

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**Luzhou Xinglu Water (Group) Co., Ltd.\***

**瀘州市興瀘水務(集團)股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 2281)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**FINANCIAL HIGHLIGHTS**

For the six months ended 30 June 2024:

- Operating revenue amounted to approximately RMB617.0 million, representing a decrease of approximately 3.7% from the same period of last year.
- Net profit amounted to approximately RMB68.6 million, representing a decrease of approximately 19.3% from the same period of last year.
- Net profit attributable to the owners of the parent company amounted to approximately RMB63.3 million, representing a decrease of approximately 20.1% from the same period of last year.
- Basic earnings per share amounted to approximately RMB0.07, representing a decrease of approximately 22.2% from the same period of last year.
- The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of Luzhou Xinglu Water (Group) Co., Ltd.\* (the “**Company**” or “**we**”) is pleased to announce the unaudited condensed consolidated interim results and financial position of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”) together with comparative figures for the corresponding period in 2023 as follows:

# **I. UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF THE GROUP**

## **1. CONSOLIDATED INCOME STATEMENT**

<b>Items</b>	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Total operating revenue</b>	<b>617,041</b>	640,457
Of which: Operating revenue	<b>617,041</b>	640,457
<b>Total operating cost</b>	<b>541,233</b>	549,709
Of which: Operating cost	<b>423,338</b>	422,357
Taxes and surcharges	<b>16,638</b>	15,809
Cost of sales	<b>10,666</b>	12,849
Management expenses	<b>47,067</b>	45,453
Research and development expenses	<b>–</b>	45
Finance costs	<b>43,524</b>	53,195
Add: Other revenue	<b>33,078</b>	32,480
Investment income (represented by a sign of “–” for loss)	<b>–</b>	–
Credit impairment loss (represented by a sign of “–” for loss)	<b>-20,187</b>	-21,474
Asset impairment loss (represented by a sign of “–” for loss)	<b>–</b>	–
Income from disposal of assets (represented by a sign of “–” for loss)	<b>–</b>	–
<b>Operating profit (represented by     a sign of “–” for loss)</b>	<b>88,699</b>	101,755
Add: Non-operating revenue	<b>1,281</b>	2,165
Less: Non-operating expense	<b>308</b>	186
<b>Total profit (represented by     a sign of “–” for total loss)</b>	<b>89,672</b>	103,734
Less: Income tax expense	<b>21,075</b>	18,744

Items	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
<b>Net profit (represented by a sign of “–” for net loss)</b>	<b>68,597</b>	84,990
(1) Classified by continuing operation	<b>68,597</b>	84,990
1. Net profit for continuing operation (represented by a sign of “–” for net loss)	<b>68,597</b>	84,990
(2) Classified by attribution of ownership	<b>68,597</b>	84,990
1. Net profit attributable to owners of the parent company (represented by a sign of “–” for net loss)	<b>63,289</b>	79,193
2. Minority profit and loss (represented by a sign of “–” for net loss)	<b>5,309</b>	5,797
<b>Other comprehensive income, net after tax</b>	<b>0</b>	0
Other comprehensive income attributable to the owners of the parent company, net after tax	<b>0</b>	0
(1) Other comprehensive income that cannot be reclassified into profit or loss	<b>0</b>	0
1. Changes in fair value of investments in other equity instruments	<b>0</b>	0
<b>Total comprehensive income</b>	<b>68,597</b>	84,990
Total comprehensive income attributable to the shareholders of the parent company	<b>63,288</b>	79,193
Total comprehensive income attributable to minority shareholders	<b>5,309</b>	5,797
<b>Earnings per share</b>		
(1) Basic earnings per share (RMB/share)	<b>0.07</b>	0.09
(2) Diluted earnings per share (RMB/share)	<b>0.07</b>	0.09

## 2. CONSOLIDATED BALANCE SHEET

	As at 30 June 2024 <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
<b>Current assets:</b>		
Monetary funds	498,226	390,505
Bills receivable	–	600
Accounts receivable	552,005	563,915
Prepayments	29,669	40,106
Other receivables	123,184	126,201
Inventories	74,802	74,100
Contract assets	–	–
Other current assets	111,651	109,098
<b>Total current assets</b>	<b>1,389,536</b>	<b>1,304,524</b>
<b>Non-current assets:</b>		
Long-term receivables	–	807
Long-term debt investment	–	–
Investments in other equity instruments	56	56
Properties held for investment	2,730	2,813
Fixed assets	3,214,069	3,334,920
Construction in progress	661,406	573,722
Right-of-use assets	43	61
Intangible assets	1,510,213	1,537,620
Goodwill	28,139	28,139
Long-term deferred expenses	172,005	184,424
Deferred income tax assets	19,866	16,711
Other non-current assets	54,340	70,990
<b>Total non-current assets</b>	<b>5,662,867</b>	<b>5,750,262</b>
<b>Total assets</b>	<b>7,052,403</b>	<b>7,054,786</b>

	As at 30 June 2024 <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
<b>Current liabilities:</b>		
Short-term borrowings	172,529	60,057
Accounts payable	279,442	417,137
Contract liabilities	177,089	177,211
Staff wages payable	41,200	49,150
Tax payable	21,149	20,765
Other payables	268,415	204,259
Of which: Interests payable	–	–
Dividends payable	42,986	–
Non-current liabilities due within one year	309,802	569,614
Other current liabilities	2,997	2,469
<b>Total current liabilities</b>	<u>1,272,622</u>	<u>1,500,662</u>
<b>Non-current liabilities:</b>		
Long-term borrowings	1,686,995	1,465,304
Bonds payables	–	–
Lease liabilities	–	–
Long-term payables	850,844	854,844
Long-term staff wages payable	–	–
Estimated liabilities	8,761	7,754
Deferred income	198,932	212,338
Deferred income tax liabilities	5,080	5,251
<b>Total non-current liabilities</b>	<u>2,750,611</u>	<u>2,541,491</u>
<b>Total liabilities</b>	<u><u>4,023,233</u></u>	<u><u>4,042,153</u></u>
<b>Shareholders' equity:</b>		
Share capital	859,710	859,710
Capital reserve	420,447	420,447
Other comprehensive income	-67	-67
Special reserve	10,798	12,276
Surplus reserve	73,486	73,486
Undistributed profits	1,453,000	1,432,696
<b>Total shareholders' equity attributable to the parent company</b>	<u>2,817,374</u>	<u>2,798,549</u>
Minority shareholders' equity	211,796	214,084
<b>Total shareholders' equity</b>	<u>3,029,169</u>	<u>3,012,633</u>
<b>Total liabilities and shareholders' equity</b>	<u><u>7,052,403</u></u>	<u><u>7,054,786</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The financial statements of the Group have been prepared in accordance with “Accounting Standards for Business Enterprises – General Principles” issued by the Ministry of Finance of the People’s Republic of China, together with specific accounting standards, application guidance, interpretations and other related regulations issued and revised thereafter (collectively, the “**ASBEs**”), the China Securities Regulatory Commission’s Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (Revised 2014) and related regulations, and relevant disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**Listing Rules**”).

The financial statements are prepared on a going concern basis. The Group has evaluated the going concern ability within 12 months since the end of the Reporting Period and has not found any event and condition causing substantial doubt about the going concern ability.

### PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for equity instruments at fair value through other comprehensive income, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

### 2. REVENUE

Disaggregation of revenue generated from contracts with customers:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB’000</b>	<b>RMB’000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Type of services</b>		
– Water supply business	<b>188,391</b>	184,886
– Wastewater treatment business	<b>323,894</b>	274,923
– Engineering business	<b>95,447</b>	155,182
– Others	<b>9,309</b>	25,466
<b>Revenue</b>	<b>617,041</b>	<b>640,457</b>

The above revenue of the Group is all derived from the People’s Republic of China (the “**PRC**”).

### 3. SEGMENT INFORMATION

Information reported to chairman of the Board of the Company, being the chief operating decision maker (“CODM”), during the Reporting Period, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

Specifically, the Group’s reportable segments under the ASBE No. 35 Segment Reporting are as follows:

- Tap water supply – provision of water supply, installation services
- Wastewater treatment – provision of wastewater treatment services

The Company and its certain subsidiaries mainly provide tap water supply and engineering services in the PRC, each of which is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment, “**Tap water supply segment**”, because, in the opinion of the Directors, they have similar economic characteristics and provide tap water supply, installation services and others in the PRC under similar production processes to similar classes of customers using similar distribution method in the same regulatory environment.

In addition, the wastewater treatment segment includes certain subsidiaries of the Company providing wastewater treatment in the PRC, each of which is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment, “**Wastewater treatment segment**”, because, in the opinion of the Directors, they have similar economic characteristics and provide wastewater treatment services in the PRC under similar production processes to similar classes of customers using similar distribution method in the same regulatory environment.

## Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Segment revenue*</b>		
Tap water supply		
– From external customer		
– Water supply business	<b>188,391</b>	184,886
– Engineering business	<b>95,447</b>	155,182
Wastewater treatment		
– From external customers		
– Operating services	<b>323,894</b>	274,923
– Others	<b>9,309</b>	25,466
<b>Revenue</b>	<b>617,041</b>	<b>640,457</b>
<b>Segment profits</b>		
– Tap water supply	<b>-30,572</b>	-8,372
– Wastewater treatment	<b>103,049</b>	94,456
– Others	<b>-3,880</b>	-1,094
<b>Net profit</b>	<b>68,597</b>	<b>84,990</b>

\* *Inter-segment sales for the six months ended 30 June 2023 and 2024 were conducted at terms mutually agreed among the companies comprising the Group.*

The accounting policies of the operating segments are the same as the Group's accounting policies.



## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> (unaudited)	As at 31 December <b>2023</b> <i>RMB'000</i> (audited)
<b>Segment assets</b>		
– Tap water supply	4,581,227	4,706,591
– Wastewater treatment	3,113,072	2,988,030
– Others	22,318	26,026
Elimination	<u>-664,214</u>	<u>-682,572</u>
Consolidated total assets	<u><b>7,052,403</b></u>	<u><b>7,038,075</b></u>
<b>Segment liabilities</b>		
– Tap water supply	2,436,894	2,526,800
– Wastewater treatment	1,577,719	1,504,846
– Others	5,487	8,002
Elimination	<u>3,133</u>	<u>-2,746</u>
Consolidated total assets	<u><b>4,023,233</b></u>	<u><b>4,036,902</b></u>

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to reportable segments.

## 4. FINANCE EXPENSES

	Six months ended 30 June <b>2024</b> <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Interest expenses	49,525	56,252
Less: Interest incomes	6,127	3,145
Add: Exchange loss	-6	-40
Add: Interest expenses on lease liability	0	0
Add: Other expenses	<u>132</u>	<u>128</u>
Total	<u><b>43,524</b></u>	<u><b>53,195</b></u>

## 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current income tax expense	24,401	21,293
Deferred income tax expense	<u>-3,326</u>	<u>-2,549</u>
	<u>21,075</u>	<u>18,744</u>

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and its implementation regulations, the applicable tax rate of the subsidiaries for the six months ended 30 June 2024 and 2023 is as follows:

### Applicable EIT rate

Name of taxpayer	Six months ended 30 June	
	2024	2023
Luzhou Xinglu Water (Group) Co., Ltd.* (“ <b>Water Headquarters</b> ”)	15%	15%
Luzhou Xinglu Water (Group) Co., Ltd. Lu County Branch (“ <b>Lu County Branch</b> ”)	15%	15%
Luzhou Xinglu Water (Group) Hejiang Water Co., Ltd. (“ <b>Hejiang Water</b> ”)	15%	15%
Luzhou Nanjiao Water Co., Ltd. (“ <b>Nanjiao Water</b> ”)	15%	15%
Luzhou Xinglu Water (Group) Beijiao Water Co., Ltd. (“ <b>Beijiao Water</b> ”)	15%	15%
Luzhou Sitong Tap Water Engineering Co., Ltd. (“ <b>Sitong Engineering</b> ”)	15%	15%
Luzhou Xinglu Wastewater Treatment Co., Ltd. (“ <b>Xinglu Wastewater</b> ”)	15%	15%
Luzhou Xinghe Water Governance Co., Ltd. (“ <b>Xinghe Water Governance</b> ”)	15%	15%
Xinglu Water Weiyuan Qingxi Water Co., Ltd. (“ <b>Weiyuan Water</b> ”)	15%	15%
Weiyuan City Water Supply and Drainage Installation Engineering Co., Ltd. (“ <b>Weiyuan Installation</b> ”)	15%	2.5%
Luzhou Fanxing Environmental Development Co., Ltd. (“ <b>Fanxing Environmental</b> ”)	See notes a, b, c	12.5%
Dechang Xinglu Water Co., Ltd. (“ <b>Dechang Water</b> ”)	15%	2.5%
Chengdu Qingbaijiang Xinglu Water Co., Ltd. (“ <b>Qingbaijiang Water</b> ”)	See notes a, b, c	15%

Leshan Xinglu Water Xingjia Environmental Protection Technology Co., Ltd. (“ <b>Xingjia Environmental</b> ”)	See note c	2.5%
Leibo Xinglu Water Co., Ltd. (“ <b>Leibo Water</b> ”)	15%	15%
Luzhou Xinglu Water (Group) Crystal Trading Co., Ltd. (“ <b>Crystal Trading</b> ”)	See note c	2.5%
Luzhou Xinglu Zhihui Water Science and Technology Co., Ltd. (“ <b>Zhihui Technology</b> ”)	See note c	2.5%
Luzhou Sitong Water Supply and Drainage Engineering Design Co., Ltd. (“ <b>Sitong Design</b> ”)	See note c	2.5% or 5%
Luzhou Xinglu Water (Group) Xingxu Water Co., Ltd. (“ <b>Xingxu Water</b> ”)	See note c	2.5%
Xuyong Yongxing Water Governance Co., Ltd. (“ <b>Yongxing Water Governance</b> ”)	See note c	2.5%
Luzhou Xinggang Environmental Protection Technology Co., Ltd. (“ <b>Xinggang Environmental</b> ”)	See note c	/
Leshan Jingyan Xinglu Wastewater Treatment Co., Ltd. (“ <b>Jingyan Wastewater</b> ”)	See note c	/
Luzhou Xinglu Water Quality Testing Co., Ltd. (“ <b>Water Quality Testing</b> ”)	See note c	/

*Notes:*

- a. According to the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region (MOF Notice 2020 No. 23) by the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission, enterprise income tax will be levied at a reduced rate of 15% on enterprises located in the western region in the encouraged industries from 1 January 2021 to 31 December 2030. Projects including Xinglu Water Headquarters, Lu County Branch, Hejiang Water, Nanjiao Water, Beijiao Water, Sitong Engineering, Xinglu Wastewater, Xinghe Water Governance, Weiyuan Water, Weiyuan Installation, Fanxing Environmental, Dechang Water and Qingbaijiang Water meet the requirements of the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region by the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission, and being in the encouraged industries as set out in the Catalogue of Industries Encouraged to Develop in the Western Region, they are entitled to enjoy the preferential tax policy under the Implementation of Exploration and Development of Western Region.

- b. According to Article 27 of the EIT Law, the income of enterprises engaged in the investment and operation of public infrastructure projects supported by the state and the income derived from environmental protection projects or energy and water saving projects which meet relevant requirements are entitled to the tax preference of exemption and reduction. According to Article 88 of the Regulations for Implementation of Enterprise Income Tax, in respect of environmental protection projects or energy and water saving projects, including public wastewater treatment, public garbage treatment, integrated development and utilization of biogas, energy saving and emission reduction technology transformation and seawater desalination which meet relevant requirements, the income of enterprises engaging in the above environmental protection projects or energy and water saving projects which meet relevant requirements is entitled to be exempted from EIT for the first to third years and allowed a fifty percent reduction in the fourth to sixth years beginning from the first year of commercial production and operation.

According to Article 34 of the Enterprise Income Tax Law, the investment amount of enterprises for the purchasing of special equipment for environmental protection, energy and water conservation and work safety may be offset against tax according to a proportion. According to Article 100 of the Regulation on the Implementation of the Enterprise Income Tax Law, where an enterprise purchases and actually uses special equipment for environmental protection, energy and water conservation and work safety stipulated in the Catalogue of Enterprise Income Tax Preferences for Special Equipment for Environmental Protection, the Catalogue of Enterprise Income Tax Incentives for Special Equipment for Energy and Water Conservation, and the Catalogue of Enterprise Income Tax Incentives for Special Equipment for Work Safety, 10% of the investment amount in such special equipment may be offset against its tax payable for the current year; where the tax payable is insufficient for the credit, the excess may be carried forward for credit in the following five taxable years.

According to the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region (MOF Notice 2020 No. 23) by the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission, enterprise income tax will be levied at a reduced rate of 15% on enterprises located in the western region in the encouraged industries from 1 January 2021 to 31 December 2030.

If an enterprise meets the conditions for the 15% preferential tax rate under the Implementation of Exploration and Development of Western Region and also meets the tax preference conditions under the EIT Laws and its implementation regulations and the requirements of the State Council, it is entitled to the tax preferences simultaneously.

During the 50% reduction period involving tax relief for a fixed period, the tax payable may be reduced by 50% based on the tax rate applicable to the enterprise.

<b>Name of taxpayer</b>	<b>50% tax reduction period</b>
Fanxing Environmental (Gulin project)	2022-2024
Qingbaijiang Water	2023-2025

- c. According to the Notice of the Ministry of Finance and the State Taxation Administration on the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Business (Cai Shui [2023] No. 12), the policy that small and low-profit enterprises shall pay the taxable income at a reduced rate of 25% and the enterprise income tax shall be paid at the tax rate of 20% will continue to be implemented until 31 December 2027.
- d. According to the Notice on the Issuance of the Catalog of Value-added Tax Benefits for Products and Services for Comprehensive Utilization of Resources (Cai Shui [2021] No. 40) of the Ministry of Finance and the State Administration of Taxation, with effective from 1 March 2022, the Taxpayers who engage in the sale of self-produced products for comprehensive utilization of resources and provision of services for comprehensive utilization of resources are entitled to the policy of instant refund of value-added tax. Xinglu Treatment which has provided services for sewage treatment since 1 March 2022 are entitled to the policy of instant refund of value-added tax with a tax refund rate of 70%.
- e. According to, the Announcement of the Ministry of Finance and the State Administration of Taxation on the Continued Implementation of Preferential Tax Policies for Rural Drinking Water Safety Projects (MOF and SAT Announcement 2019 No. 67) and the Announcement of the Ministry of Finance and the State Administration of Taxation on the Extension of the Implementation Period of Certain Preferential Tax Policies (MOF and SAT Announcement 2021 No. 6), the revenue from the sale of tap water earned by the operation and management units responsible for drinking water projects in respect of the provision of domestic water to rural residents is exempt from value-added tax.

## 6. DIVIDEND

During the Reporting Period, a final dividend of RMB42,985,500 or RMB0.05 per share (tax inclusive) in respect of the year ended 31 December 2023 was declared to the shareholders of the Company.

The Board of the Company resolved not to distribute an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: (unaudited) Nil).

## 7. EARNINGS PER SHARE

Earnings per share is based on the following data:

	Six months ended 30 June	
	2024	2023
Net profit attributable to shareholders of the parent ( <i>RMB'000</i> )	<u>63,289</u>	<u>79,193</u>
Weighted average number of ordinary shares issued ( <i>'000</i> )	<u>859,710</u>	<u>859,710</u>
Earnings per share ( <i>RMB</i> )	<u>0.07</u>	<u>0.09</u>

No diluted earnings per share was presented for the six months ended 30 June 2024 and 2023 as the Company and its subsidiaries did not have potential ordinary shares outstanding.

## 8. ACCOUNTS RECEIVABLE

	As at 30 June 2024 <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
Accounts receivable	642,971	635,177
Less: Allowance for credit losses	<u>90,966</u>	<u>71,263</u>
Total accounts receivable	<u><u>552,005</u></u>	<u><u>563,915</u></u>

The following is the aging analysis of accounts receivable, presented based on the respective revenue recognition dates:

	As at 30 June 2024 <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
Within 1 year (inclusive)	274,045	399,142
1 to 2 years	206,640	127,161
2 to 3 years	104,787	69,071
3 to 4 years	42,105	32,401
4 to 5 years	8,168	1,583
Over 5 years	<u>7,226</u>	<u>5,819</u>
Total	<u><u>642,971</u></u>	<u><u>635,177</u></u>

## 9. ACCOUNTS PAYABLE

The following is the aging analysis of accounts payable, presented based on the invoice dates:

	As at 30 June 2024 <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
Within 1 year (inclusive)	55,565	194,384
1 to 2 years	66,028	59,474
2 to 3 years	41,496	88,220
3 to 4 years	79,972	1,445
4 to 5 years	1,223	67,017
Over 5 years	35,158	6,597
Total	<u>279,442</u>	<u>417,137</u>

## 10. SHARE CAPITAL

	As at 30 June 2024 <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
At the end of the period	<u>859,710</u>	<u>859,710</u>
	<i>'000 shares</i>	<i>'000 shares</i>
Shares of RMB1 each		
– Domestic shares (Note)	644,770	644,770
– H shares	<u>214,940</u>	<u>214,940</u>
Total	<u>859,710</u>	<u>859,710</u>

*Note:* Domestic shares and H shares rank pari passu in all respects with each other. Domestic shares are not eligible for trading on the Main Board of the Hong Kong Stock Exchange.

## **II. MANAGEMENT DISCUSSION AND ANALYSIS**

### **(I) INDUSTRY OVERVIEW**

In February 2024, the Ministry of Water Resources of the PRC issued the Key Work Points of Rural Water Conservancy and Hydropower in 2024, stating that deeply recognizing the security of rural drinking water is an important symbol of consolidating the results of poverty alleviation and promoting the comprehensive rural revitalization, with the focus on improving the penetration rate of rural tap water, making every effort to raise the rural water supply in a large-scale manner, pushing forward the standardized construction and renovation of small projects, improving water pricing mechanisms and strengthening the collection of water charges, so as to promote standardized management. The Key Work Points also proposes that by the end of 2024, efforts should be made to reach 90.2% of the rural tap water penetration rate across the country, 63% of the proportion of rural population covered by large-scale water supply projects, and 70% of rural water supply projects with 1,000 tons of water and 10,000 people achieving standardized management. The issue of the Key Work Points brings development opportunities for water enterprises in the integration of water supply in townships.

In recent years, except for towns and villages, the urban water supply and drainage market is relatively saturated, with limited room for expansion and gradually shrinking space for revenue and profit growth, the water industry will be exposed to a bottleneck period. The exploration of niche market segments or expansion of some new business fields is development direction of the water industry in the future, including seawater desalination integrated business and industrial reclaimed water reuse and expansion based on energy-saving and water conservation field; water data services and remote water management platform operation based on intelligent water services field; water environment monitoring and assessment services and water ecosystem restoration projects based on ecological protection; electronic-grade ultra-pure water supply and the development and production of high-end materials based on the water-related emerging industries supporting field; industrial wastewater treatment and small-scale water supply and drainage treatment equipment manufacturing based on the water supply and drainage treatment segment; domestic direct drinking water supply and community personalized water supply services based on the field of high-quality water services.



## (II) DEVELOPMENT STRATEGY AND OUTLOOK

In the second half of 2024, the Group will continue to focus on the established principle of “consolidation, rooting in principal business, tapping the internal potential, lowering costs and boosting profits” to enhance product and service capabilities, continuously promoting the integration of water supply and drainage in townships. The Group will focus on expanding the field of industrial wastewater treatment, striving to form the regional liquor-making wastewater treatment market on a large scale, so as to create new business formats and new profit growth points. Furthermore, the Group will boost its effort in technology research and development, continue to seek the intelligent control and an intelligent scheduling system for pipe leakage, build on momentum in the industry chain, intensively build the “intelligent water” technology brand to constantly enhance its core competitiveness, aiming to promote its sustainable and healthy development.

## (III) BUSINESS REVIEW

The Group is an integrated municipal water service provider in Sichuan Province, the PRC, and principally engages in tap water supply and wastewater treatment. We adopt project models of build-own-operate (“**BOO**”), transfer-own-operate (“**TOO**”) and build-operate-transfer (“**BOT**”) in the course of business, where we enter into concession agreements with local governments for periods up to 30 years. The Company mainly carries on business in Luzhou City, Weiyuan area in Neijiang City, Central District and Jingyan County in Leshan City and Qingbaijiang area in Chengdu City, Leibo and Dechang areas in Liangshan Prefecture, and Litang in Ganzi Tibetan Autonomous Prefecture, the PRC, etc.

As at the end of the Reporting Period, we operated 12 tap water plants and 9 city wastewater treatment plants, and 2 industrial park wastewater treatment plants and 5 entrusted operation wastewater treatment plants, and we also operated several wastewater treatment facilities in townships and rural areas and engaged in entrusted operation projects. Our total treatment capacity is approximately 1.415 million tons per day.

### *Tap Water Projects*

As at the end of the Reporting Period, the Group had 12 tap water plants with a daily water supply capacity of approximately 774,000 tons (excluding emergency back-up water plants), which remained unchanged as compared to the end of 2023. The average utilization rate of tap water plants is 68.39%.

During the Reporting Period, our total water sales volume were approximately 79.56 million tons, representing an increase of 1.87% from our sales of tap water of approximately 78.1 million tons for the six months ended 30 June 2023. The increase was mainly due to the development of urban construction, as a result of which the urban water population has increased, which belongs to natural growth.

## ***Wastewater Treatment Projects***

As at the end of the Reporting Period, the Group owned 9 operating city wastewater treatment plants (excluding emergency back-up wastewater treatment plants), with a daily treatment capacity of approximately 489,000 tons in aggregate, and the average load rate of wastewater treatment plants stood at 84%; two industrial park wastewater treatment plants with a daily treatment capacity of approximately 30,000 tons in aggregate; and five entrusted operation wastewater treatment plants with a daily treatment capacity of approximately 47,000 tons in aggregate; a total of 294 wastewater treatment facilities in the townships and rural areas with a daily treatment capacity of approximately 75,000 tons.

During the Reporting Period, our total wastewater treatment volume amounted to approximately 81.4 million tons, representing an increase of 12% as compared with approximately 72.6 million tons of the total actual processing volume for the six months ended 30 June 2023.

## **(IV) FINANCIAL REVIEW**

### ***1. Analysis of Key Items in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income***

#### ***1.1 Operating Revenue***

During the Reporting Period, operating revenue of the Group amounted to RMB617.0 million, representing a decrease of 3.7% from RMB640.5 million for the same period of 2023. The decrease was mainly due to a decrease in revenue generated from engineering installation impacted by the real estate market, resulting in a decrease in overall revenue during the Reporting Period.

##### **1.1.1 Tap water supply**

###### **1.1.1.1 Sales of tap water**

During the Reporting Period, revenue of the Group generated from sales of tap water amounted to RMB188.4 million, representing an increase of 1.9% from RMB184.9 million for the same period of 2023. The increase was mainly due to the increase in sales volume of tap water. Revenue generated from sales of tap water accounted for 28.9% and 30.5% of our total revenue for the six months ended 30 June 2023 and 2024, respectively.

#### 1.1.1.2 Engineering installation

Revenue of the Group generated from installation services amounted to RMB95.4 million, representing a decrease of 38.5% from RMB155.2 million for the same period of 2023. The decrease was mainly due to a decrease in closely related household meter installation projects under the overall downturn of the real estate market and the adjustment of tariff policy during the Reporting Period. Revenue generated from installation services accounted for 24.2% and 15.5% of our total revenue for the six months ended 30 June 2023 and 2024, respectively.

#### 1.1.2 Wastewater treatment

During the Reporting Period, revenue of the Group from operating services of wastewater treatment amounted to RMB323.9 million, representing an increase of 17.8% from RMB274.9 million for the same period of 2023. The increase was mainly due to an increase in the charged treatment volume of wastewater and the new sewage treatment projects in Leshan Jingyan and Central District. Revenue generated from wastewater treatment operation accounted for 42.9% and 52.5% of our total revenue for the six months ended 30 June 2023 and 2024, respectively.

### 1.2 *Operating cost*

During the Reporting Period, the Group's operating cost amounted to RMB423.3 million, increased by 0.2% from RMB422.4 million for the same period of 2023. The increase was mainly due to the increase in the charged treatment volume of wastewater and the increase in sewage treatment costs as a result of the addition of new projects such as Leshan Jingyan and Central District.

#### 1.2.1 Tap water supply

##### 1.2.1.1 Sales of tap water

During the Reporting Period, the Group's operating cost of tap water sales amounted to RMB190.8 million, representing a decrease of 1.6% from RMB193.8 million for the same period of 2023. The decrease was mainly due to the decrease in power generation and water production material. Operating cost associated with tap water sales accounted for 45.9% and 45.1% of our total operating cost for the six months ended 30 June 2023 and 2024, respectively.

### 1.2.1.2 Engineering installation

During the Reporting Period, the Group's operating cost associated with installation services amounted to RMB39.8 million, representing a decrease of 26.7% from RMB54.3 million for the same period of 2023. The decrease was mainly due to a decrease in the household meter installation projects during the Reporting Period as compared to the same period of last year, as well as the decrease in cost. Operating cost associated with installation services accounted for 12.9% and 9.4% of the total operating cost for the six months ended 30 June 2023 and 2024, respectively.

### 1.2.2 Wastewater Treatment

During the Reporting Period, the Group's operating cost from wastewater treatment operating services amounted to RMB186.3 million, representing an increase of 21.2% from RMB153.7 million for the same period of 2023. The increase was mainly due to the corresponding increase in cost with the growth of sewage treatment volumes and the addition of new projects such as Leshan Jingyan and Central District. Operating cost from wastewater treatment operating services accounted for 36.4% and 44.0% of the total operating cost for the six months ended 30 June 2023 and 2024, respectively.

## 1.3 *Gross profit and gross profit margin*

As a result of the above, the Group's gross profit amounted to RMB193.7 million during the Reporting Period, representing a decrease of 11.2% from RMB218.1 million for the same period of 2023. Gross profit margin decreased from 34.1% for the same period of 2023 to 31.4% during the Reporting Period which was mainly due to the decrease in gross profit margin from engineering construction and wastewater treatment.

### 1.3.1 Tap water supply

#### 1.3.1.1 Sales of tap water

During the Reporting Period, the gross profit of the Group for sales of tap water under tap water supply operations amounted to RMB-2.4 million, representing a decrease in loss by 72.8% from RMB-8.9 million for the same period of 2023. Its corresponding gross profit margin decreased loss from -4.8% for the six months ended 30 June 2023 to -1.3% for the Reporting Period. The decrease in loss was mainly due to the increase of water sales volume and a decrease in the cost of water production, such as power generation and water production material.

#### 1.3.1.2 Engineering installation

During the Reporting Period, the gross profit of the Group for installation services amounted to RMB55.6 million, representing a decrease of 44.9% from RMB100.9 million for the same period of 2023. Its corresponding gross profit margin decreased from 65.0% for the same period of 2023 to 58.3% for the Reporting Period. The decrease was mainly due to fewer installation projects and a reduction in centralized pipe network fees.

### 1.3.2 Wastewater treatment

During the Reporting Period, the gross profit of the Group for wastewater treatment operating services amounted to RMB137.6 million, increased by 13.5% from RMB121.2 million for the same period of 2023. The corresponding gross profit margin decreased from 44.1% for the six months ended 30 June 2023 to 42.5% during the Reporting Period. The decrease was mainly due to the low gross profit margin of the new wastewater projects and the decrease in overall gross profit margin.

### 1.4 Other revenue

During the Reporting Period, the Group's other revenue amounted to RMB33.1 million, representing an increase of 1.8% from RMB32.5 million for the same period of 2023. The increase was mainly due to the receipt of subsidy for sludge treatment during the Reporting Period, representing a year-on-year increase.

### *1.5 Cost of sales*

During the Reporting Period, the Group's cost of sales amounted to RMB10.7 million, representing a decrease of 16.4% from RMB12.8 million for the same period of 2023. The decrease was mainly due to a year-on-year decrease in employee remunerations and labor protection fees.

### *1.6 Management expenses*

During the Reporting Period, the Group's management expenses amounted to RMB47.1 million, representing an increase of 3.5% from RMB45.5 million for the same period of 2023. The increase was mainly due to the increase in social insurance, maintenance and depreciation expenses.

### *1.7 Finance costs*

During the Reporting Period, the Group's finance costs amounted to RMB43.5 million, representing a decrease of 18.2% from RMB53.2 million for the same period of 2023. The decrease was mainly due to the decrease in interest expense as a result of the reduction in loan principal and the reduction of interest rates on the stock of interest-bearing liabilities.

### *1.8 Income tax expense*

During the Reporting Period, the Group's income tax expenses amounted to RMB21.1 million, representing an increase of 12.8% from RMB18.7 million for the same period of 2023. The increase was mainly due to an increase in current income tax expense calculated in accordance with the Tax Law and related regulations. For the six months ended 30 June 2023 and 2024, the effective tax rates of the Group were 15.0% and 23.5%, respectively.

### *1.9 Net profit and net profit margin*

Based on the above reasons, during the Reporting Period, the Group's net profit amounted to RMB68.6 million, representing a decrease of 19.3% from RMB85.0 million for the same period in 2023. Net profit margin decreased from 13.3% for the six months ended 30 June 2023 to 11.1% for the Reporting Period.

## 2. Analysis of Key Items in the Balance Sheet

### 2.1 Accounts receivable

Accounts receivable of the Group were RMB563.9 million and RMB552.0 million as of 31 December 2023 and as at the end of the Reporting Period, respectively. The decrease was mainly due to the increase in water fee receivables, wastewater treatment fees, etc., and the decrease of the provision for bad debts.

The table below sets forth the average turnover days of our accounts receivable during indicated periods:

	Six months ended 30 June	
	2024	2023
Average turnover days of accounts receivable <sup>(1)</sup>	<u>162</u>	<u>149</u>

*Note:*

- (1) Turnover days of accounts receivable:  $180/\text{number of accounts receivable turnover}$ , number of accounts receivable turnover:  $\text{operating revenue}/\text{average balance of accounts receivable}$ .

### 2.2 Inventories

The inventories of the Group (consisted primarily of raw materials, including water pipes and other gadgets relating to tap water supply and pipeline installation) were RMB74.1 million and RMB74.8 million as of 31 December 2023 and as at the end of the Reporting Period, respectively. The increase was mainly due to the increase in contract performance costs.

The table below sets forth the average turnover days of our inventories for the indicated periods:

	Six months ended 30 June	
	2024	2023
Average turnover days of inventories receivable <sup>(2)</sup>	<u>32</u>	<u>37</u>

*Note:*

- (2) Turnover days of inventories receivable:  $180/\text{number of inventories turnover}$ , number of inventories turnover:  $\text{operating cost}/\text{average balance of inventories}$ .

### *2.3 Other receivables*

As of 31 December 2023 and as at the end of the Reporting Period, the Group's other receivables were RMB126.2 million and RMB123.1 million, respectively. The decrease was mainly due to the recovery of subsidies of RMB4 million for household meters in the main urban area.

### *2.4 Fixed assets*

As of 31 December 2023 and as at the end of the Reporting Period, the Group's fixed assets were RMB3,334.9 million and RMB3,214.1 million, respectively. The decrease was mainly due to depreciation charges.

### *2.5 Construction in progress*

As of 31 December 2023 and as at the end of the Reporting Period, the balance of construction in progress of the Group were RMB573.7 million and RMB661.4 million, respectively. The increase was mainly due to the construction of new sewage treatment facilities and tap water pipelines network.

### *2.6 Intangible assets*

As of 31 December 2023 and as at the end of the Reporting Period, the Group's intangible assets were RMB1,537.6 million and RMB1,510.2 million, respectively. The decrease was mainly due to normal amortization.

### *2.7 Long-term deferred expenses*

As of 31 December 2023 and as at the end of the Reporting Period, the Group's long-term deferred expenses were RMB184.4 million and RMB172.0 million, respectively. The decrease was mainly due to normal amortization.

### *2.8 Short-term borrowings*

As of 31 December 2023 and as at the end of the Reporting Period, the Group's short-term borrowings were RMB60.1 million and RMB172.5 million, respectively. The increase was mainly due to new borrowings.



## 2.9 Accounts payable

As of 31 December 2023 and as at the end of the Reporting Period, the Group's accounts payable were RMB417.1 million and RMB279.4 million, respectively. The decrease was mainly due to the payment for works and materials, etc.

The table below sets forth the average turnover days of our accounts payable during the indicated periods:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
Average turnover days of accounts payable <sup>(3)</sup>	<b><u>148</u></b>	<b><u>151</u></b>

*Note:*

- <sup>(3)</sup> Turnover days of accounts payable:  $180/\text{number of accounts payable turnover}$ , number of accounts payable turnover:  $\text{operating cost}/\text{average balance of accounts payable}$ .

## 2.10 Contract liabilities

As of 31 December 2023 and as at the end of the Reporting Period, the Group's contract liabilities were RMB177.2 million and RMB177.1 million, respectively. The decrease was mainly due to the transfer upon completion of household meter installations.

## 2.11 Other payables

As of 31 December 2023 and as at the end of the Reporting Period, the Group's other payables were RMB204.3 million and RMB268.4 million, respectively. The increase was mainly due to an increase in dividends payable.

## 2.12 Non-current liabilities due within one year

As of 31 December 2023 and as at the end of the Reporting Period, the Group's non-current liabilities due within one year were RMB569.6 million and RMB309.8 million, respectively. The decrease was mainly due to the repayment of long-term borrowings and the decrease in bonds payable.

### *2.13 Long-term borrowings*

As of 31 December 2023 and as at the end of the Reporting Period, the Group's long-term borrowings were RMB1,465.3 million and RMB1,687.0 million, respectively. The increase was mainly due to the increase in project borrowings.

### *2.14 Long-term payables*

As of 31 December 2023 and as at the end of the Reporting Period, the Group's long-term payables were RMB850.8 million and RMB850.8 million, respectively, with no change in the relevant amounts.

### *2.15 Deferred income*

As of 31 December 2023 and as at the end of the Reporting Period, the Group's deferred income were RMB212.3 million and RMB198.9 million, respectively. The decrease was mainly due to monthly amortisation of government grants.

## **3. Liquidity and Financial Resources**

The Group manages its capital to ensure that entities of the Group will be able to continue as a going concern and optimize the debt and equity balance to maximize the return to shareholders of the Company. The Group's overall strategy remains unchanged during the Reporting Period. The capital structure of the Group consists of net debts (which includes borrowings, net cash and cash equivalents) and total equity (comprising of paid-in capital/share capital, capital reserve, statutory surplus reserve, retained profits and non-controlling interests). The Group is not subject to any externally imposed capital requirements.

As at the end of the Reporting Period, the cash and bank balances of the Group amounted to approximately RMB498.2 million (at the end of 2023: RMB390.5 million).

As at the end of the Reporting Period, the total borrowings of the Group amounted to approximately RMB2,984.9 million (at the end of 2023: RMB2,922.6 million), including bank and other borrowings.

As at the end of the Reporting Period, the net debts to equity ratio of the Group (being calculated by total equity divided by debts (including long-term and short-term loans and bonds payable) less bank balances and cash) was 101.5% (at the end of 2023: 102.3%).

## **(V) EMPLOYEES AND REMUNERATION POLICY**

As at the end of the Reporting Period, the Group had 876 employees (at the end of 2023: 905 employees). During the Reporting Period, employee salaries and benefits expenses amounted to RMB74.9 million (for the six months ended 30 June 2023: RMB76.0 million). The remunerations and benefits for employees include basic and floating wages, bonuses and staff benefits. The Group endeavours to keep the level of employees' remuneration in line with industry practices and prevailing market conditions, and such remuneration will be determined based on their performance. The Group also provides external and internal training programs for the employees.

During the Reporting Period, the Group did not incur any significant labour disputes that had material impact on the Group's normal business operations.

## **(VI) MAJOR ACQUISITIONS AND DISPOSALS**

During the Reporting Period, the Group had no material acquisitions and disposals in respect of subsidiaries, associates and joint ventures.

## **(VII) PLEDGED ASSETS OF THE GROUP**

As at the end of the Reporting Period, the Group had bank borrowings secured by the operating concessions for all water supply projects of the Company in Jiangyang District, the charging right for certain wastewater treatment projects, and the charging right for wastewater treatment projects of Fanxing Environmental in townships and rural areas in Jiangyang District, Luzhou City.

Save as disclosed above, as at the end of the Reporting Period, the Group had not pledged any other assets.

## **(XIII) FOREIGN EXCHANGE RISKS**

During the Reporting Period, the Group carried out business in the PRC and received revenue and paid its costs/expenses in RMB. As at the end of the Reporting Period, the Group had unutilized monetary funds in Hong Kong dollar, and confirmed that there was no foreign exchange gain during the Reporting Period (and recognised a net foreign exchange loss of approximately RMB5,984.14 in the Reporting Period). The Group does not currently hedge its exposure to foreign currencies.

## **(IX) CONTINGENT LIABILITIES**

During the Reporting Period, the Company had no material contingent liabilities to disclose.

## **(X) SIGNIFICANT INVESTMENT HELD**

As at the end of the Reporting Period, the Group did not hold any significant investments.

## **(XI) EVENTS AFTER THE REPORTING PERIOD**

On 16 August 2024, the Company transferred all of its equity interests in Crystal Trading, a wholly-owned subsidiary of the Company, to Luzhou City Xinglu Assets Management Co., Ltd.\* (瀘州市興瀘資產管理有限公司), the controlling shareholder of the Company, at a consideration of RMB9.782 million. For further details, please refer to the announcements of the Company dated 16 August 2024.

Apart from the above, as of the date of this announcement, there are no other significant events after the Reporting Period for the Group.

## **III. OTHER INFORMATION**

### **(I) INTERIM DIVIDENDS**

The Board did not recommend the payment of any interim dividends for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

### **(II) PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

As at the end of the Reporting Period, none of the Company or any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company (including sale of treasury shares, if any).

### **(III) DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS**

During the Reporting Period, to the best knowledge of the Board, none of the Directors, supervisors and their respective associates had any business or interest that competes or might compete with the business of the Group or had or might have any other conflict of interest with the Group.

#### **(IV) COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Group is committed to maintaining a high standard of corporate governance with a view to safeguarding the interest of shareholders and enhancing corporate value. The Board believes that good corporate governance is one of the important factors leading to the success of the Group and balancing the interests of the shareholders, customers and employees of the Group.

The Company has adopted all the code provisions of the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Appendix C1 to the Listing Rules, and formulated a series of corporate governance policies according to the relevant requirement to build up and perfect the corporate governance structure.

During the Reporting Period, the Company has been complied with all applicable code provisions under the Corporate Governance Code.

#### **(V) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding the Company’s securities transactions by the Directors, the supervisors and employees of the Group who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company’s securities. The Company has made specific inquiries to all Directors and supervisors, and all Directors and supervisors have confirmed that they have strictly complied with the requirements set out in the Model Code during the Reporting Period. In addition, during the Reporting Period, the Company was not aware of any non-compliance of the Model Code by the relevant employees of the Group.

#### **(VI) PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the Reporting Period and up to the date of this announcement, the Company has maintained at least 25% of the total issued share capital of the Company to be held by the public in accordance with the Listing Rules.

## (VII) AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) consists of independent non-executive Directors, namely Mr. Fu Ji, Ms. Ma Hua and Mr. Liang Youguo, with Mr. Fu Ji serving as the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to supervise our internal control, risk management, financial information disclosure and financial reporting matters. The terms of reference of the Audit Committee are available for inspection on the Company’s website and the website of the Hong Kong Stock Exchange.

The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 and has discussed with the senior management on the accounting policies and practices adopted by the Company as well as matters relating to internal control.

## IV. REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2024 have been reviewed by the Company’s auditor, ShineWing Certified Public Accountants LLP, in accordance with the China Standard on Review No. 2101-Engagements to Review Financial Statements.

## V. PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the Company’s website at [www.lzss.com](http://www.lzss.com). The interim report of the Group for the six months ended 30 June 2024 will be dispatched to the shareholders and released on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Luzhou Xinglu Water (Group) Co., Ltd.\***  
*Chairman*  
**Zhang Qi**

Luzhou, the PRC  
28 August 2024

*As at the date of this announcement, the Board comprises of (i) three executive Directors, namely Mr. Zhang Qi, Mr. Chen Qinan and Mr. Xu Guanghua; (ii) three non-executive Directors, namely Mr. Xu Fei, Ms. Zhang Guanghui and Ms. Hu Fenfen; and (iii) three independent non-executive Directors, namely Ms. Ma Hua, Mr. Fu Ji and Mr. Liang Youguo.*

\* For identification purposes only