Concession services period, but the amount of the fees charged is uncertain, and this right does not constitute an unconditional right to receive cash, and the consideration amount of the relevant concession project assets or the amount of construction revenue recognised as intangible assets when they reach the intended usable state of the Concession project assets. During the Concession services period, where the conditions for the right to receive a determinable amount of cash (or other financial assets) are met, it is recognised as a receivable when the Group has the right to receive the consideration (which depends only on the cause of the passage of time). When the concession project assets reach their intended usable state, the Group recognises the consideration amount of relevant concession project assets or the recognised amount of the constructed revenue, which exceeds the amount entitled to receive cash of a determinable amount, as intangible assets. Amortisation should be between 20 and 30 years on a straight-line basis over the Concession services period.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIX) Intangible assets (Continued)

2. *Useful life and its determination basis, estimation circumstances, amortisation method or review procedures*

(Continued)

(2) Land use rights

Land use rights are amortised on the straight-line basis over their approved use period of 25 or 50 years respectively. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

(3) Technical know-how and software

Separately acquired technical know-how and software are shown at historical cost. Technical know-how and software have a finite useful life and is carried at cost net of accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of technical know-how and software over their useful lives.

(4) Periodical review of useful life and amortisation method

The Company reviews the service life and amortization method of intangible assets at the end of each year, and makes adjustments if there is any difference from the original estimate. The Company does not amortise intangible assets with an indefinite service life, but reviews the service life at the end of each year, and estimates its service life if there is conclusive evidence that the service life is limited.

If the period over which an intangible asset will bring economic benefits to the Company is not foreseeable, or the service life is indefinite for an intangible asset, the Company determines that the intangible asset has an indefinite service life. Basis for determining an indefinite service life: the intangible asset comes from contractual rights or other legitimate rights, but there is no definite service life stipulated in the contract or the law; It is still impossible to determine the time period over which the intangible assets can bring economic benefits to the Company based on peer conditions or relevant expert opinions.

At the end of each year, the service life of intangible assets with an indefinite service life is reviewed mainly on a bottom-up basis, with the department using the intangible asset to perform basic review for any change in the basis for determining its indefinite service life.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIX) Intangible assets (Continued)

3. *Scope of R&D expenditure aggregation and related accounting treatment methods*

The scope of the Group's research and development expenditures is primarily determined based on the Group's research and development projects, including materials consumed in research and development activities, employee compensation for the research and development department, depreciation and amortisation of equipment and software used in research and development, research and development testing, research and development technical service fees, and licensing fees.

Expenditures during the research phase of internal research and development projects are recognised as expenses when incurred. Expenditures during the development phase that meet the criteria for recognition as intangible assets are capitalised as intangible assets. Expenditure for the planned investigation, evaluation and selection phases for the study of the production process is expenditure for the research phase, which is recognised in profit or loss in the period in which it is incurred. Prior to mass production, expenditure in the relevant design and testing phases for the final application of the environmental protection equipment production process is expenditure on the development phase.

Criteria for distinguishing between the research phase and the development phase of internal research and development projects: capitalisation is permitted when the following conditions are simultaneously met:

The development of the environmental protection equipment production process has been fully demonstrated by the technical team;

Management has approved the budget for environmental protection equipment production process development;

Research and analysis of previous market survey indicate that the products produced by the environmental protection equipment production process have marketing capabilities;

Adequate technical and financial support for the development of the environmental protection equipment production process and subsequent mass production; and

Expenditure on environmental protection equipment production process development can be reliably collected.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XX) Impairment of long-term assets

Long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets, and other long-term assets are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of an asset is the higher of the fair value less the cost of disposal and the present value of the future cash flows expected to be derived from it. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the impairment test, the carrying amount of goodwill is allocated to the related asset group or group of asset groups which are expected to benefit from the synergies of the business combination. If the impairment result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in any subsequent periods.

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(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXI) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which primarily include short-term employee benefits, post-employment benefits, retirement benefits and other long-term employee benefits.

1. *Accounting method for short-term employee benefits*

The short-term employee benefits actually incurred are recognised as a liability in the accounting period in which the service is rendered by the employees to the Group, with a corresponding charge to the profit or loss for the current period, except where accounting standards require or permit inclusion in the cost of assets. Employee benefits incurred by the Group are recognised in profit or loss or the cost of related assets based on the actual amount incurred. If employee benefits are non-monetary, they are measured at fair value. Medical insurance, work-related injury insurance, maternity insurance, and other social insurance and housing provident fund contributions paid by the Group for employees, as well as trade union and employee education funds calculated in accordance with regulations, are determined based on the prescribed calculation basis and proportion during the accounting period in which the employees provide services, and the corresponding liabilities are recognised and included in profit or loss or the cost of related assets.

2. *Accounting Treatment for Post-employment Benefits*

During the accounting period in which employees provide services, the Group recognises liabilities for the amounts payable to defined contribution plans and includes them in profit or loss or the cost of related assets. For defined benefit plans, the benefit obligations are attributed to the periods in which employees provide services using the projected unit credit method and included in profit or loss or the cost of related assets.

3. *Accounting Treatment for Termination Benefits*

When the Group provides termination benefits to employees, it recognises the employee benefit liability arising from termination benefits on the earlier of the following dates: when the Group can no longer unilaterally withdraw the termination benefits offered under the redundancy plan or redundancy proposal; or when the Group recognises costs or expenses related to the restructuring involving the payment of termination benefits.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXI) Employee benefits (Continued)

4. *Accounting Treatment for Other Long-term Employee Benefits*

Other long-term employee benefits provided by the Group are accounted for in accordance with the relevant provisions for defined contribution plans if they meet the criteria for such plans; otherwise, they are accounted for in accordance with the relevant provisions for defined benefit plans, recognising and measuring the net liability or net asset of other long-term employee benefits.

(XXII) Share-based Payments

The Group's share-based payments include equity-settled share-based payments and cash-settled share-based payments. For equity-settled share-based payments in exchange for employee services, the fair value of the equity instruments granted is measured. If there is an active market, the fair value is determined based on quoted prices in the active market; if there is no active market, valuation techniques are used, including reference to prices used in recent market transactions between knowledgeable and willing parties, reference to the current fair value of other substantially similar financial instruments, discounted cash flow methods, and option pricing models.

At each balance sheet date, based on the latest information on changes in the number of exercisable persons and the achievement of performance indicators, the estimated number of exercisable share options is revised, and the expenses to be recognised in each period are adjusted accordingly. For share-based payment expenses spanning multiple accounting periods, the expenses are generally allocated based on the proportion of the waiting period in each accounting period to the total waiting period.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Revenue

The Group's specific principles and measurement methods for revenue recognition by business type:

1. *Revenue from processing of sewage water and heating and cooling supply services*

Revenue from sewage treatment and heating and cooling supply services is recognised when services are rendered. Revenue from processing of sewage water and heating and cooling supply services is a series of single obligations with the same substance and transfer mode, which can be clearly distinguished. The Group issues bills to customers according to the fixed unit price, sewage treatment capacity and cooling and heating area, and the revenue is recognised according to the amount of bills issued.

2. *Revenue from construction of the concession project assets*

Revenue from the construction services under the *Service Concession Right Agreements* is estimated on a "cost-plus" basis with reference to a prevailing market rate of gross margin applicable to similar construction services rendered, and contract assets are recognised as well.

3. *Revenue from supply of tap water and recycled water*

Revenue from supply of tap water and recycled water is recognised when the service has been rendered. Supply of tap water and recycled water is a series of single obligations with the same substance and transfer mode, which can be clearly distinguished. The Group issues bills to customers according to the fixed unit price and water supply quantity, and the revenue is recognised according to the amount of bills issued.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Revenue (Continued)

4. *Revenue from provision of pipeline connection services for recycled water*

The Group provides the pipeline connection services for recycled water and recognises the revenue within a period of time according to the stage of completion to the total results agreed in the contract. On the balance sheet date, the Group re-estimates the stage of completion to reflect the actual status of contract fulfilment.

When the Group recognises revenue based on the stage of completion, the amount with an unconditional collection right obtained by the Group is recognised within accounts receivable, and the remainder is recognised as a contract asset. Meanwhile, loss provisions for accounts receivable and contract assets are recognised on the basis of ECL. If the contract price received or receivable exceeds the amount for the completed service, the excess portion will be recognised within contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

Contract costs include contract fulfilment costs and contract acquisition costs. Costs incurred for the provision of pipeline connection services for recycled water are recognised as contract fulfilment costs, which are recognised as the cost of sales of main operations based on the stage of completion when recognising revenue. Incremental costs incurred by the Group for the acquisition of service contracts for provision of pipeline connection services for recycled water are recognised as contract acquisition costs. For contract acquisition costs with an amortisation period within one year, the costs are recognised in profit or loss as incurred. For contract acquisition costs with an amortisation period beyond one year, the costs are included in profit or loss on the same basis as the recognition of revenue from the rendering of pipeline connection services for recycled water under the relevant contract. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the services net of the estimated cost to be incurred, the Group makes a provision for impairment for the excess portion and recognises it as an asset impairment loss. As at the balance sheet date, based on whether the amortisation period of the contract fulfilment costs is less than one year or more than one year as determined upon initial recognition, the amount of the Group's contract fulfilment costs (net of related provision for asset impairment) is presented as inventories or other non-current assets respectively. For contract acquisition costs with an amortisation period more than one year as determined upon the initial recognition, the amount net of any related provision for asset impairment is presented as an other non-current asset.

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(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Revenue (Continued)

5. *Revenue from provision of environmental protection equipment customisation services*

The Group provides customisation services for environmental protection equipment and other deodorant equipment. If the stage of completion can be measured reliably, revenue and cost are recognised by reference to the percentage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the contract costs incurred as a percentage of total estimated costs of each contract. Variations in contract, claims and incentive payments are included to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. The environmental protection equipment sold by the Group is mainly the result of the scientific research and transformation of environmental protection patent technology.

6. *Revenue from hazardous waste treatment*

The Group provides incineration or landfill processing services for hazardous wastes and general solid wastes. The service is provided within a short period. The Group recognises the revenue when service is provided according to the actual processing amount of waste and the price agreed on the contract.

7. *Revenue from contract operation*

Revenue from contract operation is based on the service agreement. The revenue of a fixed total amount contract is recognised during the service period evenly. For contracts with agreed unit price of services, revenue shall be recognised during the period of service provision according to the quantity of services provided.

8. *Technical service income*

Technical service income shall be recognised within the service provision period specified in the contract according to the service unit price and the actual service quantity provided in the contract.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIV) Contract Costs

Contract costs include incremental costs incurred to obtain a contract and costs to fulfil a contract. Incremental costs incurred to obtain a contract (“contract acquisition costs”) are costs that would not have been incurred if the contract had not been obtained. If such costs are expected to be recovered, the Group recognises them as contract acquisition costs and as an asset.

Costs incurred to fulfil a contract that are not within the scope of other accounting standards (such as inventories) and meet the following conditions are recognised as contract fulfilment costs: the costs relate directly to a current or anticipated contract, including direct labour, direct materials, manufacturing overheads (or similar costs), costs explicitly chargeable to the customer, and other costs incurred solely because of the contract; the costs generate or enhance resources that will be used to fulfil performance obligations in the future; and the costs are expected to be recovered.

Contract fulfilment costs recognised as assets with an amortisation period not exceeding one year or a normal operating cycle at initial recognition are included in “inventories” in the balance sheet. Contract fulfilment costs recognised as assets with an amortisation period exceeding one year or a normal operating cycle at initial recognition are included in “other non-current assets” in the balance sheet.

Contract acquisition costs recognised as assets with an amortisation period not exceeding one year or a normal operating cycle at initial recognition are included in “other current assets” in the balance sheet. Contract acquisition costs recognised as assets with an amortisation period exceeding one year or a normal operating cycle at initial recognition are included in “other non-current assets” in the balance sheet.

The Group amortises contract acquisition costs and contract fulfilment costs recognised as assets on the same basis as the recognition of revenue from the goods related to the assets, with the amortisation included in profit or loss. If the amortisation period of incremental costs incurred to obtain a contract does not exceed one year, the costs are expensed when incurred.

When the carrying amount of an asset related to contract costs exceeds the difference between the following two amounts, the Group recognises a provision for impairment for the excess amount as an asset impairment loss: the remaining consideration expected to be received for transferring the related goods; and the estimated costs to be incurred to transfer the related goods.

If factors causing previous impairment subsequently change, resulting in the difference between the two amounts exceeding the carrying amount of the asset, the previously recognised impairment loss is reversed, and the reversal is included in profit or loss, provided that the carrying amount after reversal does not exceed the carrying amount that would have been determined had no impairment been recognised.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXV) Government grants

1. *Types and accounting treatment of government grants*

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, excluding capital invested by the government as the owner. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to daily activities are included in other gains based on the economic substance of the transaction. Government grants unrelated to daily activities are included in non-operating income.

Government grants explicitly stipulated in government documents for the purchase or construction of long-term assets or for other purposes are recognised as asset-related government grants. For government grants where the subsidy object is not explicitly stipulated in government documents, the portion corresponding to the value of long-term assets that can be formed is treated as asset-related government grants, and the remaining portion is treated as income-related government grants. If it is difficult to distinguish, the entire government grant is treated as income-related government grants. Asset-related government grants are recognised as deferred income. The amount recognised as deferred income is amortised into profit or loss over the useful life of the related asset using a reasonable and systematic method.

Government grants other than asset-related government grants are recognised as income-related government grants. Income-related government grants used to compensate the Group for future related expenses or losses are recognised as deferred income and included in profit or loss when the related expenses are recognised. Income-related government grants used to compensate the Group for related expenses or losses incurred are directly included in profit or loss.

If the Group obtains policy-based preferential loan interest subsidies, and the finance department disburses the subsidy funds to the lending bank, which then provides loans to the Group at the preferential interest rate, the actual amount of the loan received is used as the carrying value of the loan, and the related borrowing costs are calculated based on the loan principal and the preferential interest rate. If the finance department disburses the subsidy funds directly to the Group, the Group offsets the corresponding interest subsidies against the related borrowing costs.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXV) Government grants (Continued)

2. *Timing of Recognition of Government Grants*

Government grants are recognised when the conditions attached to the grants are met and the grants are receivable. Government grants measured at the receivable amount are recognised at the end of the period when there is conclusive evidence that the relevant conditions of the financial support policy are met and the financial support funds are expected to be received. Other government grants, except those measured at the receivable amount, are recognised when the subsidy funds are actually received.

(XXVI) Deferred Tax Assets and Deferred Tax Liabilities

1. *Recognition of Deferred Tax*

Deferred tax assets or deferred tax liabilities are recognised based on the difference between the carrying amount and the tax base of assets or liabilities (for items not recognised as assets or liabilities, the tax base is determined if it can be determined under tax laws), using the applicable tax rate for the period in which the asset is expected to be recovered or the liability settled.

2. *Measurement of Deferred Tax*

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. At the balance sheet date, if there is conclusive evidence that it is probable that sufficient taxable profit will be available in future periods to utilise deductible temporary differences, deferred tax assets not recognised in previous accounting periods are recognised. If it is probable that sufficient taxable profit will not be available in future periods to utilise deferred tax assets, the carrying amount of deferred tax assets is written down.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries and associates, except where the Group is able to control the timing of reversal of the temporary differences, and it is probable that the temporary differences will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVI) Deferred Tax Assets and Deferred Tax Liabilities (Continued)

3. Basis for netting of deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities are presented on a net basis when the following conditions are met: the Group has a legally enforceable right to set off current tax assets and current tax liabilities; and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities that intend to settle current tax assets and current tax liabilities on a net basis or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax assets or deferred tax liabilities are expected to be recovered or settled.

(XXVII) Leases

At the commencement date of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration.

1. Lessee Accounting

At the commencement date of the lease, the Group recognises a right-of-use asset and a lease liability for leases other than short-term leases and leases of low-value assets, and recognises depreciation expense and interest expense over the lease term.

(1) Right-of-Use Assets

At the commencement date of the lease, the right-of-use asset is initially measured at cost. The cost includes the initial measurement amount of the lease liability, lease payments made at or before the commencement date less any lease incentives received, initial direct costs, and other costs.

If it is reasonably certain that the Group will obtain ownership of the leased asset at the end of the lease term, the right-of-use asset is depreciated over the remaining useful life of the leased asset. If it is not reasonably certain that the Group will obtain ownership of the leased asset, the right-of-use asset is depreciated over the shorter of the lease term and the remaining useful life of the leased asset. When the recoverable amount is lower than the carrying amount of the right-of-use asset, the carrying amount is written down to the recoverable amount.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Leases (Continued)

1. Lessee Accounting (Continued)

(2) Lease Liability

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date of the lease. Lease payments include fixed payments, amounts payable upon exercise of a purchase option or termination option if it is reasonably certain that the option will be exercised, and other payments. Variable lease payments not included in the measurement of the lease liability are recognised in profit or loss when incurred.

The Group uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be readily determined, the Group's incremental borrowing rate is used as the discount rate. Interest expense on the lease liability is calculated for each period during the lease term using the periodic interest rate (i.e., the discount rate or revised discount rate adopted by the Group) and included in finance costs.

2. Basis of determination and accounting method for the simplified treatment of short-term leases and low-value asset leases by the lessee

For short-term leases with a term of 12 months or less and leases of a low value individual asset (when new), the Group chooses to include the lease payments in the cost of the underlying assets or in the profit or loss for the current period on a straight-line basis over the lease term, instead of recognising right-of-use assets and lease liabilities.

A lease is recognized as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset at the lease commencement date. An operating lease is a lease other than a finance lease.

(1) Operating leases

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs are capitalised and amortised over the lease term on the same basis as rental income recognition. Variable lease payments not included in the lease receivable are recognised as rental income when they are actually incurred.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Leases (Continued)

2. *Basis of determination and accounting method for the simplified treatment of short-term leases and low-value asset leases by the lessee* (Continued)

(2) Accounting Treatment for Finance Leases

At the commencement of the lease, the difference between the sum of the finance lease receivable and the unguaranteed residual value, and their present value, is recognised as unearned finance income. This is subsequently recognised as lease income over the periods in which rental payments are received. The finance lease asset is derecognised at this point. Initial direct costs are included in the initial carrying amount of the finance lease receivable.

(XXVIII) Other Significant Accounting Policies and Estimates

1. *Critical judgements in applying the accounting policies*

Recognition of non-monetary assets exchanges that lack commercial substance

An exchange transaction has commercial substance: (1) the configuration (risk, timing and amount) of the future cash flows of the swapped-in asset differs from the configuration of the future cash flows of the swapped-out asset; or (2) the present value of estimated future cash flows arising from the use of the swapped-in asset differs from that arising from the continued use of the swapped-out asset, and the difference is significant relative to the fair value of the swapped-in and swapped-out assets.

The relocation of the Group's Xianyang Road Sewage Treatment Plant in Xiqing District, Tianjin and Dongjiao Sewage Treatment Plant in Dongli District, Tianjin and the corresponding recycled water plants as well as non-monetary assets exchange arrangements are conducted based on the instructions of Tianjin Municipal People's Government. The assets swapped in and out are under the same type, and the risks or rewards assumed or received by the Group have not changed significantly. Therefore, the non-monetary assets exchanges lack commercial substance.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVIII) Other Significant Accounting Policies and Estimates (Continued)

2. Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(1) Measurement of ECL

The Group calculates ECL based on the exposure at default and the ECL rates. The determination of the ECL rates is based on the probability of default and the loss given default. In determining the ECL rates, the Group uses data such as internal historical credit loss experience, and adjusts the historical data based on current conditions and forward-looking information.

(2) Income taxes and deferred income taxes

The Group is subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Some subsidiaries of the Group are high-tech enterprises. The qualification of high-tech enterprises is effective for an initial term of three years. After the termination of the qualification, it is necessary to submit a new application to the relevant government departments for the high-tech enterprises' status renewal. According to historical status renewal experience and the actual situation of these subsidiaries in the past, the Group believes that the subsidiaries can continue to obtain the approval for the renewal of the status of being high-tech enterprises. Hence, the Group calculates subsidiaries' corresponding deferred income tax at the preferential rate of 15%. If some of the subsidiaries' renewal application has not been approved after the expiry of the high-tech enterprises status, the income tax shall be calculated at the statutory tax rate of 25%. Deferred tax assets, deferred tax liabilities, and income tax expenses will be affected.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVIII) Other Significant Accounting Policies and Estimates (Continued)

2. Critical accounting estimates and key assumptions (Continued)

(2) Income taxes and deferred income taxes (Continued)

A deferred tax asset is recognised for the carryforward of unused deductible losses to the extent that it is probable that future taxable profits will be available against which the deductible losses can be utilised. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. The Group needs to apply estimates and judgements in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, adjustment may be made to the carrying amount of deferred tax assets.

(3) Impairment of long-term assets

The Group assesses at each balance sheet date whether there are any indications that an asset may be impaired. If the market price of an asset has declined significantly more than expected due to the passage of time or normal usage, or if there have been significant adverse changes in the economic, technological, or legal environment in which the Group operates, or if market interest rates or other market investment returns have increased, thereby affecting the discount rate used to calculate the present value of future cash flows, or if the asset has become obsolete, physically damaged, or idle, the Group considers that there are indications of impairment. At each balance sheet date, the Group evaluates the recoverable amount of long-term assets showing signs of impairment. The assessment of the recoverable amount requires the Group to make estimates regarding future cash flows. When accounting estimates change, the carrying amount of long-term assets and the amount recognised as asset impairment losses will also change. Once a provision for impairment of long-term assets is made, it cannot be reversed.

(All amounts in RMB thousand unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVIII) Other Significant Accounting Policies and Estimates (Continued)

2. Critical accounting estimates and key assumptions (Continued)

(4) Accounting estimates on impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of asset groups or groups of asset groups is the higher of fair value less the cost of disposal and the present value of the future cash flows expected to be derived from them. These calculations require the use of estimates.

If management revises the growth rate that is used in the calculation of the future cash flows of asset groups or groups of asset groups, and the revised rate is lower than the current rate, the Group would need to recognise further impairment against goodwill.

If management revises the gross profit margin that is used in the calculation of the future cash flows of asset groups or groups of asset groups, and the revised gross profit margin is lower than the one currently used, the Group would need to recognise further impairment against goodwill.

If management revises the pre-tax discount rate applied to the discounted cash flows, and the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognise further impairment against goodwill.

If the actual growth rate and gross profit margin are higher or the actual pre-tax discount rate is lower than management's estimates, the impairment loss of goodwill as previously recognised is not allowed to be reversed by the Group.

(XXIX) Significant changes in accounting policies and changes in accounting estimates

1. Significant Changes in Accounting Policies

There were no significant changes in accounting policies of the Group during the reporting period.

2. Significant Changes in Accounting Estimates

There were no significant changes in accounting estimates of the Group during the reporting period.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

IV. TAXATION

(1) The main categories and rates of taxes

Category	Tax base	Tax rate
Corporate income tax	Taxable income	0% to 25%
Value-added tax ("VAT")	The output tax amount calculated based on sales and applicable tax rates, net of deductible input tax	3% to 13%
City maintenance and construction tax	Payment amount of VAT	5% to 7%
Educational fund surcharge	Payment amount of VAT	3%
Local Educational Surcharge	Actual VAT Paid	2%

(2) Significant Tax Incentives and Approvals

1. Preferential policies on corporate income tax

Entities	Tax rate	Preferential tax policy
The Company	15%	According to <i>The Corporate Income Tax Policy of Third-party Enterprises Engaged in Pollution Prevention and Control</i> issued on 13 April 2019 (Announcement [2019] No. 60 issued by the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Ecology and Environment), corporate income tax shall be levied at a reduced rate of 15% from 1 January 2019 to 31 December 2021. On 24 August 2023, the State Taxation Administration issued the <i>Announcement on Extending the Implementation Period of Partial Preferential Tax Policies</i> (Cai Shui [2023] No. 38), which stipulates that the implementation period of the policy in Announcement [2019] No. 60 will be extended to 31 December 2027.
Tianjin Water Recycling Co., Ltd.	25%	According to Cai Shui [2008] No. 47, since 1 January 2008, for revenues generated from products which were in line with national or industry standards, the taxable income amount is 90% of the total revenue
Tianjin Caring Technology Development Co., Ltd	15%	In 2024, Caring Company, a subsidiary of the Group, has obtained the High-tech Enterprise Certificate (Certificate No. GR202412000519) issued by Tianjin Science and Technology Bureau, Tianjin Finance Bureau and Tianjin Municipal Tax Service of the State Taxation Administration. The certificate is valid for 3 years. According to relevant provisions of the income tax law, the corporate income tax rate applicable for 2024 was 15%.
Hangzhou Tianchuang Capital Water Co., Ltd.	15%	According to <i>The Corporate Income Tax Policy of Third-party Enterprises Engaged in Pollution Prevention and Control</i> issued on 13 April 2019 (Announcement [2019] No. 60 issued by the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Ecology and Environment), corporate income tax shall be levied at a reduced rate of 15% from 1 January 2019 to 31 December 2021. On 24 August 2023, the State Taxation Administration issued the <i>Announcement on Extending the Implementation Period of Partial Preferential Tax Policies</i> (Cai Shui [2023] No. 38), which stipulates that the implementation period of the policy in Announcement [2019] No. 60 will be extended to 31 December 2027

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

IV. TAXATION (Continued)

(2) Significant Tax Incentives and Approvals (Continued)

1. Preferential policies on corporate income tax (Continued)

Entities	Tax rate	Preferential tax policy
Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd.	12.5%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2021 for the first 3 years and reduction half for the next 3 years
Hebei Guojin Tianchuang Sewage Water Processing Co., Ltd.	12.5%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2020 for the first 3 years and reduction half for the next 3 years
Karamay Tianchuang Capital Water Co., Ltd.	15%	According to the <i>Notice on Implementing Policies for Encouraging Industries in the Western Regions</i> (Xin Fa Gai Gui Kai [2021] No. 245), the company is entitled to a preferential corporate income tax rate from 2021 to 2030.
Linxia Capital Water Co., Ltd.	12.5%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2019 for the first 3 years and reduction half for the next 3 years.
Bayannur Capital Water Co., Ltd.	Sewage water project: 12.5%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2018 for the first 3 years and reduction half for the next 3 years.
	Recycled water project: The taxable income is calculated at 90% of revenue	According to Cai Shui [2008] No. 47, since 1 January 2008, for revenues generated from products which were in line with national or industry standards, the taxable income amount is 90% of the total revenue.
	Recycled water and tap water project: 15%	According to the <i>Announcement on Continuing the Enterprise Income Tax Policy for Western Development</i> (The Ministry of Finance, State Administration of Taxation, National Development and Reform Commission [2020] No. 23), the company is entitled to a preferential corporate income tax rate from 2021 to 2030.
Yingshang Capital Water Co., Ltd.	0%, 25%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2024 for the first 3 years and reduction half for the next 3 years.
Dalian Oriental Chunliuhe Water Quality Purification Co., Ltd.	15%	According to The Corporate Income Tax Policy of Third-party Enterprises Engaged in Pollution Prevention and Control issued on 13 April 2019 (Announcement [2019] No. 60 issued by the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Ecology and Environment), corporate income tax shall be levied at a reduced rate of 15% from 1 January 2019 to 31 December 2021. On 24 August 2023, the State Taxation Administration issued the Announcement on Extending the Implementation Period of Partial Preferential Tax Policies (Cai Shui [2023] No. 38), which stipulates that the implementation period of the policy in Announcement [2019] No. 60 will be extended to 31 December 2027

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

IV. TAXATION (Continued)

(2) Significant Tax Incentives and Approvals (Continued)

1. Preferential policies on corporate income tax (Continued)

Entities	Tax rate	Preferential tax policy
Shandong Capital Environmental Protection Technology Consultant Co., Ltd.	12.5%	According to Cai Shui [2009] No. 166, income from engagement in qualified industrial solid waste treatment projects and hazardous waste treatment projects is subject to exemption from corporate income tax commencing from 2019 for the first 3 years and reduction half for the next 3 years.
Shandong Tanchuang Environmental Protection Technology Development Co., Ltd.	12.5%	According to Cai Shui [2009] No. 166, income from engagement in qualified industrial solid waste treatment projects and hazardous waste treatment projects is subject to exemption from corporate income tax commencing from 2020 for the first 3 years and reduction half for the next 3 years.
Shandong Chuangye Environment Service Co., Ltd.	0%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2023 for the first 3 years and reduction half for the next 3 years
Hanshou Tianchuang Capital Water Co., Ltd.	12.5%	According to Cai Shui [2019] No. 67, income from rural drinking water safety projects is subject to exemption from corporate income tax commencing from 2019 for the first 3 years and reduction half for the next 3 years.
Jiuquan Capital Water Co., Ltd.	12.5%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2019 for the first 3 years and reduction half for the next 3 years.
	15%	The “Announcement on the Continuation of the Corporate Income Tax Policy Reform for the Western Development Strategy” ([2020] No. 23) jointly issued by the State Taxation Administration and the National Development and Reform Commission
Huize Capital Water Co., Ltd.	12.5%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2021 for the first 3 years and reduction half for the next 3 years.
Huoqiu Capital Water Co., Ltd.	0%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2022 for the first 3 years and reduction half for the next 3 years.
Honghu Capital Water Co., Ltd.	15%	According to <i>The Corporate Income Tax Policy of Third-party Enterprises Engaged in Pollution Prevention and Control</i> issued on 13 April 2019 (Announcement [2019] No. 60 issued by the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Ecology and Environment), corporate income tax shall be levied at a reduced rate of 15% from 1 January 2019 to 31 December 2021. On 24 August 2023, the State Taxation Administration issued the <i>Announcement on Extending the Implementation Period of Partial Preferential Tax Policies</i> (Cai Shui [2023] No. 38), which stipulates that the implementation period of the policy in Announcement [2019] No. 60 will be extended to 31 December 2027.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

IV. TAXATION (Continued)

(2) Significant Tax Incentives and Approvals (Continued)

1. Preferential policies on corporate income tax (Continued)

Entities	Tax rate	Preferential tax policy
Chibi Capital Water Co., Ltd.	15%	According to The Corporate Income Tax Policy of Third-party Enterprises Engaged in Pollution Prevention and Control issued on 13 April 2019 (Announcement [2019] No. 60 issued by the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Ecology and Environment), corporate income tax shall be levied at a reduced rate of 15% from 1 January 2019 to 31 December 2021. On 24 August 2023, the State Taxation Administration issued the Announcement on Extending the Implementation Period of Partial Preferential Tax Policies (Cai Shui [2023] No. 38), which stipulates that the implementation period of the policy in Announcement [2019] No. 60 will be extended to 31 December 2027
Xianning Capital Water Co., Ltd.	15%	According to The Corporate Income Tax Policy of Third-party Enterprises Engaged in Pollution Prevention and Control issued on 13 April 2019 (Announcement [2019] No. 60 issued by the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Ecology and Environment), corporate income tax shall be levied at a reduced rate of 15% from 1 January 2019 to 31 December 2021. On 24 August 2023, the State Taxation Administration issued the Announcement on Extending the Implementation Period of Partial Preferential Tax Policies (Cai Shui [2023] No. 38), which stipulates that the implementation period of the policy in Announcement [2019] No. 60 will be extended to 31 December 2027
Honghu Tianchuang Water Co., Ltd.	15%	According to The Corporate Income Tax Policy of Third-party Enterprises Engaged in Pollution Prevention and Control issued on 13 April 2019 (Announcement [2019] No. 60 issued by the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Ecology and Environment), corporate income tax shall be levied at a reduced rate of 15% from 1 January 2019 to 31 December 2021. On 24 August 2023, the State Taxation Administration issued the Announcement on Extending the Implementation Period of Partial Preferential Tax Policies (Cai Shui [2023] No. 38), which stipulates that the implementation period of the policy in Announcement [2019] No. 60 will be extended to 31 December 2027.
Honghu Tianchuang Environmental Protection Co., Ltd.	0%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2024 for the first 3 years and reduction half for the next 3 years.
Jiangsu Yonghui Resources Utilisation Co., Ltd.	12.5%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2019 for the first 3 years and reduction half for the next 3 years.
Anhui Tianchuang Capital Water Co., Ltd.	12.5%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2019 for the first 3 years and reduction half for the next 3 years.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

IV. TAXATION (Continued)

(2) Significant Tax Incentives and Approvals (Continued)

1. Preferential policies on corporate income tax (Continued)

Entities	Tax rate	Preferential tax policy
Wendeng Capital Water Co., Ltd.	15%	According to <i>The Corporate Income Tax Policy of Third-party Enterprises Engaged in Pollution Prevention and Control</i> issued on 13 April 2019 (Announcement [2019] No. 60 issued by the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Ecology and Environment), corporate income tax shall be levied at a reduced rate of 15% from 1 January 2019 to 31 December 2021. On 24 August 2023, the State Taxation Administration issued the <i>Announcement on Extending the Implementation Period of Partial Preferential Tax Policies</i> (Cai Shui [2022] No. 4, which stipulates that the implementation period of the policy in Announcement [2019] No. 60 will be extended to 31 December 2023.
Deqing Capital Water Co., Ltd.	12.5%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2019 for the first 3 years and reduction half for the next 3 years.
Tianjin Tianchuang Lvneng New Energy Technology Co., Ltd.	0%	Income from eligible investments in and operation of nationally prioritised public infrastructure projects is subject to exemption from corporate income tax commencing from 2024 for the first 3 years and reduction half for the next 3 years
Karamay Capital Water Co., Ltd	0%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2023 for the first 3 years and reduction half for the next 3 years.
Enshi Capital Water Co., Ltd	0%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2023 for the first 3 years and reduction half for the next 3 years.
Jieshou Capital Water Co., Ltd	25%, 12.5%, 0%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2018 for the first 3 years and reduction half for the next 3 years.
Fuyang Capital Water Co., Ltd.	15%	According to <i>The Corporate Income Tax Policy of Third-party Enterprises Engaged in Pollution Prevention and Control</i> issued on 13 April 2019 (Announcement [2019] No. 60 issued by the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Ecology and Environment), corporate income tax shall be levied at a reduced rate of 15% from 1 January 2019 to 31 December 2021. On 24 August 2023, the State Taxation Administration issued the <i>Announcement on Extending the Implementation Period of Partial Preferential Tax Policies</i> (Cai Shui [2023] No. 38), which stipulates that the implementation period of the policy in Announcement [2019] No. 60 will be extended to 31 December 2027

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

IV. TAXATION (Continued)

(2) Significant Tax Incentives and Approvals (Continued)

1. Preferential policies on corporate income tax (Continued)

Entities	Tax rate	Preferential tax policy
Guizhou Capital Water Co., Ltd.	15%	According to the Notice of Guizhou Provincial Tax Services of State Taxation Administration on Implementation of Preferential Tax Policy of Enterprises Relating to Development of Western Regions (Qian Guo Shui Han [2011] No. 19), the company is entitled to a preferential corporate income tax rate from 2011 to 2020. On 23 April 2020, the Ministry of Finance, the State Taxation Administration, and the National Development and Reform Commission issued the Announcement [2020] No. 23, the Announcement on Continuation of Preferential Tax Policy of Enterprises Relating to Development of Western Regions, stipulating that the implementation period of the policy would be extended to 31 December 2030
Weng'an Capital Water Co., Ltd.	0%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2024 for the first 3 years and reduction half for the next 3 years
Shibinggui Capital Water Co., Ltd.	0%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2022 for the first 3 years and reduction half for the next 3 years
Xi'an Capital Water Co., Ltd.	Sewage water projects' upgrading: 12.5%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2021 for the first 3 years and reduction half for the next 3 years
	Other projects: 15%	According to the Notice of Shaanxi Provincial Tax Service of State Taxation Administration on Issuing Measures for Review and Management of Preferential Tax Policy of Enterprises Relating to Development of Western Regions (Notice [2010] No. 3), the company is entitled to a preferential corporate income tax rate from 2011 to 2020. On 23 April 2020, the Ministry of Finance, the State Taxation Administration, and the National Development and Reform Commission issued the Announcement [2020] No. 23, the Announcement on Continuation of Preferential Tax Policy of Enterprises Relating to Development of Western Regions, stipulating that the implementation period of the policy would be extended to 31 December 2030
Changsha Tianchuang Capital Water Co., Ltd.	12.5%	Income from engagement in qualified projects of environmental protection and energy and water conservation is subject to exemption from corporate income tax commencing from 2019 for the first 3 years and reduction half for the next 3 years

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

IV. TAXATION (Continued)

(2) Significant Tax Incentives and Approvals (Continued)

2. Preferential tax policies on VAT

- (1) Pursuant to the *Announcement on Relevant Policies for Deepening the Value-added Tax Reform* (Cai Shui Haiguan [2019] No. 39) jointly issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs and relevant regulations, the VAT rate for revenue from sewage water processing applicable to the Group and its subsidiaries is 6%; the tax rate for revenue from recycled water processing is 13%; the tax rate for revenue from heating and cooling supply services is 9%; the tax rate for revenue from hazardous waste treatment is 6%; the tax rate for revenue from tap water supply is 3%; the tax rate for revenue from environmental protection equipment customisation is 13%; the tax rate for revenue from auxiliary projects and facility construction is 9%; and the tax rate for other businesses is from 5% to 13%.
- (2) According to the *Announcement on Clarifying the Collection and Management of VAT on Second Hand Car Distribution and Other Issues* (Announcement [2020] No. 9) issued by the State Taxation Administration, if no goods are produced after professional treatment by means of landfill, incineration, etc., and the trustee belongs to the “professional and technical services” in the “modern services” provided in the *Sales Services, Intangible Assets, Real Estate Notes* (Cai Shui [2016] No. 136), the treatment fee charged by the trustee is subject to the VAT rate of 6%.
- (3) According to the *Announcement on Improving the VAT Policy for Comprehensive Utilisation of Resources* (Announcement [2021] No. 40) issued by the State Taxation Administration, and other relevant regulations, engagement in “sewage treatment service” and “recycled water business” included in the *Catalogue of Preferential VAT on Products and Services for Comprehensive Utilisation of Resources* is entitled to 70% refund of VAT upon collection, or applicable VAT exemption policies. The preferential policy, once selected, shall not be changed within 36 months. Some subsidiaries of the Group have chosen to adopt the VAT exemption policy since 2022.
- (4) Pursuant to the relevant provisions of the *Announcement on Continuing the Preferential Tax Policy for Rural Drinking Water Safety Projects* (Joint Announcement No. 58 of 2023 by the Ministry of Finance and the State Taxation Administration), sales revenue from the supply of tap water to rural residents by drinking water project operators is exempt from value-added tax. This preferential tax policy remains in effect until 31 December 2027. The Group’s tap water supply revenue from the provision of domestic water to rural residents qualifies for the aforementioned tax exemption.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(I) Cash at bank and on hand

Item	Closing balance	Opening balance
Cash on hand		517.06
Cash at bank	2,665,499,259.40	2,571,361,157.37
Other cash balances	91,492,762.29	41,260,128.01
Total	2,756,992,021.69	2,612,621,802.44
Including: Total overseas bank deposits	8,684,249.85	8,632,077.37

Cash presented in the cash flow statement includes:

Item	Closing balance	Opening balance
Cash at bank and on hand	2,756,992,021.69	2,612,621,802.44
Less: Restricted cash at bank	91,492,762.29	41,260,128.01
Cash in the cash flow statement	2,665,499,259.40	2,571,361,674.43

Note: The restricted cash at bank represents the deposit for the purpose of applying for unconditional, irrevocable bank letters of guarantee.

(II) Notes receivable

1. Classification of Notes Receivable

Item	Closing balance	Opening balance
Bank acceptance notes	34,433,958.06	27,711,016.52
Sub-total	34,433,958.06	27,711,016.52
Less: Provision for bad debts		
Total	34,433,958.06	27,711,016.52

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(II) Notes receivable (Continued)

2. Notes receivable endorsed or discounted at the end of the period but not yet due at the balance sheet date

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance notes		27,210,411.00
Total		27,210,411.00

(III) Accounts receivable

1. Ageing analysis

Ageing	Closing balance	Opening balance
Within 1 year	2,876,855,205.22	2,539,347,046.03
1 to 2 years	524,529,137.11	587,245,110.61
2 to 3 years	320,554,753.89	258,198,467.46
3 to 4 years	154,525,776.44	78,475,874.82
4 to 5 years	67,267,660.04	47,734,657.41
Over 5 years	40,946,976.94	57,378,246.78
Sub-total	3,984,679,509.64	3,568,379,403.11
Less: Provision for bad debts	394,853,174.49	306,472,176.01
Total	3,589,826,335.15	3,261,907,227.10

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts receivable (Continued)

2. Disclosure by category of bad debt provision method

Category	Closing balance				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision Percentage (%)	Carrying amount
Accounts receivable individually assessed for bad debt provisions	1,659,206,468.20	41.64	235,241,053.00	14.18	1,423,965,415.20
Accounts receivable assessed for bad debt provisions in groups	2,325,473,041.44	58.36	159,612,121.49	6.86	2,165,860,919.95
Including: Group 3: Government clients	1,795,727,584.06	45.07	139,375,430.99	7.76	1,656,352,153.07
Group 4: Other clients	529,745,457.38	13.29	20,236,690.50	3.82	509,508,766.88
Total	3,984,679,509.64	100.00	394,853,174.49	9.91	3,589,826,335.15

Category	Opening balance				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision Percentage (%)	Carrying amount
Accounts receivable individually assessed for bad debt provisions	1,703,374,598.32	47.74	163,550,024.99	9.60	1,539,824,573.33
Accounts receivable assessed for bad debt provisions in groups	1,865,004,804.79	52.26	142,922,151.02	7.66	1,722,082,653.77
Including: Group 3: Government clients	1,313,064,514.95	36.80	115,554,159.30	8.80	1,197,510,355.65
Group 4: Other clients	551,940,289.84	15.46	27,367,991.72	4.96	524,572,298.12
Total	3,568,379,403.11	100.00	306,472,176.01	8.59	3,261,907,227.10

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts receivable (Continued)

2. Disclosure by category of bad debt provision method (Continued)

(1) Significant provision for bad debts on an individual basis

Name of entities	Gross carrying amount	Closing balance		Basis
		Provision for bad debts	Provision Percentage (%)	
Tianjin Water Authority Bureau	977,863,262.25	1,760,191.29	0.18	(a)
Xi'an Infrastructure Investment Group	175,312,156.86	315,561.88	0.18	(a)
Guiyang Water Authority Bureau	27,068,285.55	181,357.51	0.67	(a)
Hangzhou City Water Facilities and River Protection Management Centre	25,182,519.23	10,073.01	0.04	(a)
Hangzhou Drainage Co., Ltd.	10,383,118.33	4,153.25	0.04	(a)
Qijing Sewage Company	228,995,499.72	72,496,331.63	31.66	(b)
Tianjin City Infrastructure Construction and Investment Group Co., Ltd.	93,396,885.54	53,253,772.88	57.02	(c)
Jinghai Development Area Management Committee	48,462,518.24	41,483,915.61	85.60	(d)
Tianjin City Appearance Sanitation Construction Development Co., Ltd.	18,719,819.98	11,913,293.44	63.64	(e)
Tianjin Ziya Environmental Protection Industrial Park Co., Ltd.	16,746,967.98	16,746,967.98	100.00	(f)
Tianjin Shuangkou Municipal Solid Waste Landfill	14,208,214.72	14,208,214.72	100.00	(f)
Urad Qianqi Finance Bureau	10,927,820.80	10,927,820.80	100.00	(g)
Urad Houqi Finance Bureau	10,391,803.00	10,391,803.00	100.00	(g)
Tianjin Goldin International Club Co., Ltd.	1,547,596.00	1,547,596.00	100.00	(h)
Total	1,659,206,468.20	235,241,053.00	14.18	

Note:

- (a) As these clients are provincial and municipal governments or their representatives, whose ability to meet their contractual obligations may not be weakened even if there are adverse changes in the economic and business situation over a long period, then the receivables of the Group from Tianjin Water Authority Bureau, Xi'an Infrastructure Investment Group, Hangzhou City Water Facilities and River Protection Management Centre, Guiyang Water Authority Bureau, and Hangzhou Drainage Co., Ltd., have a lower credit risk. Based on the historical experience, the Group maintains continuous receiving and there was no actual bad debt loss. Therefore, the Group estimates that the lifetime ECL rate is from 0.04% to 0.67%.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts receivable (Continued)

2. Disclosure by category of bad debt provision method (Continued)

(1) Significant provision for bad debts on an individual basis (Continued)

Note: (Continued)

- (b) Receivables from Qujing Sewage Company are composed of sewage treatment fee and tap water fee. As the receivables of sewage treatment fee and tap water fee have a longer repayment period than ordinary government clients, indicating high credit risk. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rate is 31.66%.
- (c) The Group's receivable from Tianjin City Infrastructure Construction and Investment Group Co., Ltd. relates to contract operation service fees, which are scheduled for recovery in 2025. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rate is 57.02%.
- (d) Receivables of Tianjin Jinghai Capital Water Co., Ltd, a subsidiary of the Group, from Tianjin Jinghai Development Area Management Committee comprise sewage treatment fees, whose repayment period is much longer than that of general government clients, are under high credit risk. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rate is 85.60%.
- (e) Receivables of the Group from Tianjin City Appearance Sanitation Construction Development Co. Ltd. comprise technical services fees. The repayment period is longer than that of general government clients. The receivables from them are under high credit risk. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rates are 63.64%.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts receivable (Continued)

2. Disclosure by category of bad debt provision method (Continued)

(1) Significant provision for bad debts on an individual basis (Continued)

Note: (Continued)

- (f) Receivables of the Group from Tianjin Ziya Environmental Protection Industrial Park Co. Ltd. and Tianjin Shuangkou Municipal Solid Waste Landfill (“Shuangkou Solid Waste”) comprise contract operation fees and technical services fees, respectively. The client had no transactions with the Group during the year. The receivables from them are under high credit risk. Considering factors such as the debtor’s actual performance, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rate is 100%.
- (g) Receivables from Urad Front Banner Finance Bureau and Urad Rear Banner Finance Bureau comprise sewage treatment fees, whose repayment period is much longer than that of general government clients, are under high credit risk. Considering factors such as the debtor’s actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rate is 100%.
- (h) Receivables of the Group from Tianjin Goldin International Club Co. Ltd. comprise recycled water supply fees. Tianjin Goldin International Club Co. Ltd. had no transactions with Tianjin Water Recycling Co., Ltd. during the year. Considering factors such as the debtor’s actual performance, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rate is 100%.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts receivable (Continued)

2. Disclosure by category of bad debt provision method (Continued)

(2) Accounts receivable assessed for bad debt provisions based on credit risk characteristics in groups

① Group 3: Receivables from government clients

Ageing	Closing balance			Opening balance		
	Gross carrying amount	Provision for bad debts	Provision Percentage (%)	Gross carrying amount	Provision for bad debts	Provision Percentage (%)
Within 1 year	1,169,529,363.63	22,100,078.44	1.89	823,150,568.70	10,567,331.50	1.28
1 to 2 years	424,288,243.00	48,828,045.06	11.51	329,774,641.81	16,647,012.15	5.05
2 to 3 years	172,252,270.84	47,756,088.10	27.72	103,802,923.92	50,775,086.05	48.91
3 to 4 years	22,229,656.59	13,263,169.39	59.66	53,023,730.52	34,252,079.60	64.60
4 to 5 years	4,432,550.00	4,432,550.00	100.00	3,023,550.00	3,023,550.00	100.00
Over 5 years	2,995,500.00	2,995,500.00	100.00	289,100.00	289,100.00	100.00
Total	1,795,727,584.06	139,375,430.99	—	1,313,064,514.95	115,554,159.30	—

② Group 3: Receivables from other clients

Ageing	Closing balance			Opening balance		
	Gross carrying amount	Provision for bad debts	Provision Percentage (%)	Gross carrying amount	Provision for bad debts	Provision Percentage (%)
Within 1 year	394,322,393.85	4,529,170.29	1.15	348,751,674.23	5,386,848.62	1.54
1 to 2 years	73,120,988.26	3,329,493.39	4.55	123,330,935.79	8,634,008.39	7.00
2 to 3 years	31,606,556.17	2,749,209.88	8.70	61,239,110.70	6,049,270.70	9.88
3 to 4 years	19,967,727.12	3,473,082.90	17.39	12,124,607.88	1,835,378.24	15.14
4 to 5 years	8,380,565.68	3,808,507.74	45.44	2,268,645.50	1,237,170.03	54.53
Over 5 years	2,347,226.30	2,347,226.30	100.00	4,225,315.74	4,225,315.74	100.00
Total	529,745,457.38	20,236,690.50	—	551,940,289.84	27,367,991.72	—

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts receivable (Continued)

3 Provision for bad debts

Category	Opening balance	Amount of changes in the current period				Closing balance
		Provided	Recovered or reversed	Written off	Other changes	
Provision for bad debts on an individual basis	163,550,024.99	79,712,472.89	8,021,444.88			235,241,053.00
Provision for bad debts by group	142,922,151.02	16,689,970.47				159,612,121.49
Total	306,472,176.01	96,402,443.36	8,021,444.88			394,853,174.49

No significant reversals or recoveries of accounts receivable provisions occurred during the current period.

4. Actual Write-offs of Accounts Receivable

The amount of accounts receivable actually written off during the period was RMB0.00.

5. Top Five Accounts Receivable and Contract Assets by Counterparty

Name of entities	Accounts receivable Closing balance	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total closing balance of accounts receivable and contract assets (%)	Provision for bad debts Closing balance
Tianjin Water Authority Bureau	977,863,262.25		977,863,262.25	24.54	1,760,191.29
Jieshou Housing and Urban-Rural Construction Bureau	273,271,735.00		273,271,735.00	6.86	17,232,116.49
Qijing Sewage Company	228,995,499.72		228,995,499.72	5.75	72,496,331.63
The People's government of Suzhou District, Jiuquan	217,308,390.47		217,308,390.47	5.45	8,165,654.23
Fuyang Urban Administration Bureau	177,318,793.75		177,318,793.75	4.45	11,126,910.24
Total	1,874,757,681.19		1,874,757,681.19	47.05	110,781,203.88

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(IV) Receivables financing

Item	Closing balance	Opening balance
Bank acceptance notes	7,024,347.00	
Total	7,024,347.00	

(V) Advances to suppliers

1 Advances to suppliers by ageing

Ageing	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	20,037,923.11	89.80	13,755,575.06	69.44
1 to 2 years	1,443,415.27	6.47	4,914,641.70	24.81
2 to 3 years	521,879.52	2.34	464,642.04	2.35
Over 3 years	311,099.44	1.39	673,764.92	3.40
Total	22,314,317.34	100.00	19,808,623.72	100.00

2 Top Five Closing Balance of Prepayments by Counterparty

Name of entities	Closing balance	Percentage of total closing balance of advances to suppliers (%)
Tianjin Jinzhong Urban Renewal Construction and Development Company Limited	6,972,477.06	31.25
Tianjin Sanbo Water Technology Co., Ltd.	3,982,884.47	17.85
Tianjin Dongli District Heating and Gas Management Center	3,275,155.68	14.68
Shandong Huadian Huayuan Environmental Engineering Co., Ltd.	1,964,587.71	8.80
Wuhan Zhongtianchen Environmental Protection Technology Co., Ltd.	856,957.21	3.84
Total	17,052,062.13	76.42

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	97,353,300.68	20,766,138.91
Total	97,353,300.68	20,766,138.91

1. Other receivables

(1) Ageing analysis

Ageing	Closing balance	Opening balance
Within 1 year	88,306,241.65	10,037,329.51
1 to 2 years	3,456,441.79	1,898,170.99
2 to 3 years	889,331.50	1,550,983.50
Over 3 years	6,060,390.46	7,579,402.39
Sub-total	98,712,405.40	21,065,886.39
Less: Provision for bad debts	1,359,104.72	299,747.48
Total	97,353,300.68	20,766,138.91

(2) Disclosure by nature of payment

Nature of payment	Closing balance	Opening balance
VAT refund	260,580.41	199,864.18
Project deposits	85,062,284.85	10,656,999.46
Others	13,389,540.14	10,209,022.75
Sub-total	98,712,405.40	21,065,886.39
Less: Provision for bad debts	1,359,104.72	299,747.48
Total	97,353,300.68	20,766,138.91

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. Other receivables (Continued)

(3) Disclosure by category of bad debt provision method

Category	Closing balance				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision Percentage (%)	Carrying amount
Other accounts receivables with provision for bad debts by group	98,712,405.40	100.00	1,359,104.72	1.38	97,353,300.68
Including: Group 5: Project deposits	85,062,284.85	86.18	1,059,401.54	1.25	84,002,883.31
Group 6: Others	13,389,540.14	13.56	299,703.18	2.24	13,089,836.96
Group 7: Government grants	260,580.41	0.26			260,580.41
Total	98,712,405.40	100.00	1,359,104.72	1.38	97,353,300.68

Category	Opening balance				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision Percentage (%)	Carrying amount
Other accounts receivables with provision for bad debts by group	21,065,886.39	100.00	299,747.48	1.42	20,766,138.91
Including: Group 5: Project deposits	10,656,999.46	50.59	175,474.13	1.65	10,481,525.33
Group 6: Others	10,209,022.75	48.46	124,273.35	1.22	10,084,749.40
Group 7: Government grants	199,864.18	0.95			199,864.18
Total	21,065,886.39	100.00	299,747.48	1.42	20,766,138.91

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. Other receivables (Continued)

(4) Provision for bad debts

	Stage 1 Next 12 months ECL	Stage 2 ECL throughout the lifetime (no credit impairment has occurred)	Stage 3 ECL throughout the lifetime (credit impairment has occurred)	Total
Provision for bad debts				
Balance as of 1 January 2024	299,747.48			299,747.48
Balance as of 1 January 2024				
Current period				
—Transfer to Stage 2				
—Transfer to Stage 3				
—Reversal to stage 2				
—Reversal to stage 1				
Provision for this period	1,059,357.24			1,059,357.24
Transferred in this period				
Resale in this period				
Write-off in this period				
Other changes				
Balance as of 31 December 2024	1,359,104.72			1,359,104.72

(5) Provision for bad debts

Category	Opening balance	Amount of changes in the current period				Closing balance
		Provided	Recovered or reversed	Resale or written off	Other changes	
Project deposits ageing	175,474.13	883,927.41				1,059,401.54
Others ageing	124,273.35	175,429.83				299,703.18
Total	299,747.48	1,059,357.24				1,359,104.72

Note: The VAT refunds receivable from local tax authorities represent government grants and are not subject to bad debt provisions.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. Other receivables (Continued)

(6) Top Five Closing Balance of Other Receivables by Counterparty

Name of entities	Nature of payment	Closing balance	Ageing	Percentage of total closing balance of other receivables (%)	Provision for bad debts Closing balance
Tianjin Dongli District Heating and Gas Management Center	Project deposits	50,083,000.00	Within 1 year	50.74	616,020.90
Wuhu Public Resources Trading Center	Project deposits	20,000,000.00	Within 1 year	20.26	246,000.00
Huoqiu County Centralized Treasury Payment Center	Project deposits	4,500,000.00	Within 1 year	4.56	55,350.00
Shanghai Installation Engineering Group Co., Ltd.	Agency arrangements for collection and payment	3,262,581.43	Within 1 year	3.31	53,832.59
Tianjin Installation Engineering Co., Ltd.	Pre-deposit of wages for migrant workers	3,127,484.64	Over 3 years	3.17	51,603.50
		<u>80,973,066.07</u>		<u>82.04</u>	<u>1,022,806.99</u>

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VII) Inventories

1. Classification of inventories

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline/provision for impairment of contract fulfilment costs	Carrying amount	Gross carrying amount	Provision for decline/provision for impairment of contract fulfilment costs	Carrying amount
Raw materials	26,665,869.36		26,665,869.36	27,373,783.20		27,373,783.20
Goods in stock	13,540,304.83		13,540,304.83	7,774,368.01		7,774,368.01
Spare parts and low value consumables	328,907.80		328,907.80	536,989.63		536,989.63
Total	40,535,081.99		40,535,081.99	35,685,140.84		35,685,140.84

(VIII) Non-current assets due within one year

Item	Closing balance	Opening balance
Long-term receivables due within one year	199,090,708.41	228,393,634.16
Total	199,090,708.41	228,393,634.16

(IX) Other current assets

Item	Closing balance	Opening balance
Uncredited input VAT	90,487,059.89	15,668,266.33
Unverified input VAT	4,569,537.53	8,295,727.32
Prepaid income tax	14,034,188.64	4,795,986.27
Anguo sewage project assets	33,065,000.00	33,065,000.00
Sub-total	142,155,786.06	61,824,979.92
Less: Provision for impairment of other current assets	33,065,000.00	33,065,000.00
Total	109,090,786.06	28,759,979.92

Note: The Group conducted an impairment assessment of the relevant assets of Anguo sewage processing plant in previous year and made full amount provision for assets impairment.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

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(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables

1. Information on long-term receivables

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for bad debts	Carrying amount	Gross carrying amount	Provision for bad debts	Carrying amount
Receivables from Tianjin Water Authority Bureau	3,113,391,886.79	5,689,035.86	3,107,702,850.93	2,811,313,791.73	5,104,210.07	2,806,209,581.66
Receivables from concession rights	1,944,011,537.53	28,023,432.19	1,915,988,105.34	1,969,523,397.00	27,456,933.45	1,942,066,463.55
Receivables from the Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans	139,128,577.05	198,909.79	138,929,667.26	168,595,733.54	241,038.49	168,354,695.05
Receivables from Bayannur Finance Bureau	161,886,582.11	5,049,110.95	156,837,471.16	142,531,704.71	1,947,786.11	140,583,918.60
Instalment sales of goods	8,896,516.90	389,380.53	8,507,136.37			
Sub-total	5,367,315,100.38	39,349,869.32	5,327,965,231.06	5,091,964,626.98	34,749,968.12	5,057,214,658.86
Less: Long-term receivables due within one year	199,090,708.41		199,090,708.41	228,393,634.16		228,393,634.16
Total	5,168,224,391.97	39,349,869.32	5,128,874,522.65	4,863,570,992.82	34,749,968.12	4,828,821,024.70

2. Information on bad debt provision accrual for long-term receivables

Category	Closing balance				
	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Provision Percentage (%)	
Long-term receivables with provision for bad debts on an individual basis	3,252,520,463.84	60.60	5,887,945.65	0.18	3,246,632,518.19
Including: Receivables from Tianjin Water Authority Bureau	3,113,391,886.79	58.01	5,689,035.86	0.18	3,107,702,850.93
Receivables from the Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans	139,128,577.05	2.59	198,909.79	0.14	138,929,667.26
Accounts receivable assessed for bad debt provisions in groups	2,114,794,636.54	39.40	33,461,923.67	1.58	2,081,332,712.87
Including: Receivables from concession rights	1,944,011,537.53	36.21	28,023,432.19	1.44	1,915,988,105.34
Receivables from Bayannur Finance Bureau	161,886,582.11	3.02	5,049,110.95	3.12	156,837,471.16
Instalment sales of goods	8,896,516.90	0.17	389,380.53	4.38	8,507,136.37
Total	5,367,315,100.38	100.00	39,349,869.32	0.73	5,327,965,231.06

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

2. Information on bad debt provision accrual for long-term receivables (Continued)

Category	Opening balance				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision Percentage (%)	Carrying amount
Long-term receivables with provision for bad debts on an individual basis	2,979,909,525.27	58.52	5,345,248.56	0.18	2,974,564,276.71
Including: Receivables from Tianjin Water Authority Bureau	2,811,313,791.73	55.21	5,104,210.07	0.18	2,806,209,581.66
Receivables from the Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans	168,595,733.54	3.31	241,038.49	0.14	168,354,695.05
Accounts receivable assessed for bad debt provisions in groups	2,112,055,101.71	41.48	29,404,719.56	1.39	2,082,650,382.15
Including: Receivables from concession rights	1,969,523,397.00	38.68	27,456,933.45	1.39	1,942,066,463.55
Receivables from Bayannur Finance Bureau	142,531,704.71	2.80	1,947,786.11	1.37	140,583,918.60
Total	5,091,964,626.98	100.00	34,749,968.12	0.68	5,057,214,658.86

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

2. Information on bad debt provision accrual for long-term receivables (Continued)

(1) Significant accounts receivable with provision for bad debts on an individual basis

Name of entities	Gross carrying amount	Provision for bad debts	Closing balance	
			Provision Percentage (%)	Basis
Receivables from Tianjin Water Authority Bureau	3,113,391,886.79	5,689,035.86	0.18	Based on the historical collection experience and the expectation of future payment scheme, the Group has reclassified the present value of accounts receivable of which collection is expected to be exceeding 12 months as "long-term receivables". The ECL rate for the aforesaid long-term receivables during the lifetime is 0.18%, which is consistent with ECL rate as applied for the remaining accounts receivable with Tianjin Water Authority Bureau. The balance of loss provision is RMB5,689,035.86.
Receivables from the Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans	139,128,577.05	198,909.79	0.14	Receivables from toll road concession represent the amortised cost, using effective interest method, calculated with reference to a guaranteed minimum future traffic flow over the concession period. Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans is a public institution under the Tianjin municipal government, which has low credit risk. According to historical experience, the Group can collect the receivables within the agreed period. Therefore, the Group estimates that the ECL rate of this receivable item is 0.14%. The balance of loss provision is RMB198,909.79.
Total	3,252,520,463.84	5,887,945.65	0.18	

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

2. Information on bad debt provision accrual for long-term receivables (Continued)

(1) Significant accounts receivable with provision for bad debts on an individual basis

Name of entities	Gross carrying amount	Provision for bad debts	Opening balance	
			Provision Percentage (%)	Basis
Receivables from Tianjin Water Authority Bureau	2,811,313,791.73	5,104,210.07	0.18	Based on the historical collection experience and the expectation of future payment scheme, the Group has reclassified the present value of accounts receivable of which collection is expected to be exceeding 12 months as "long-term receivables". The ECL rate for the aforesaid long-term receivables during the lifetime is 0.18%, which is consistent with ECL rate as applied for the remaining accounts receivable with Tianjin Water Authority Bureau. The balance of loss provision is RMB5,104,210.07.
Receivables from the Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans	168,595,733.54	241,038.49	0.14	Receivables from toll road concession represent the amortised cost, using effective interest method, calculated with reference to a guaranteed minimum future traffic flow over the concession period. Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans is a public institution under the Tianjin municipal government, which has low credit risk. According to historical experience, the Group can collect the receivables within the agreed period. Therefore, the Group estimates that the ECL rate of this receivable item is 0.14%. The balance of loss provision is RMB241,038.49.
Total	2,979,909,525.27	5,345,248.56	0.18	

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

2. Information on bad debt provision accrual for long-term receivables (Continued)

(2) Long-term accounts receivable with provision for bad debts by group based on credit risk characteristics

Name	Closing balance			Opening balance		
	Gross carrying amount	Provision for bad debts	Provision Percentage (%)	Gross carrying amount	Provision for bad debts	Provision Percentage (%)
Receivables from concession rights	1,944,011,537.53	28,023,432.19	1.44	1,969,523,397.01	27,456,933.45	1.39
Receivables from Bayannur Finance Bureau	161,886,582.11	5,049,110.95	3.12	142,531,704.71	1,947,786.11	1.37
Instalment sales of goods	8,896,516.90	389,380.53	4.38			
Total	2,114,794,636.54	33,461,923.67	1.58	2,112,055,101.72	29,404,719.56	1.39

Note:

- According to the Service Concession Right Agreements, the Group has the right to collect a determinable amount of cash from the recipients of the services for the Concession service periods. Receiving such consideration is recognised as long-term receivables upon completion of the construction of the assets of the concession project in accordance with Interpretation No. 14. The long-term receivables are received for a period of 10 to 30 years and the amortised cost is determined based on the effective interest rate. Since the clients are basically government clients other than the government clients of provincial capitals and municipalities directly under the central government, the ECL rate for the aforesaid long-term receivables is 1.44% during the lifetime. The balance of loss provision is about RMB28,023,432.19.
- Based on historical collection experience with Bayannur Finance Bureau and Bayannur Linhe District Finance Bureau and the expectation of future payment scheme, the Group has reclassified the present value of accounts receivable of which collection is expected to be exceeding 12 months as long-term receivables. The ECL rate for the aforesaid long-term receivables is 3.12% during the lifetime, which is consistent with ECL rate as applied for the remaining accounts receivable with government clients except those in provincial capitals and municipalities. The balance of loss provision is about RMB5,049,110.95.

3. Information on changes for bad debt provision for long-term receivables

Category	Opening balance	Amount of changes in the current period				Closing balance
		Provided	Recovered or reversed	Resale or written off	Other changes	
Long-term receivables with provision for bad debts on an individual basis	5,345,248.56	584,825.79	42,128.70			5,887,945.65
Long-term accounts receivable with provision for bad debts based on credit risk characteristics	29,404,719.56	4,057,204.11				33,461,923.67
Total	34,749,968.12	4,642,029.90	42,128.70			39,349,869.32

Material reversals or recoveries of long-term receivable impairment provisions occurred during the reporting period: Nil

4 Long-term receivables written off during the period: Nil

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XI) Long-term equity investments

1. Long-term equity investments

Investee units	Opening balance	Further increase of investments	Reduction of investments	Changes during the period						Closing balance	Closing balance of impairment provision
				Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Declaration of cash dividends or profits	Accrual of provision for impairment	Others		
I. Joint ventures											
Tianjin International Machinery Co., Ltd.	22,356,908.58									22,356,908.58	22,356,908.58
Bihai Sponge City Co., Ltd.	188,650,472.60			1,550,409.92						190,200,882.52	–
Sub-total	211,007,381.18			1,550,409.92						212,557,791.10	22,356,908.58
Total	211,007,381.18			1,550,409.92						212,557,791.10	22,356,908.58

Note 1: Tianjin International Machinery Co., Ltd. is a limited company registered in Tianjin, the PRC. The businesses of International Machinery include research and development, production, sales and installation of valve and actuating device, heater exchanger and the whole set, environment protection equipment, and general mechanical equipment. As at 31 December 2024, the carrying amount of the investment had been reduced to zero.

Note 2: Tianjin Bihai Sponge City Co., Ltd. is a limited liability company registered in Tianjin. The businesses of Tianjin Bihai include constructions and operations of water treatment projects, procurement and maintenance of water treatment equipment, ecological maintenance, tourism development, ecological management, construction, operation and management of sponge city project, and construction and operation of municipal engineering. The Group, together with Origin Water Technology Co., Ltd. and Jiu'an Investment Group Co., Ltd., formed a consortium to win the bid for the construction PPP project of the sponge city in Jefang South Road area, Tianjin. After that, Tianjin Bihai was established on 30 July 2018. The Group invested RMB195,000,000.00 and holds 30% equity interest. As of 31 December 2024, the entity has been put into operation.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XII) Investments in other equity instruments

Item	Opening balance	Changes during the period				Others	Closing balance
		Further increase of investments	Reduction of investments	Gains included in other comprehensive income for the current period	Losses included in other comprehensive income for the current period		
Tianjin Beifang Rencaigang Co., Ltd.	2,000,000.00						2,000,000.00
Total	2,000,000.00						2,000,000.00

(continued)

Item	Dividend income recognized in the period	Gains included in other comprehensive income on an accumulated basis	Losses included in other comprehensive income on an accumulated basis	Reason for designation at fair value through other comprehensive income
Tianjin Beifang Rencaigang Co., Ltd.				Note
Total				

Note: Investments in other equity instruments represent the unlisted equity interests of Tianjin Beifang Rencaigang Co., Ltd. held by the Group and the shareholding ratio is 6.1%. The Group does not participate in or influence the financial and operational decisions of Tianjin Beifang Rencaigang Co., Ltd. in any way. Therefore, the Group has no significant influence on the above-mentioned invested company and accounts for it as investments in other equity instruments.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIII) Investment properties

1. Investment properties measured at cost

Item	Houses and buildings	Total
I. Original book value		
1. Opening balance		
2. Additions in the current period	11,099,915.88	11,099,915.88
(1) Transfers from fixed assets	11,099,915.88	11,099,915.88
3. Closing balance	11,099,915.88	11,099,915.88
II. Accumulated depreciation and accumulated amortisation		
1. Opening balance		
2. Additions in the current period	3,442,742.88	3,442,742.88
(1) Provision or amortisation	3,442,742.88	3,442,742.88
3. Closing balance	3,442,742.88	3,442,742.88
III. Carrying amount		
1. Closing book value	7,657,173.00	7,657,173.00
2. Opening book value		

(XIV) Fixed assets

Category	Closing balance	Opening balance
Fixed assets	1,489,139,924.16	1,286,922,492.03
Clean up of fixed assets	428,573.92	
Total	1,489,568,498.08	1,286,922,492.03

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIV) Fixed assets (Continued)

1. Fixed assets

(1) Information on fixed assets

Item	Houses and buildings	Machinery and equipment	Motor vehicles and others	Total
I. Original book value				
1. Opening balance	903,528,399.21	968,440,996.29	118,339,013.23	1,990,308,408.73
2. Additions in the current period	177,766,045.67	204,182,940.60	9,460,070.69	391,409,056.96
(1) Addition	9,638,538.22	46,854,638.16	9,427,787.50	65,920,963.88
(2) Transfer from construction in progress	168,127,507.45	157,328,302.44	32,283.19	325,488,093.08
3. Disposals in the current period	11,132,637.52	10,259,981.14	5,116,901.21	26,509,519.87
(1) Disposal or scrapping	32,721.64	10,259,981.14	5,116,901.21	15,409,603.99
(2) Transfer to investment properties	11,099,915.88			11,099,915.88
4. Closing balance	1,070,161,807.36	1,162,363,955.75	122,682,182.71	2,355,207,945.82
II. Accumulated depreciation				
1. Opening balance	223,591,179.56	402,313,416.89	77,481,320.25	703,385,916.70
2. Additions in the current period	52,505,952.05	114,136,496.83	13,815,113.23	180,457,562.11
(1) Provision	52,505,952.05	114,136,496.83	13,815,113.23	180,457,562.11
3. Disposals in the current period	3,218,075.91	9,704,590.03	4,852,791.21	17,775,457.15
(1) Disposal or scrapping	31,085.56	9,704,590.03	4,852,791.21	14,588,466.80
(2) Transfer to investment properties	3,186,990.35			3,186,990.35
4. Closing balance	272,879,055.70	506,745,323.69	86,443,642.27	866,068,021.66
III. Carrying amount				
1. Closing book value	797,282,751.66	655,618,632.06	36,238,540.44	1,489,139,924.16
2. Opening book value	679,937,219.65	566,127,579.40	40,857,692.98	1,286,922,492.03

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIV) Fixed assets (Continued)

2. Clean up of fixed assets

Item	Closing balance	Opening balance
Clean up of fixed assets	428,573.92	
Total	428,573.92	

(XV) Construction in progress

Category	Closing balance	Opening balance
Construction in progress	239,892,515.34	421,446,385.83
Total	239,892,515.34	421,446,385.83

1. Construction in progress

(1) Basic information on construction projects in progress

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Recycled Water Pipeline Connection Project in Tianjin City (including First and Second Batch)	208,116,625.58		208,116,625.58	279,000,167.08		279,000,167.08
Distributed Photovoltaic Power Generation Project of Jingu Sewage Treatment Plant				56,441,488.43		56,441,488.43
Distributed Photovoltaic Power Generation Project of Xianyanglu Sewage Treatment Plant				40,633,666.79		40,633,666.79
Distributed Photovoltaic Power Generation Project of Beicang Sewage Treatment Plant				21,939,854.75		21,939,854.75
Other projects	31,775,889.76		31,775,889.76	23,431,208.78		23,431,208.78
Total	239,892,515.34		239,892,515.34	421,446,385.83		421,446,385.83

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XV) Construction in progress (Continued)

1. Construction in progress (Continued)

(2) Changes on material construction projects in progress

Name of project	Budget amount	Opening balance	Additions in the current period	Fixed assets transferred in the current period	Other decreases in the current period	Closing balance
Recycled Water Pipeline Connection Project in Tianjin City (including First and Second Batch)	641,000,000.00	279,000,167.08	97,243,965.95	168,127,507.45		208,116,625.58
Distributed Photovoltaic Power Generation Project of Jingu Sewage Treatment Plant	87,639,000.00	56,441,488.43	20,017,219.43	76,458,707.86		
Distributed Photovoltaic Power Generation Project of Xianyanglu Sewage Treatment Plant	65,897,000.00	40,633,666.79	14,113,830.73	54,747,497.52		
Distributed Photovoltaic Power Generation Project of Beicang Sewage Treatment Plant	26,964,000.00	21,939,854.75	4,182,242.31	26,122,097.06		
Total	821,500,000.00	398,015,177.05	135,557,258.42	325,455,809.89		208,116,625.58

Name of project	Cumulative investment in the project as a percentage of budget (%)	Progress of the project (%)	Accumulated amount of interest capitalisation	Including: Amount of interest capitalisation for the current period	Interest capitalisation rate for the current period (%)	Source of funds
Recycled Water Pipeline Connection Project in Tianjin City (including First and Second Batch)	58.70	58.70				Proceeds and self-owned funds
Distributed Photovoltaic Power Generation Project of Jingu Sewage Treatment Plant	100	100	708,633.75	532,223.17	2.7	Borrowings and self-owned funds
Distributed Photovoltaic Power Generation Project of Xianyanglu Sewage Treatment Plant	100	100	271,042.50	140,527.40	2.7	Borrowings and self-owned funds
Distributed Photovoltaic Power Generation Project of Beicang Sewage Treatment Plant	100	100	115,484.85			Borrowings and self-owned funds
Total	—	—	1,095,161.10	672,750.57	—	—

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVI) Right-of-use assets

1. Information on right-of-use assets

Item	Houses and buildings	Machinery and equipment	Total
I. Original book value			
1.Opening balance	3,933,845.80	14,072,860.71	18,006,706.51
2.Additions in the current period	850,000.00		850,000.00
(1)New leases	850,000.00		850,000.00
3.Closing balance	4,783,845.80	14,072,860.71	18,856,706.51
II. Accumulated depreciation			
1.Opening balance	1,195,518.05	10,140,507.53	11,336,025.58
2.Additions in the current period	1,245,126.01	2,553,161.50	3,798,287.51
(1)Provision	1,245,126.01	2,553,161.50	3,798,287.51
3.Closing balance	2,440,644.06	12,693,669.03	15,134,313.09
IV. Carrying amount			
1.Closing book value	2,343,201.74	1,379,191.68	3,722,393.42
2.Opening book value	2,738,327.75	3,932,353.18	6,670,680.93

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVII) Intangible assets

1. Information on intangible assets

Item	Concession rights	Land use rights	Patents technology and software	Total
I. Original book value				
1.Opening balance	15,415,276,715.43	166,581,793.18	26,116,508.71	15,607,975,017.32
2.Additions in the current period	618,826,434.48		1,696,244.68	620,522,679.16
(1)Addition	618,826,434.48		1,696,244.68	620,522,679.16
3.Closing balance	16,034,103,149.91	166,581,793.18	27,812,753.39	16,228,497,696.48
II. Accumulated amortisation				
1.Opening balance	4,531,746,686.01	18,219,079.64	11,548,819.98	4,561,514,585.63
2.Additions in the current period	526,322,836.07	41,264,124.66	1,689,684.59	569,276,645.32
(1)Provision	526,322,836.07	41,264,124.66	1,689,684.59	569,276,645.32
3.Closing balance	5,058,069,522.08	59,483,204.30	13,238,504.57	5,130,791,230.95
III. Provision for impairment				
1.Opening balance	151,700,283.38			151,700,283.38
2.Closing balance	151,700,283.38			151,700,283.38
IV. Carrying amount				
1.Closing book value	10,824,333,344.45	107,098,588.88	14,574,248.82	10,946,006,182.15
2.Opening book value	10,731,829,746.04	148,362,713.54	14,567,688.73	10,894,760,148.31

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVII) Intangible assets (Continued)

2. The movements of costs in major concession projects are as follow:

Project name	31 December 2023	Increase in the current year	31 December 2024	Accumulated capitalized interests as at 31 December 2023	Capitalised interests for the current year	Accumulated capitalised interests as at 31 December 2024
Enshi- Enshi Dashaba Phase I and Phase II (Tanjiaba) Sewage Treatment Plant and Supporting Pipeline Project	563,570,817.11	65,768,211.10	629,339,028.21		95,890.41	95,890.41
Karamay Capital – Karamay South Suburb Sewage Treatment Plant Project	401,476,535.25	96,009,259.20	497,485,794.45		314,556.62	314,556.62
Jiayuan Kaichuang – No. 1 energy station concession project in Tianjin Houtai Park	179,357,125.23	21,835,448.76	201,192,573.99	1,833,008.09	2,903,057.72	4,736,065.81
Hanshan Capital – Hanshan County Pipeline Network Project		120,709,872.00	120,709,872.00			
Weng' an – Weng' an County Stage III Sewage Treatment Plant		133,062,341.22	133,062,341.22		72,328.77	72,328.77
Shibing – Shibing 3P Construction Project	40,328,834.19	52,975,375.51	93,304,209.70	2,136,119.59	1,370,594.69	3,506,714.28
Total	1,184,733,311.78	490,360,507.79	1,675,093,819.57	3,969,127.68	4,756,428.21	8,725,555.89

(XVIII) Development expenditures

Project	Opening balance	Additions in the current period		Disposals in the current period			Closing balance
		Internal development expenditures	Others	Recognized as intangible assets	Transferred to current profit or loss	Others	
Data resources	454,099.24						454,099.24
Total	454,099.24						454,099.24

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIX) Goodwill

1. Original book value of goodwill

Item	Opening balance	Increase in the current period Formulated by merger of enterprises	Decrease in the current period Disposal	Closing balance
Jiangsu Yonghui	270,395,723.07			270,395,723.07
Gaoyou Compro	234,724,653.02			234,724,653.02
Total	505,120,376.09			505,120,376.09

2. Provision for impairment of goodwill

Item	Opening balance	Increase in the current period Provided	Decrease in the current period Disposal	Closing balance
Jiangsu Yonghui	184,773,272.36	85,622,450.71		270,395,723.07
Gaoyou Compro	170,296,247.36	64,428,405.66		234,724,653.02
Total	355,069,519.72	150,050,856.37		505,120,376.09

3. Information on the Cash-Generating Units or Groups of Cash-Generating Units Containing Goodwill

All the goodwill has been allocated by the Group to the relevant asset group at the equity transaction date. In 2024, the allocation of goodwill remains unchanged, and the corresponding asset groups are Jiangsu Yonghui and Gaoyou Compro, which are included in “all other segments”.

When testing the goodwill for impairment, the Group compares the carrying amount of relevant asset groups or groups of asset groups (including goodwill) and the recoverable amount, an impairment loss is recognized for the amount by which the assets’ carrying amount exceeds their recoverable amount.

In 2024, the sales volumes and the unit prices of the hazardous waste disposal business of Jiangsu Yonghui and Gaoyou Compro decreased accordingly due to increased market competition. In conducting the impairment assessment, the Group has compared the fair value less the cost of disposals of the relevant groups of asset groups with the present value of the expected future cash flows and used the estimate of present value of future cash flows to determine the recoverable amount. A provision for impairment losses of goodwill of RMB150,050,856.37 has been recognised accordingly.

The Group determines the revenue growth rates and the gross profit margins based on its past experience and forecast on future market development. The forecast period revenue growth rates are based on the five-year budget approved by management, and the terminal growth rates represent the growth rates applied by management to extrapolate cash flows beyond the forecast period, which are consistent with those forecasts as set out in authoritative industry reports, and do not exceed the long-term average growth rate of each product. The discount rates used by management are the pre-tax rates that are able to reflect the risks specific to the related asset group or groups of asset groups.

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIX) Goodwill

4. Determination of the Recoverable Amount of Goodwill

The main assumptions applied by the Group in calculating discounted future cash flows in 2024 are as follows:

Item	Carrying amount	Recoverable Amount	Goodwill impairment amount	Forecast period	Revenue growth rates in the forecast period	Terminal growth rate	Gross margin	Pre-tax discount rate
Jiangsu Yonghui	195,552,697.97	109,000,000.00	-85,622,450.71	5	0%-94.07%	0%	20.08%-23.58%	9.27%
Gaoyou Compro	167,646,597.43	102,000,000.00	-64,428,405.66	5	0%-113.56%	0%	21.19%-24.54%	9.79%
Total	363,199,295.40	211,000,000.00	-150,050,856.37	—	—	—	—	—

(XX) Deferred tax assets, deferred tax liabilities

1. Deferred tax assets and deferred tax liabilities not yet offset

Item	Closing balance		Opening balance	
	Deferred income tax assets/liabilities	Deductible/taxable temporary differences	Deferred income tax assets/liabilities	Deductible/taxable temporary differences
Deferred income tax assets:				
Asset impairment provision	90,849,874.75	395,111,530.61	70,083,061.56	307,677,774.06
Deductible losses	5,410,095.58	21,640,382.33	6,064,002.17	26,817,641.36
Accruals	6,733,904.05	28,125,763.31	8,843,579.71	35,374,318.85
Recognition of revenue from concessions accounted for under the financial asset model	1,506,106.63	10,518,217.45	1,193,441.99	9,976,347.03
Lease liabilities	500,391.75	3,172,815.25	1,413,227.82	6,827,837.15
Provision of sewage services by installment payments	63,082,560.51	252,330,242.05	55,510,062.64	225,123,972.31
Sub-total	168,082,933.27	710,898,951.00	143,107,375.89	611,797,890.76
Deferred tax liabilities:				
Amortisation of intangible assets	131,997,898.70	527,991,594.80	138,512,975.20	554,051,900.80
Merger of enterprises not under common control	23,028,453.85	92,113,815.39	23,346,993.80	93,387,975.21
Recognition of revenue from concessions accounted for under the financial asset model	26,740,906.92	113,078,121.74	34,787,453.61	139,149,814.42
Right-of-use assets	577,304.31	3,764,003.80	1,667,298.62	6,670,680.93
Sub-total	182,344,563.78	736,947,535.73	198,314,721.23	793,260,371.36

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

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(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XX) Deferred tax assets, deferred tax liabilities (Continued)

2. Deferred tax assets and deferred tax liabilities, presented at the net amount after offsetting

Item	The amount of offset of deferred income tax assets and liabilities at the end of the period	Closing balance of deferred income tax assets or liabilities after offsetting	The amount of offset between deferred income tax assets and liabilities at the beginning of the period	Opening balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets	96,094,588.26	71,988,345.01	111,026,201.18	32,081,174.71
Deferred tax liabilities	96,094,588.26	86,249,975.52	111,026,201.18	87,288,520.05

3. Details of deferred income tax assets not recognized

Item	Closing balance	Opening balance
Deductible temporary differences	753,130,919.21	598,539,022.98
Deductible losses	133,608,718.76	92,475,220.77
Share-based Payments	17,348,504.29	17,348,504.29
Total	904,088,142.26	708,362,748.04

4. The expiration of deductible losses for which no deferred income tax assets have been recognized in the following years

Year	Closing balance	Opening balance
2024		5,410,657.70
2025	4,198,987.58	8,947,738.93
2026	5,990,068.00	14,744,748.49
2027	48,979,456.04	48,980,229.04
2028	14,391,846.61	14,391,846.61
2029	60,048,360.53	
Total	133,608,718.76	92,475,220.77

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXI) Other non-current assets

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Input VAT to be deducted	154,235,490.85		154,235,490.85	215,418,457.17		215,418,457.17
Prepaid project payment	57,609,335.99		57,609,335.99	56,733,125.21		56,733,125.21
Prepaid equipment payment	6,111,401.08		6,111,401.08			
Contractual assets				138,336,317.74	1,890,230.33	136,446,087.41
Others				5,000,000.00		5,000,000.00
Total	217,956,227.92		217,956,227.92	415,487,900.12	1,890,230.33	413,597,669.79

(XXII) Assets with restricted ownership or use rights

Item	Situation as at the end of the period			Situation as at the beginning of the period		
	Carrying amount	Type of restriction	Situation of restriction	Carrying amount	Type of restriction	Situation of restriction
Cash at bank and on hand	91,492,762.29	Security deposits	Restricted	41,260,128.01	Security deposits	Restricted
Fixed assets	171,335,194.57	Mortgaged borrowings	Restricted	250,262,835.64	Mortgaged borrowings	Restricted
		Pledged/mortgaged borrowings			Pledged borrowings	
Intangible assets	3,799,014,308.30		Restricted	4,188,888,973.16		Restricted
Construction in progress				6,300,853.76		Restricted
Long-term receivables	625,745,506.06	Pledged borrowings	Restricted	683,750,355.03	Pledged borrowings	Restricted
Total	4,687,587,771.22			5,170,463,145.60		

(XXIII) Short-term borrowings

1. Classification of short-term borrowings

Borrowing conditions	Closing balance	Opening balance
Guaranteed borrowings	11,021,075.25	460,908.00
Credit borrowings	18,207,744.01	1,531,590.88
Total	29,228,819.26	1,992,498.88

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIV) Accounts payable

1. Classification by age

Item	Closing balance	Opening balance
Up to and including 1 year	707,568,919.06	469,193,097.78
Over 1 years	239,396,254.45	199,694,680.26
Total	946,965,173.51	668,887,778.04

2. Significant accounts payable aged over one year

Item	Closing balance	Reasons for non-repayment or non-carryover
Qijing Capital Water Co., Ltd. - Source water charges payable	97,722,207.03	Qijing Capital Water Co., Ltd. usually arranges payments in accordance with the instructions of Qijing City Water Conservancy and Hydroelectricity Development and Investment Co., Ltd.
Tianjin Water Recycling Co., Ltd. - Project payment payable	50,792,310.79	Project payment payable by Tianjin Water Recycling has not yet reached the required settlement point according to the contract. Also included are the cost of replacing and repairing the reverse osmosis membrane for Jingu Water Recycling Plant, Zhangguizhuang Water Recycling Plant and Beichen Water Recycling Plant, and the maintenance fee of pipeline connection network.
Total	148,514,517.82	

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXV) Advance receipts

1. Classification by age

Item	Closing balance	Opening balance
Up to and including 1 year	508,010.02	
Total	508,010.02	

(XXVI) Contract liabilities

1. Classification of contract liabilities

Item	Closing balance	Opening balance
Pre-collection of infrastructure fees from heating and cooling supply service projects	124,788,900.75	6,069,161.47
Pre-collection of pipeline connection service fees	77,082,139.96	388,654,788.51
Pre-collection of hazard waste treatment fees	11,460,666.51	11,361,560.79
Others	8,385,681.68	5,694,337.30
Total	221,717,388.90	411,779,848.07

(XXVII) Employee compensations payable

1. Classification presentation of employee compensations payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Short-term employee benefits	101,307,241.90	437,257,050.00	433,750,127.23	104,814,164.67
Post-employment benefits – defined contribution plans	4,961,095.14	59,066,242.43	63,589,192.63	438,144.94
Total	106,268,337.04	496,323,292.43	497,339,319.86	105,252,309.61

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVII) Employee compensations payable (Continued)

2. Information on short-term employee compensation

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Wages and salaries, bonus, allowances and subsidies	86,818,790.32	317,465,028.17	313,026,768.34	91,257,050.15
Staff welfare	85,283.00	22,435,325.86	22,231,035.75	289,573.11
Social security contributions	1,489,868.03	27,548,917.17	28,517,134.73	521,650.47
Including: Medical insurance	1,401,743.16	24,679,928.17	25,570,827.07	510,844.26
Work injury insurance	88,124.87	1,782,820.84	1,860,139.50	10,806.21
Maternity insurance		1,086,168.16	1,086,168.16	
Housing provident funds	6,053.97	59,124,686.94	58,989,893.84	140,847.07
Labour union funds and employee education funds	12,907,246.58	10,683,091.86	10,985,294.57	12,605,043.87
Total	101,307,241.90	437,257,050.00	433,750,127.23	104,814,164.67

3. Defined contribution plans

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Basic pensions	3,952,262.41	44,451,828.05	48,081,944.01	322,146.45
Unemployment insurance	124,355.19	1,453,177.63	1,568,449.80	9,083.02
Enterprise annuity payment	884,477.54	13,161,236.75	13,938,798.82	106,915.47
Total	4,961,095.14	59,066,242.43	63,589,192.63	438,144.94

(XXVIII) Taxes payable

Item	Closing balance	Opening balance
Value-added tax ("VAT")	35,873,952.18	21,783,889.48
Corporate income tax	59,602,842.69	39,849,210.61
Land use tax	5,322,626.15	4,983,386.78
Property tax	2,765,668.30	1,580,631.91
Individual income tax	565,995.36	83,039.23
City maintenance and construction tax	266,378.71	127,908.28
Educational surcharge	304,638.36	244,178.84
Water resources tax		389,328.50
Other taxes	6,450,879.39	70,994.53
Total	111,152,981.14	69,112,568.16

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIX) Other payables

Item	Closing balance	Opening balance
Dividend payable	7,986,980.00	7,024,880.00
Other payables	<u>1,052,270,890.64</u>	<u>1,029,451,665.93</u>
Total	<u>1,060,257,870.64</u>	<u>1,036,476,545.93</u>

1. Dividend payable

Item	Closing balance	Opening balance
Dividends payable to non-controlling shareholders	<u>7,986,980.00</u>	<u>7,024,880.00</u>
Total	<u>7,986,980.00</u>	<u>7,024,880.00</u>

2. Other payables

(1) Classification by nature of payment

Item	Closing balance	Opening balance
Construction costs payable	721,209,499.80	717,086,805.73
Payable for purchases of fixed assets and intangible assets	116,882,401.92	132,980,416.99
Payable for the old Dongjiao sewage plant's assets transfer	66,987,858.80	68,300,195.68
Guarantee deposits payable	39,265,561.38	41,551,281.10
Others	<u>107,925,568.74</u>	<u>69,532,966.43</u>
Total	<u>1,052,270,890.64</u>	<u>1,029,451,665.93</u>

Note: In accordance with the obligations stipulated in the Tianjin Municipal Land Consolidation and Reserve Project Compensation Contract, the amount collected by the Company during the land leveling process of the Dongjiao Sewage Treatment Plant (Old Plant), which will subsequently be used to pay various types of expenses for this project.

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXX) Other payables (Continued)

(2) Significant accounts payable aged over one year or overdue

Name of entities	Closing balance	Reasons for non-repayment or non-carryover
CCCC Tianjin Dredging Co., Ltd.	27,080,171.97	Pending completion of final accounts for the project
Tianjin Installation Engineering Co., Ltd.	18,584,722.07	The project is currently under construction and payments will be made progressively
Total	<u>45,664,894.04</u>	

(XXX) Current portion of non-current liabilities

Items	Closing balance	Opening balance
Long-term borrowings to be settled within one year	1,414,132,953.46	1,715,528,874.90
Debentures payable to be settled within one year	630,000,000.00	250,000,000.00
Interest payable for the debentures to be settled within one year	15,625,961.83	13,168,298.63
Long-term payables to be settled within one year	30,992,045.28	28,576,564.72
Lease liabilities to be settled within one year	1,892,699.11	3,652,010.84
Borrowings from minority shareholders due within one year	<u>99,090.41</u>	
Total	<u>2,092,742,750.09</u>	<u>2,010,925,749.09</u>

(XXXI) Other current liabilities

Items	Closing balance	Opening balance
Deferred output VAT	15,018,048.68	
Discount of notes receivable not derecognised	4,714,205.25	
Borrowings payable to shareholders by subsidiaries		<u>1,490,000.00</u>
Total	<u>19,732,253.93</u>	<u>1,490,000.00</u>

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIII) Long-term borrowings

Item	Closing balance	Opening balance
Pledged borrowings	3,602,611,428.42	3,405,147,171.59
Mortgaged borrowings	18,787,365.85	257,793,884.93
Guaranteed borrowings	2,272,944,921.85	2,550,225,574.69
Credit borrowings	<u>2,934,196,560.31</u>	<u>2,759,986,750.66</u>
Sub-total	8,828,540,276.43	8,973,153,381.87
Less: Long-term borrowings to be settled within one year	1,414,132,953.46	1,715,528,874.90
Total	<u>7,414,407,322.97</u>	<u>7,257,624,506.97</u>

Note 1: As at 31 December 2024, the guaranteed borrowings of RMB2,049,845,680.94 were guaranteed by the Group. The guaranteed borrowings of RMB223,099,240.91 were guaranteed by the Group and Karamay City Urban Construction Investment and Development Co., Ltd.

The interests of guaranteed borrowings are paid monthly or quarterly; and the principal will be due for repayment in the years of 2025 to 2038 respectively.

Note 2: As at 31 December 2024, pledged borrowings of RMB3,167,911,288.14 were pledged by the Group's receivables from wastewater treatment charging rights and PPP project receivables; pledged borrowings of RMB307,715,464.28 were pledged by the Group's long-term equity investments; and pledged borrowings of RMB126,984,676.00 were pledged by future income rights from certain photovoltaic power generation projects.

The interests of pledged borrowings are paid quarterly; and the principals will be respectively due for repayment in the years of 2025 to 2043.

Note 3: As at 31 December 2024, the long-term borrowings of RMB18,787,365.85 were mortgaged by land use rights, buildings, machinery and equipment.

The interests of mortgaged borrowings are paid quarterly; and the principals will be respectively due for repayment in the years of 2025 to 2030.

Note 4: As at 31 December 2024, the Group had no overdue long-term borrowings, and these long-term borrowings bore interest rates between 2.20% and 4.70%.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIII) Debentures payable

Item	Closing balance	Opening balance
Principal amount	1,130,000,000.00	880,000,000.00
Accrued interest	15,625,961.83	13,168,298.63
Issuance fees	-367,500.00	-367,500.00
Sub-total	1,145,258,461.83	892,800,798.63
Less: Debentures payable to be settled within one year	630,000,000.00	250,000,000.00
Less: Accrued interest due within one year	15,625,961.83	13,168,298.63
Total	499,632,500.00	629,632,500.00

1. Increase or decrease in debentures payable (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities)

Name of bond	Par value	Coupon rate (%)	Issuance date	Period	Issuance amount
Corporate debenture	250,000,000.00	4.85	14 October 2021	3+2 years	250,000,000.00
Medium-term notes	630,000,000.00	3.94	26 and 27 July 2022	3 years	630,000,000.00
Medium-term notes	300,000,000.00	2.50	23 August 2024	3 years	300,000,000.00
Medium-term notes	200,000,000.00	3.05	23 August 2024	5 years	200,000,000.00
Total	1,380,000,000.00				1,380,000,000.00

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(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIII) Debentures payable (Continued)

1. Increase or decrease in debentures payable (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities) (Continued)

Name of bond	Opening balance	Issued during the period	Interest provision at par value	Amortization of premiums and discounts	Repaid during the period	Closing balance	Whether in default or not
Corporate debenture	252,491,438.17		9,633,561.83		262,125,000.00		No
Medium-term notes	640,676,860.46		24,890,005.48		24,822,000.00	640,744,865.94	No
Medium-term notes		300,000,000.00	2,691,780.82			302,691,780.82	No
Medium-term notes		200,000,000.00	2,189,315.07			202,189,315.07	No
Total	893,168,298.63	500,000,000.00	39,404,663.20		286,947,000.00	1,145,625,961.83	

Note 1: On 14 October 2021, the Group issued a 5-year debenture at par value of RMB250 million on The Shanghai Stock Exchange as approved by the Securities Regulatory Commission of China [2021]1702. The fixed interest rate of 4.85% has been accrued and settled per annum. The principal will be repaid on maturity date, which is 18 October 2026. The amount was fully repaid on 18 October 2024 without any outstanding balance at the end of the period.

Note 2: On 26 July 2022 and 27 July 2022, the Group issued 3-year green medium-term notes at par value of RMB630 million at the National Association of Financial Market Institutional Investors as approved by the National Association of Financial Market Institutional Investors [2020] GN22. The fixed interest rate of 3.94% has been accrued and settled per annum. The principal of the bond will be repaid in full on maturity date. The principal will be repaid on maturity date, which is 28 July 2025. As at 31 December 2024, this amount has been reclassified to current portion of non-current liabilities.

Note 3: On 23 August 2024, the Group issued a 3-year green medium-term notes with a par value of RMB300 million. The notes bear interest at a fixed rate of 2.50% payable annually, and the principal amount will be repaid in full at maturity on 23 August 2027.

Note 4: On 23 August 2024, the Group issued a 5-year green rural revitalisation notes with a par value of RMB200 million. The notes bear interest at a fixed rate of 3.05% payable annually, and the principal amount will be repaid in full at maturity on 23 August 2029.

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(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIV) Lease liabilities

Item	Closing balance	Opening balance
Lease payment	3,256,982.66	7,086,937.82
Less: Unrecognised financial charges	84,167.30	259,100.68
Less: Lease liabilities to be settled within one year	1,892,699.11	3,652,010.84
Total	1,280,116.25	3,175,826.30

(XXXV) Long-term payables

Item	Closing balance	Opening balance
Long-term payables	102,593,539.92	140,960,085.72
Specialized accounts payable		
Total	102,593,539.92	140,960,085.72

3

1. Classification of long-term payables

Item	Closing balance	Opening balance
Payable for assets acquisition	204,094,530.16	285,071,033.06
Including: Unrecognised financial charges	70,508,944.96	115,534,382.62
Sub-total	133,585,585.20	169,536,650.44
Less: Long-term payables to be settled within one year	30,992,045.28	28,576,564.72
Total	102,593,539.92	140,960,085.72

2. Relevant information on long-term payables is as follows:

Creditor	Maturity Date	Effective interest rate	Long-term payable balance	Less: To be settled within one year	Long-term payables ending balance
Tianjin Drainage Company	20 March 2041	5.94%	133,585,585.20	30,992,045.28	102,593,539.92

Note 1: As at 31 December 2024, long-term payable to Tianjin Drainage Company ("Drainage Company") was the consideration payable by the Group in respect of the acquisition of sewage water processing assets from Drainage Company, net of unrecognised financing charges. Pursuant to Assets Transfer Agreement from Foreign Banks Loans About Haihe River Tianjin Sewage Processing Project and Beicang Sewage Processing Project (the "Transfer Agreement"), Sewage Company sold to the Group certain sewage processing assets. The down payment was RMB261,578,056.76, and remaining payments will be settled in RMB translated at exchange rates prevailing on each repayment date over the remaining 17 years. The fair value of the initial recognition of the payable balance was RMB430,314,460.59, which was calculated based on discounted future cash payments and discount rate of 5.94%.

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(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXV) Long-term payables (Continued)

2. Relevant information on long-term payables is as follows: (Continued)

Note 2: The balance of long-term payables is denominated in the following currencies:

Currency	Closing balance	Opening balance
JPY	114,360,471.97	138,192,133.03
USD	19,225,113.23	31,344,517.41
RMB		
Total	133,585,585.20	169,536,650.44

Note 3: The amounts of long-term payables (including interest) are denominated in the following currencies:

Currency	Closing balance	Opening balance
JPY	182,972,850.74	212,765,621.75
USD	21,121,679.42	72,305,411.31
Total	204,094,530.16	285,071,033.06

The balance denominated in USD bears an interest rate at 6-month LIBOR plus 0.6%, whilst the balance denominated in JPY bears fixed interest rates at 1% and 1.55% per annum respectively.

Note 4: The long-term payables mature as follows. As at 31 December 2024, long-term payables to be settled within one year amounted to RMB30,992,045.28 (31 December 2023: RMB28,576,564.72), and were classified as current liabilities:

Currency	Closing balance	Opening balance
Within 1 year	30,992,045.28	28,576,564.72
1 to 2 years	11,004,136.34	34,723,471.35
2 to 5 years	28,906,058.27	40,962,778.21
Over 5 years	62,683,345.31	65,273,836.16
Total	133,585,585.20	169,536,650.44

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(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVI) Deferred income

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Asset related government grants	1,786,240,496.24	6,720,000.00	159,472,865.93	1,633,487,630.31
Sewage water processing project	1,357,197,589.91		68,731,395.36	1,288,466,194.55
Including: Tianjin Jingu sewage water processing plant	1,002,120,037.73		51,285,139.48	950,834,898.25
Tianjin Jingu sewage water processing plant upgrading project	130,400,000.00		6,520,000.00	123,880,000.00
Tianjin Beichen sewage water processing plant upgrading project	72,000,000.00		3,600,000.00	68,400,000.00
Tianjin Xianyang Road-upgrading project	47,262,750.00		2,363,125.00	44,899,625.00
Tianjin Dongjiao sewage water processing plant upgrading project	33,164,008.61		1,658,208.76	31,505,799.85
Shijiazhuang Gaocheng project	30,080,791.19		1,037,268.72	29,043,522.47
Ningxiang upgrading project	20,544,714.27		931,034.52	19,613,679.75
Linxia reconstruction and extension project	8,106,606.36		320,000.00	7,786,606.36
Beishiqiao upgrading project	6,762,271.42		718,542.00	6,043,729.42
Chibi upgrading project	6,756,410.33		298,076.88	6,458,333.45
Water recycling project	241,095,003.81		7,159,572.13	233,935,431.68
Including: Jingu	177,283,140.60		5,544,885.30	171,738,255.30
Dongjiao	17,706,000.00		675,000.00	17,031,000.00
Beichen	15,487,000.00		525,000.00	14,962,000.00
Xianyanglu	10,618,863.21		414,686.83	10,204,176.38
Recycled Water Pipeline Connection Project in Tianjin City	20,000,000.00			20,000,000.00
Heating and cooling supply service project	187,947,902.52	6,720,000.00	83,581,898.44	111,086,004.08
Income related government grants	5,038,243.39	190,000.00	739,736.01	4,488,507.38
Total	1,791,278,739.63	6,910,000.00	160,212,601.94	1,637,976,137.69

(XXXVII) Other non-current liabilities

Item	Closing balance	Opening balance
Compensation for Tianjin Cultural Center Energy Station Project	26,000,000.00	28,000,000.00
Borrowings payable to shareholders by subsidiaries	1,990,000.00	
Total	27,990,000.00	28,000,000.00

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVIII) Share capital

Item	Opening balance	Increase/decrease (+/-) in the current change				Sub-total	Closing balance
		Issue of new shares	Share grant	Conversion of provident funds to shares	Others		
Total number of shares	1,570,418,085.00						1,570,418,085.00

(XXXIX) Capital surplus

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Equity premium	1,098,590,911.09	172,926.69		1,098,763,837.78
Other capital surplus	16,202,174.22			16,202,174.22
Total	1,114,793,085.31	172,926.69		1,114,966,012.00

Note 1: In April 2024, the Company purchased the 5% equity interest in Guizhou Company held by TMICL, and the difference between the transaction consideration and the share of identifiable net assets of Guizhou Company that should be continuously calculated from the date of consolidation based on the new shareholding ratio was adjusted to increase capital surplus by RMB172,926.69.

(XL) Surplus reserves

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	786,584,668.85	63,434,057.49		850,018,726.34
Total	786,584,668.85	63,434,057.49		850,018,726.34

Note: In accordance with the Company Law of the People's Republic of China and the Group's Articles of Association, the Group should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulates to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLI) Undistributed profits

Item	Amount for the current period	Amount for the previous period
Undistributed profit at the end of the previous period before adjustment	5,650,377,740.31	5,075,506,443.79
Adjusted undistributed profit at the beginning of the period	5,650,377,740.31	5,075,506,443.79
Add: Net profit attributable to owners of the parent for the period	807,210,626.05	865,207,128.31
Less: Appropriation of statutory surplus reserve	63,434,057.49	64,195,627.55
Appropriation of discretionary surplus reserve		
Ordinary share dividends payable	260,689,402.11	226,140,204.24
Capitalisation of ordinary share dividends		
Undistributed profits as at the end of the period	<u>6,133,464,906.76</u>	<u>5,650,377,740.31</u>

(XLII) Operating income and operating cost

1. Information on operating income and operating cost

Item	Incurred during the period		Incurred during the previous period	
	Revenue	Cost	Revenue	Cost
Main operations	4,565,925,937.01	2,703,374,394.18	4,410,709,082.65	2,655,270,245.14
Other businesses	<u>261,527,068.79</u>	<u>203,510,409.64</u>	<u>254,373,878.63</u>	<u>189,246,681.77</u>
Total	<u>4,827,453,005.80</u>	<u>2,906,884,803.82</u>	<u>4,665,082,961.28</u>	<u>2,844,516,926.91</u>

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(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XII) Operating income and operating cost (Continued)

2. Analysis by the nature of services

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
Main operations	4,565,925,937.01	2,703,374,394.18	4,410,709,082.65	2,655,270,245.14
Including: Sewage water processing and water plant facilities construction	3,579,852,587.15	2,075,711,159.06	3,248,862,916.38	1,930,868,342.77
Recycled water and pipeline connection	381,845,702.28	240,107,309.25	432,584,190.36	255,034,872.84
Heating and cooling supply and related facilities construction	162,311,778.73	134,797,174.75	247,624,841.60	214,779,259.49
Hazardous waste treatment	149,620,768.30	169,339,974.40	157,303,959.14	157,567,538.22
Interest income from PPP projects	126,180,636.73		129,464,165.82	
tap water supply and water plant facilities construction	63,504,058.13	49,299,434.54	96,870,384.30	58,703,592.56
Environmental protection equipment customisation	23,671,931.76	18,146,575.67	23,877,861.08	21,827,240.67
Others	78,938,473.93	15,972,766.51	74,120,763.97	16,489,398.59
Other businesses	261,527,068.79	203,510,409.64	254,373,878.63	189,246,681.77
Including: Contract operation	171,548,908.00	142,166,063.39	158,089,976.65	133,791,971.94
Technical service	26,329,761.46	14,205,270.01	45,755,127.00	14,837,110.50
Sales of equipment	33,372,417.42	23,492,229.77	25,641,829.45	25,493,847.28
Others	30,275,981.91	23,646,846.47	24,886,945.53	15,123,752.05
Total	<u>4,827,453,005.80</u>	<u>2,906,884,803.82</u>	<u>4,665,082,961.28</u>	<u>2,844,516,926.91</u>

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(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIII) Operating income and operating cost (Continued)

3. Analysis by locations

Item	2024		2023	
	Operating income	Operating cost	Operating income	Operating cost
Tianjin	2,341,018,465.53	1,261,688,441.35	2,418,888,192.46	1,307,192,222.07
Hangzhou	307,221,873.53	163,136,964.82	276,252,464.72	161,645,065.92
Xi'an	222,571,384.94	145,016,251.03	225,477,134.36	150,144,510.34
Fuyang	95,430,349.83	46,280,077.74	99,080,934.53	55,046,813.75
Others	1,861,210,931.97	1,290,763,068.88	1,645,384,235.21	1,170,488,314.83
Total	4,827,453,005.80	2,906,884,803.82	4,665,082,961.28	2,844,516,926.91

4. Information on the breakdown of operating revenues and operating costs

Item	Recognised over a period of time		Recognised at a point in time	
	Revenue	Cost	Revenue	Cost
Sewage water processing and water plant facilities construction and interest income from PPP projects	3,706,033,223.88	2,075,711,159.06		
Recycled water and pipeline connection	381,845,702.28	240,107,309.25		
Heating and cooling supply and related facilities construction	162,311,778.73	134,797,174.75		
Hazardous waste treatment	149,620,768.30	169,339,974.40		
tap water supply and water plant facilities construction	63,504,058.13	49,299,434.54		
Environmental protection equipment customisation	23,671,931.76	18,146,575.67		
Others	309,965,095.01	196,326,027.89	30,500,447.71	23,157,148.26
Total	4,796,952,558.09	2,883,727,655.56	30,500,447.71	23,157,148.26

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(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLII) Operating income and operating cost (Continued)

5. Information about the Group's performance obligations

Item	Timing of satisfaction of performance obligations	Significant payment terms	Nature of goods/services to be transferred	Principal/Agent classification	Expected amounts refundable to customers	Type of warranty and related obligations
Sewage water processing and water plant facilities construction and interest income from PPP projects	Over time as construction and services are provided	Contract consideration typically settled based on treatment volume	Wastewater treatment and water treatment plant facilities construction	Principal	None	None
Recycled water and pipeline connection	Over time as construction and services are provided	Recycled water treatment contracts typically settled based on treatment volume; ancillary works revenue recognised based on completion progress	Recycled water treatment and ancillary pipeline network construction	Principal	None	Assurance-type
Heating and cooling supply and related facilities construction	Over time as construction and services are provided	Contract consideration typically settled based on usage volume	Heating and cooling supply and related facilities construction	Principal	None	Assurance-type
Hazardous waste treatment	Over time as services are provided	Contract consideration typically settled based on treatment volume	Solid waste treatment; air pollution prevention services; air pollution control; wastewater treatment and recycling; water pollution control; water environment protection services	Principal	None	None
tap water supply and water plant facilities construction	Over time as construction and services are provided	Contract consideration typically settled based on treatment volume	Tap water supply and water treatment plant facilities construction	Principal	None	Assurance-type
Environmental protection equipment customisation	Over time as manufacturing and installation services are provided	Contract consideration typically paid as contractually agreed	Customisation and sale of environmental protection equipment	Principal	None	Assurance-type

(XLIII) Taxes and surcharges

Item	Incurred during the period	Incurred during the previous period
Property tax	26,882,509.35	18,409,056.66
Land use tax	22,637,026.01	22,979,032.93
City maintenance and construction tax	2,571,723.39	1,868,582.73
Educational surcharge	1,122,939.36	1,640,027.33
Others	8,048,457.73	2,462,236.79
Total	61,262,655.84	47,358,936.44

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIV) Selling expenses

Item	Incurring during the period	Incurring during the previous period
Employee benefits	7,243,777.09	6,472,576.84
Service fees	715,515.38	1,181,946.83
Travelling, meeting and business entertainment expenses	493,034.28	1,286,770.70
Depreciation of fixed assets	262,421.96	289,203.65
General office expenses	281,706.01	231,126.30
Others	1,076,479.99	2,009,826.64
Total	10,072,934.71	11,471,450.96

(XLV) General and administrative expenses

Item	Incurring during the period	Incurring during the previous period
Employee benefits	185,226,784.37	173,174,257.79
Consulting service fees	15,944,523.34	15,776,419.95
Depreciation of fixed assets	9,007,899.87	10,989,862.52
Repair and maintenance expenses	6,194,964.50	6,496,709.66
General office expenses	6,397,399.44	7,522,781.75
Travelling, meeting and business entertainment expenses	5,197,448.13	5,935,060.92
Amortisation of intangible assets	2,413,415.52	1,198,037.01
Audit fees	3,090,000.00	3,700,000.00
Utilities	2,356,282.82	2,412,819.94
Expenses of the board of directors	2,449,563.50	4,112,353.29
Other taxes	2,969,399.02	2,570,171.96
Others	7,469,264.28	6,238,940.43
Total	248,716,944.79	240,127,415.22

(XLVI) Research and development expenses

Item	Incurring during the period	Incurring during the previous period
Employee benefits	29,193,686.23	32,230,880.29
Raw materials consumption	13,915,605.34	6,141,466.92
Technology development expenses	10,222,340.51	
Repair and maintenance expenses	4,082,062.64	2,281,310.87
Depreciation and amortization	3,034,473.02	2,350,167.81
Travelling, meeting and business entertainment expenses	170,651.24	215,360.54
Utilities	401,250.50	1,848,960.68
Others	4,269,597.47	7,993,563.99
Total	65,289,666.95	53,061,711.10

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLVII) Financial expenses

Item	Incurred during the period	Incurred during the previous period
Interest expenses	381,723,020.15	390,842,621.17
Less: Interest income	21,685,451.68	168,983,308.52
Less: Exchange gains	15,806,619.00	9,570,787.10
Other expenses	749,085.56	853,707.08
Total	<u>344,980,035.03</u>	<u>213,142,232.63</u>

(XLVIII) Other income

Item	Incurred during the period	Incurred during the previous period	Asset related/ Income related
Government grants	90,113,785.21	95,010,278.78	
VAT refund	3,412,947.07	1,755,563.77	Income related
Withholding tax rebate	159,237.64	58,607.21	Income related
Total	<u>93,685,969.92</u>	<u>96,824,449.76</u>	

1. Government grants

Item	Incurred during the period	Incurred during the previous period	Asset related/ Income related
Sewage water processing project			
Tianjin Jingu sewage water processing plant	51,285,139.48	51,285,139.49	Asset related
Tianjin Jingu sewage water processing plant upgrading project	6,520,000.00	6,520,000.00	Asset related
Tianjin Beichen sewage water processing plant upgrading project	3,600,000.00	3,600,000.00	Asset related
Tianjin Xianyang Road-upgrading project	2,363,125.00	2,363,125.00	Asset related
Tianjin Dongjiao sewage water processing plant upgrading project	1,658,208.76	1,658,208.76	Asset related
Others	3,304,922.12	2,267,653.39	Asset related
Water recycling project			
Jingu	5,544,885.30	5,544,885.30	Asset related
Others	1,614,686.83	1,614,686.83	Asset related
Heating and cooling supply service project	6,020,463.90	9,463,950.54	Asset related
Others	618,224.28	618,759.06	Income related
Sub-total	<u>82,529,655.67</u>	<u>84,936,408.37</u>	
Government grants—One-off			
Tax subsidy	631,982.76	9,100,843.26	Income related
Others	6,952,146.78	973,027.15	Income related
Sub-total	<u>7,584,129.54</u>	<u>10,073,870.41</u>	
Total	<u>90,113,785.21</u>	<u>95,010,278.78</u>	

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(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIX) Gain from investments

Item	Incurrd during the period	Incurrd during the previous period
Income from long-term equity investments accounted for under the equity method	1,550,409.92	-4,457,840.64
Gains arising during the holding period of investments in other equity instruments	0	200,000.00
Total	<u>1,550,409.92</u>	<u>-4,257,840.64</u>

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(L) Credit impairment losses

Item	Incurrd during the period	Incurrd during the previous period
Accounts receivableCredit impairment losses	-88,380,998.48	-91,899,348.84
Other receivablesCredit impairment losses	-1,059,357.24	-69,917.73
Long-term receivablesCredit impairment losses	-4,599,901.20	16,387,473.85
Total	<u>-94,040,256.92</u>	<u>-75,581,792.72</u>

(LI) Asset impairment losses

Item	Incurrd during the period	Incurrd during the previous period
Provision for impairment of goodwill	-150,050,856.37	-169,762,307.54
Provision for impairment of other non-current assets	1,890,230.33	9,357.35
Total	<u>-148,160,626.04</u>	<u>-169,752,950.19</u>

(LII) Disposal gain on asset

Item	Incurrd during the period	Incurrd during the previous period
Gains or losses on disposal of non-current assets		24,070.32
Including: Gains or losses on disposal of fixed assets		24,070.32
Total		<u>24,070.32</u>

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LIII) Non-operating income

Item	Incurring during the period	Incurring during the previous period	Amount included in non-recurring profit or loss for the period
Profit on disposal of impaired/damaged non-current assets	20,547.74		20,547.74
Government grants unrelated to ordinary activities	28,149.12		28,149.12
Receiving of compensation	4,659,416.18	5,523,366.93	4,659,416.18
Others	368,465.75	609,941.38	368,465.75
Total	5,076,578.79	6,133,308.31	5,076,578.79

(LIV) Non-operating expenses

Item	Incurring during the period	Incurring during the previous period	Amount included in non-recurring profit or loss for the period
External donation		2,150,000.00	
Total loss on disposal of non-current assets	646,121.72	24,571.67	646,121.72
Others	649,575.98	409,144.33	649,575.98
Total	1,295,697.70	2,583,716.00	1,295,697.70

(LV) Income tax expenses

1. Breakdown of income tax expenses

Item	Incurring during the period	Incurring during the previous period
Current income tax expense	217,347,024.86	226,251,158.93
Deferred income tax expense	-40,945,714.83	-23,484,195.97
Total	176,401,310.03	202,766,962.96

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(IV) Income tax expenses (Continued)

2. Adjustment process of accounting profits and income tax expenses

Item	Amount
Total profit	1,047,062,342.63
Income tax expense calculated at statutory/applicable tax rates	261,765,585.66
Impact of varying tax rates applicable to subsidiaries	-89,320,154.65
Effect of non-taxable income	-30,093,382.91
Profit or loss from equity-accounted joint ventures and associates	-232,561.49
Impact of non-deductible costs, expenses and losses	13,225,073.87
Effect of utilising previously unrecognised deferred tax assets from deductible losses	-2,446,836.30
Impact of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the period	23,503,585.85
Income tax expenses	<u>176,401,310.03</u>

(IVI) Cash flow statement

1. Cash relating to operating activities

(1) Other cash received relating to operating activities

Item	Incurring during the period	Incurring during the previous period
Interest income from cash at bank	26,031,914.73	30,797,766.43
Government grants received	14,123,617.81	30,842,700.73
Deposit on project bids recovered		
Others	<u>4,370,476.97</u>	<u>15,491,270.62</u>
Total	<u>44,526,009.51</u>	<u>77,131,737.78</u>

(2) Cash paid relating to other operating activities

Item	Incurring during the period	Incurring during the previous period
General office expenses	6,679,105.45	7,753,908.05
Financial expenses	749,085.56	853,707.58
Repair and maintenance	10,277,027.14	6,796,709.66
Project deposits paid	71,277,800.75	3,881,394.99
Consulting service fees	29,972,379.23	16,958,366.78
Travelling, meeting and business accommodation expenses	5,861,133.65	7,221,831.62
Expenses of the board of directors	2,449,563.50	4,112,353.29
Donations		2,150,000.00
Others	<u>4,686,444.58</u>	<u>7,126,857.94</u>
Total	<u>131,952,539.86</u>	<u>56,855,129.91</u>

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVI) Cash flow statement (Continued)

2. Cash paid relating to investing activities

(1) Cash received in connection with significant investing activities

Item	Incurred during the period	Incurred during the previous period
Cash received from investment returns		200,020.00
Net cash inflow from disposal of fixed assets, intangible assets and other long-term assets	195,563.21	686,603.53
Receipt of restricted security deposits		22,339,496.17
Total	195,563.21	23,226,119.70

(2) Cash paid in connection with significant investing activities

Item	Incurred during the period	Incurred during the previous period
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	686,443,107.62	1,666,332,208.89
Cash paid for investment activities	8,893,947.34	
Other cash outflows related to investing activities	50,232,634.28	
Total	745,569,689.24	1,666,332,208.89

(3) Other cash received relating to investing activities

Item	Incurred during the period	Incurred during the previous period
Receipt of restricted security deposits		22,339,496.17
Total		22,339,496.17

(4) Other cash paid relating to investing activities

Item	Incurred during the period	Incurred during the previous period
Payment of restricted security deposits	50,232,634.28	
Total	50,232,634.28	

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVI) Cash flow statement (Continued)

3. Cash relating to financing activities

(1) Other cash received relating to financing activities

Item	Incurring during the period	Incurring during the previous period
Loans from minority shareholders	500,000.00	1,000,000.00
Total	500,000.00	1,000,000.00

(2) Other cash paid relating to financing activities

Item	Incurring during the period	Incurring during the previous period
Payment of assets acquisition	35,951,065.24	35,127,960.21
Payment of deposit of loans		5,512,884.06
Payment of lease liabilities	4,760,998.30	5,014,674.02
Payment of assets sale-leaseback		2,400,000.00
Total	40,712,063.54	48,055,518.29

(3) Changes in liabilities arising from financing activities

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Cash movement	Non-cash movement	Cash movement	Non-cash movement	
Borrowing from banks (Including those due within one year)	8,975,145,880.75		355,382,988.10	472,660,682.75		8,857,868,186.10
Debentures payable (Including those due within one year)	892,800,798.63	212,423,000.00	40,034,663.20			1,145,258,461.83
Lease liabilities (Including those due within one year)	6,827,837.14		175,246.15	3,830,267.93		3,172,815.36
Others (Including those due within one year)	169,536,650.44		14,225,483.05	40,179,069.83	8,007,478.46	135,575,585.20
Total	10,044,311,166.96	212,423,000.00	409,818,380.50	516,670,020.51	8,007,478.46	10,141,875,048.49

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVII) Supplement of cash flow statement

1. Supplement of cash flow statement

Item	Incurred during the period	Incurred during the previous period
1. Reconciliation from net profit to cash flows from operating activities		
Net profit	870,661,032.60	903,442,853.90
Add: Asset impairment provision	148,160,626.04	169,752,950.19
Credit impairment losses	94,040,256.92	75,581,792.72
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets, depreciation of investment properties	183,900,304.99	106,893,667.77
Depreciation of right-of-use assets	3,798,287.51	4,772,893.88
Amortisation of intangible assets	569,276,645.32	548,143,678.61
Loss on disposal of fixed assets, intangible assets and other long-term assets (gains marked with a “-” sign)		-24,070.32
Loss on retirement of fixed assets (gains marked with a “-” sign)	625,573.98	24,571.67
Financial expenses (gains marked with a “-” sign)	365,916,401.15	381,271,834.07
Investment losses (gains marked with a “-” sign)	-1,550,409.92	4,257,840.64
Reduction of deferred income tax assets (increase marked with a “-” sign)	-39,907,170.30	-24,683,486.62
Increase in deferred income tax liabilities (decrease marked with a “-” sign)	-1,038,544.53	1,199,290.62
Decrease in inventories (increase marked with a “-” sign)	-4,849,941.15	-4,541,379.13
Decrease in operating receivables (increase marked with a “-” sign)	-537,414,270.56	-982,046,441.76
Increase in operating payables (decrease marked with a “-” sign)	-269,602,071.09	-192,029,590.80
Others		
Net cash flows from operating activities	1,382,016,720.96	992,016,405.44
2. Net change in cash and cash equivalents		
Closing balance of cash	2,665,499,259.40	2,571,361,674.43
Less: Opening balance of cash	2,571,361,674.43	3,188,343,784.63
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	94,137,584.97	-616,982,110.20

2. Cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	2,665,499,259.40	2,571,361,674.43
Including: Cash on hand		517.06
Cash at bank that can be readily drawn on demand	2,665,499,259.40	2,571,361,157.37
II. Cash equivalents		
Including: Investments in bonds maturing within three months		
III. Balance of cash and cash equivalents as at the end of the Period	2,665,499,259.40	2,571,361,674.43
Including: Use of restricted cash and cash equivalents by the parent company or intra-group subsidiaries		

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVIII) Monetary items denominated in foreign currencies

1. Monetary items denominated in foreign currencies

Item	Balance of foreign currencies as at the end of the period	Exchange rate for translation	Translated Renminbi balance as at the end of the period
Cash at bank and on hand			
Including: HKD	9,377,834.49	0.92604	8,684,249.85
Long-term payables			
Including: USD	2,674,463.47	7.1884	19,225,113.23
JPY	2,473,568,056.80	0.046233	114,360,471.97

(LIX) Leases

1. As lessee

Item	Amount
Variable lease payments capitalised into asset costs or recognised in current profit or loss but not included in lease liabilities	9,585,948.83
Including: Short-term lease expenses capitalised into asset costs or recognised in current profit or loss under the simplified approach	8,133,309.64
Low-value asset lease expenses capitalised into asset costs or recognised in current profit or loss under the simplified approach	1,452,639.19
Total cash outflows relating to leases	14,346,947.13

2. As lessor

(1) Operating leases

Item	Lease Income	Including: Variable lease payments related income not included in lease receivables
Finance City Property Lease	190,948.62	190,948.62
Fortune China International Plaza Lease	36,347.43	36,347.43
Total	227,296.05	227,296.05

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

VI. RESEARCH AND DEVELOPMENT EXPENSES

(I) Presentation by nature of costs

Item	Incurred during the period	Incurred during the previous period
Employee benefits	29,569,823.09	32,230,880.29
Raw materials consumption	13,915,605.34	6,141,466.92
Technology development expenses	10,222,340.51	
Repair and maintenance expenses	4,082,062.64	2,281,310.87
Depreciation and amortization	3,112,435.40	2,350,167.81
Utilities	401,250.50	1,848,960.68
Travelling, meeting and business entertainment expenses	170,651.24	215,360.54
Others	4,269,597.47	7,993,563.99
Total	65,743,766.19	53,061,711.10
Including: Expensed research and development expenses	65,289,666.95	53,061,711.10
Capitalised research and development expenses	454,099.24	

(II) Expenditures meeting capitalization criteria

Item	Opening balance	Additions in the current period		Disposals in the current period		Closing balance
		Internal development expenditures	Others	Recognized as intangible assets	Transferred to current profit or loss	
Data resources		454,099.24				454,099.24
Total		454,099.24				454,099.24

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

VII. CHANGES IN SCOPE OF CONSOLIDATION

(I) Other reasons for changes in the scope of consolidation

(1) Expansion of the scope of consolidation

Name	Methods of expansion	Date
Tianjin Tianchuang Shengcheng New Energy Co., Ltd.	New establishment	11 January 2024
Weng'an Capital Water Co., Ltd.	New establishment	30 January 2024
Beijing Jinchuang Green Energy Technology Co., Ltd.	New establishment	5 September 2024
Huize Chuanghuan Water Co., Ltd.	New establishment	1 November 2024
Huoqiu Chuanghuan Water Co., Ltd.	New establishment	26 November 2024
Chibi Chuanghuan Water Co., Ltd.	New establishment	27 November 2024
Wuhu Chuanghuan Water Co., Ltd.	New establishment	31 December 2024

VIII. EQUITY IN OTHER ENTITIES

(I) Equity in subsidiaries

1. Composition of the enterprise group

Name of subsidiaries	Major business location	Registered capital	Place of registration	Nature of business	Shareholding percentage (%)		Acquisition method	Category of legal persons
					Direct	Indirect		
Qujing Capital Water Co., Ltd.	Qujing	178,983,082	Qujing	Sewage water processing and tap water supply	87.00	0.00	Capital contribution	Limited liability company
Guizhou Capital Water Co., Ltd.	Guizhou	1,200,000,000	Guizhou	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company
Baoying Capital Water Co., Ltd.	Baoying	83,000,000	Baoying	Sewage water processing	70.00	0.00	Capital contribution	Limited liability company
Hangzhou Tianchuang Capital Water Co., Ltd.	Hangzhou	377,445,000	Hangzhou	Sewage water processing	70.00	0.00	Capital contribution	Limited liability company
Tianjin Capital New Materials Co., Ltd.	Tianjin	37,500,000	Tianjin	Manufacturing and sales of new building materials	71.00	0.00	Capital contribution	Limited liability company
Fuyang Capital Water Co., Ltd.	Fuyang	455,688,700	Fuyang	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company
Tianjin Capital Environmental Protection (HongKong) Limited	Hong Kong	62,986,560	Hong Kong	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company
Wendeng Capital Water Co., Ltd.	Wendeng	68,527,400	Wendeng	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company
Tianjin Jinghai Capital Water Co., Ltd.	Tianjin	37,553,000	Tianjin	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company
Tianjin Water Recycling Co., Ltd.	Tianjin	100,000,000	Tianjin	Production and sales of recycled water, development and construction of water recycling facilities, and technical consulting services	100.00	0.00	Capital contribution	Limited liability company
Xi'an Capital Water Co., Ltd.	Xi'an	476,170,000	Xi'an	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

VIII. EQUITY IN OTHER ENTITIES (Continued)

(I) Equity in subsidiaries (Continued)

1. Composition of the enterprise group (Continued)

Name of subsidiaries	Major business location	Registered capital	Place of registration	Nature of business	Shareholding percentage (%)		Acquisition method	Category of legal persons
					Direct	Indirect		
Tianjin Caring Technology Development Co., Ltd.	Tianjin	33,333,333	Tianjin	Environmental engineering management and technical consulting, etc.	48.00	12.00	Capital contribution	Joint-stock limited company
Anguo Capital Water Co., Ltd.	Anguo	41,000,000	Anguo	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company
Wuhan Tianchuang Capital Environmental Protection Co., Ltd.	Wuhan	201,968,900	Wuhan	Sewage water processing and tap water supply	100.00	0.00	Capital contribution	Limited liability company
Tianjin Jinning Capital Water Co., Ltd.	Tianjin	22,560,000	Tianjin	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company
Tianjin Jiayuanxing Innovative Energy Technology Co., Ltd.	Tianjin	212,950,520	Tianjin	Development, consulting, provision of services and transfer in relation to energy conservation and new energy technologies; provision of property management services	100.00	0.00	Capital contribution	Limited liability company
Yingshang Capital Water Co., Ltd.	Yingshang	53,000,000	Yingshang	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company
Shandong Capital Environmental Protection Technology Co., Ltd.	Shandong	82,000,000	Shandong	Collection, storage and transportation of hazardous wastes	55.00	0.00	Capital contribution	Limited liability company
Changsha Tianchuang Environmental Protection Co., Ltd.	Changsha	46,015,400	Changsha	Sewage water processing	81.00	0.00	Capital contribution	Limited liability company
Karamay Tianchuang Water Co., Ltd.	Karamay	120,000,000	Karamay	Sewage water processing	90.00	0.00	Capital contribution	Limited liability company
Anhui Tianchuang Water Co., Ltd.	Hefei	63,670,000	Hefei	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company
Linxia Capital Water Co., Ltd.	Linxia	65,910,000	Linxia	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company
Dalian Oriental Chunliube Water Quality Purification Co., Ltd.	Dalian	94,079,340	Dalian	Sewage water processing	64.00	0.00	Capital contribution	Limited liability company
Changsha Tianchuang Capital Water Co., Ltd.	Changsha	21,252,200	Changsha	Sewage water processing	80.00	0.00	Capital contribution	Limited liability company
Inner Mongolia Bayannur Capital Water Co., Ltd.	Bayannur	1,067,577,900	Bayannur	Sewage water processing, producing and sales of recycled water, tap water supply	70.00	0.00	Business combinations involving entities not under common control	Limited liability company
Honghu Tianchuang Water Co., Ltd.	Honghu	131,330,800	Honghu	Sewage water processing	85.00	0.00	Capital contribution	Limited liability company
Hefei Capital Water Co., Ltd.	Hefei	205,956,800	Hefei	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company
Deqing Capital Water Co., Ltd.	Deqing	60,000,000	Deqing	Sewage water processing	90.00	0.00	Capital contribution	Limited liability company
Hebei Guojin Tianchuang Sewage Water Processing Co., Ltd.	Gaocheng	217,496,900	Gaocheng	Sewage water processing, producing and sales of recycled water	59.00	0.00	Capital contribution	Limited liability company
Hanshou Tianchuang Water Co., Ltd.	Hanshou	45,000,000	Hanshou	tap water supply	75.00	0.00	Capital contribution	Limited liability company
Jiuquan Capital Water Co., Ltd.	Jiuquan	178,237,900	Jiuquan	Sewage water processing	89.00	0.00	Capital contribution	Limited liability company
Huize Capital Water Co., Ltd.	Huize	41,236,800	Huize	Centralised tap water supply and sewage water processing	79.00	0.00	Capital contribution	Limited liability company
Huoqiu Capital Water Co., Ltd.	Huoqiu	41,283,000	Huoqiu	Sewage water processing	90.00	0.00	Capital contribution	Limited liability company
Dongying Tianchi Environmental Technology Co., Ltd.	Dongying	136,300,000	Dongying	Solid waste treatment	51.00	0.00	Capital contribution	Limited liability company

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

VIII. EQUITY IN OTHER ENTITIES (Continued)

(I) Equity in subsidiaries (Continued)

1. Composition of the enterprise group (Continued)

Name of subsidiaries	Major business location	Registered capital	Place of registration	Nature of business	Shareholding percentage (%)		Acquisition method	Category of legal persons
					Direct	Indirect		
Honghu Tianchuang Environmental Protection Co., Ltd.	Honghu	60,000,000	Honghu	Sewage water processing	89.00	0.00	Capital contribution	Limited liability company
Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd.	Tianjin	62,106,000	Tianjin	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company
Jiangsu Yonghui Resources Utilisation Co., Ltd.	Gaoyou	50,000,000	Gaoyou	Industrial solid waste incineration and disposal, general waste recycling, comprehensive utilisation	100.00	0.00	Business combinations involving entities not under common control	Limited liability company
Gaoyou Compro Environmental Resources Co., Ltd.	Gaoyou	100,000,000	Gaoyou	Industrial solid waste incineration and disposal, general waste recycling, comprehensive utilisation	100.00	0.00	Business combinations involving entities not under common control	Limited liability company
Shandong Tanchuang Environmental Protection Technology Development Co., Ltd.	Tancheng	110,000,000	Tancheng	Hazardous waste treatment and disposal	55.00	0.00	Division of existing subsidiary	Limited liability company
Tianjin Jiayuan Kaichuang New Energy Technology Co., Ltd.	Tianjin	80,000,000	Tianjin	Development, consulting, service, and transfer of energy conservation and new energy technologies; and property management services	100.00	0.00	Capital contribution	Limited liability company
Tianjin Tianchuang Lvneng New Energy Technology Co., Ltd.	Tianjin	84,590,000	Tianjin	Investment management; power generation business, transmission business, and power supply (distribution) business; heating services.	100.00	0.00	Capital contribution	Limited liability company
Karamay Capital Water Co., Ltd.	Karamay	113,873,200	Karamay	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company
Enshi Capital Water Co., Ltd.	Enshi	170,860,900	Enshi	Sewage water processing	95.00	0.00	Capital contribution	Limited liability company
Tianjin Tianchuang Environmental Technology Co., Ltd.	Tianjin	45,000,000	Tianjin	Technical services and development, consulting and transfer services, promotion services	100.00	0.00	Capital contribution	Limited liability company
Hanshan Chuanguan Water Co., Ltd.	Ma'anshan	91,224,400	Ma'anshan	Sewage water processing	51.00	0.00	Capital contribution	Limited liability company
Hanshan Capital Water Co., Ltd.	Ma'anshan	14,880,000	Ma'anshan	Sewage water processing	100.00	0.00	Capital contribution	Limited liability company
Jieshou Capital Water Co., Ltd.	Jieshou	345,928,000	Jieshou	Sewage water processing	87.00	0.00	Capital contribution	Limited liability company
Weng'an Capital Water Co., Ltd.	Weng'an	53,595,000	Weng'an	Sewage water processing	97.00	0.00	Capital contribution	Limited liability company

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

VIII. EQUITY IN OTHER ENTITIES (Continued)

(I) Equity in subsidiaries (Continued)

2. Information on significant non-wholly owned subsidiaries

No.	Company name	Percentage of shareholding of minority shareholders	Profit or loss for the period attributable to minority shareholders	Dividends declared to minority shareholders during the period	Accumulated minority interests at the end of the period
1	Inner Mongolia Bayannur Capital Water Co., Ltd.	30%	15,215,037.89	1,500,000.00	334,594,920.53
2	Hangzhou Tianchuang Capital Water Co., Ltd.	30%	35,035,880.70	34,287,000.00	210,984,802.73
3	Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.	41%	6,310,461.65		109,435,354.72
4	Shandong Capital Environmental Protection Technology Co., Ltd.	45%	30,052.55		58,280,864.38
5	Tianjin Caring Technology Development Co., Ltd.	40%	1,356,160.42	2,799,999.95	54,660,583.61

3. Important key financial information of significant non-wholly owned subsidiaries (other than those classified as held for sale)

Name of subsidiaries	Current		Closing balance		Non-current		Total liabilities	Non-current		Opening balance		Total liabilities
	assets	assets	Total assets	Current liabilities	assets	liabilities		assets	liabilities	Total assets	Current liabilities	
Inner Mongolia Bayannur Capital Water Co., Ltd.	105,961,942.01	997,157,695.58	1,103,119,637.59	21,904,660.30		21,904,660.30	48,491,758.63	1,062,661,588.01	1,111,153,346.64	30,157,319.28	11,426,757.11	41,584,076.39
Hangzhou Tianchuang Capital Water Co., Ltd.	331,026,302.38	401,713,187.96	732,739,490.34	36,753,856.72	19,945,492.54	56,699,349.26	313,336,711.83	496,776,205.81	810,112,917.64	54,788,759.33	54,561,295.12	109,350,054.45
Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.	153,056,083.34	293,016,718.10	446,072,801.44	89,900,163.76	89,372,958.94	179,273,122.70	111,576,727.46	303,226,435.64	414,803,163.10	72,297,696.74	91,097,157.51	163,394,854.25
Shandong Capital Environmental Protection Technology Co., Ltd.	121,382,261.02	218,003,879.40	339,386,140.42	30,389,023.27	179,490,000.00	209,879,023.27	99,810,375.79	229,460,417.08	329,270,792.87	89,830,459.15	110,000,000.00	199,830,459.15
Tianjin Caring Technology Development Co., Ltd.	222,834,859.64	20,081,321.42	242,916,181.06	106,337,209.78	86,674.77	106,423,884.55	221,753,643.76	10,981,573.25	232,735,217.01	92,509,981.04	123,340.72	92,633,321.76

Name of subsidiaries	Incurred during the period				Incurred during the previous period			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Inner Mongolia Bayannur Capital Water Co., Ltd.	135,682,909.42	50,716,792.96	50,716,792.96	41,397,360.76	81,898,674.17	1,242,258.41	1,242,258.41	10,310,901.63
Hangzhou Tianchuang Capital Water Co., Ltd.	307,221,873.53	116,786,269.02	116,786,269.02	165,797,379.34	276,252,464.72	67,464,738.76	67,464,738.76	183,006,087.20
Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.	72,174,101.95	15,391,369.89	15,391,369.89	-10,627,725.71	59,440,679.66	15,914,827.39	15,914,827.39	-7,277,211.74
Shandong Capital Environmental Protection Technology Co., Ltd.	67,624,516.39	66,783.43	66,783.43	41,430,562.87	42,217,268.23	-10,278,308.30	-10,278,308.30	3,049,189.83
Tianjin Caring Technology Development Co., Ltd.	173,217,839.53	3,390,400.99	3,390,400.99	110,568,032.76	176,932,260.05	14,418,121.03	14,418,121.03	21,861,485.64

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

VIII. EQUITY IN OTHER ENTITIES (Continued)

(II) Transactions in which the owner's share of the subsidiary's equity changes while still controlling the subsidiary

1. Description of changes in the share of owner's equity of subsidiaries

In April 2024, the Company purchased the 5% equity interest in Guizhou Company held by TMICL, and after the transaction, the difference between the transaction consideration and the share of identifiable net assets of Guizhou Company that should be continuously calculated from the date of consolidation based on the new shareholding ratio was adjusted to increase capital surplus by RMB172,926.69.

2. The impact of the transaction on minority shareholders' equity and owner's equity attributable to the parent company

Item	Guizhou Capital Water Co., Ltd.
Purchases cost	8,893,947.34
Including: Cash	8,893,947.34
Less: Share of net assets of subsidiaries calculated in proportion to equity rights acquired/disposed of	9,066,874.03
Differences	172,926.69
Including: Adjustment to capital surplus	172,926.69

(III) Interests in joint ventures or associates

1. Combined financial information of insignificant joint ventures and associates

Item	Closing balance/ Incurred during the period	Opening balance/ Incurred during the previous period
I. Joint ventures		
Total carrying amount of investment	190,200,882.52	188,650,472.60
The total of the following items by percentage of shareholding:		
Net profit	1,550,409.92	-4,457,840.64
Total comprehensive income	1,550,409.92	-4,457,840.64

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

IX. GOVERNMENT GRANTS

(I) Government grants recognised based on the amount receivable

Item	Closing balance of receivables	Reasons for non- receipt of expected government grants by scheduled date
VAT refund (refund upon payment)	260,580.41	See Note 5(6) for details
Total	260,580.41	—

(II) Liabilities involving government grants

Financial Statement Item	Opening balance	Government Grants Added in Current Period	Transferred to Other Income in Current Period	Other Changes in Current Period	Closing balance	Related to Asset/ Income
Deferred income	1,786,240,496.24	6,720,000.00	81,911,431.39	-77,561,434.54	1,633,487,630.31	Asset related
Deferred income	5,038,243.39	190,000.00	618,224.28	-121,511.73	4,488,507.38	Income related
Total	1,791,278,739.63	6,910,000.00	82,529,655.67	-77,682,946.27	1,637,976,137.69	—

(III) Government grants recognized in profit or loss for the period

Type	Incurred during the period	Incurred during the previous period
Asset related	81,911,431.39	84,317,649.31
Income related	8,202,353.82	10,692,629.47
Total	90,113,785.21	95,010,278.78

(All amounts in RMB thousand unless otherwise stated)

X. RISKS RELEVANT TO FINANCIAL INSTRUMENTS

(I) Risks of financial instruments

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The above financial risks and the Group's risk management policies to mitigate the risks are as follows:

The Board of Directors is responsible for the planning and establishment of the risk management framework of the Group, the formulation of the risk management policies and related guidelines of the Group, and the supervision of the implementation of risk management measures. The Group has established risk management policies to identify and analyse the risks faced by the Group, which clearly define specific risks and cover many aspects such as the management of market risk, credit risk and liquidity risk, etc. The Group regularly assesses the market environment and changes in the Group's activities to determine whether the risk management policies and systems are updated. The risk management of the Group is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, assesses and avoids risks through close cooperation with other business units of the Group. The internal audit department of the Group periodically conducts audits on risk management control and procedures, and reports the results to the Audit Committee of the Group.

1. Market risks

(1) Foreign exchange risk

The Group and its subsidiaries' major operational activities are carried out, and its clients are located in the Chinese mainland and a majority of the transactions are denominated in RMB, and all of the Group's borrowings are denominated in RMB, therefore the Group has no significant foreign exchange risk. The sole foreign exchange risk of the Group arises from long-term payables, which arise from the asset transfer agreement between the Company and the sewage company for the purchase of foreign bank loans, mainly involving USD and JPY.

As at 31 December 2024, if the RMB had strengthened/weakened by 5% against the USD with all other variables held constant, the Group's net profit for the year would have been RMB897,671.38 (31 December 2023: RMB1,696,002.98) higher/lower. As at 31 December 2024, if the RMB had strengthened/weakened by 5% against the JPY with all other variables held constant, the Group's net profit for the year would have been RMB7,776,346.16 (31 December 2023: RMB9,042,538.92) higher/lower.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

X. RISKS RELEVANT TO FINANCIAL INSTRUMENTS (Continued)

(I) Risks of financial instruments (Continued)

1. Market risks (Continued)

(2) Interest rate risk

The Group's interest rate risk arises mainly from long-term bank borrowings, long-term payables and debentures payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2024, the Group's long-term interest bearing borrowings were USD-denominated borrowings with floating rates linked to six-month LIBOR of RMB19,225,113.23. As at 31 December 2024, the Group is still yet to complete the replacement of benchmark interest rate.

The Group continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest costs with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. Management makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. In 2024 and 2023, the Group did not enter into any interest rate swap agreements.

The Group's interest rate risk arising from interest bearing borrowings are reflected in the following form. The liabilities included in the following form are carrying amounts, and classified by maturity date.

As of: 31 December 2024

Item	Fixed interest rate	Floating interest rate	Total
Short-term borrowings	29,228,819.26		29,228,819.26
Current portion of non-current liabilities:	873,260,866.30	1,217,490,094.27	2,090,750,960.57
Long-term borrowings to be settled within one year	215,867,972.42	1,198,264,981.04	1,414,132,953.46
Long-term payables to be settled within one year	645,625,961.83		645,625,961.83
Debentures payable and interest to be settled within one year	11,766,932.05	19,225,113.23	30,992,045.28
Long-term borrowings	227,712,500.00	7,186,694,822.97	7,414,407,322.97
Long-term payables	102,593,539.92		102,593,539.92
Debentures payable	500,000,000.00		500,000,000.00
Other non-current liabilities	1,990,000.00		1,990,000.00
Total	1,734,785,725.48	8,404,184,917.24	10,138,970,642.72

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

X. RISKS RELEVANT TO FINANCIAL INSTRUMENTS (Continued)

(I) Risks of financial instruments (Continued)

1. Market risks (Continued)

(2) Interest rate risk (Continued)

As of: 31 December 2023

Item	Fixed interest rate	Floating interest rate	Total
Short-term borrowings	1,992,498.88		1,992,498.88
Current portion of non-current liabilities:	493,206,336.30	1,514,067,228.42	2,007,273,564.72
Long-term borrowings to be settled within one year	217,865,030.67	1,497,663,844.23	1,715,528,874.90
Long-term payables to be settled within one year	263,168,298.63		263,168,298.63
Debentures payable and interest to be settled within one year	12,173,305.63	16,403,259.09	28,576,564.72
Long-term borrowings	377,452,164.22	6,880,172,342.75	7,257,624,506.97
Long-term payables	126,018,827.39	14,941,258.33	140,960,085.72
Debentures payable	629,632,500.00		629,632,500.00
Other current liabilities	1,490,000.00		1,490,000.00
Total	1,629,792,326.79	8,409,180,829.80	10,038,973,156.71

As at 31 December 2024, if interest rates on bank borrowings had been 1% higher/lower with all other variables held constant, the Group's net profit for the year would have been RMB75,675,565.23 (At 31 December 2023: RMB98,312,320.48) lower/higher.

The Group also considers to adopt refinancing, extension of existing borrowings and other alternative financing schemes to mitigate its interest rate risk.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

X. RISKS RELEVANT TO FINANCIAL INSTRUMENTS (Continued)

(I) Risks of financial instruments (Continued)

2. Credit risk

Credit risk of the Group arises mainly from cash at bank and on hand, accounts receivable, other receivables and contract assets (accounting as other non-current assets) and long-term receivables. As at the balance sheet date, the carrying amount of the Group's financial assets represented the maximum exposure of the Group.

The Group expects that there is no significant credit risk associated with cash at bank and on hand since they are deposited at state-owned banks and other large or medium size listed banks with good reputation and high credit rating, and there will be almost no significant losses from non-performance by these banks.

In addition, the Group has set related policies to limit the credit exposure on accounts receivable, other receivables, contract assets and long-term receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will chase settlement by using written payment reminders, or shorten/cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 31 December 2024, the Group had no significant collateral or other credit enhancements held as securities from debtors (31 December 2023: None).

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

X. RISKS RELEVANT TO FINANCIAL INSTRUMENTS (Continued)

(I) Risks of financial instruments (Continued)

3. Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department at headquarters level. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs; continuously monitors whether the covenant terms in borrowing agreements are complied; and maintains sufficient headroom on the Group's committed undrawn banking facilities from major financial institutions so as to meet the short-term and long-term liquidity requirements.

(1) Contractual cash flows of financial liabilities analysed by their maturity dates

As at the balance sheet date, the undiscounted contractual cash flows of the Group's financial liabilities, analysed by their maturity dates, are as below:

As of: 31 December 2024

Item	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Short-term borrowings	29,521,595.00				29,521,595.00	29,228,819.26
Long-term borrowings	1,672,739,436.59	1,720,241,505.08	3,793,321,296.24	2,990,770,697.13	10,177,072,935.04	8,828,540,276.43
Long-term payables	33,931,322.65	12,690,817.03	37,359,493.84	120,112,896.64	204,094,530.16	133,585,585.20
Accounts payable	946,965,173.51				946,965,173.51	946,965,173.51
Other payables	1,060,257,870.64				1,060,257,870.64	1,060,257,870.64
Debentures payable	657,872,650.00	13,600,000.00	508,877,777.78		1,180,350,427.78	1,145,625,961.83
Lease liabilities	1,971,931.77	1,285,050.89	–		3,256,982.66	3,172,815.36
Other non-current liabilities	99,500.00	99,500.00	2,089,500.00		2,288,500.00	2,089,090.41
Total	4,403,359,480.16	1,747,916,873.00	4,341,648,067.86	3,110,883,593.77	13,603,808,014.79	12,149,465,592.64

As of: 31 December 2023

Item	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Short-term borrowings	2,030,854.48				2,030,854.48	1,992,498.88
Long-term borrowings	2,018,001,104.46	1,854,316,537.50	3,396,618,481.29	3,290,176,648.28	10,559,112,771.53	8,973,153,381.87
Long-term payables	33,136,277.13	34,723,471.35	40,962,778.21	176,248,506.00	285,071,032.69	169,536,650.44
Accounts payable	668,887,778.04				668,887,778.04	668,887,778.04
Other payables	1,036,473,545.93				1,036,473,545.93	1,036,476,545.93
Debentures payable	284,455,561.64	644,145,139.73			928,600,701.37	892,800,798.63
Lease liabilities	3,727,000.00	1,908,000.00	1,591,000.00		7,226,000.00	6,827,837.14
Other non-current liabilities	1,490,000.00				1,490,000.00	1,490,000.00
Total	4,048,202,121.68	2,535,093,148.58	3,439,172,259.50	3,466,425,154.28	13,488,892,684.04	11,751,165,490.93

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

X. RISKS RELEVANT TO FINANCIAL INSTRUMENTS (Continued)

(I) Risks of financial instruments (Continued)

3. Liquidity risk (Continued)

(2) Repayment periods for bank borrowings and other borrowings

Repayment period	31 December 2024		31 December 2023	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	1,443,361,772.72	676,717,097.52	1,717,521,498.88	1,781,744,564.72
1 to 2 years	1,505,552,806.53	11,004,136.34	1,613,890,536.62	658,260,287.60
2 to 5 years	3,385,705,846.17	530,896,058.27	2,929,339,455.56	36,091,472.07
Over 5 years	<u>2,523,148,670.27</u>	<u>62,216,754.90</u>	<u>2,714,394,515.09</u>	<u>76,240,826.06</u>
Total	<u>8,857,769,095.69</u>	<u>1,280,834,047.03</u>	<u>8,975,146,006.15</u>	<u>2,552,337,150.45</u>

XI. FAIR VALUE

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Unobservable inputs for the asset or liability.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XI. FAIR VALUE (Continued)

(I) Analysis of assets and liabilities measured at fair value by the level of fair value

Item	Fair value measured at level 1	Fair value measured at level 2	Fair value measured at level 3	Total
Continuous fair value measurement				
(I) Receivables financing			7,024,347.00	7,024,347.00
(II) Investments in other equity instruments			2,000,000.00	2,000,000.00
Including: Unlisted equity instrument investments of Tianjin Beifang Rencaigang Co., Ltd.			2,000,000.00	2,000,000.00

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques. The valuation models used mainly comprise market comparable corporate model. The inputs of the valuation technique mainly include liquidity discount.

The amount of financial instruments traded by the Group on active markets is not substantial.

(II) The fair value of the other financial assets and liabilities not measured at fair value

Financial assets and liabilities measured at amortised cost mainly include: notes receivable, receivables, other receivables, long-term receivables, payables, short-term borrowings, long-term borrowings, debentures payable and long-term payables.

The carrying amounts of the other financial assets and liabilities not measured at fair value are reasonably approximate to their fair values.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XII. CAPITAL MANAGEMENT

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Consistent with others in the industry, the Group monitors its capital by the debt-to-capital ratio. This ratio is calculated by taking net debt and dividing it by the total capital. Net debt represents total borrowings (including short-term borrowings, long-term borrowings, debentures payable and long-term payables of the Group) less cash and cash equivalents. Total capital is equity (as shown on the consolidated balance sheet) plus net debt.

The Group's strategy is to maintain a gearing ratio below 50%. The gearing ratio of the Group is as follows:

Item	31 December 2024	31 December 2023
Total borrowings	10,138,702,233.13	10,038,973,329.82
Including: Short-term borrowings	29,228,819.26	1,992,498.88
Long-term borrowings	8,828,540,276.43	8,973,153,381.87
Debentures payable	1,145,258,461.83	892,800,798.63
Long-term payables	133,585,585.20	169,536,650.44
Other current liabilities	2,089,090.41	1,490,000.00
Less: Cash and cash equivalents	2,665,499,259.40	2,571,361,674.43
Net debt	7,473,202,973.73	7,467,611,655.39
Total Equity	10,797,294,546.26	10,215,760,965.00
Total capital	18,270,497,519.99	17,683,372,620.39
Gearing ratio	41%	42%

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(I) Parent company of the Company

Name of the parent company	Place of registration	Nature of business	Registered capital	The percentages of shareholding in the Company held by the parent company (%)	The percentages of voting rights in the Company held by the parent company (%)
Tianjin Municipal Investment Co., Ltd.	Tianjin, the PRC	Development and operation of municipal infrastructures	182,000,000	45.57%	45.57%

The Group's ultimate controlling party is Tianjin City Infrastructure Construction and Investment Group Co., Ltd.

(II) Information on subsidiaries of the Company

For details, please refer to note "VIII. Equity in other entities".

(III) Information on the Company's joint ventures and associates

For significant joint ventures or associates, please refer to note "VIII. Equity in other entities".

(IV) Other related parties

Name of other related parties	Relationship with the Group
Tianjin Tongsheng Municipal Landscape Engineering Project Management Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Environmental Investment Green Engineering Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin City Infrastructure Construction and Investment Group Co., Ltd.	Ultimate controlling party
Tianjin Eco-city Environmental Testing Center Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Finance City Property Management Company Limited	Under common control by the same ultimate controlling party
Tianjin Haihe Jinan Investment Construction Development Co., Ltd.	Joint venture of the ultimate controlling party

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(All amounts in RMB thousand unless otherwise stated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(IV) Other related parties (Continued)

Name of other related parties	Relationship with the Group
Hangzhou Water Group Co., Ltd.	Minority shareholders of subsidiaries
Dongying Runli Municipal Garden Co., Ltd.	Minority shareholders of subsidiaries
Tianjin Investment Infrastructure Management and Consultant Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Lecheng Properties Co., Ltd.	Associate of the ultimate controlling party
Tianjin Taihuan Renewable Resources Utilization Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Chengze Real Estate Development Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Fuyuan Real Estate Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Rail Transit Operation Group Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Jinzhong Urban Renewal Construction and Development Company Limited	Under common control by the same ultimate controlling party
Tianjin United Investment Real Estate Development Co., Ltd.	Associate of the ultimate controlling party
Tianjin Liulin Street and District Urban Renewal Industry Operation Company Limited	Under common control by the same ultimate controlling party
Tianjin City Metro Group Company Limited	Associate of the ultimate controlling party
Tianjin Haihe Linyi Real Estate Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Jinzhu Real Estate Development Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Bihai Sponge City Co., Ltd.	Associate
Tianjin Rail Transit Group Co., Ltd.	Associate of the ultimate controlling party

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(V) Related party transactions

1. Related party transactions in relation to the purchase and sales of goods, provision and receipt of services

(1) Purchases of goods/receiving of services

Name of related parties	Nature of transaction	Incurred during the period	Incurred during the previous period
Tianjin Investment Group	Purchases of goods	111,613,648.86	160,320,614.34
Tianjin Haihe Jinan Investment Construction Development Co., Ltd.	Exhibition service fee	317,075.47	
Hangzhou Water Group Co., Ltd.	Water fee	310,042.40	

(2) Sales of goods/provision of services

Name of related parties	Nature of transaction	Incurred during the period	Incurred during the previous period
Tianjin Lecheng Properties Co., Ltd.	Heating/cooling supply income	25,786,157.41	25,701,322.80
Tianjin Taihuan Renewable Resources Utilization Co., Ltd.	Water sales income, technical service income	976,084.46	
Tianjin Chengze Real Estate Development Co., Ltd.	project income, revenue from auxiliary recycled water projects	1,277,081.94	
Tianjin Fuyuan Real Estate Co., Ltd.	Revenue from auxiliary recycled water projects	5,236,928.23	
Tianjin Rail Transit Operation Group Co., Ltd.	Heating and cooling supply income	496,031.40	
Tianjin Jinzhong Urban Renewal Construction and Development Company Limited	Revenue from auxiliary recycled water projects	1,392,576.14	
Tianjin United Investment Real Estate Development Co., Ltd.	Revenue from auxiliary recycled water projects	178,502.75	
Tianjin Liulin Street and District Urban Renewal Industry Operation Company Limited	Revenue from auxiliary recycled water projects	3,444,819.68	
Tianjin City Metro Group Company Limited	Heating and cooling supply income 、 Revenue from auxiliary recycled water projects	3,114,420.15	
Tianjin Haihe Linyi Real Estate Co., Ltd.	Revenue from auxiliary recycled water projects	611,926.61	
Tianjin Environmental Investment Green Engineering Co., Ltd.	Other income	37,140.14	
Tianjin Jinzhu Real Estate Development Co., Ltd.	Revenue from auxiliary recycled water projects	2,365,634.15	
Tianjin Tongsheng Municipal Landscape Engineering Project Management Co., Ltd.	Other income	631,278.58	
Tianjin Bihai Sponge City Co., Ltd.	Revenue from auxiliary recycled water projects	549,039.45	
Tianjin City Infrastructure Construction and Investment Group Co., Ltd.	Revenue from contract operation		13,790,906.08

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(V) Related party transactions (Continued)

2. Information on asset transfer and debt restructuring of related parties

Related parties	Nature of transaction	Incurred during the period	Incurred during the previous period
Tianjin City Infrastructure Construction and Investment Group Co., Ltd.	Asset acquisition		471,825,900.00

3. Remuneration of key management

Item	Incurred during the period	Incurred during the previous period
Remuneration of key management	7,205,581.52	10,702,054.00

(VI) Information on unsettled items such as receivables from and payables to related parties

1. Project receivables

Name of project	Related parties	Closing balance		Opening balance	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Contract operation fee receivable	Tianjin City Infrastructure Construction and Investment Group Co., Ltd.	94,969,385.54	53,263,039.05	94,969,385.54	54,022,959.52
Cooling and heating fee receivable	Tianjin Lecheng Properties Co., Ltd.	5,640,652.56	64,758.62	5,594,417.70	86,411.86
Technical service fee receivable	Tianjin Taihuan Renewable Resources Utilization Co., Ltd.	976,084.46	10,085.52		
Cooling and heating fee receivable, auxiliary project fee receivable	Tianjin City Metro Group Company Limited	4,902,412.84	129,622.94		
Total		<u>106,488,535.40</u>	<u>53,467,506.13</u>	<u>100,563,803.24</u>	<u>54,109,371.38</u>

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(VI) Information on unsettled items such as receivables from and payables to related parties (Continued)

2. Project payables

Name of project	Related parties	Closing balance	Opening balance
Accounts payable	Tianjin Investment Group	91,830,599.68	113,436,332.29
Accounts payable	Hangzhou Water Group Co., Ltd.	40,000.00	
Other payables	Tianjin Eco-city Environmental Testing Center Co., Ltd.	2,000.00	
Other payables	Tianjin City Infrastructure Construction and Investment Group Co., Ltd.	64,824,388.01	47,182,590.00
Other payables	Tianjin Finance City Property Management Company Limited	138,781.10	
Other payables	Tianjin Environmental Investment Green Engineering Co., Ltd.	160,634.47	
Other payables	Tianjin Investment Infrastructure Management and Consultant Co., Ltd.	93,568.24	
Other payables	Tianjin Tongsheng Municipal Landscape Engineering Project Management Co., Ltd.	263,032.74	

3. Other projects

Name of project	Related parties	Closing balance	Opening balance
Contract liabilities	Tianjin Investment Group	17,536,889.41	14,647,910.94
Contract liabilities	Tianjin Bihai Sponge City Co., Ltd.	694,445.87	1,161,466.97
Contract liabilities	Tianjin United Investment Real Estate Development Co., Ltd.	1,004,234.86	
Contract liabilities	Tianjin City Metro Group Company Limited	858,528.44	1,128,149.92
Contract liabilities	Tianjin Rail Transit Group Co., Ltd.	877,112.84	877,112.84
Other non-current assets	Tianjin Environmental Investment Green Engineering Co., Ltd.	6,420,995.74	
Other non-current assets	Tianjin Tongsheng Municipal Landscape Engineering Project Management Co., Ltd.	6,217,402.29	
Other non-current liabilities	Dongying Runli Municipal Garden Co., Ltd.	1,990,000.00	
Prepayments	Tianjin Jinzhong Urban Renewal Construction and Development Company Limited	6,972,477.06	

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(VII) Transactions/balances with other state-owned enterprises in the PRC

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled by the PRC government (hereinafter collectively referred to as “state-owned entities”). The company is also a state-owned entity.

During the year, the Group’s significant transactions with these state-controlled entities include sewage treatment and construction and management of related facility, contract operation services of sewage treatment plant and recycled water plant, supply of tap water and recycled water, and supply of heating and cooling supply services. At the end of the year, the majority of the Group’s cash and cash equivalents and borrowings were saved at or obtained from state-owned banks.

XIV. SHARE-BASED PAYMENTS

(I) Related Equity Instruments

Category of grantee	Beginning of the period		Exercised in the period		Vested in the period		Lapsed in the period		End of the period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Senior management	680,000	1,132,431.40							680,000	1,132,431.40
Employees	9,887,000	16,216,072.88							9,887,000	16,216,072.88
Total	10,567,000	17,348,504.28							10,567,000	17,348,504.28

(II) Equity-settled share-based payment

Valuation method for equity instruments at grant date	Option pricing – Binomial model
Key valuation parameters at grant date	Estimated attrition rate, dividend yield, share price volatility and risk-free interest rate
Reasons for material differences between current and prior period estimates	Not applicable for the current period
Cumulative amount of equity-settled share-based payments recognised in capital reserves	RMB17,348,504.28

(III) Share-based payment expenses for the period

The Group did not incur any share-based payment expenses in 2024.

(IV) Modifications and cancellations of share-based payments

There were no modifications or terminations of share-based payment arrangements during 2024.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XV. COMMITMENTS AND CONTINGENCIES

(I) Commitments

(1) Capital commitments

The Group's capital commitments at the balance sheet date are as follows:

Unit: RMB

Item	Contracted but not provided for		Authorized but not contracted for	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Intangible assets-Concession rights				
– Heating and cooling supply	256,478,503.68	353,131,919.20		
– Sewage water processing project	87,202,633.34	94,930,925.06		
Fixed assets project	183,694,172.27	246,527,932.56		
Total	527,375,309.29	694,590,776.82		

XVI. EVENTS AFTER THE BALANCE SHEET DATE

(I) Dividends

On 21 March 2025, the Company considered and approved at the fifty-fourth meeting of the ninth session of the Board the 2024 profit distribution proposal. The Board declared a cash dividend of RMB266,971,074.45 (equivalent to RMB1.70 per 10 shares). The Company's remaining undistributed profits of RMB5,866,493,832.31 will be carried forward for future distribution.

Proposed profit or dividend distribution	266,971,074.45
Profits or dividends approved and declared for distribution	266,971,074.45

(II) Disposal of a subsidiary

On 30 December 2024, the Group entered into a share transfer agreement with its parent company, Tianjin Municipal Investment Co., Ltd., to transfer 100% equity interest in its subsidiary, Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd., to Tianjin Municipal Investment Co., Ltd. for a consideration of RMB29,977,350.00. As of 19 February 2025, the Group has withdrawn from the board of Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd., though the industrial and commercial registration changes for this equity transfer remain pending.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XVII. OTHER MAJOR EVENTS

(I) Segment reporting

1. Basis of determination and accounting policies for segment reporting

The reportable segments of the Group are the business units that provide different products or services, or operate in the different areas. Different businesses or areas require different technologies and marketing strategies and the Group, therefore, separately manages the production and operation activities of each reportable segment and evaluates their respective operating results for resources allocation and performance assessment. The Group considers its operations from the perspective of providing services and regions. As the perspective of providing services, management assesses the performance sewage treatment, recycled water, pipeline connection, heating and cooling supply services, sales of tap water and sales of environmental protection equipment. Sewage treatment is further evaluated on a geographical basis (Tianjin plants, Hangzhou plant and other plants). The environmental protection equipment sold by the Group is mainly the result of the scientific research and transformation of environmental protection patent technology. Other services, including contract operation services, rental income and technical services, are not separately presented within the reportable operating segments, but are included in the “all other segments” column. The assets are allocated based on the operations of the segments and the physical locations of the assets. The liabilities are allocated based on the operations of the segments. Expenses indirectly attributable to the segments are allocated based on the proportion of each segment’s revenue.

2. Financial information for segment reporting

Item	Sewage water processing and sewage treatment plant construction – Tianjin	Sewage water processing – Hangzhou	Sewage water processing and sewage treatment plant construction – Others	Recycled water and pipeline connection	Heating and cooling supply services	Tap water and water plant facilities construction	Sales of environmental protection equipment	All other segments	Total
Revenue from									
external customers	1,646,082,516.66	307,135,514.95	1,752,815,192.27	381,845,702.28	162,311,778.73	63,504,058.13	23,671,931.76	490,086,311.02	4,827,453,005.80
Operating cost	991,200,172.80	184,943,812.00	1,055,470,004.61	229,931,077.12	97,737,179.94	38,239,415.55	14,254,220.32	295,108,921.48	2,906,884,803.82
Interest income	7,394,384.33	1,379,686.63	7,873,839.29	1,715,293.04	729,122.42	285,267.24	106,336.93	2,201,521.80	21,685,451.68
Interest expenses	130,161,306.37	24,286,242.92	138,601,019.66	30,193,829.86	12,834,540.76	5,021,480.44	1,871,819.63	38,752,780.51	381,723,020.15
Results before share of									
profits of an associate	356,502,468.55	66,518,274.84	379,618,237.02	82,698,731.13	35,152,885.23	13,753,474.24	5,126,779.50	106,141,082.20	1,045,511,932.71
Segment total profit	357,031,132.98	66,616,916.08	380,181,180.26	82,821,366.69	35,205,014.13	13,773,869.53	5,134,382.10	106,298,480.86	1,047,062,342.63
Income tax expenses	60,149,961.48	11,223,124.72	64,050,110.02	13,953,130.57	5,931,080.09	2,320,519.54	865,002.68	17,908,380.93	176,401,310.03
Segment net profit	296,881,171.50	55,393,791.36	316,131,070.24	68,868,236.12	29,273,934.04	11,453,349.99	4,269,379.42	88,390,099.93	870,661,032.60
Net profit									870,661,032.60
Depreciation expenses	64,002,150.03		68,152,076.08	14,022,483.39	6,310,924.70	7,214,005.64	111,244.17	27,885,708.50	187,698,592.50
Amortisation	194,114,024.91	55,276,040.04	206,700,459.09	7,812,640.36	19,140,591.28	9,771,210.02		76,461,679.62	569,276,645.32
Segment assets	8,512,581,930.78	1,588,326,349.62	9,064,541,286.76	1,974,684,010.48	839,382,169.96	328,406,074.60	122,417,470.89	2,534,441,520.10	24,964,780,813.19
Long-term equity investments in associate									190,200,882.52
Total assets									25,154,981,695.71
Total liabilities	4,895,736,482.15	913,474,586.05	5,213,178,073.64	1,135,675,712.66	482,743,537.20	188,872,144.02	70,404,453.45	1,457,602,160.28	14,357,687,149.45
Addition of non-current assets	279,844,049.85	52,214,907.51	297,989,254.53	64,916,094.22	27,593,990.60	10,796,076.52	4,024,372.52	83,317,656.72	820,696,402.47

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(I) Accounts receivable

1. Ageing analysis

Ageing	Closing balance	Opening balance
Within 1 year	1,089,990,285.90	1,172,309,166.00
1 to 2 years	2,699,527.25	46,809,110.90
2 to 3 years	7,739,270.32	52,943,460.50
3 to 4 years	47,707,159.48	51,923,210.08
4 to 5 years	46,481,488.36	11,978,849.83
Over 5 years	657,700.00	32,316,987.65
Sub-total	1,195,275,431.31	1,368,280,784.96
Less: Provision for bad debts	101,516,477.13	109,348,151.32
Total	1,093,758,954.18	1,258,932,633.64

2. Disclosure by category of bad debt provision method

Category	Closing balance		Provision for bad debts	
	Gross carrying amount		Amount	Provision Percentage (%)
	Amount	Percentage (%)	Amount	
Accounts receivable assessed for bad debts provisions individually	1,120,935,150.47	93.78	97,882,440.31	8.73
Accounts receivable assessed for bad debt provisions in groups	74,340,280.84	6.22	3,634,036.82	4.89
Including: Group 3: Receivables from government clients	6,846,436.32	0.57	2,210,800.46	32.29
Group 4: Receivables from others	67,493,844.52	5.65	1,423,236.36	2.11
Total	1,195,275,431.31	100.00	101,516,477.13	8.49

Category	Opening balance		Provision for bad debts	
	Gross carrying amount		Amount	Provision Percentage (%)
	Amount	Percentage (%)	Amount	
Accounts receivable assessed for bad debts provisions individually	1,201,322,914.99	87.80	50,920,828.57	4.24
Accounts receivable assessed for bad debt provisions in groups	166,957,869.97	12.20	58,427,322.75	35.00
Including: Group 3: Receivables from government clients	94,295,280.84	6.89	54,002,102.75	57.27
Group 4: Receivables from others	72,662,589.13	5.31	4,425,220.00	6.09
Total	1,368,280,784.96	100.00	109,348,151.32	7.99

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(Continued)

(I) Accounts receivable (Continued)

2. Disclosure by category of bad debt provision method (Continued)

(1) Significant provision for bad debts on an individual basis

Name of entities	Gross carrying amount	Provision for bad debts	Closing balance	
			Provision Percentage (%)	Basis
Tianjin Water Authority Bureau	977,863,262.25	1,760,191.29	0.18	As these clients are governments of municipality direct under the central government, whose ability to meet their contractual obligations may not be weakened even if there are adverse changes in the economic and business situation over a long period, then the receivables of the Group from Tianjin Water Authority Bureau have a lower credit risk. Based on the historical experience, the Group maintains continuous receiving and there was no actual bad debt loss. Therefore, the Company estimates that the lifetime ECL rate of the receivables is 0.18%.
Tianjin City Appearance Sanitation Construction Development Co., Ltd.	18,719,819.98	11,913,293.44	63.64	Receivables of the Group from Tianjin City Appearance Sanitation Construction Development Co. Ltd. comprise technical services fees. The repayment period is longer than that of general government clients. The receivables from them are under high credit risk. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rates are 63.64%.
Tianjin Ziya Environmental Protection Industrial Park Co., Ltd.	16,746,967.98	16,746,967.98	100.00	Receivables of the Group from Tianjin Ziya Environmental Protection Industrial Park Co. Ltd. relate to contract operation fees. The client had no transactions with the Group during the year. The receivables from them are under high credit risk. Considering factors such as the debtor's actual performance, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rate is 100%.
Tianjin Shuangkou Municipal Solid Waste Landfill	14,208,214.72	14,208,214.72	100.00	Receivables of the Group from Tianjin Shuangkou Municipal Solid Waste Landfill relate to technical services fees. The client had no transactions with the Group during the year. The receivables from them are under high credit risk. Considering factors such as the debtor's actual performance, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rate is 100%.
Tianjin City Infrastructure Construction and Investment Group Co., Ltd.	93,396,885.54	53,253,772.88	57.02	The Group's receivable from Tianjin City Infrastructure Construction and Investment Group Co., Ltd. relates to contract operation service fees, which are scheduled for recovery in 2025. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rate is 57.02%.
Total	1,120,935,150.47	97,882,440.31	8.73	

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XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(Continued)

(I) Accounts receivable (Continued)

2. Disclosure by category of bad debt provision method (Continued)

(2) Accounts receivable assessed for bad debt provisions based on credit risk characteristics in groups

① Group 3: Receivables from government clients

Ageing	Closing balance			Opening balance		
	Gross carrying amount	Provision for bad debts	Provision Percentage (%)	Gross carrying amount	Provision for bad debts	Provision Percentage (%)
Within 1 year	—					
1 to 2 years	—					
2 to 3 years	6,228,333.32	1,726,774.53	27.72	47,095,859.18	23,410,138.56	49.71
3 to 4 years	332,403.00	198,325.93	59.66	46,913,721.66	30,306,264.19	64.60
4 to 5 years						
Over 5 years	285,700.00	285,700.00	100.00	285,700.00	285,700.00	100.00
Total	6,846,436.32	2,210,800.46	32.29	94,295,280.84	54,002,102.75	57.27

② Group 3: Receivables from other clients

Ageing	Closing balance			Opening balance		
	Gross carrying amount	Provision for bad debts	Provision Percentage (%)	Gross carrying amount	Provision for bad debts	Provision Percentage (%)
Within 1 year	62,452,020.97	716,992.70	1.15	19,633,876.91	447,739.24	2.28
1 to 2 years	2,699,527.25	122,920.36	4.55	46,809,110.90	3,046,139.10	6.51
2 to 3 years	1,510,937.00	131,424.73	8.70	5,847,601.32	559,341.66	9.57
3 to 4 years	459,359.30	79,898.57	17.39			
4 to 5 years						
Over 5 years	372,000.00	372,000.00	100.00	372,000.00	372,000.00	100.00
Total	67,493,844.52	1,423,236.36	2.11	72,662,589.13	4,425,220.00	6.09

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XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(Continued)

(I) Accounts receivable (Continued)

3. Provision for bad debts

Category	Opening balance	Closing balance	Amount of changes in the current period			
			Provided	Recovered or reversed	Written off	Other changes
Provision for bad debts on an individual basis	50,920,828.57	53,654,026.48	6,692,414.74			97,882,440.31
Provision for bad debts by group	58,427,322.75	-54,793,285.93				3,634,036.82
Total	109,348,151.32	-1,139,259.45	6,692,414.74	0.00	0.00	101,516,477.13

No significant recovery or reversal of accounts receivable impairment provisions occurred during the current period.

4. Write-offs of accounts receivable during the period

The amount of accounts receivable written off during the period was RMB0.00.

5. Information on accounts receivable and contract assets of the top five closing balances by debtors

Name of entities	Accounts receivable Closing balance	Accounts receivable and closing balance of contract assets	Percentage of total closing balance of accounts receivable and contract assets (%)	Provision for bad debts Closing balance
Tianjin Water Authority Bureau	977,863,262.25	977,863,262.25	81.81	1,760,191.29
Tianjin City Infrastructure Construction and Investment Group Co., Ltd.	93,396,885.54	93,396,885.54	7.81	53,253,772.88
Tianjin Hanbin Investment Group Co., Ltd.	33,733,989.32	33,733,989.32	2.82	73,328.39
Tianjin City Appearance Sanitation Construction Development Co., Ltd.	18,719,819.98	18,719,819.98	1.57	11,913,293.44
Tianjin Ziya Environmental Protection Industrial Park Co., Ltd.	16,746,967.98	16,746,967.98	1.40	16,746,967.98
Total	1,140,460,925.07	1,140,460,925.07	95.41	83,747,553.98

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XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(Continued)

(II) Other receivables

Item	Closing balance	Opening balance
Dividend receivable	4,000,000.00	10,147,500.00
Other receivables	97,295,806.46	21,858,950.20
Total	101,295,806.46	32,006,450.20

1. Dividend receivable

(1) Classification of dividend receivable

Item(or Investee units)	Closing balance	Opening balance
Wendeng Capital Water Co., Ltd.	4,000,000.00	4,000,000.00
Qijing Capital Water Co., Ltd.		4,327,500.00
Baoying Capital Water Co., Ltd.		1,820,000.00
Total	4,000,000.00	10,147,500.00

2. Other receivables

(1) Ageing analysis

Ageing	Closing balance	Opening balance
Within 1 year	88,049,748.95	1,026,520.12
1 to 2 years	143,365.18	19,244,539.79
2 to 3 years	8,679,554.00	73,577.94
Over 3 years	1,374,542.31	1,519,193.36
Sub-total	98,247,210.44	21,863,831.21
Less: Provision for bad debts	951,403.98	4,881.01
Total	97,295,806.46	21,858,950.20

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB thousand unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(Continued)

(II) Other receivables (Continued)

2. Other receivables (Continued)

(2) Classification by nature of payment

Nature of payment	Closing balance	Opening balance
Due from subsidiaries	21,619,901.05	20,020,681.42
Project deposits	74,511,100.00	1,129,500.00
Others	2,116,209.39	713,649.79
Sub-total	98,247,210.44	21,863,831.21
Less: Provision for bad debts	951,403.98	4,881.01
Total	97,295,806.46	21,858,950.20

(3) Disclosure by category of bad debt provision method

Category	Gross carrying amount		Closing balance Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Provision	
				Percentage (%)	
Other accounts receivables with provision for bad debts by group	98,247,210.44	100.00	951,403.98	0.97	97,295,806.46
Including: Group 1: Related parties within the consolidation scope	21,619,901.05	22.01			21,619,901.05
Group 5: Project deposits	74,511,100.00	75.84	916,486.53	1.23	73,594,613.47
Group 6: Others	2,116,209.39	2.15	34,917.45	1.65	2,081,291.94
Total	98,247,210.44	100.00	951,403.98	0.97	97,295,806.46

Category	Gross carrying amount		Opening balance Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Provision	
				Percentage (%)	
Other accounts receivables with provision for bad debts by group	21,863,831.21	100.00	4,881.01	0.02	21,858,950.20
Including: Group 1: Related parties within the consolidation scope	20,020,681.42	91.57			20,020,681.42
Group 5: Project deposits	1,129,500.00	5.17	1,955.00	0.17	1,127,545.00
Group 6: Others	713,649.79	3.26	2,926.01	0.41	710,723.78
Total	21,863,831.21	100.00	4,881.01	0.02	21,858,950.20

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(Continued)

(II) Other receivables (Continued)

2. Other receivables (Continued)

(4) Provision for bad debts

	Stage 1 Next 12 months ECL	Stage 2 Stage 2 ECL throughout the lifetime (no credit impairment has occurred)	Stage 3 Stage 3 ECL throughout the lifetime (credit impairment has occurred)	Total
Provision for bad debts				
Balance as of 1 January 2024	4,881.01			4,881.01
Balance as of 1 January 2024Current period	4,881.01			4,881.01
– Transfer to stage 2				
– Transfer to stage 3				
– Reversal to stage 2				
– Reversal to stage 1				
Provision for this period	946,522.97			946,522.97
Transferred in this period				
Resale in this period				
Write-off in this period				
Other changes				
31 December 2024 Balance	951,403.98			951,403.98

(5) Provision for bad debts

Category	Opening balance	Closing balance	Amount of changes in the current period			Other changes
			Provided	Recovered or reversed	Written off or derecognised	
Project deposits	1,955.00	914,531.53				916,486.53
Others	2,926.01	31,991.44				34,917.45
Total	4,881.01	946,522.97				951,403.98

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(Continued)

(III) Long-term equity investments

Item	Gross carrying amount	Closing balance		Gross carrying amount	Opening balance	
		Provision for impairment	Carrying amount		Provision for impairment	Carrying amount
Investments in subsidiaries	6,235,139,008.03	739,123,707.09	5,496,015,300.94	5,693,796,975.07	589,072,850.72	5,104,724,124.35
Investments in associates and joint ventures	212,557,791.10	22,356,908.58	190,200,882.52	211,007,381.18	22,356,908.58	188,650,472.60
Total	6,447,696,799.13	761,480,615.67	5,686,216,183.46	5,904,804,356.25	611,429,759.30	5,293,374,596.95

1. Long-term equity investments

(1) Investments in subsidiaries

Investee units	Opening balance	Opening balance of provision for impairment	Changes during the period				Others	Closing balance	Closing balance of impairment provision
			Further increase of investments	Reduction of investments	Accrual of provision for impairment				
Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd.	62,986,560.00	50,280,709.00						62,986,560.00	50,280,709.00
Karamay Capital Water Co., Ltd.	113,873,200.00							113,873,200.00	
Tianjin Tianchuang Lyneng New Energy Technology Co., Ltd.	62,590,000.00		29,750,000.00					92,340,000.00	
Enshi Capital Water Co., Ltd.	162,317,855.00							162,317,855.00	
Hanshan Chuanghuan Water Co., Ltd.	15,810,000.00		18,468,615.00					34,278,615.00	
Tianjin Capital New Materials Co., Ltd.	26,589,401.93	26,499,622.00						26,589,401.93	26,499,622.00
Tianjin Jiayuanxing Innovative Energy Technology Co., Ltd.	213,198,532.85							213,198,532.85	
Tianjin Jiayuan Kaichuang New Energy Technology Co., Ltd.	80,000,000.00							80,000,000.00	
Tianjin Caring Technology Development Co., Ltd.	16,625,328.89							16,625,328.89	
Shandong Capital Environmental Protection Technology Co., Ltd.	45,238,053.37							45,238,053.37	
Shandong Tanchuang Environmental Protection Technology Development Co., Ltd.	60,500,000.00							60,500,000.00	
Gaoyou Compro Environmental Resources Co., Ltd.	383,434,137.41	170,296,247.36			64,428,405.66			383,434,137.41	234,724,653.02
Jiangsu Yonghui Resources Utilisation Co., Ltd.	349,679,307.93	184,773,272.36			85,622,450.71			349,679,307.93	270,395,723.07
Tianjin Water Recycling Co., Ltd.	135,200,294.65							135,200,294.65	
Karamay Tianchuang Water Co., Ltd.	108,209,486.50							108,209,486.50	
Inner Mongolia Bayannur Capital Water Co., Ltd.	777,076,306.57							777,076,306.57	
Jiuquan Capital Water Co., Ltd.	158,357,606.57							158,357,606.57	
Xi'an Capital Water Co., Ltd.	476,525,989.10							476,525,989.10	
Linxia Capital Water Co., Ltd.	65,999,779.93							65,999,779.93	
Hangzhou Tianchuang Capital Water Co., Ltd.	264,324,945.35							264,324,945.35	
Deqing Capital Water Co., Ltd.	54,299,266.43							54,299,266.43	
Hefei Capital Water Co., Ltd.	206,148,916.73							206,148,916.73	
Anhui Tianchuang Water Co., Ltd.	63,670,000.00	63,670,000.00						63,670,000.00	63,670,000.00
Baoying Capital Water Co., Ltd.	58,309,486.50							58,309,486.50	
Huoqiu Capital Water Co., Ltd.	37,364,186.50							37,364,186.50	

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

VIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(Continued)

(III) Long-term equity investments (Continued)

1. Long-term equity investments (Continued)

(1) Investments in subsidiaries (Continued)

Investee units	Opening balance	Opening balance of provision for impairment	Changes during the period			Others	Closing balance	Closing balance of impairment provision
			Further increase of investments	Reduction of investments	Accrual of provision for impairment			
Yingshang Capital Water Co., Ltd.	53,209,486.50						53,209,486.50	
Fuyang Capital Water Co., Ltd.	456,379,331.74		17,781,940.88				474,161,272.62	
Hanshan Capital Water Co., Ltd.			308,566,386.74				308,566,386.74	
Jieshou Capital Water Co., Ltd.								
Hebei Guojin Tianchuang Sewage Water Processing Co., Ltd.	128,772,099.64						128,772,099.64	
Anguo Capital Water Co., Ltd.	41,000,000.00	41,000,000.00					41,000,000.00	41,000,000.00
Tianjin Jinning Capital Water Co., Ltd.	22,560,000.00	15,000,000.00					22,560,000.00	15,000,000.00
Tianjin Jinghai Capital Water Co., Ltd.	37,553,000.00	37,553,000.00					37,553,000.00	37,553,000.00
Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd.	62,106,000.00						62,106,000.00	
Wendeng Capital Water Co., Ltd.	68,826,666.43						68,826,666.43	
Dalian Oriental Chunluhe Water Quality Purification Co., Ltd.	48,339,989.71						48,339,989.71	
Wuhan Tianchuang Capital Environmental Protection Co., Ltd.	197,432,125.28						197,432,125.28	
Honghu Tianchuang Water Co., Ltd.	111,897,409.17						111,897,409.17	
Honghu Tianchuang Environmental Protection Co., Ltd.	53,400,000.00						53,400,000.00	
Changsha Tianchuang Environmental Protection Co., Ltd.	37,769,541.43						37,769,541.43	
Changsha Tianchuang Capital Water Co., Ltd.	17,001,780.00						17,001,780.00	
Hanshou Tianchuang Water Co., Ltd.	34,046,135.82						34,046,135.82	
Guizhou Capital Water Co., Ltd.	114,568,606.21		8,893,947.34				123,462,553.55	
Huize Capital Water Co., Ltd.	32,839,059.86						32,839,059.86	
Qijing Capital Water Co., Ltd.	155,217,101.07						155,217,101.07	
Dongying Tianchi Environmental Technology Co., Ltd.	2,550,000.00						2,550,000.00	
Tianjin Tianchuang Environmental Technology Co., Ltd.	20,000,000.00		25,000,000.00				45,000,000.00	
Weng'an Capital Water Co., Ltd.			51,987,150.00				51,987,150.00	
Huoqiu Chuanghuan Water Co., Ltd.			10,200,000.00				10,200,000.00	
Huize Chuanghuan Water Co., Ltd.			19,493,993.00				19,493,993.00	
Chibi Chuanghuan Water Co., Ltd.			51,200,000.00				51,200,000.00	
Total	5,693,796,975.07	589,072,850.72	541,342,032.96		150,050,856.37		6,235,139,008.03	739,123,707.09

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(Continued)

(III) Long-term equity investments (Continued)

1. Long-term equity investments (Continued)

(2) Investments in associates and joint ventures

Investor units	Opening balance	Further increase of investments	Reduction of investments	Changes during the period				Declaration of cash dividends or profits	Accrual of provision for impairment	Others	Closing balance	Provision for impairment
				Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Other changes in equity						
I. Joint ventures												
Tianjin International Machinery Co., Ltd.	22,356,908.58										22,356,908.58	22,356,908.58
Bihai Sponge City Co., Ltd.	188,650,472.60			1,550,409.92							190,200,882.52	
Sub-total	211,007,381.18			1,550,409.92							212,557,791.10	22,356,908.58
Total	211,007,381.18			1,550,409.92							212,557,791.10	22,356,908.58

(IV) Operating income and operating cost

1. Information on operating income and operating cost

Item	Incurred during the period		Incurred during the previous period	
	Income	Cost	Income	Cost
Main operations	1,632,303,889.73	795,997,889.17	1,610,700,034.15	785,697,774.60
Other businesses	19,460,981.96	9,855,870.25	46,981,154.18	18,359,760.94
Total	1,651,764,871.69	805,853,759.42	1,657,681,188.33	804,057,535.54

2. Analysis by revenue type

Item	Incurred during the period		Incurred during the previous period	
	Income	Cost	Income	Cost
Main operations	1,632,303,889.73	795,997,889.17	1,610,700,034.15	785,697,774.60
Including: Revenue from				
sewage water processing	1,570,140,456.78	788,877,889.17	1,547,235,410.74	778,577,774.60
Revenue from road maintenance	62,163,432.95	7,120,000.00	63,464,623.41	7,120,000.00
Other businesses	19,460,981.96	9,855,870.25	46,981,154.18	18,359,760.94
Including: Contract operation	16,104,175.22	9,843,899.99	17,419,566.33	16,214,278.40
Technical service	2,270,671.49		28,323,211.74	
Others	1,086,135.25	11,970.26	1,238,376.11	2,145,482.54
Total	1,651,764,871.69	805,853,759.42	1,657,681,188.33	804,057,535.54

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(Continued)

(IV) Operating income and operating cost (Continued)

3. Revenue analysed by geographical region:

Item	Incurred during the period		Incurred during the previous period	
	Operating income	Operating cost	Operating income	Operating cost
Tianjin	1,651,764,871.69	805,853,759.42	1,657,681,188.33	804,057,535.54
Total	1,651,764,871.69	805,853,759.42	1,657,681,188.33	804,057,535.54

4. Categorised by the timing of goods transfer as follows:

Item	Recognised over a period of time		Recognised at a point in time	
	Income	Cost	Income	Cost
Main operations	1,632,303,889.73	795,997,889.17		
Including: Revenue from sewage water processing	1,570,140,456.78	788,877,889.17		
Revenue from road maintenance	62,163,432.95	7,120,000.00		
Other businesses	19,460,981.96	9,855,870.25		
Including: Contract operation	16,104,175.22	9,843,899.99		
Technical service	2,270,671.49			
Others	1,086,135.25	11,970.26		
Total	1,651,764,871.69	805,853,759.42		

Note 1: As at 31 December 2024, service bills of the Company's sewage treatment service are regularly issued to customers, based on the agreed unit price in contract, and actual wastewater treatment capacity. And the amount of bills represents the value of the Company's cumulative portion of performance to date transferred to customers. And there is no consideration amount which is not included in the transaction price; thus, it's not included in the required information to be disclosed for the transaction price allocated to the remaining performance obligation.

Note 2: As at 31 December 2024, the contract amount of the uncompleted service relating to the contract operation contract of the Company was approximately RMB9.08 million (31 December 2023: RMB6 million), of which RMB6.57 million and RMB2.51 million will be recognised as revenue in 2025 and 2026. The contract amount of the uncompleted services relating to the road tolls of the Company was approximately RMB261 million (31 December 2023: RMB323 million) of which RMB62 million will be recognised as revenue annually between 2025 to 2028 and RMB13 million will be recognised as revenue in 2029.

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(Continued)

(V) Gain from investments

Item	Incurred during the period	Incurred during the previous period
Gain from long-term equity investments accounted for under the cost method	279,780,900.00	240,387,720.00
Gain from long-term equity investments accounted for under the equity method	1,550,409.92	-4,457,840.64
Interest income from debt investments held	61,225,128.28	30,543,870.83
Dividend income from investments in other equity instruments held		200,000.00
Total	342,556,438.20	266,673,750.19

XIV. SUPPLEMENT INFORMATION

(I) Statement of Non-recurring profit or loss

Item	Amount for the current period	Amount for the previous period	
		Before adjustment	After adjustment
1. Gain or loss on disposal of non-current assets (including the part of provision for asset impairment being written off)	-625,573.98	-712.00	-712.00
2. Government grants recognized in current profit and loss, except for those closely related to normal business operation, in compliance with requirements of national policies, and settled in certain amount which are constantly granted by government	90,113,785.21	95,010,279.02	95,010,279.02
3. Gains or losses arising from changes in the fair value of financial assets and liabilities held by non-financial enterprises, as well as gains or losses from the disposal of such assets and liabilities, excluding effective hedging activities related to the Company's normal business operations.			
4. Interest income charged to non-financial enterprises recognised in profit or loss for the current period			
5. Gains or losses from entrusting others to invest or manage assets			
6. Gains or losses from external entrusted loans			
7. Losses on assets due to force majeure, such as natural disasters			
8. Reversal of impairment provisions for receivables individually tested for impairment	8,063,573.58	2,340,000.00	2,340,000.00
9. Gains arising when the investment cost in acquiring a subsidiary, associate, or joint venture is less than the investor's share of the identifiable net assets' fair value at the acquisition date			
10. Net profit or loss of a subsidiary from the beginning of the period to the merger date under a business combination involving entities under common control			
11. Gains or losses from non-monetary asset exchanges			
12. Gains or losses from debt restructuring			
13. One-off expenses incurred due to the discontinuation of related business activities, such as employee severance costs			
14. One-off impact on current period profit or loss due to adjustments in tax, accounting, or other laws and regulations			
15. One-off recognition of share-based payment expenses due to the cancellation or modification of equity incentive plans			
16. For cash-settled share-based payments, gains or losses arising from changes in the fair value of compensation payable to employees after the vesting date			
17. Gains or losses arising from changes in the fair value of investment properties subsequently measured at fair value			
18. Gains arising from transactions with significantly unfair pricing			
19. Gains or losses from contingent events unrelated to the Company's normal business operations.			
20. Trustee income from entrusted management operations			
21. Other non-operating income and expenses other than the foregoing items	3,934,385.50	3,574,374.21	3,574,374.21
22. Other profit or loss items that meet the definition of non-recurring gains or losses			
Less: Effect of income tax	16,406,983.47	16,662,670.35	16,662,670.35
Effect of minority interests (after tax)	999,439.02	-2,204,360.88	-2,204,360.88
Total	84,079,747.82	86,465,631.76	86,465,631.76

11. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises

Notes to the Consolidated Financial Statements

(All amounts in RMB thousand unless otherwise stated)

XIV. SUPPLEMENT INFORMATION (Continued)

(II) Return on equity and earnings per share

Profit during the reporting period	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	For the period	For the previous period	For the period	For the previous period	For the period	For the previous period
Net profit attributable to ordinary shareholders of the Company	8.35	9.89	0.51	0.55	0.51	0.55
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	7.48	8.95	0.46	0.50	0.46	0.50

(III) Differences in Accounting Data Under Domestic and Foreign Accounting Standards

There is no difference between the financial statements of the Group issued inside and outside the Chinese mainland.

Tianjin Capital Environmental Protection Group Company Limited
21 March 2025

The notes to the financial statements on pages 186 to 327 are signed by the following persons in charge:

Officer in charge of the Company	Principal in charge of accounting	Head of accounting department
Signature:	Signature:	Signature:
Date:	Date:	Date:

12. List of Documents Available for Inspection

1. Financial statements with the signatures and seals of the officer in charge of the Company, the officer in charge of the accounting function, and the officer in charge of the accounting department (the accounting management officer)
2. Original of the audit report with the seal of the accounting firm and the signatures and seals of certified public accountants
3. Originals of all documents and announcements of the Company publicly disclosed on the website designated by the China Securities Regulatory Commission during the reporting period
4. Annual report published in other securities markets