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

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1065)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

§ 1 IMPORTANT

1.1 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**”) guarantee the truthfulness, accuracy and completeness of the contents of this announcement, which does not contain any false information, misleading statements or material omissions, and accept several and joint legal responsibilities.

This results announcement is the summary of the 2024 annual report of the Company and its subsidiaries (the “**Group**”). For detailed information, please read the 2024 annual report of the Group carefully.

1.2 WUYIGE Certified Public Accountants LLP audited the 2024 financial reports of the Group and have issued unqualified audit reports.

1.3 Mr. Tang Fusheng, the officer in charge of the Company, Ms. Nie Yanhong, the officer in charge of accounting operations, and Mr. Liu Tao, the officer in charge of the accounting department (the accounting management officer), have warranted the truthfulness, accuracy and completeness of the financial reports contained in the 2024 annual report of the Group.

§ 2 COMPANY PROFILE

2.1 Basic information

Short name of A shares	創業環保
Stock code of A shares	600874
Stock exchange for listing of A shares	Shanghai Stock Exchange
Short name of H shares	Tianjin Capital
Stock code of H shares	1065
Stock exchange for listing of H shares	The Stock Exchange of Hong Kong Limited

2.2 Contact person and method

	Company 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 People's Republic of China (the "PRC")	22/F, Worldwide House, Central, Hong Kong, the PRC	TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC
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§ 3 ACCOUNTING DATA AND FINANCIAL INDICATORS

3.1 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
	As at the end of 2024	As at the end of 2023	Increase/ decrease as compared to last year (%)	As at the end of 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
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

3.2 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 (%) percentage points	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 (%) percentage points	7.48	8.95	Decreased by 1.47 percentage points	8.78

3.3 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)	999,439.02	(2,204,360.88)	(662,394.09)
Total	<u>84,079,747.82</u>	<u>86,465,631.76</u>	<u>87,592,076.08</u>

§ 4 DIRECTORS' REPORT

(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 wastewater 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. 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 wastewater 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 2.95 million 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 wastewater 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 Capital Water Co., Ltd.* (西安創業水務有限公司) has secured its first equipment leasing project, while Karamay Capital Water Co., Ltd.* (克拉瑪依創環水務有限公司) 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 wastewater 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.

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.

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 wastewater 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 wastewater 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 wastewater 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 wastewater treatment capacity was 258,300 cubic meters per day.

The operational models for wastewater 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 Wastewater 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 wastewater 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 in 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.

(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 wastewater 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 wastewater 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 Wastewater Treatment Targeting Water Ecological Security” (面向水生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 Wastewater 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. Tianjin Jiayuanxing Innovative Energy Technology Co., Ltd.* (天津佳源興創新能源科技有限公司) 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 Capital Water Co., Ltd.* (西安創業水務有限公司) 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. The Taochong Wastewater Treatment Plant of Hefei Capital Water Co., Ltd.* (合肥創業水務有限公司) was awarded the national “Eco-Standard Wastewater Treatment Plant” (生態化標準污水處理廠) title, achieving five-star ratings in ecological optimisation services and social services. The process control team of Guizhou Capital Water Co., Ltd.* (貴州創業水務有限公司) 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.

(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.

(1) 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 of 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.

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.* (碧海海綿城市有限公司), 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.

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

Principal business by industry						
Industry	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 (%)
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

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 Capital Water Co., Ltd.* (曲靖創業水務有限公司), 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 Capital Water Co., Ltd.* (安國創業水務有限公司), Tianjin Jinghai Capital Water Co., Ltd.* (天津靜海創業水務有限公司), Tianjin Jinning Capital Water Co., Ltd.* (天津津寧創環水務有限公司), Tianjin Water Recycling Co., Ltd.* (天津中水有限公司), Tianjin Caring Technology Development Co., Ltd.* (天津凱英科技發展股份有限公司), Tianjin Jiayuanxing Innovative Energy Technology Co., Ltd.* (天津佳源興創新能源科技有限公司), Tianjin Tianchuang Green Energy Investment Management Co., Ltd.* (天津天創綠能投資管理有限公司), Tianjin Capital New Materials Co., Ltd.* (天津創業建材有限公司), Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.* (河北國津天創污水處理有限責任公司), Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd.* (天津西青天創環保有限公司) and Tianjin Tianchuang Environmental Technology Co., Ltd.* (天津天創環境技術有限公司). The increase in gross profit margin was mainly due to stringent cost control during the current period.
- Note 5: The Southwest region comprises Guizhou Capital Water Co., Ltd.* (貴州創業水務有限公司), Qujing Capital Water Co., Ltd.* (曲靖創業水務有限公司), Huize Capital Water Co., Ltd.* (會澤創業水務有限公司), Huize Chuanghuan Water Co., Ltd.* (會澤創環水務有限公司) and Weng'an Capital Water Co., Ltd.* (甕安創環水務有限公司). 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 Wastewater Treatment Plant and the third phase of the Huize County Wastewater Treatment Plant, which have relatively lower gross profit margins for construction services.
- Note 6: The Northwest region comprises Xi'an Capital Water Co., Ltd.* (西安創業水務有限公司), Karamay Tianchuang Water Co., Ltd.* (克拉瑪依天創水務有限公司), Karamay Capital Water Co., Ltd.* (克拉瑪依創環水務有限公司), Inner Mongolia Bayannur Capital Water Co., Ltd.* (內蒙古巴彥淖爾創業水務有限責任公司), Linxia Capital Water Co., Ltd.* (臨夏市創業水務有限公司) and Jiuquan Capital Water Co., Ltd.* (酒泉創業水務有限公司), the improvement in gross profit margin was mainly due to stringent cost control during the current period and that revenue from the Qianqi Bayan Project was recognised during the current period.

- Note 7: The Central China region comprises Fuyang Capital Water Co., Ltd.* (阜陽創業水務有限公司), Wuhan Tianchuang Capital Environmental Protection Co., Ltd.* (武漢天創環保有限公司), Yingshang Capital Water Co., Ltd.* (潁上創業水務有限公司), Changsha Tianchuang Water Co., Ltd.* (長沙天創水務有限公司), Changsha Tianchuang Environmental Protection Co., Ltd.* (長沙天創環保有限公司), Anhui Tianchuang Water Co., Ltd.* (安徽天創水務有限公司), Honghu Tianchuang Water Co., Ltd.* (洪湖市天創水務有限公司), Hefei Capital Water Co., Ltd.* (合肥創業水務有限公司), Hanshou Tianchuang Water Co., Ltd.* (漢壽天創水務有限公司), Honghu Tianchuang Environmental Protection Co., Ltd.* (洪湖市天創環保有限公司), Huoqiu Capital Water Co., Ltd.* (霍邱創業水務有限公司), Enshi Capital Water Co., Ltd.* (恩施市創環水務有限公司), Hanshan Chuanghuan Water Co., Ltd. (含山創環水務有限公司), Hanshan Capital Water Co., Ltd.* (含山創業水務有限公司), Jieshou Capital Water Co., Ltd.* (界首市創業水務有限公司), Chibi Capital Water Co., Ltd.* (赤壁創業水務有限公司), Huoqiu Chuanghuan Water Co., Ltd.* (霍邱創環水務有限公司) and Wuhu Chuanghuan Water Co., Ltd.* (蕪湖創環水務有限公司). 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 Tianchuang Capital Water Co., Ltd.* (杭州天創水務有限公司), Baoying Capital Water Co., Ltd.* (寶應創業水務有限責任公司), Deqing Capital Water Co., Ltd.* (德清創業水務有限公司), Jiangsu Yonghui Resources Utilisation Co., Ltd.* (江蘇永輝資源利用有限公司) and Gaoyou Compro Environmental Resources Co., Ltd.* (高郵康博環境資源有限公司). 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 Oriental Chunliuhe Water Quality Purification Co., Ltd.* (大連東方春柳河水質淨化有限公司), Wendeng Capital Water Co., Ltd.* (文登創業水務有限公司), Shandong Capital Environmental Protection Technology Co., Ltd.* (山東創業環保科技發展有限公司), Dongying Tianchi Environmental Technology Co., Ltd.* (東營天馳環保科技發展有限公司) and Shandong Tanchuang Environmental Protection Technology Development Co., Ltd.* (山東鄒創環保科技發展有限公司). The reason for the decrease in gross profit margin is the decrease in gross profit margin of hazardous waste projects in the current period.

(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				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 of last year	Percentage of total cost for the same period last year (%)		
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	2.75	Nil
	Other manufacturing expenses	3,612,701.29	0.13	9,966,805.87	0.38	(63.75)	Corresponding decrease in costs resulting from reduced water volume
	Subtotal	49,299,434.54	1.82	58,703,592.56	2.21	(16.02)	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
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

Industry	Cost items	By industry				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 of last year	Percentage of total cost for the same period last year (%)		
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 RMB1,570,140,456.78, 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

Nil

3. Expenses

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

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

Assets and liabilities

Unit: Yuan 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 assets (%)	Explanations
Receivables financing	7,024,347.00	0.03	-	-	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	-	-	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 wastewater 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	-	-	N/A	Primarily due to the recognition of data resources during the current period
Goodwill	-	-	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	-	-	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.

(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 wastewater 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 (《關於加快經濟社會發展全面綠色轉型的意見》) 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 Capital Water Co., Ltd.* (甕安創環水務有限公司), 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 Wastewater 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, Tianjin Tianchuang Environmental Technology Co., Ltd.* (天津天創環境技術有限公司), 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, Tianjin Tianchuang Green Energy Investment Management Co., Ltd.* (天津天創綠能投資管理有限公司), 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 Water Co., Ltd.* (會澤創環水務有限公司), responsible for implementing the Phase III Construction (Expansion) Concession Project of the Huize County Wastewater 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.

- (6) On 5 November 2024, the Board approved the establishment of Wuhu Chuanghuan Water Co., Ltd.* (蕪湖創環水務有限公司) for the implementation of the Phase II BOT Concession Project of the Wuhu Binjiang Wastewater 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 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 Water Co., Ltd.* (霍邱創環水務有限公司), responsible for implementing the Concession Project of the Huoqiu County North Wastewater 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 Water Co., Ltd.* (赤壁創環水務有限公司), responsible for implementing the TOT Concession Project of the Chibi Lushui Industrial Park Wastewater 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 Tianjin Tianchuang Green Energy Investment Management Co., Ltd.* (天津天創綠能投資管理有限公司), a wholly-owned subsidiary of the Company, to implement the user-side energy storage project for the Company's external wastewater 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 Wastewater 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 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), 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 City Infrastructure Construction and Investment Group Co., Ltd. to a wholly-owned subsidiary of the Company, Tianjin Water Recycling Co., Ltd.* (天津中水有限公司), 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 Tianjin Water Recycling Co., Ltd.* (天津中水有限公司).

(11) On 17 December 2024, the Board approved the transfer of 100% equity interest in Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd.* (天津創業環保(香港)有限公司) to Tianjin Municipal Investment Company Limited, 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 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). Based on the net asset value of Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd.* (天津創業環保(香港)有限公司) 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.

1. *Major equity investment*

Not applicable

2. *Major non-equity investment*

Not applicable

3. *Financial assets measured by fair value*

Not applicable

4. *Specific progress of the reorganisation and integration of material assets during the reporting period*

Not applicable

(VI) DISPOSAL OF MAJOR ASSETS AND EQUITY INTEREST

Not applicable

(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)
Tianjin Water Recycling Co., Ltd.* (天津中水有限公司)	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 Tianchuang Capital Water Co., Ltd.* (杭州天創水務有限公司)	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
Tianjin Jiayuanxing Innovative Energy Technology Co., Ltd.* (天津佳源興創新能源科技有限公司)	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
Tianjin Caring Technology Development Co., Ltd.* (天津凱英科技發展股份有限公司)	Tianjin	Environmental engineering management and technical advice etc.	3,333.3333	Stock Limited Company	60%	24,291.62	13,649.23	339.04
Shandong Capital Environmental Protection Technology Co., Ltd.* (山東創業環保科技發展有限公司)	Shandong	Solid waste and hazardous waste treatment and disposal	8,200	Limited company	55%	33,938.61	12,950.71	6.68
Weng'an Capital Water Co., Ltd.* (甕安創環水務有限公司)	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 Water Co., Ltd.* (會澤創環水務有限公司)	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 Water Co., Ltd.* (霍邱創環水務有限公司)	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 Water Co., Ltd.* (赤壁創環水務有限公司)	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 Chuanghuan Water Co., Ltd.* (蕪湖創環水務有限公司)	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

Tianjin Water Recycling Co., Ltd.* (天津中水有限公司) recognised revenue of RMB399,568,000 from its principal operations and an operating profit of RMB122,971,700 in 2024.

Hangzhou Tianchuang Capital Water Co., Ltd.* (杭州天創水務有限公司) 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.

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.

(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 wastewater treatment plants to meet these standards. Consequently, wastewater 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.

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

VIII. THE PROPOSAL ON THE PROFIT APPROPRIATION 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 distributed 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.

§ 5 FINANCIAL ACCOUNTING REPORT

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts in RMB thousand unless otherwise stated)

	<i>Notes</i>	2024	2023
		RMB	RMB
ASSETS			
Current assets			
Cash and cash equivalents		2,756,992,021.69	2,612,621,802.44
Notes receivable		34,433,958.06	27,711,016.52
Trade receivables	10	3,589,826,335.15	3,261,907,227.10
Receivables financing		7,024,347.00	–
Prepayments		22,314,317.34	19,808,623.72
Other receivables		97,353,300.68	20,766,138.91
Inventories		40,535,081.99	35,685,140.84
Non-current assets due within one year		199,090,708.41	228,393,634.16
Other current assets		109,090,786.06	28,759,979.92
Total current assets		6,856,660,856.38	6,235,653,563.61
Non-current assets			
Long-term receivables		5,128,874,522.65	4,828,821,024.70
Long-term equity investments		190,200,882.52	188,650,472.60
Other equity instruments investment		2,000,000.00	2,000,000.00
Investment properties		7,657,173.00	–
Fixed assets		1,489,568,498.08	1,286,922,492.03
Construction in progress		239,892,515.34	421,446,385.83
Right-of-use assets		3,722,393.42	6,670,680.93
Intangible assets		10,946,006,182.15	10,894,760,148.31
Development expenditures		454,099.24	–
Goodwill		–	150,050,856.37
Long-term unamortized expenses		–	–
Deferred income tax assets		71,988,345.01	32,081,174.71
Other non-current assets		217,956,227.92	413,597,669.79
Total non-current assets		18,298,320,839.33	18,225,000,905.27
Total assets		25,154,981,695.71	24,460,654,468.88

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in RMB thousand unless otherwise stated)

	<i>Notes</i>	2024 RMB	2023 RMB
LIABILITIES			
Current liabilities			
Short-term borrowings		29,228,819.26	1,992,498.88
Trade payables	<i>11</i>	946,965,173.51	668,887,778.04
Advance receipts		508,010.02	–
Contract liabilities	<i>3</i>	221,717,388.90	411,779,848.07
Employee benefits payable		105,252,309.61	106,268,337.04
Taxes payable		111,152,981.14	69,112,568.16
Other payables		1,060,257,870.64	1,036,476,545.93
Non-current liabilities due within a year		2,092,742,750.09	2,010,925,749.09
Other current liabilities		19,732,253.93	1,490,000.00
Total current liabilities		<u>4,587,557,557.10</u>	<u>4,306,933,325.21</u>
Non-current liabilities			
Long-term borrowings		7,414,407,322.97	7,257,624,506.97
Debentures payable		499,632,500.00	629,632,500.00
Lease liabilities		1,280,116.25	3,175,826.30
Long-term payables		102,593,539.92	140,960,085.72
Accrued liabilities		–	–
Deferred revenue		1,637,976,137.69	1,791,278,739.63
Deferred income tax liabilities		86,249,975.52	87,288,520.05
Other non-current liabilities		27,990,000.00	28,000,000.00
Total non-current liabilities		<u>9,770,129,592.35</u>	<u>9,937,960,178.67</u>
Total liabilities		<u>14,357,687,149.45</u>	<u>14,244,893,503.88</u>

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in RMB thousand unless otherwise stated)

	<i>Notes</i>	2024	2023
		RMB	RMB
EQUITY			
Share capital		1,570,418,085.00	1,570,418,085.00
Capital surplus		1,114,966,012.00	1,114,793,085.31
Surplus reserve		850,018,726.34	786,584,668.85
Undistributed profits		6,133,464,906.76	5,650,377,740.31
		<u>9,668,867,730.10</u>	9,122,173,579.47
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
		<u>1,128,426,816.16</u>	1,093,587,385.53
Total equity		10,797,294,546.26	10,215,760,965.00
		<u>10,797,294,546.26</u>	10,215,760,965.00
Total liabilities and equity		25,154,981,695.71	24,460,654,468.88
		<u><u>25,154,981,695.71</u></u>	<u><u>24,460,654,468.88</u></u>

CONSOLIDATED INCOME STATEMENT

31 December 2024

(All amounts in RMB thousand unless otherwise stated)

	Notes	2024 RMB	2023 RMB
I. Operating income		4,827,453,005.80	4,665,082,961.28
Less: Operating costs	5	2,906,884,803.82	2,844,516,926.91
Tax expenses and surcharge		61,262,655.84	47,358,936.44
Selling expenses	5	10,072,934.71	11,471,450.96
Administrative expenses	5	248,716,944.79	240,127,415.22
Research and development expenses	5	65,289,666.95	53,061,711.10
Finance expenses – net	6	344,980,035.03	213,142,232.63
Including: Interest expenses		(381,723,020.15)	(390,842,621.17)
Interest income		21,685,451.68	168,983,308.52
Add: Other income	4	93,685,969.92	96,824,449.76
Investment gain/(losses)		1,550,409.92	(4,257,840.64)
Including: Investment gain/(losses) from associates		1,550,409.92	(4,457,840.64)
Provision of credit impairment		(94,040,256.92)	(75,581,792.72)
Less: Assets impairment losses		(148,160,626.04)	(169,752,950.19)
Gains/(losses) on disposals of assets		–	24,070.32
II. Operating profit		1,043,281,461.54	1,102,660,224.55
Add: Non-operating income		5,076,578.79	6,133,308.31
Less: Non-operating expenses		(1,295,697.70)	(2,583,716.00)
III. Total profit		1,047,062,342.63	1,106,209,816.86
Less: Income tax expenses	7	(176,401,310.03)	(202,766,962.96)
IV. Net profit		870,661,032.60	903,442,853.90
Classified by continuity of operations		–	–
Net profit from continuing operations		870,661,032.60	903,442,853.90
Net profit from discontinued operations		–	–
Classified by ownership of the equity		–	–
Minority interests		63,450,406.55	38,235,725.59
Attributable to shareholders of the Company		807,210,626.05	865,207,128.31
V. Other comprehensive income, net of tax		–	–

CONSOLIDATED INCOME STATEMENT

31 December 2024

(All amounts in RMB thousand unless otherwise stated)

	<i>Notes</i>	2024 RMB	2023 RMB
VI. Total comprehensive income for the year			
Total comprehensive income attributable to shareholders of the Company		807,210,626.05	865,207,128.31
Total comprehensive income attributable to minority shareholders		63,450,406.55	38,235,725.59
VII. Earnings per share			
Basic earnings per share (RMB Yuan)	8	0.51	0.55
Diluted earnings per share (RMB Yuan)	8	0.51	0.55

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts in RMB thousand unless otherwise stated)

1 Basis of preparation

The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises – Basic Standard, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as the “Accounting Standards for Business Enterprises” or “CASS”) and the Circular of the China Securities Regulatory Commission on the Issuing of the Rules for the Information Disclosure and Compilation of Companies Publicly Issuing Securities No. 15 – General Provisions on Financial Statements.

The financial statements have been prepared on a going concern basis.

2 Segment information

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.

(i) **Segment information as at 31 December 2024 and for the year then ended is as follows:**

	Sewage water processing and sewage treatment plant construction			Recycled water and pipeline connection RMB	Heating and related facilities construction cooling supply RMB	Tap water and water plant facilities construction RMB	Sale of Environ- mental protection equipment RMB	Other segments (iv) RMB	Group RMB
	Tianjin plants RMB	Hangzhou plants RMB	Other plants RMB						
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 costs	(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
Total of segment 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									<u>870,661,032.60</u>
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)
Amortization	(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
Equity investments in associate									<u>190,200,882.52</u>
Total assets									<u>25,154,981,695.71</u>
Total liabilities	<u>(4,895,736,482.15)</u>	<u>(913,474,586.05)</u>	<u>(5,213,178,073.64)</u>	<u>(1,135,675,712.66)</u>	<u>(482,743,537.20)</u>	<u>(188,872,144.02)</u>	<u>(70,404,453.45)</u>	<u>(1,457,602,160.28)</u>	<u>(14,357,687,149.45)</u>
Non-current assets addition	<u>279,844,049.85</u>	<u>52,214,907.51</u>	<u>297,989,254.53</u>	<u>64,916,094.22</u>	<u>27,593,990.60</u>	<u>10,796,076.52</u>	<u>4,024,372.52</u>	<u>83,317,656.72</u>	<u>820,696,402.47</u>

(ii) Segment information as at 31 December 2023 and for the year then ended is as follows:

	Sewage treatment and water plant facilities construction			Recycled water and pipeline connection	Heating and related facilities cooling supply	Tap water and water plant facilities construction	Sale of Environ- mental protection equipment	Other segments (iv)	Group
	Tianjin plants RMB	Hangzhou plants RMB	Other plants RMB						
Revenue from external customers	1,620,237,149.12	275,743,464.63	1,482,346,468.46	432,584,190.36	247,624,841.60	96,870,384.30	23,877,861.08	485,798,601.75	4,665,082,961.29
Operating costs	(792,556,715.24)	(166,337,528.74)	(971,974,098.79)	(255,034,872.84)	(214,779,259.49)	(58,703,592.56)	(21,827,240.67)	(363,303,618.58)	(2,844,516,926.91)
Interest income	150,195,000.00	3,818,000.00	3,096,000.00	2,491,000.00	1,953,000.00	4,570,000.00	848,000.00	2,012,000.00	168,983,000.00
Interest expenses	(255,665,000.00)	(2,021,000.00)	(95,815,000.00)	(23,000.00)	(2,040,000.00)	(4,474,000.00)	-	(30,805,000.00)	(390,843,000.00)
Results before share of profits of an associate	593,418,000.00	97,393,000.00	282,509,000.00	183,253,000.00	33,963,000.00	25,903,000.00	91,000.00	(105,863,000.00)	1,110,667,000.00
Total of segment profit/(loss)	593,418,000.00	97,393,000.00	282,509,000.00	183,253,000.00	33,963,000.00	25,903,000.00	91,000.00	(110,321,000.00)	1,106,209,000.00
Income tax expenses	(69,606,000.00)	(30,360,000.00)	(39,430,000.00)	(39,021,000.00)	(8,948,000.00)	(4,708,000.00)	(65,000.00)	(10,629,000.00)	(202,767,000.00)
Segment net profit/(loss)	523,812,000.00	67,033,000.00	243,079,000.00	144,232,000.00	25,015,000.00	21,195,000.00	26,000.00	(120,950,000.00)	903,442,000.00
Net profit/(loss)									<u>903,442,000.00</u>
Depreciation expenses	(57,362,000.00)	-	(5,317,000.00)	(15,317,000.00)	(2,470,000.00)	(235,000.00)	(138,000.00)	(30,827,000.00)	(111,666,000.00)
Amortization	(162,166,000.00)	(58,693,000.00)	(245,971,000.00)	(9,786,000.00)	(25,036,000.00)	(16,296,000.00)	-	(30,196,000.00)	(548,144,000.00)
Segment assets	10,122,650,000.00	810,113,000.00	9,044,723,999.04	929,004,000.00	942,288,000.00	529,137,000.00	8,998,000.00	1,885,089,000.00	24,272,002,999.04
Equity investments in associate									188,651,000.00
Total assets									<u>24,460,653,999.04</u>
Total liabilities	<u>(7,430,900,000.00)</u>	<u>(109,350,000.00)</u>	<u>(4,652,276,000.00)</u>	<u>(903,982,000.00)</u>	<u>(466,368,000.00)</u>	<u>(103,450,000.00)</u>	<u>(18,659,000.00)</u>	<u>(559,909,000.00)</u>	<u>(14,244,894,000.00)</u>
Non-current assets addition (ii)	<u>466,275,431.77</u>	<u>-</u>	<u>1,157,792,338.81</u>	<u>162,545,000.00</u>	<u>150,725,000.00</u>	<u>250,000.00</u>	<u>-</u>	<u>130,892,870.56</u>	<u>2,068,480,641.14</u>

(iii) Non-current assets do not include financial assets, long-term equity investments, or deferred tax assets.

The Group's revenues from external customers come from the PRC.

The Group's non-current assets are all located in the PRC.

The revenue of RMB1,570,140,456.78 from the sewage treatment segment was derived from a single customer, accounting for 33% of the Group's total revenue (2023: RMB1,547,235,410.74, 33%).

(iv) The loss of Other segment included the impairment losses of goodwill amounting to RMB150,050,856.37 (2023: RMB169,762,307.54).

3 Contract liabilities

	31 December 2024 RMB	31 December 2023 RMB
Advances from pipeline connection service	77,082,139.96	388,654,788.51
Advances from hazardous waste disposal service	11,460,666.51	11,361,560.79
Prepayment of fees for cooling and heating supply projects	124,788,900.75	6,069,161.47
Others	8,385,681.68	5,694,337.30
	<u>221,717,388.90</u>	<u>411,779,848.07</u>

4 Other income

	2024 RMB	2023 RMB
Government grants	90,113,785.21	95,010,278.78
Value-added tax ("VAT")	3,412,947.07	1,755,563.77
Individual income tax withholding subsidy	159,237.64	58,607.21
	<u>93,685,969.92</u>	<u>96,824,449.76</u>

5 Expenses by nature

Expenses included in the cost of sales, distribution costs and administrative expenses are analysed as follows:

	2024	2023
	RMB	RMB
Amortisation of intangible assets	569,276,645.32	548,143,678.61
Employee benefits	495,759,427.13	455,936,923.38
Utilities	438,496,271.63	413,352,282.70
Sewage mud processing fee	311,615,785.84	329,982,275.10
Construction costs for concession projects	301,339,055.58	370,330,154.05
Raw materials consumption	295,379,347.48	250,635,266.11
Repair and maintenance expenses	233,908,379.10	241,644,668.76
Depreciation of fixed assets	180,457,562.11	106,893,667.77
Cost of recycling water pipeline connection	98,352,628.69	97,171,579.57
Factory environment, detection and fire prevention expenses	66,072,803.27	72,300,764.96
Pipeline maintenance costs	36,000,990.23	57,610,850.74
Consulting service fees	52,795,138.80	45,411,738.08
Travelling, meeting and business entertainment expenses	14,728,057.91	27,439,808.76
General office expenses	11,541,660.29	11,524,858.32
Toll road management expenses	7,120,000.00	7,120,000.00
Depreciation of right-of-use assets	3,798,287.51	4,772,490.91
Expenses of the board of directors	685,364.38	4,112,353.29
Share-based payment expenses	–	3,923,357.60
Audit fees	3,090,000.00	3,700,000.00
Others	110,546,945.00	97,170,785.48
	<u>3,230,964,350.27</u>	<u>3,149,177,504.19</u>

6 Financial expenses – net

	2024	2023
	RMB	RMB
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
	<u>344,980,035.03</u>	<u>213,142,232.63</u>

(a) For the year 2024, the Group had the exchange gains of approximately RMB15,613,800.48 (2023: RMB9,570,787.10) on long-term payables denominated in Japanese yen and US dollars.

7 Income tax expenses

	2024 <i>RMB</i>	2023 <i>RMB</i>
Current income tax expenses	217,347,024.86	226,251,158.93
Deferred income tax expenses	(40,945,714.83)	(23,484,195.97)
	<u>176,401,310.03</u>	<u>202,766,962.96</u>

8 Earnings per share

- (a) Basic earnings per share is calculated based on the consolidated net profit attributable to the ordinary shares owners of the Company of approximately RMB807,210,626.05 (2023: RMB865,207,128.31 million) and weighted average number of ordinary shares of 1,570 million in issue for the year (2023: 1,570 million shares).

	2024 <i>RMB</i>	2023 <i>RMB</i>
Net profit attributable to ordinary shareholders of the Company	807,210,626.05	865,207,128.31
Weighted average number of ordinary shares in issue (shares)	<u>1,570,418,000.00</u>	<u>1,570,418,000.00</u>
Basic earnings per share (RMB Yuan)		
– Basic earnings per share for continuing operations on a going concern	0.51	0.55
– Basic earnings per share for discontinued operations	<u>0.51</u>	<u>0.55</u>

- (b) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

As at 31 December 2024, the market price of the Company's RMB ordinary shares was lower than the exercise price of the issued share options. Therefore, the share options not yet exercised had no dilutive impact (2023: Nil) and the diluted earnings per share equaled to the basic earnings per share.

9 Dividends

(i) Ordinary shares

	2024 <i>RMB</i>	2023 <i>RMB</i>
Fully paid final dividend for the year ended 31 December 2023 of 16.6 cents (2022: 14.4 cents) per share	<u>260,689,402.11</u>	<u>226,140,204.24</u>
Dividends paid in cash	<u>260,689,402.11</u>	<u>226,140,204.24</u>

(ii) Dividends not recognised at the end of the reporting period

	2024	2023
	RMB	RMB
Proposed dividend not recognized as a liability as at 31 December 2024	<u>266,971,074.45</u>	<u>260,689,402.11</u>

On 21 March 2025, the directors of the Company have recommended a final dividend of 17.0 cents per ordinary share (2023: 16.6 cents per ordinary share).

10 Trade receivables

	31 December	31 December
	2024	2023
	RMB	RMB
Trade receivables	3,984,679,509.64	3,568,379,403.11
Less: Bad debt allowance (ii)	<u>(394,853,174.49)</u>	<u>(306,472,176.01)</u>
	<u>3,589,826,335.15</u>	<u>3,261,907,227.10</u>

The majority of the Group's business is carried out on credit, with credit periods of 30 to 90 days to customers generally.

(i) The ageing analysis of the trade receivables based on booking dates were as follows:

	31 December	31 December
	2024	2023
	RMB	RMB
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	<u>40,946,976.94</u>	<u>57,378,246.78</u>
	<u>3,984,679,509.64</u>	<u>3,568,379,403.11</u>

For the Group's trade receivables, regardless of whether there is a significant financing component, the Group measures the loss according to the expected credit loss for the entire life.

(ii) **Bad debt allowance**

As at 31 December 2024, bad debt allowance provided on individual basis:

31 December 2024	Carrying amount RMB	Expected credit loss rate	Loss allowance RMB
Tianjin Water Authority Bureau	977,863,262.25	0.18%	(1,760,191.29)
Qujing Sewage Company	228,995,499.72	31.66%	(72,496,331.63)
Xi'an Infrastructure Construction and Investment Group Co., Ltd.	175,312,156.86	0.18%	(315,561.88)
Tianjin City Infrastructure Construction and Investment Group Co., Ltd.	93,396,885.54	57.02%	(53,253,772.88)
Jinghai Development Area Management Committee	48,462,518.24	85.60%	(41,483,915.61)
Guiyang Water Authority Bureau	27,068,285.55	0.67%	(181,357.51)
Tianjin City Appearance Sanitation Construction Development Co. Ltd.	18,719,819.98	63.64%	(11,913,293.44)
Hangzhou City Water Facilities and River Protection Management Center	25,182,519.23	0.04%	(10,073.01)
Tianjin Ziya Environmental Protection Industrial Park Co. Ltd.	16,746,967.98	100.00%	(16,746,967.98)
Tianjin Shuangkou Municipal Solid Waste Landfill	14,208,214.72	100.00%	(14,208,214.72)
Urad Front Banner Finance Bureau	10,927,820.80	100.00%	(10,927,820.80)
Urad Rear Banner Finance Bureau	10,391,803.00	100.00%	(10,391,803.00)
Hangzhou Sewage Company	10,383,118.33	0.04%	(4,153.25)
Tianjin Goldin International Club Co. Ltd.	1,547,596.00	100.00%	(1,547,596.00)
Total	1,659,206,468.20		(235,241,053.00)

Bad debt allowance provided on individual basis:

Group – Government customers other than provincial capitals and municipalities

Ageing	31 December 2024			31 December 2023		
	Carrying amount	Provision for bad debts	%	Carrying amount	Provision for bad debts	%
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)	

Group – Other clients

Ageing	31 December 2024			31 December 2023		
	Carrying amount	Provision for bad debts	%	Carrying amount	Provision for bad debts	%
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	<u>529,745,457.38</u>	<u>(20,236,690.50)</u>		<u>551,940,289.84</u>	<u>(27,367,991.72)</u>	

For 2024, the amount of bad debt provision made by the Group is RMB96,402,443.36, the amount of bad debt provision collected or recovered is collected RMB8,021,444.88, there is no written off amount of bad debt provision, and the corresponding book balance of bad debt provision is RMB394,853,174.49.

11 Trade payables

	31 December 2024 RMB	31 December 2023 RMB
Trade payables (a)	<u>946,965,173.51</u>	<u>668,887,778.04</u>

(a) As at 31 December 2024, the trade payables with ageing over 1 year were RMB239,396,254.45 (31 December 2023: RMB199,694,680.26), mainly including source water charges payable by Qujing Company of approximately RMB97,722,207.03. Qujing company usually arranges the payments according to the instructions of Qujing Water Conservancy and Hydropower Development and Investment Co., Ltd. The construction costs payable by Tianjin Water Recycling Co., Ltd. of approximately RMB50,792,310.79 million. The development of related pipeline connection projects had not reached the time point of settlement according to the contract.

(b) The ageing of trade payables based on supplier's booking date is as below:

	31 December 2024 RMB	31 December 2023 RMB
Within 1 year	707,568,919.06	469,193,097.78
Over 1 year	<u>239,396,254.45</u>	<u>199,694,680.26</u>
	<u>946,965,173.51</u>	<u>668,887,778.04</u>

§ 6 SALE AND PURCHASE OR REDEMPTION OF SECURITIES OF THE COMPANY

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

§ 7 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 as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

§ 8 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.

§ 9 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 the date of this announcement.

§ 10 PRE-EMPTIVE RIGHTS

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

§ 11 AUDIT AND RISK CONTROL COMMITTEE

On 31 July 2001, the Board approved the establishment of the audit committee to review and supervise the financial reporting procedures and internal controls of the Company. On 2 August 2024, the Board approved the renaming of the audit committee to the audit and risk control committee of the Board (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 controls and financial reporting matters, including a review of the audited accounts for the year ended 31 December 2024, with the Directors.

§ 12 REVIEW OF THE PRELIMINARY RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, WUYIGE Certified Public Accountants LLP, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by WUYIGE Certified Public Accountants LLP in this respect did not constitute an assurance engagement pursuant to the Hong Kong Standards on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by WUYIGE Certified Public Accountants LLP on the preliminary results announcement.

By order of the Board
Tang Fusheng
Chairman

Tianjin, the PRC
21 March 2025

As at the date of this announcement, the Board comprises three executive Directors: Mr. Tang Fusheng, Ms. Nie Yanhong and Mr. Fu Xinghai; three non-executive Directors: Mr. Wang Yongwei, Mr. An Pindong and Mr. Liu Tao; and three independent non-executive Directors: Mr. Xue Tao, Mr. Wang Shanggan and Ms. Liu Fei.

* *For identification purpose only*