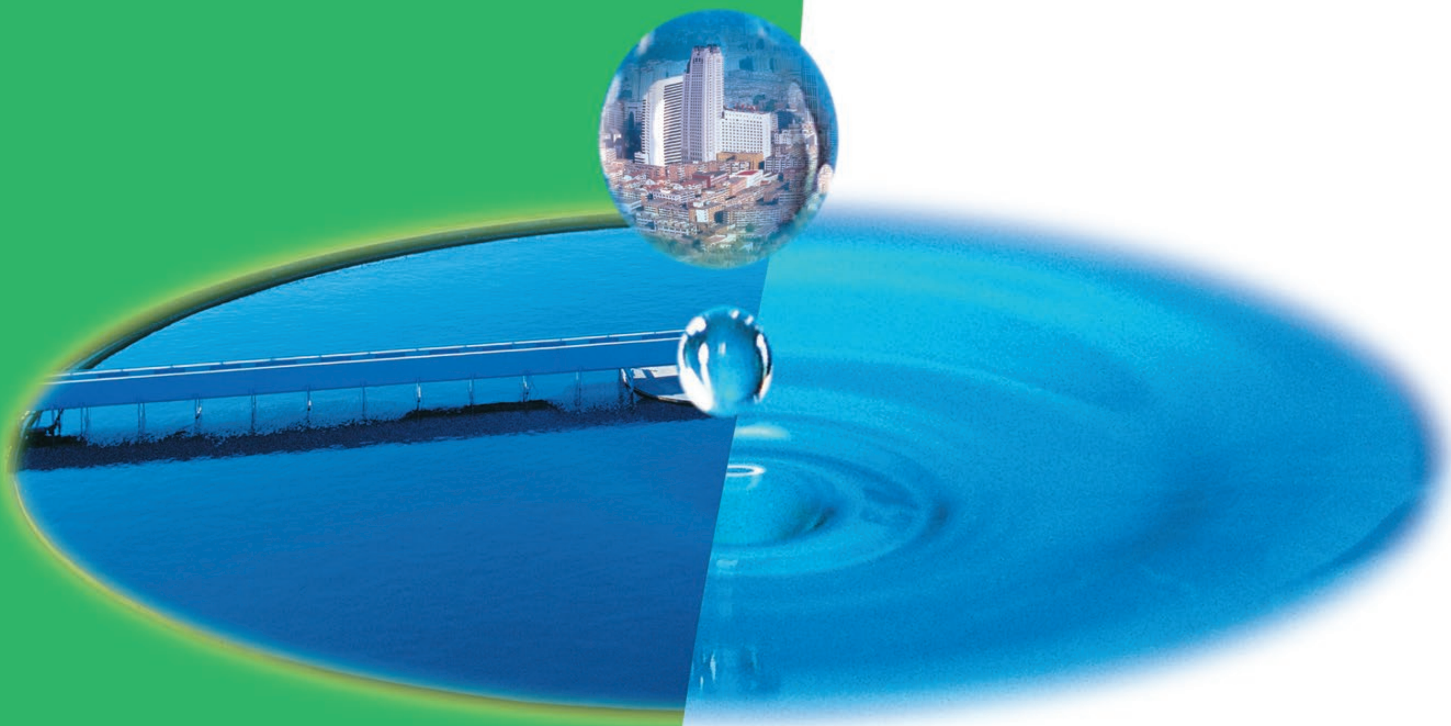

Interim Report for the six months ended 30th June 2025

Tianjin Capital Environmental Protection Group Company Limited

天津創業環保集團股份有限公司

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

I. The board of directors (the "**Board**"), directors (the "**Directors**") and senior management of Tianjin Capital Environmental Protection Group Company Limited (the "**Company**") guarantee truthfulness, accuracy and completeness of the contents of the 2025 interim report (the "**Interim Report**"), which does not contain any false information, misleading statements or material omissions, and accept joint and several responsibilities.

II. Details of absent director

Position of the absent director	Name of the absent director	Reason for absence	Name of proxy
Chairman of the Board	Mr. Tang Fusheng	Unable to attend due to business matter. Mr. Fu Xinghai, a Director, was entrusted to vote on his behalf	Mr. Fu Xinghai

III. The interim financial report of the Company for the six months ended 30 June 2025 has not been audited.

IV. 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 Interim Report.

V. The proposal on profit distribution or transfer of capital reserve fund to share capital for the reporting period as approved by the Board by way of a resolution
Not applicable

VI. Risk statements for the forward-looking statement
Not Applicable

VII. Did the controlling shareholder of the Company and its connected persons misappropriate the Company's funds for non-operating purposes
None

VIII. Did the Company provide external guarantees in violation of any specified decision-making procedures
None

IX. Whether more than half of the Directors cannot guarantee the truthfulness, accuracy and completeness of the Interim Report disclosed by the Company
No

X. Significant risks warning
None

XI. Other matters
Unless indicated otherwise, financial figures in the Interim Report are denominated in RMB.

Content

In the Interim Report, unless the context requires otherwise, the following terms shall have the following meanings:

"Asset Management Company"	Tianjin Investment Group Asset Management Co., Ltd.*（天津城投集團資產管理有限公司）
"Bohai Chemical"	Tianjin Bohai Chemical Industry (Group) Co., Ltd.*（天津渤海化工（集團）股份有限公司）
"Company"	Tianjin Capital Environmental Protection Group Company Limited
"Group"	the Company and its subsidiaries
"Hangzhou Company"	Hangzhou Tianchuang Capital Water Co., Ltd.*（杭州天創水務有限公司）
"Hong Kong Company"	Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd.*（天津創業環保（香港）有限公司）
"Jiayuanxing"	Tianjin Jiayuanxing Innovative Energy Technology Co., Ltd.*（天津佳源興創新能源科技有限公司）
"Liulin Urban Renewal"	Tianjin Liulin Street and District Urban Renewal Industry Operation Company Limited*（天津柳林街區城市更新產業運營有限公司）
"Subsidiary(ies)"	the subsidiary(ies) of the Company
"Tianjin Chengze"	Tianjin Chengze Real Estate Development Co., Ltd.*（天津城澤房地產開發有限公司）
"Tianchuang Environmental"	Tianjin Tianchuang Environmental Technology Co., Ltd.*（天津天創環境技術有限公司）
"Tianjin Infrastructure Construction"	Tianjin Infrastructure Construction and Investment Group Company Limited*（天津城市基礎設施建設投資集團有限公司）
"Tianjin Jiayuankaichuang"	Tianjin Jiayuankaichuang New Energy Technology Co., Ltd.*（天津佳源開創新能源科技有限公司）
"Tianjin Municipal Institute"	Tianjin Municipal Engineering Design & Research Institute*（天津市政工程設計研究總院有限公司）
"TMICL"	Tianjin Municipal Investment Company Limited*（天津市政投資有限公司）
"Water Recycling Company"	Tianjin Water Recycling Co., Ltd.*（天津中水有限公司）

* *For identification purposes only*

Section 2 Company Profile and Major Financial Indicators

I. INFORMATION OF THE COMPANY

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

II. CONTACT PERSON AND METHOD

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

III. CHANGES OF BASIC CORPORATE INFORMATION

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

IV. CHANGES OF PLACES WHERE THE COMPANY INFORMATION IS DISCLOSED AND AVAILABLE FOR INSPECTION

Name of the newspaper designated for the disclosure of information	Shanghai Securities News, China Securities Journal
Website designated by the China Securities Regulatory Commission ("**CSRC**") for publication of the Interim Report	www.sse.com.cn
The Interim Report is available at	Office of the Board of Directors, 16/F, TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC

V. PROFILE OF THE SHARES OF THE COMPANY

Share Class	Listed on	Stock Abbreviation	Stock Code	Previous Stock Abbreviation
A Share	Shanghai Stock Exchange (the "**SSE**")	Tianjin Capital	600874	Bohai Chemical
H Shares	The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")	Tianjin Capital	01065	Tianjin Bohai

VI. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	During the reporting period (from January to June	During the same period last year	Increase/ Decrease for the reporting period as compared to the same period last year (%)
Operating revenue	2,177,915,496.72	2,218,165,636.41	-1.81
Net profit attributable to the shareholders of the Company	472,920,534.82	421,928,337.30	12.09
Net profit attributable to the shareholders of the Company after deduction of extraordinary profit and loss	396,393,562.39	381,680,626.97	3.85
Net cash flow from operating activities	517,864,524.50	439,000,213.39	17.96

	As at the end of the reporting period	As at the end of last year	Increase/Decrease as at the end of the reporting period as compared to the end of last year (%)
Net assets attributable to the shareholders of the Company	9,869,881,582.87	9,668,867,730.10	2.08
Total assets	25,448,212,601.55	25,154,981,695.71	1.17

(II) Major financial indicators

Major financial indicators	**During the reporting period (from January to June)**	**During the same period last year**	**Increase/ Decrease for the reporting period as compared to the same period last year (%)**
Basic earnings per share (RMB/share)	0.30	0.27	11.11
Diluted earnings per share (RMB/share)	0.30	0.27	11.11
Basic earnings per share after deduction of extraordinary profit and loss (RMB/share)	0.25	0.24	4.17
Weighted average return on net assets ratio (%)	4.80	4.58	Increased by 0.22 percentage points
Weighted average return on net assets ratio after deduction of extraordinary profit and loss (%)	4.02	4.15	Decreased by 0.13 percentage points

VII. DIFFERENCES IN ACCOUNTING INFORMATION UNDER THE DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Not Applicable

VIII. EXTRAORDINARY PROFIT AND LOSS ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

Extraordinary Profit and Loss Items	**Amount**
Gains and losses on disposal of non-current assets, including reversal of provision for impairment of assets	-2,727,673.58
Government subsidies recorded in current profit and loss (except government subsidies closely related to normal business operation of the Company, in compliance with the requirements of national policy and granted in a certain amount or quantity and continuously affecting the profit and loss of the Company)	38,025,791.26
Reversal of impairment provisions for receivables individually tested for impairment	53,953,772.88
Other non-operating revenue and expenses other than the foregoing items	352,207.20
Less: Effect of income tax	12,812,616.20
Effect of minority interests (after tax)	264,509.13
Total	76,526,972.43

I. EXPLANATION OF THE INDUSTRY AND PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Industries where the Company operates

2025 is the final year of the 14th Five-Year Plan, marked by the promulgation of a number of important policies, which will direct a new course for the development of the water and environmental protection industry in the 15th Five-Year Plan and beyond.

Firstly, the Central Urban Work Conference was held, which proposed to build innovative, habitable, beautiful, resilient, civilized, and smart modern people-oriented cities as the development goal. Among these, the task of constructing beautiful cities will bring new opportunities for urban water and environmental protection businesses. The conference pointed out that the urbanization in China was shifting from a period of rapid growth to a phase of stable development, and urban development is shifting from large-scale expansion to improving the quality and efficiency of existing assets. This requires the water and environmental protection industry to shift from incremental expansion to improving the quality of existing assets and the water and environmental protection companies should place greater importance on improving their comprehensive capabilities in technology, operations, and management, and be adept at identifying opportunities for upgrading and improving existing projects. The conference emphasized the importance of practicing the people-oriented city philosophy, adhering to the overall principle of seeking progress while maintaining stability, and following a tailored, categorized approach in guidance. The goals include building innovative, livable, beautiful, resilient, civilized, and smart modern people's cities, promoting high-quality urban development, focusing on connotation-oriented urban development, advancing urban renewal, vigorously promoting urban structure optimization, energy conversion, quality improvement, green transformation, cultural continuity, and governance efficiency enhancement, and firmly maintaining the bottom line of urban safety, thereby charting a new path of urban modernization with Chinese characteristics. In addition, the conference outlined seven key tasks for urban development. Among them, efforts to build a green and low-carbon beautiful city requires consolidating the achievements of ecological and environmental governance, taking more effective measures to address issues such as urban air quality, drinking water source protection, and new pollutant management, promoting synergies between pollution reduction, carbon reduction, and ecological expansion, and enhancing urban biodiversity. With more new pollutants coming under governance, accompanied with the coordinated promotion of pollution reduction, carbon reduction and greening, the city environmental protection market will gradually give rise to new business segments. At the same time, combined with city renewals, there are certain business opportunities in the construction and operation market of some environmental protection infrastructure.

Secondly, the Ministry of Ecology and Environment and the National Development and Reform Commission issued the "Action Plan for the Protection and Construction of Beautiful Rivers and Lakes (2025-2027)" (《美麗河湖保護與建設行動方案（2025-2027年）》), which outlines a series of quantitative indicators demonstrating the phased market growth potential for the water and environmental protection industry. The Plan requires the implementation of the directives from the National Conference on Ecological and Environmental Protection, focusing on improving the quality of the water ecological environment. It emphasizes precise, scientific, and law-based pollution control, coordinating water resources, water environment, and aquatic ecosystem management, promoting the establishment of an integrated upstream and downstream ecological environment governance system in key river basins, vigorously advancing the protection and construction of beautiful rivers and lakes, and improving the health level of river and lake ecosystems. This high-level protection supports high-quality development and lays a solid foundation for basically achieving the goal of building a beautiful China by 2035. Specifically, the Conference proposed the following targets: achieving a completion rate of approximately 40% for beautiful rivers and lakes by 2027, making significant progress in the construction of beautiful rivers and lakes by 2030, and basically completing the construction of beautiful rivers and lakes by 2035. The plan requires consolidating and deepening water environment governance, covering the following six aspects: First, improving the effectiveness of river discharge outlet remediation and establish a pollution discharge outlet monitoring and supervision system by 2027. Second, strengthening water pollution prevention and control in industrial parks. By 2027, the sewage collection and treatment efficiency of industrial parks on the provincial level and above will be significantly improved. Third, strengthening the collection and treatment of domestic sewage. By 2027, the overall efficiency of urban domestic sewage collection and treatment will be significantly improved, the rural domestic sewage treatment (control) rate will reach over 60%, and black and odorous water bodies in rural areas will be basically eliminated. Fourth, advancing the prevention and control of agricultural source pollution. By 2027, agricultural source pollution in key areas will be effectively curbed. Fifth, maintaining clean and tidy water bodies and shorelines. By 2027, the cleanliness levels of the main rivers and major tributaries of key river basins, as well as the shorelines of key lakes, will be further improved. Sixth, ensuring the safety of drinking water sources. By 2027, the standardized construction of centralized drinking water sources at the county level and above will be further improved. The establishment of the above policy objectives highlights business opportunities in areas such as environmental monitoring, industrial park sewage, rural domestic sewage, and agricultural source pollution. However, there is an urgent need to explore and determine how to establish an environmental protection business model which fits for the above pollution control scenarios.

Finally, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the "Opinions on Improving the Market-Oriented Allocation System of Resources and Environmental Elements" (《關於健全資源環境要素市場化配置體系的意見》), which aims to promote the improvement of various emission trading systems and establishment of such markets, thereby facilitating the rapid development of professional emission reduction operation services characterized by light assets. The document outlined the development goals as follows: By 2027, the trading systems for carbon emissions and water rights would have been basically established, the trading system for pollution discharge rights would be fully developed, the market-based mechanisms for energy conservation would be further improved, the trading market for resource and environmental elements would be more active, and the price formation mechanisms would be more robust. These measures will promote the smooth flow and efficient allocation of resource and environmental elements, fully unleash market potential, and effectively enhance the supportive role of the market in achieving relevant resource and environmental goals.

In addition, the National Development and Reform Commission and other departments issued the "Action Plan for Promoting High-Quality Development of the Heat Pump Industry" (《推動熱泵行業高質量發展行動方案》), which emphasizes strengthening comprehensive policy support in promotion and application of heat pumps as well as their renovation and upgrading, thereby promoting the further development of water source, ground source, and sewage source heat pump cooling and heating businesses engaged in by enterprises. Specifically, the policy requires leveraging the multiplier effect of government investment, fully utilizing the guiding role of monetary and credit policies, etc., and encouraging financial institutions to increase credit support. Together with large-scale equipment upgrades and consumer goods trade-in programs, it will actively support the promotion, application, and upgrading of heat pumps. It also emphasizes implementing existing relevant tax concession policies; encouraging relevant entities to adopt high-performance heat pump technologies and products listed in the "Green Technology Promotion Catalog" (《綠色技術推廣目錄》) and the "National Catalogue of Low-Carbon Technologies" (《國家重點推廣的低碳技術目錄》); and exploring the way to support green and low-carbon advanced technology model projects by including heat pump-related projects.

(II) Principal business of the Company

During the reporting period, the core businesses of the Company are formed by the principal businesses and strategic new businesses. Principal businesses include the businesses of municipal sewage treatment, water supply and reclaimed water etc., which are the main source of revenue and profit of the Company; strategic new businesses mainly include dual-carbon new energy business which mainly comprises new energy cooling and heating and photovoltaic power generation, as well as solid waste business which mainly comprises sludge disposal and resource-oriented utilization, hazardous waste business. The strategic new businesses are complementary to the principal businesses in terms of profitability, economic value-added and payback period, and optimise the overall business structure.

1. The situation of principal businesses

As of the end of the reporting period, the total capacity of the Company's water business was 6,237,100 m^3/day. The total capacity of the equity-type water utilities business of the Company amounted to 6,065,100 m^3/day, among which the sewage treatment capacity amounted to 5,270,100 m^3/day, water supply capacity (including tap water and industrial water supply capacity) amounted to 315,000 m^3/day; and reclaimed water capacity amounted to 480,000 m^3/day, newly added reclaimed water pipeline network for break point connection purpose amounted to 15 km, the above projects are distributed in 15 provinces, municipalities and autonomous regions; the sewage treatment capacity under the entrusted operation model was 172,000 m^3/day.

Based on BOT, TOT and PPP models in sewage treatment and water supply, the Company mainly obtained sales revenue from the production and sale of reclaimed water and the income from provision of reclaimed water pipeline connection services on reclaimed water business, which have not changed significantly compared with the beginning of the reporting period.

2. Particulars of strategic new businesses

(1) As regards new energy cooling and heating supply business, as of the end of the Reporting Period, the total service areas amounted to 6.96 million m^2, which was mainly operated in Tianjin and Beijing under BOT model and entrusted operation model.

(2) As regards distributed photovoltaic power generation projects, as of the end of the reporting period, the total designed installed capacity were 38MWp, designed installed capacity of energy storage at user side were 5.5MWh, the projects were mainly distributed in Tianjin, Dalian and Xi'an, and their management mode was mainly fully market-oriented operation.

(3) As regards hazardous waste business, as of the end of the reporting period, the Company has four projects with the total disposal capacity of 181,300 tonnes/year, namely the Jiangsu Yonghui Hazardous Waste Project with a capacity of 30,000 tonnes/year, the Gaoyou Compro Hazardous Waste Project with the capacity of 30,000 tonnes/year, the Tancheng Industrial Waste Treatment Center Project with the capacity of 28,000 tonnes/year, the Yishui Lushan Chemical Industrial Park Hazardous Waste Comprehensive Treatment Center Project with the capacity of 93,300 tonnes/year; the Storage and Transportation Project in Shandong with the capacity of 20,000 tonnes/year; and the Tancheng Project with the comprehensive waste utilisation capacity of 78,000 tonnes/year. On the premise of obtaining the hazardous waste operation permit, the Company chose waste-producing units to offer hazardous waste disposal services under the guide price of local governments and charged for hazardous waste disposal service by adopting a fully market-oriented operation mode.

(4) As regards sludge treatment business, as of the end of the reporting period, the total scale was 3,010 tonnes/day, mainly distributed in Tianjin, Gansu, Zhejiang and Anhui, among which equity-type sludge treatment business comprises Jinnan Sludge Treatment Plant project and Linxia sludge project, with a scale of 890 tonnes/day, while the remaining sludge disposal projects adopt the entrusted operation mode, with a scale of 2,120 tonnes/day.

II. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

During the reporting period, the Company's core competitiveness was reflected in the following four aspects: (1) our ability to operate in a safe, stable, up-to-standard and efficient manner; (2) our practical, leading, systematic and sustainable research and development capabilities; (3) our professional, dedicated, cooperative and innovative staff team; (4) our corporate reputation for being trustworthy, responsible, standardized and reliable. These four core competitiveness complement one another in which corporate integrity, diligent employees and technology innovation provide an ultimate assurance to customers, thereby resulting in the Company's positive brand influence in environmental protection.

During the reporting period, the Company further consolidated its strengths and enhanced its overall competitiveness.

In terms of operation management, the Company optimized and upgraded its operational control model in an all-round manner from multiple key dimensions, such as operation systems and processes, asset management, supervision and inspection, risk control, and standardization construction. It successfully established an integrated large-scale operation control system, effectively strengthening its operation foundation and consolidating and expanding its operation advantages. At the same time, the Company deepened its management over cost reduction and efficiency improvement and vigorously advanced the strategic deployment in respect of building smart water services.

In terms of scientific and technological research and development, during the reporting period, the Company continued to increase efforts on its R&D investment and achieved remarkable breakthroughs in cutting-edge areas such as the application of phosphorus removal agents, the development of advanced treatment equipment, and the promotion of energy storage projects; successfully obtained two issued invention patents; and actively promoted the deep integration of industry-academia-research collaboration and the efficient conversion of scientific and technological achievements. In addition, the Company is committed to promoting the deep application of IoT-based digital intelligence and AI+ technology across all business areas, further solidifying the foundation for the construction of an enterprise-level industrial IoT platform. By engaging with various water and environmental protection projects, the Company actively explored the construction and application of factory-level smart operation platforms, laying a solid foundation for the cultivation and development of new productive forces.

In terms of management, the Company, on one hand, focused on deepening reforms by optimizing organizational structures, streamlining management levels, and clarifying management responsibilities. This enabled the establishment of a modular management system and a penetrating supervision mechanism across all levels, ensuring that all business operations were carried out in a standardized and regulated manner. On the other hand, the Company took specialized talent development programs as its core initiative, systematically constructing a four-tier talent pool and implementing diversified specialized trainings to comprehensively strengthen talent reserves and team building.

In terms of brand building, during the reporting period, the Company was honored as one of the "Top Ten Influential Enterprises in China's Water Industry" for the twentieth consecutive year and won the first prize of the Natural Science Awards from All-China Environment Federation. In addition, three cases were selected as typical examples of green and low-carbon development by China Environment Chamber of Commerce (全聯環境服務商會). These achievements have effectively shaped the Company's brand image and enhanced its reputation.

III. OPERATION DISCUSSION AND ANALYSIS

During the reporting period, the Company adhered to the "three innovations" and "three measures" as its breaking points, and achieved remarkable results in areas such as "strategic leadership, deepening reform, operation efficiency, technological empowerment, and risk control." The Company's operations remained stable and improved.

1. **Highlight innovation driven model to promote "three innovations", with significant achievements in science and technology empowerment**

Centering on its technology-driven positioning, the Company restructured its technology management and technology transfer system, and established a corresponding performance appraisal and incentive mechanism, effectively stimulating the inner motivation for technological innovation, and promoted the transformation of research results through industry academia collaboration. The Company continued to increase efforts on its R&D investment, with approximately RMB20 million spent on R&D expenses during the reporting period. It initiated one municipal-level research project, developed 13 standards and specifications, submitted four city investment-level research projects, and conducted 69 company-level projects. The Company obtained two issued invention patents, and the First Prize of the Natural Science Awards from All-China Environment Federation, and three cases were selected as typical examples of green and low-carbon development by China Environment Chamber of Commerce.

2. **Make the best use of resources and policies to focus on the "three measures" and achieve steady progress in business operations and efficiency**

The Company actively relies on government departments to seek policy and resource support, actively explores and advances projects such as factory network integration and the second phase of Xianyang Road to revitalize existing assets, and orderly advances the implementation of projects such as Wuhu, Karamay, and Wendeng upgrading projects. The Baoying Xianhe project was put in place, further optimizing incremental growth by expanding effective investments. Meanwhile, by coordinating internal and external resources, the Company steadily expanded into the light-asset market, achieving a breakthrough in revenue.

3. **Focus on deepening reform and strengthening control, with diversified coordination and all-level penetration**

The Company restructured its organizational structure, streamlined management layers, clarified management responsibilities, and rebuilt the "group-project" two-tier control and system. It established 11 all-level module control systems and constructed a penetrating supervision system, enabling the promotion of standardization in business and penetrating supervision. The Company launched a safety production management system, deepened hazard identification and rectification efforts, established a dedicated task force to relieve the pressure caused by trade receivables and impairment, and ensured the smooth operation of projects. It compiled a Production Operation Risk Factor Identification List (《生產運行風險因素識別清單》), provided collaboration in strengthening the management of concession agreements, and effectively prevented production and operation risks. The Company successfully completed the first phase of digital transformation centered on business-finance integration, achieving online processing of comprehensive budgeting, capital planning, procurement, accounting, contract management and other operations. It simultaneously launched the second phase of digital transformation, which aims to empower "large-scale operations", to complete the reconstruction of operation management systems by establishing a work guidance system comprising eight major modules and 22 sub-modules.

4. **Devote efforts in both directions of capital and funds to help boost market value**

The Company proactively cooperated with financial institutions to widen financing channels. It successfully completed the filing of issuing a RMB500 million green medium-term note, with the remaining balance of available bank facilities exceeding RMB4 billion. At the same time, the Company attached great importance to building its image in the capital market. Through systematic organization of market capitalization management, it steadily promoted the investor relations management, and actively communicated and interacted with the shareholders and the capital market.

Significant changes in the Company's operations during the reporting period, as well as matters that have a significant impact on the Company's operations during the reporting period and are expected to have a significant impact on the Company's operations in the future

Not applicable

IV. THE PRINCIPAL BUSINESS DURING THE REPORTING PERIOD

(I) Analysis of principal business

1. *Analysis of changes in relevant items on financial statements*

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year	Change in percentage (%)
Operating revenue	2,177,915,496.72	2,218,165,636.41	-1.81
Operating cost	1,361,599,524.47	1,375,177,188.63	-0.99
Sales expenses	3,853,033.52	5,114,154.66	-24.66
Administrative expenses	91,448,154.98	94,702,270.65	-3.44
Finance expenses	146,373,643.87	177,271,541.28	-17.43
R&D expenses	16,303,446.24	20,828,281.90	-21.72
Net cash flow from operating activities	517,864,524.50	439,000,213.39	17.96
Net cash flow from investing activities	-664,062,442.29	-420,007,736.25	-58.11
Net cash flow from financing activities	-210,528,343.58	5,099,916.95	-4,228.07
Taxation and surcharges	35,690,376.21	22,408,506.23	59.27
Investment income	829,978.35	0.00	N/A
Credit impairment loss	25,286,554.13	-1,218,065.09	2,175.96
Gain from asset disposal	-3,553,929.71	-322.07	-1,103,365.00
Non-operating income	286,355.32	4,858,010.19	-94.11
Non-operating expenses	69,581.34	127,024.30	-45.22
Profit or loss for minority shareholders	17,982,216.75	38,749,741.81	-53.59

Explanation of reasons for changes in operating revenue: primarily due to the year-on-year decrease in revenue from sewage treatment arising from the impact of incoming water volume on Tianjin Plant No. 4.

Explanation of reasons for changes in operating cost: the cost decreased slightly primarily due to the ongoing optimization of the Company's operating costs.

Explanation of reasons for changes in sales expenses: primarily due to the decrease in sales expenses for hazardous waste operations during the current period.

Explanation of reasons for changes in administrative expenses: the administrative expenses decreased slightly primarily due to the fact that the Company continued to drive cost reduction and efficiency improvement during the current period.

Explanation of reasons for changes in finance expenses: primarily due to the decrease in interest expenses in line with the replacement of loan interest rates during the current period.

Explanation of reasons for changes in R&D expenses: primarily due to the primarily due to the recognition of the R&D expenses based on the progress of research projects.

Explanation of reasons for changes in net cash flow from operating activities: primarily due to the higher operating cash inflow in the current period as compared to the same period last year.

Explanation of reasons for changes in net cash flow from investing activities: primarily due to the higher amounts paid for project construction and asset acquisitions in the current period as compared to the same period last year.

Explanation of reasons for changes in net cash flow from financing activities: primarily due to the decrease in cash received from borrowings during the current period while reasonable arrangement were made for financing progress in accordance with its capital requirements.

Explanation of reasons for changes in taxation and surcharges: primarily due to the increase in property tax and land tax in the current period.

Explanation of reasons for changes in investment income: primarily due to the recognition of investment income from the disposal of equity interest in Hong Kong Company, a subsidiary, during the current period.

Explanation of reasons for changes of credit impairment loss: primarily due to the the reversal of credit impairment losses as portions of the trade receivable for which impairment losses were provided in previous years were recovered during the current period.

Explanation of reasons for changes in gains on asset disposal: primarily due to the recognition of corresponding gains on disposal of assets as the landfill project of the subsidiary Shandong Tanchuang Company was terminated during the current period.

Explanation of reasons for changes in non-operating income: primarily due to the recognition of case execution payments in the same period last year, which did not occur during the current period.

Explanation of reasons for changes in non-operating expenses: primarily due to the payment of the late payment penalty of property tax by subsidiaries in the same period last year.

Explanation of reasons for changes in profit or loss for minority shareholders: the net profit of non-wholly owned subsidiaries was lower than that in the same period last year, and the profit or loss for minority shareholders calculated based on equity proportion decreased accordingly.

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

Not applicable

(II) Explanation of material changes in profit caused by non-principal business

Not applicable

(III) Analysis of assets and liabilities

Unit: Yuan Currency: RMB

Name of project	Amount at the end of the current period	Amount at the end of the current period over total assets (%)	Amount at the end of the corresponding period of last year	Amount at the end of the corresponding period of last year over total assets (%)	Change in balance as at the end of the current period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Notes receivable	20,705,527.71	0.08	34,433,958.06	0.14	-39.87	Primarily attributable to the endorsement and transfer of bank acceptance bills due to subsidiaries during the current period.
Receivables financing	2,000,000.00	0.01	7,024,347.00	0.03	-71.53	Primarily attributable to the maturity of bank acceptance bills receivable from subsidiaries during the current period.
Investment properties	14,211,374.09	0.06	7,657,173.00	0.03	85.60	Primarily attributable to the external leasing of subsidiaries' properties during the current period.
Right-of-use assets	8,796,274.63	0.03	3,722,393.42	0.01	136.31	Primarily attributable to new property leases by subsidiaries and the increase in right-of-use assets recognized in the current period.
Short-term borrowings	62,425,038.33	0.25	29,228,819.26	0.12	113.57	Primarily attributable to the new short-term borrowings of subsidiaries in the current period.
Contract liabilities	314,139,225.82	1.23	221,717,388.90	0.88	41.68	Primarily attributable to advance payments for road tolls, pipeline connection services, EPC contract price, etc.
Employee remuneration payable	49,525,761.49	0.19	105,252,309.61	0.42	-52.95	Primarily attributable to the year-end bonus accrued at the end of 2024 being paid in the current period.

Name of project	Amount at the end of the current period	Amount at the end of the current period over total assets (%)	Amount at the end of the corresponding period of last year	Amount at the end of the corresponding period of last year over total assets (%)	Change in balance as at the end of the current period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Taxes payable	54,665,202.58	0.21	111,152,981.14	0.44	-50.82	Primarily attributable to the taxes accrued at the end of 2024 being paid in the current period.
Lease liabilities	4,504,548.79	0.02	1,280,116.25	0.01	251.89	Primarily attributable to the new property lease by subsidiaries and the increase in lease liabilities recognized in the current period.

Other explanations

Nil

(IV) Investment analysis

1. Overall analysis of external equity investments

During the reporting period, the Company's external equity investments were distributed in the water business, and were mainly used to make capital increase to subsidiaries.

1. On 24 February 2025, the Board of the Company approved a capital contribution to Baoying Capital Water Co., Ltd.* (寶應創業水務有限責任 公司) to implement the Xianhe Sewage Treatment Plant Upgrade Project. The project's capital investment is RMB17.7042 million, in which the Company will contribute RMB12.3929 million in cash, accounting for 70% of the total investment; Baoying County Xianhe Wastewater Treatment Co., Ltd.* (寶應縣仙荷污水處理有限公司) will contribute RMB5.3113 million in cash, accounting for 30% of the total investment. The final contributed amounts will be determined by the total investment amount agreed in the Supplementary Agreement to be finalized. On 3 March 2025, Baoying Capital Water Co., Ltd.* (寶應創業水務有限責任公司) entered into the Supplementary Agreement with the Baoying County Housing and UrbanRural Development Bureau* (寶應縣住房和城鄉建設局), stipulating that the total investment amount for the project is RMB80 million, with 20% (i.e. RMB16 million) of the total investment amount serving as the project's capital contribution. During the reporting period, the Company paid in RMB11.2 million in accordance with its 70% equity ratio.

2. On 26 January 2025, the Board of Directors of the Company approved the termination of the implementation of the Project of Tancheng Ecological Treatment Center for Comprehensive Materials by Shandong Tanchuang Environmental Protection Technology Development Co., Ltd.* (山東郯創環 保科技發展有限公司), and signed a "Land Reclamation Agreement" with the Tancheng County Government. During the reporting period, the "Land Reclamation Agreement" was signed on 14 February 2025.

(1) Major equity investments

Not applicable

(2) Major non-equity investments

Not applicable

(3) Financial assets measured at fair value

Not applicable

(V) Disposal of major assets and equities

Not applicable

(VI) Analysis of major subsidiaries, associates and joint ventures

Unit: Yuan Currency: RMB

Subsidiary	Principal Place of Business	Main Products Or Services	Registered Capital	Type of Legal Person	Shareholding Ratio	Asset Size	Net Assets	Operating revenue	Net Profit
Inner Mongolia Bayannur Capital Water Co., Ltd	Bayannur	Sewage water processing, producing and sales of recycled water, tap water supply	1,067,577,900	Limited company	70%	1,153,852,338.27	1,124,554,816.85	44,903,931.22	6,183,267.66
Hangzhou Company	Hangzhou, Zhejiang	Sewage treatment	377,445,000	Limited company	70%	748,846,338.57	703,592,055.86	129,389,184.04	47,708,052.83
Hebei Guojin Tianchuang Sewage Water Processing Co., Ltd.	Gaocheng, Hebei	Sewage water processing, producing and sales of recycled water	217,496,900	Limited company	59%	470,895,718.48	276,025,859.80	35,721,924.31	9,226,181.06
Shandong Capital Environmental Protection Technology Co., Ltd.	Shandong	Collection, storage and transportation of hazardous wastes	82,000,000	Limited company	55%	326,435,723.22	116,694,112.17	14,141,862.60	-12,813,004.98
Tianjin Caring Technology Development Co., Ltd.	Tianjin	Environmental engineering management and technical consulting, etc.	33,333,333	Limited company	60%	220,924,436.76	138,397,028.80	76,826,501.90	1,904,732.29
Water Recycling Company	Tianjin	Production and sales of recycled water; development and construction of recycled water facilities; manufacturing, installation, commissioning and operation of recycled water equipment, etc.	100,000,000	Limited liability company	100%	1,754,290,079.89	483,602,508.63	101,891,015.29	29,797,532.85

(VII) Particulars of structured entities controlled by the Company

Not applicable

V. OTHER DISCLOSURE

(I) 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 fees is mainly derived from the special sewage-treatment fee charged by the governments through the sales of tap water; the deficient amount will be supplemented by the local governments. Most of the concession projects currently promoted included the investment and construction of infrastructures such as pipeline networks with huge investments from social capital sources, and the investment return relies on the payment of sewage treatment service fees from the governments. Therefore, the exclusiveness of capital source determines 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 fiscal revenue of the government and the level of its credibility. In case of the occurrence of government credit risk, the project companies' cash flow will be directly affected, which may lead to capital risks such as financial risks and financing risks.

(2) Risk of change in policy

China is currently at a critical stage for comprehensively deepening reforms and promoting high-quality development, a process that will continue long-term. During this process, policies will be continuously optimized and adjusted in response to domestic and international economic conditions, social demands, and reform progress. Policy changes will involve multiple areas, such as industrial restructuring, financial regulation, taxation, and environmental protection. For example, the successive promulgation of the "Guiding Opinions on Standardizing the Implementation of the New Mechanism for Government-Private Cooperation"（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 "Infrastructure and Utility Franchise Management Measures"（基礎設施和公用事業特許經營管理辦法）has a material impact on the business models of the public utilities, water and environmental protection industries. Additionally, although business such as hazardous waste disposal takes enterprises as its service targets, it may nevertheless be affected by regional industrial policies, i.e. regional industrial upgrading and cross-regional industrial transfer may lead to changes in the quantity of hazardous waste generated in the region. On the market side, entering the latter half of the 14th Five-Year Plan period, the environmental protection industry has experienced a significant slowdown in growth due to factors such as economic downturn, insufficient effective demand, and limited payment capacity of local governments. The model of relying heavily on government policy subsidies for large-scale investment and construction will gradually be replaced by a profit-driven operation model. In addition, the trend toward group-based and scaled operations in the local water service sector is becoming increasingly evident. As the market competition becomes more intense, the industry structure will undergo changes, which will be reflected in enterprises' phase-out, consolidation, transformation, and upgrading.

(3) Risk of operation and management

With growing national emphasis on environmental protection issues, a series of policies and regulations such as the Environmental Protection Law, the "Ten Measures to Improve Air Quality"（大氣十條）and the "Ten Measures to Improve Water Quality"（水十條）have been successively introduced. Environmental governance standards have become increasingly stringent, placing higher demands on the management capabilities and operation quality of environmental enterprises, the demand for sewage treatment plants to adapt to the new standards of upgrading and transformation has spawned. In this context, on the one hand, the sewage treatment plant is facing the risk of transformation and operation, and on the other hand, companies face risk related to the adjustment of the original franchise agreement. In addition, the possibility of developing a more complete business model for sludge disposal after sewage treatment also deserves attention.

(4) Legal risks

The Company faces potential negative legal consequences due to changes in the external legal environment or due to the failure of legal entities, including the the Company itself, to effectively exercise rights and perform obligations in accordance with legal provisions or contractual agreements. The Group's current contract types mainly include franchises, construction projects, etc. Franchise contracts have the risk of default due to the government's default in service fees, resulting in tight capital flows for the affiliated project companies and arrears of downstream payments. Construction engineering contracts have the risk of illegal subcontracting of the contracted projects, and the actual construction workers suing and requiring the Company to bear joint and several liability within the scope of unpaid dues due to the general contractor's tight cash flow.

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, 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 focusing on assisting in the management enhancement and value creation of the enterprise at the same time.

(3) Raise the standards of operation management and mitigate operation risks

As a listed company in the environmental protection field, the Company exercises management and 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 control 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; improving the monitoring of quality, promoting control over the whole process to ensure the end products could meet the standards of discharge; developing water environment remedial plans and safe production plans, so as to ensure the robust operation and the best environmental performance of the Company under force majeure conditions. Moreover, we shall maintain smooth contact and strengthen communication with local governments and regulatory authorities.

I. SHAREHOLDERS' GENERAL MEETINGS

Session of meeting	Convening date	Date of disclosure of the resolutions on the Stock Exchange's website	Resolutions
2025 First Extraordinary General Meeting	14 January 2025	14 January 2025	Considered and approved the appointment of Mr. Fu Xinghai as an executive Director of the Company and the change in the use of part of the proceeds.
2024 Annual Shareholders' Meeting	27 May 2025	27 May 2025	Considered and approved 11 resolutions in total, including the 2024 annual report and its summary published by the Company within the PRC and overseas.

II. CHANGES IN DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position	Change
Fu Xinghai	Director	Election
Pan Wenguang	Director	Resignation
Zhang Jian	Acting general manager	Appointment
Zhou Jingdong	Acting general manager	Resignation

Descriptions of changes in Directors and senior management of the Company

Mr. Pan Guangwen, a Director of the Ninth session of the Board of the Company, submitted his application to resign as a Director on 29 November 2024 due to work adjustment. On 14 January 2025, the Company convened the 2025 first extraordinary general meeting, at which Mr. Fu Xinghai was elected as a Director of the Ninth session of the Board of the Company, with the term of office commencing on 14 January 2025 to the expiration of the term of the ninth session of the Board.

During the reporting period, Mr. Zhou Jingdong, the acting general manager of the Company, submitted his application to resign as the deputy general manager on 29 April 2025 due to work adjustment. On 29 April 2025, the Company convened the 57th meeting of the 9th Board, which approved Mr. Zhou Jingdong's resignation as the deputy general manager and recommended Mr. Zhang Jian to assume the duties of the acting general manager.

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

Profit distribution or transfer of capital reserve fund into share capital plans proposed in the interim period

Whether distribution or transfer is to be carried out No

Explanation on profit distribution plan or plan for the conversion of capital reserve fund into share capital

Not Applicable

IV. THE COMPANY'S SHARE OPTION INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN, OR OTHER EMPLOYEE INCENTIVE SCHEMES AND THEIR EFFECTS

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

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

(I) Purpose of the Share Option Incentive Scheme

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

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

As at the end of the reporting period, there are no more than 151 Participants for the Share Option Incentive Scheme, including the Directors, senior management (excluding the independent non-executive Directors, external Directors and Supervisors), other members of the leadership team and core technology, management, business and skill backbones of the Company.

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

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

Class of Grantees	Outstanding as of 31 December 2024 (Note 2)	Date of Grant	Validity Period (Note 4)	Exercise Price (RMB) (Note 1)	Outstanding as of 30 June 2025 (Note 2, 3)	Exercised during the year	Cancelled during the year (Note 2, 3)	Lapsed during the year (Note 2, 5)
Employees (in aggregate)	6,401,040	21 January 2021	21 January 2021 to 20 January 2025	6.414	0	0	3,204,914	3,196,126
	565,335	21 December 2021	21 December 2021 to 20 December 2025	6.354	262,665	0	302,670	0

Note 1: Please refer to (VII) The Exercise Price and Determination Method under this section.

Note 2: The reasons for the differences between the number of options presented in this column and the number presented in Section VIII of this report, "Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises – Notes to the Financial Statements – XIV. SHARE-BASED PAYMENTS", are explained as follows: During the reporting period, on 20 January 2025, the second exercise period for the Share Options Granted for the First Time expired while the third exercise period commenced. From the beginning of the reporting period to the end of the reporting period, none of the Participants had exercised their options. However, in terms of accounting treatment, in accordance with the relevant provisions of "Accounting Standards for Enterprises No. 11 – Share-based Payments", the number of share options expected to be exercisable will be revised at each balance sheet date of the vesting period based on the latest available further information such as changes in the number of Participants who are eligible for exercise and the attainability of performance targets, and therefore the share options of those Participants who have left the Company or lost their interests will be deemed lapse on that balance sheet date (but not on the date of the Board meeting of the Company held before the first exercise date). At the same time, services acquired in the period are charged to the relevant costs or expenses and capital reserve at fair value of the share options at the date of grant. The Company's actual operation and accounting treatment are slightly different. Meanwhile, as confirmed by the Company's auditors, the financial expense concerned (even after taking into account the actual number of personnel who left the Company) would be insignificant, which is negligible and with no material impact.

Note 3: Approved for cancellation by the Board but pending deregistration; based on the Company's communication with China Securities Depository and Clearing Corporation Limited, Shanghai Branch, the Company will apply for cancellation of all share options already approved for cancellation by the Board but pending deregistration after 20 December 2025.

Note 4: For vesting and exercise arrangements of the share options granted, please refer to (V) Vesting Period and (VI) Exercise Period and Exercise Date in this section.

Note 5: Lapsed but pending deregistration; based on the Company's communication with China Securities Depository and Clearing Corporation Limited, Shanghai Branch, the Company will apply for cancellation of all share options already lapsed but pending deregistration after 20 December 2025.

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

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

During the reporting period, on 14 January 2025, in view of the fact that one of the original Partici-pants under the A-share Option Incentive Scheme no longer meets the incentive criteria due to death, the Board of the Company considered and approved the cancellation of 40,000 Reserved Share Options granted to the said Participant but not yet exercised. The number of Participants hold-ing Reserved Share Options was adjusted from 15 to 14. For details, please refer to the relevant an-nouncement of the Company published on the website of the Stock Exchange on 14 January 2025.

On 22 August 2025, in view of the fact that one original Participant under the A Share Option Incentive Scheme no longer met the exercise conditions as he/she no longer worked for the Company due to job change, the Board of the Company considered and approved the cancellation of 40,000 Reserved Share Options granted but not yet exercised by the said Participant. The number of Participants holding the Reserved Share Options was adjusted from 14 to 13. For details, please refer to the relevant announcement published by the Company on the website of the Stock Exchange on 22 August 2025.

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

From the beginning of the reporting period to the end of the reporting period, the number of A share options proposed to be granted under the Share Option Incentive Scheme is 262,665 and the corresponding number of underlying shares is 262,665 A shares, representing not more than 1.0% of the Company's total issued share capital of 1,570,418,085 shares as at the end of the reporting period; where a total of 0 share options were granted for the first time (the "**Share Options Granted for the First Time**"), representing approximately 0.00% of the total issued capital (i.e. 1,570,418,085 Shares) of the Company as at the end of the reporting period, and approximately 0.00% of the total number of the current share options granted; and a total of 262,665 share options were reserved (the "**Reserved Share Options**"), representing approximately 0.02% of the total issued capital of 1,570,418,085 Shares of the Company as at the end of the reporting period, and 100.00% of the total number of the current share options granted.

The number of Shares that may be issued as a result of A share options to be granted under the Share Option Incentive Scheme during the half year ended 30 June 2025 (i.e. 262,665 Shares) divided by the weighted average number of Shares in issue during the half year ended 30 June 2025 (i.e. 1,570,418,085 Shares) is 0.02%. The total number of shares available for issue under the Share Option Incentive Scheme is 262,665 Shares, which represents approximately 0.02% of the issued Shares as at the date of this report.

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

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

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

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

On 20 January 2024, the first exercise period for the initial grant of share options expired. The remaining share options under the initial grant that were not fully exercised during the first exercise period (i.e., 3,334,792 shares) were canceled by the Company, and the total number of share op-tions under the initial grant was adjusted to 6,669,708 shares. The Company has applied to China Securities Depository and Clearing Corporation Limited Shanghai Branch to process the registration procedures for this cancellation.

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

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

On 20 December 2024, the first exercise period for the Reserved Share Options expired. The reserved share options not fully exercised within the first exercise period (i.e. 282,665) will be cancelled by the Company. Consequently, the number of Reserved Share Options is adjusted from 848,000 to 565,335, and the number of the Reserved Share Options which is required be to cancelled by Company is 282,665 in total.

During the reporting period, on 14 January 2025, in view of the fact that one of the original Partici-pants under the A-share Option Incentive Scheme no longer meets the incentive criteria due to death, the 40,000 Reserved Share Options granted but not yet exercised will be canceled by the Company. As a result, the number of Reserved Share Options granted was adjusted from 565,335 to 525,335, and the total number of Reserved Share Options required to be canceled by the Company was 40,000.

During the reporting period, on 20 January 2025, the second exercise period for share options under initial grant expired. The share options under initial grant that were not exercised in full during the second exercise period (i.e., 3,196,126) have lapsed. The number of share options under initial grant has been adjusted to 3,204,914. The Company will apply to China Securities Depository and Clearing Corporation Limited, Shanghai Branch, to process the registration formalities for this lapse.

During the reporting period, as at 21 March 2025, since the exercise conditions for the third exercise period of the A Share Option Incentive Scheme were not satisfied, the 3,204,914 Share Options under the first grant and 262,670 Reserved Share Options, totaling 3,467,584 Share Options, that were granted to Participants for the third exercise period but not yet exercised, will be cancelled by the Company. Accordingly, the number of Share Options under the first initial and Reserved Share Options shall be adjusted to 0 and 262,665, respectively. The number of the Share Options under the first grant and Reserved Share Options which are required to be cancelled by Company is 3,204,914 and 262,670, respectively.

On 22 August 2025, in view of the fact that one original Participant under the A Share Option Incentive Scheme no longer met the grant conditions as he/she no longer worked for the Company due to job change, the 40,000 Reserved Share Options granted but not yet exercised (including 20,000 Reserved Share Options of the Third Exercise Period to be cancelled) will be cancelled by the Company. As a result, the number of Reserved Share Options was adjusted from 262,665 to 242,665, and the total number of Reserved Share Options which are required to be canceled by the Company was 20,000.

(IV) Maximum number granted for each participant

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

(V) Vesting Period

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

(VI) Exercise Period and Exercise Date

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

(i) the period from the date of 30 days prior to the announcements of the periodic reports of the Company to 2 trading days after such announcement, provided that if the announcement date of the periodic report is delayed due to special reasons, it shall be calculated from 30 days prior to the pre-determined announcement date;

(ii) the period from the date of 10 days prior to the announcement of the results forecast and preliminary results of the Company to 2 trading days after such announcement;

(iii) the period from the date of the major transaction or major event decision process to 2 trading days after the announcement of the event;

(iv) the period from the date of occurrence of other material events that may affect the stock price to 2 trading days after the announcement.

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

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

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

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

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

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

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

During the reporting period, on 14 January 2025, the Board announced that the exercise conditions for the second exercise period of the 14 Participants holding the Reserved Share Options had been fulfilled. According to the exercise arrangements of the Share Incentive Scheme, the ratio of the number of options exercisable in the second exercise period to the number of share options granted was 1/3, i.e. a total of 262,665 Reserved Share Options are to be exercised by the 14 Participants of the Company in the second exercise period. The exercise period would start from the completion of the approval procedures for the independent exercise of share options by China Securities Deposi-tory & Clearing Corporation Limited Shanghai Branch and end on 20 December 2025.

During the reporting period, on 21 March 2025, the Board announced that the exercise conditions for the third exercise period had not been fulfilled. According to the Share Incentive Scheme, a total of 3,467,584 Share Options already granted but not exercised by the Participants under the initial grant of Share Options and Reserved Share Options for the third exercise period will be cancelled by the Company.

(VII) The Exercise Price and Determination Method

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

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

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

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

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

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

In view of the completion of (i) the Company's profit distribution plan for the year 2020, a cash dividend of RMB0.12 (including tax) per share was paid based on the total share capital of the Company of 1,427,228,430 shares, resulting in a total cash dividend of RMB171,267,411.60, (ii) the Company's profit distribution plan for the year 2021, a cash dividend of RMB0.146 (including tax) per share was paid based on the total share capital of the Company of 1,427,228,430 shares, resulting in a total cash dividend of RMB208,375,350.78; (iii) the Company's 2022 annual profit distribution plan, which is based on the Company's total share capital of 1,570,418,085 shares, with a cash dividend of RMB0.144 per share (tax inclusive), and a total cash dividend of RMB226,140,204.24; (iv) the Company's 2023 annual profit distribution plan, which is based on the Company's total share capital of 1,570,418,085 shares, with a cash dividend of RMB0.166 per share (tax inclusive), and a total cash dividend of RMB260,689,402.11; and (v) the Company's 2024 annual profit distribution plan, which is based on the Company's total share capital of 1,570,418,085 shares, with a cash dividend of RMB0.170 per share (tax inclusive), and a total cash dividend of RMB266,971,074.45.

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

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

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

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

On 22 August 2025, the Board considered and approved the "Resolution on Adjustment of Exercise Price of Share Options under the Company's 2020 Share Option Incentive Scheme", which adjusted the exercise price of the Share Option Incentive Scheme and the exercise price of the Reserved Share Options after the adjustment was RMB6.354 per share.

There is no amount payable on application or acceptance of the share options granted under the Share Option Incentive Scheme. Therefore, there is no applicable period for which payments must or may be made.

(VIII) Validity Period

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

Of which, the Date of Grant of the Reserved Share Options is 21 December 2021. Therefore, subject to the early full exercise or full cancellation of the share options, as at 30 June 2025, the remaining life of the Share Option Incentive Scheme shall be 17 months and 21 days.

(IX) Value and Relevant Accounting Policies of Share Options

1. Value of Share Options

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

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

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

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

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

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

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

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

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

V. ENVIRONMENTAL INFORMATION

Number of enterprises included in the list of enterprises subject to disclosure of environmental information in accordance with laws	2

No.	Enterprise name	Enquiry index for report on disclosure of environmental information in accordance with laws
1	Tianjin Capital Environmental Protection Group Company Limited	https://hjxxpl.sthj.tj.gov.cn:10800/#/gkwz/jcym
2	Hangzhou Tianchuang Capital Water Co., Ltd.	https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search

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

Not applicable

Section 5 Major Events

I. PERFORMANCE OF COMMITMENTS

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

Not applicable

II. MISAPPROPRIATION OF THE COMPANY'S FUNDS FOR NON-OPERATING PURPOSES BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

Not applicable

III. NON-COMPLIANCE GUARANTEES

Not applicable

IV. MATTERS RELATING TO BANKRUPTCY AND RESTRUCTURING

Not applicable

V. MATTERS RELATING TO MATERIAL LITIGATION AND ARBITRATION

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

VI. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS OF, PUNISHMENTS TO AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, AND DE FACTO CONTROLLERS

Not applicable

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

Not applicable

VIII. MATERIAL CONNECTED TRANSACTIONS

(I) Connected transactions related to daily operations

1. Events disclosed in the announcements and without subsequent development or change in implementation

a. On 14 January 2025, Tianjin Chengze (an indirect subsidiary of Tianjin Infrastructure Construction, the ultimate holding company of the Company) entered into an auxiliary heat supply contract for Houtai Lot H Project with Tianjin Jiayuankaichuang (a wholly-owned subsidiary of the Company), pursuant to which, Tianjin Chengze entrusted Tianjin Jiayuankaichuang to perform construction works for auxiliary heat supply equipment for Houtai Lot H Project. For details regarding this connected transaction, please refer to the Company's announcement in related to the connected transaction published on the website of Stock Exchange on 14 January 2025.

b. On 7 April 2025, Asset Management Company (a wholly-owned subsidiary of Tianjin Infrastructure Construction, the ultimate holding company of the Company), Tianjin Municipal Institute (a 30% controlled company indirectly held by Tianjin Infrastructure Construction, the ultimate holding company of the Company), TORYO International Lighting Design (Beijing) Center Co., Ltd.*（棟樑國際照明設計（北京）中心有限公司）(an independent third party of the Company), CABR Technology Co., Ltd.*（中建研科技股份有限公司）(an independent third party of the Company), and Tianchuang Environmental (a wholly-owned subsidiary of the Company) entered into an EPC agreement, pursuant to which, the parties jointly undertook the construction project of the "Tianjin Eye" Ferris wheel. For details regarding this connected transaction, please refer to the Company's announcement in relation to the EPC agreement for the "Tianjin Eye" construction project published on the website of the Stock Exchange website on 14 May 2025, and the supplementary announcement in relation to the EPC agreement for the "Tianjin Eye" construction project published on the website of the Stock Exchange website on 23 May 2025.

c. On 7 April 2025, Liulin Urban Renewal (an indirect wholly-owned subsidiary of Tianjin Infrastructure Construction, the ultimate holding company of the Company) entered into a reclaimed water ground meter installation agreement (Liu'an Jinyuan) and a reclaimed water household meter installation agreement (Liu'an Jinyuan) with Water Recycling Company (a wholly-owned subsidiary of the Company), pursuant to which, Liulin Urban Renewal commissioned Water Recycling Company for reclaimed water ground meter installation and reclaimed water household meter installation at the lot 67 of Tianjin Liulin Urban Renewal Phase I Project (Liu'an Jinyuan). For details regarding these connected transactions, please refer to the section headed "Prior Agreements" in the announcement in relation to the connected transactions published by the Company on the website of the Stock Exchange on 29 July 2025.

2. Events disclosed in the announcements but with subsequent development or change in implementation

Not applicable

3. Matters that have not been disclosed in the Company's announcements

Not applicable

(II) Connected Transactions in respect of Acquisition of Assets or Acquisition or Disposal of Equities

1. Events disclosed in the announcements and without subsequent development or change in implementation

Not applicable

2. Events disclosed in the announcements but with subsequent development or change in implementation

On 21 December 2022, the Board of the Company considered and approved the "Resolution on the acquisition of the assets of Jinnan Sludge Disposal Plant" (the "**Proposal**"). In order to ensure the stability of the sludge disposal pipeline for the four sewage treatment plants in the central district of Tianjin, while expanding the Company's sludge disposal business, extending the Company's industry chain, and enhancing the Company's market competitiveness in the environmental sector, the Company entered into a "Conditional Asset Transfer Agreement in respect of Jinnan Sludge Treatment Plant" (the "**Asset Transfer Agreement**") with its indirectly controlling shareholder, Tianjin Infrastructure Construction. The Company intended to acquire the assets of the Jinnan Sludge Treatment Plant owned by Tianjin Infrastructure Construction (the "**Assets**"), with the asset transfer price of RMB471,825,900 (the "**Transfer Price**"). On 1 March 2023, the Company's 2023 First Extraordinary General Meeting considered and approved the Proposal. In accordance with the Asset Transfer Agreement: (i) within 15 days after the parties signed the Asset Transfer Agreement, the Company shall pay Tianjin Infrastructure Construction a deposit amounting to 20% of the Transfer Price; (ii) within 15 days upon the fulfillment of the conditions precedent set forth in the Asset Transfer Agreement, the Company shall pay Tianjin Infrastructure Construction the second installment amounting to 70% of the Transfer Price; and (iii) the remaining balance (10% of the Transfer Price) shall be paid in full within 180 days after Tianjin Infrastructure Construction has fulfilled all its obligations under the Asset Transfer Agreement. As of March 2023, the Company paid the aforementioned deposit and second installment in accordance with the terms of the Asset Transfer Agreement, totaling RMB424,643,310 (90% of the Transfer Price), with the remaining RMB47,182,590 (10% of the Transfer Price) leaving unpaid. During the reporting period, the Company paid Tianjin Infrastructure Construction the remaining amount of RMB47,182,590 (10% of the Transfer Price) for the acquisition of the Assets, completing the payment in full for the Assets. For details regarding this connected transaction, please refer to the Company's announcement in relation to the acquisition of the assets of the Jinnan Sludge Plant Project published on the website of the Stock Exchange on 21 December 2022; the supplementary announcement in relation to the acquisition of the assets of the Jinnan Sludge Plant Project published on the website of the Stock Exchange on 28 December 2022; the circular in relation to the acquisition of the assets of the Jinnan Sludge Plant Project published on the website of the Stock Exchange on 13 February 2023; the announcement in relation to the resolutions of the 2023 First Extraordinary General Meeting published on the website of the Stock Exchange on 1 March 2023; and the further announcement in relation to the acquisition of the assets of the Jinnan Sludge Plant Project published on the website of the Stock Exchange on 17 March 2023.

3. Matters that have not been disclosed in the announcements

Not applicable

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

Not applicable

(III) Material Connected Transactions in respect of Joint External Investment

1. Events disclosed in the announcements and without subsequent development or change in implementation

Not applicable

2. Events disclosed in the announcements but with subsequent development or change in implementation

Not applicable

3. Matters that have not been disclosed in the announcements

Not applicable

(IV) Amounts due to or from connected parties

1. Events disclosed in the announcements and without subsequent development or change in implementation

Not applicable

2. Events disclosed in the announcements but with subsequent development or change in implementation

Not applicable

3. Matters that have not been disclosed in the announcements

Not applicable

(V) Financial business between the Company and its connected financial companies, financial companies under its control and connected parties

Not applicable

(VI) Other significant connected transactions

Not applicable

(VII) Other matters

Not applicable

IX. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

(I) Custody, contracting and leasing matters

Not applicable

(II) Significant guarantees performed and those performed but not yet completed during the reporting period

Unit: 0'000 Currency: RMB

Guarantees provided to external parties by the Company (excluding guarantees provided to subsidiaries)	
Cumulative amount of guarantees provided during the reporting period (excluding those for subsidiaries)	0
Total balance of guarantees as at the end of the reporting period (A) (excluding guarantees provided to subsidiaries)	0
Guarantees provided to subsidiaries of the Company	
Total amount of guarantees provided to subsidiaries during the reporting period	16,450.50
Total balance of guarantees provided to subsidiaries as at the end of the reporting period (B)	279,250.64
Total amount of guarantees provided by the Company (including guarantees provided to subsidiaries)	
Total amount of guarantees (A+B)	279,250.64
Ratio of total amount of guarantees to net assets of the Company (%)	28.29%
Including:	
Amount of guarantees provided to shareholders, ultimate controllers, and their connected parties (C)	0
Amount of guarantees provided directly or indirectly to guaranteed entities with a gearing ratio of over 70% (D)	22,236.88
Total amount of guarantees exceeding 50% of net assets (E)	0
Total of the above three classes of guarantees (C+D+E)	22,186.88
Explanation on the potential joint liability arising from the immature guarantees	Not applicable
Explanation on guarantees	No

(III) Other Major Contracts

Not applicable

X. DESCRIPTION OF OTHER SIGNIFICANT EVENTS

(I) Others

The following events are disclosed and explained in accordance with the relevant rules of the Stock Exchange:

1. Corporate Governance Code

None of the Directors is aware of any information that would reasonably indicate that the Company is not or was not, currently or at any time of the reporting period, in compliance with the code provisions of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

2. Audit and Risk Control Committee

On 31 July 2001, the Board approved the establishment of the Audit Committee to review and supervise the Company's financial reporting procedure and internal controls. On 2 August 2024, the Board approved that the Audit Committee be renamed as the Audit and Risk Control Committee. Responsibilities on, among other things, considering and approving, if thought fit, major risk control strategies and risk mitigation plans will be added on top of the existing responsibilities. The Audit and Risk Control Committee comprises the non-executive Director, Mr. Wang Yongwei, the independent non-executive Directors, Mr. Xue Tao, Mr. Wang Shanggan and Ms. Liu Fei. The Audit and Risk Control Committee, together with the management of the Company, have reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting including the review of the unaudited interim results and this report. The Audit and Risk Control Committee agreed with the accounting principles, standards and methods adopted in the preparation of the Group's unaudited interim accounts for the six months ended 30 June 2025.

3. Liquidity and Financial Resources

No seasonal changes have occurred to the borrowing needs of the Group. As at 30 June 2025, there were no outstanding bank borrowings or interests that were due. Details about the bank borrowings of the Group are set out in the Notes to the Condensed Consolidated Financial Statements as of 30 June 2025.

According to the accounting reports prepared in accordance with the PRC's Accounting Standards for Business Enterprises, the gearing ratio as at 30 June 2025 was 56.64%.

4. *Foreign Exchange Risk*

The operations and customers of the Group and each of the Subsidiaries are located in the PRC. Most of the operating assets and transactions are settled in RMB, and all of the Group's borrowings are denominated in RMB. Therefore, the Group is not exposed to significant foreign exchange risk. The sole foreign exchange exposure of the Group arises from long-term payables. Such long-term payables were resulted from the Asset Transfer Agreement signed between the Group and Tianjin Sewage Company for the purchase of assets generated from foreign bank loans, involving mainly US dollars (USD) and Japanese Yen (Yen).

As at 30 June 2025, a 5% appreciation or depreciation of RMB against USD, with other factors being constant, would result in an increase or decrease of RMB456,645.56 (30 June 2024: RMB1,307,004.89) in the net profit of the Group. As at 30 June 2025, a 5% appreciation or depreciation of RMB against Yen, with other factors being constant, would result in an increase or decrease of RMB8,048,992.57 (30 June 2024: RMB8,250,169.31) in the net profit of the Group.

The Group's interest rate risk arises mainly from interest bearing borrowings including long-term bank borrowings, long-term payables and debentures payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. As at 30 June 2025, if the loan interest rate increases/decreases by 1%, with other factors being constant, the net profit of the Group for the current year will approximately decrease/increase by RMB77,767,421.05 (30 June 2024: RMB65,873,317.50). The Group also considers to minimize its interest rate exposure by way of refinancing, renewal of existing borrowings and alternative financing

5. *Employee and Emolument Policy*

As at 30 June 2025, the Group had 2,319 employees. During the reporting period, total remuneration paid to employees of the Group was approximately RMB251 million. The Group adopted a wage system in accordance with post ranks. The remuneration of the Company's employees under annual salary system is pegged with his/her post rank and the economic benefits to the Company. The remuneration of the Company's employees under the monthly salary system is pegged with his/her post rank, length of service, education background and skills as well as the economic benefits to the Company.

6. *Contingent Liabilities*

The Group did not have any significant contingent liabilities as at 30 June 2025.

7. *Rights of Debt*

As at 30 June 2025, pursuant to the "Licensed Operation Agreement in respect of the Four Sewage Water Treatment Plants of the Company including Jizhuangzi" entered into between the Group, Tianjin Water Authority Bureau and Tianjin Housing and Urban-Rural Construction Committee* (天津市住房和城鄉建設委員會) which started to perform from 1 January 2014, the total receivables of the Group from Tianjin Water Authority Bureau amounted to RMB4.533 billion, representing approximately 52.80% of the total market capital of the Group as at 30 June 2025.

8. *Charge on Assets*

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

9. *Acquisitions and disposals of Subsidiaries, associates and joint ventures*

During the reporting period, the Group had no material acquisitions and disposals of Subsidiaries, associates and joint ventures.

10. *Public Float*

Based on published information and to the best of the knowledge of the Directors, the Company has maintained the public float as required under the Listing Rules as at the date of this report.

11. *Plans for Major Investments and Acquisition of Capital Assets*

The Group did not have any plans for major investments and acquisition of capital assets during the reporting period.

12. Details of Preferred Shares

The Company had no matters in relation to preferred shares during the reporting period.

13. Repurchase, Sale or Redemption of the Company's Listed Securities

The Company and its Subsidiaries did not repurchase, sell or redeem any of the listed securities of the Company during the reporting period.

14. Model Code for Securities Transactions by the Directors

The Company has adopted a code of practice with standards not less exacting than those prescribed in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules for securities transactions conducted by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they had strictly complied with the required standard set out in the model code in relation to securities transactions conducted by the Directors during the reporting period.

15. Pre-emptive Rights

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

16. Tax Concession

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

According to paragraph 40 of Appendix D2 to the Listing Rules, save as disclosed herein, the Company confirms that the current corporate information in relation to those matters set out in paragraph 32 of Appendix D2 to the Listing Rules has no material changes as compared with the information disclosed in the Company's 2024 Annual Report.

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

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

2. Explanation of changes in shares

Not applicable

3. Effect of changes in shares on financial indicators such as earnings per share and net assets per share within the period from the end of the reporting period to the disclosure date of the Interim Report (if any)

Not applicable

4. Other information disclosure which the Company deems necessary or is required by the securities regulatory authority

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

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

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

1. To follow the policy situation and seize market opportunities

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

2. Optimise capital structure to relieve working capital pressure

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

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

Details of the use of proceeds from the Non-public Issuance of A Shares as of 30 June 2025 (including the expected timeline for the intended use of the proceeds not yet utilized) are as follows:

No.	Committed Investment Projects	Proposed investment amount of proceeds to be utilized *Approximately RMB0'000*	Change of investment amount of Proceeds *Approximately RMB0'000*	Proceeds utilized for the year ended 30 June 2025 *Approximately RMB0'000*	Balance of unutilized proceeds as of 30 June 2025 *Approximately RMB0'000*	Estimated timetable for use of unutilized proceeds as of 30 June 2025
1	The first batch of projects of the recycled water pipe network connection project in the main districts of Tianjin City	21,900.00	16,600 (note 1)	11,618.37	4,981.63	The balance of the proceeds is expected to be used up by 31 December 2026 (note 2)
2	The construction project of the sewage processing plant at the Tianying Science and Technology Park in the Jieshou Hi-Tech District of Fuyang in Anhui	14,800.00	14,800.00	13,643.28	1,156.72	The balance of the proceeds is expected to be used up by 31 August 2025
3	The newly-built and upgrade and supporting pipeline network (phase II) PPP project of Honghu township sewage processing plant	21,450.00	11,150.00 (note 3)	8,768.35	2,381.65	The balance of the proceeds is expected to be used up by 31 December 2025
4	Karamay Nanjiao Water Treatment Plant Concession Project	0.00	10,300.00 (note 3)	6,878.74	3,421.26	The balance of the proceeds is expected to be used up by 31 December 2025
5	Chibi Lushui Industrial Park Sewage Treatment Plant and Supporting Pipeline Network Concession TOT Project	0.00	5,300.00 (note 1)	0.00	5,300.00	The remaining balance of the proceedings is expected to be fully utilized by 31 December 2025
6	The repayment of interest-bearing liabilities and supplement the working capital	22,925.66	22,925.66	22,925.66	–	–
	Total	**81,075.66**	**81,075.66**	**63,834.40**	**17,241.26**	

Note 1: The 48th meeting of the ninth session of the Board of Directors was held on 17 December 2024 and the 2025 First Extraordinary Shareholders' Meeting was held on 14 January 2025, which had considered and passed a resolution on changing the purpose of part of the proceeds, approving the Company's change of use of the proceeds of the Water Recycling Batch 1 Project of RMB53 million for the investment expenditure of Chibi Lushui Project. In order to improve the efficiency of the use of the proceeds, safeguard the long-term interests of the Company and arrange the use of the proceeds, the Company intended to use RMB53,000,000 out of the remaining proceeds of RMB112,703,200 for the Water Recycling Batch 1 Project to the construction of the Chibi Lushui Project instead. The remaining proceeds of RMB59,703,200 would continue to be used for the construction of the Water Recycling Batch 1 Project, thereby promoting the long-term and steady development of the Company's business and safeguarding the interests of the Company and shareholders. For further details, please refer to the Company's announcement dated 17 December 2024 in relation to the proposed change in the use of part of the proceeds, the circular in relation to the proposed change in the use of part of the proceeds dated 27 December 2024 and the announcement on the resolutions passed at the 2025 first extraordinary general meeting dated 14 January 2025.

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

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

Save as disclosed above, during the six month ended 30 June 2025, the Company has used or proposed to use the proceeds from the Non-public Issuance of A Shares in accordance with the previously disclosed intentions and there has been no material change or delay in the use of the proceeds. The Company expects to utilize all of the proceeds from the Non-public Issuance of A Shares by 31 December 2026, the usage and proposed usage are consistent with those set out in the circular dated 8 December 2021 in relation to the proposed Non-public Issuance of A Shares, the circular dated 4 September 2023 in relation to the proposed change in the use of part of the proceeds and the 2024 Annual Report of the Company.

Following the end of the reporting period, the Company convened the sixty-fourth meeting of the Ninth Session of the Board on 22 August 2025, at which the "Proposal on Terminating Some Investment Projects and Extension of Other Investment Projects" was considered and approved, agreeing to terminate the implementation of Chibi Lushui Industrial Park Sewage Treatment Plant and Supporting Pipeline Network Concession TOT Project, and to extend the date for the Karamay Nanjiao Sewage Treatment Plant Franchising Project to reach its intended usable status from August 2025 to June 2026. The proposed termination is subject to the approval by a general meeting of the Company.

For more information about this Non-public Issuance of A Shares, please refer to the relevant announcements and overseas regulatory announcements dated 22 November 2021 of the Company in relation to (1) the termination of 2020 Adjusted Non-public Issuance of A Shares; (2) the proposed Non-public Issuance of A Shares; (3) the Specific Mandate; and (4) the proposed adoption of the Shareholders' Return Plan, the relevant circular dated 8 December 2021, the notice of 2021 fourth extraordinary general meeting and the notice of 2021 second H shareholders' class meeting dated 8 December 2021, the announcement dated 10 December 2021 in relation to the approval of Non-public Issuance of A Shares by Tianjin SASAC, the announcement dated 24 December 2021 on the resolutions passed at the 2021 fourth extraordinary general meeting, the 2021 second H shareholders' class meeting and the 2021 second A shareholders' class meeting, the announcement dated 11 January 2022 in relation to the acceptance of the application for Non-public Issuance of A Shares by the CSRC, the relevant overseas regulatory announcements dated 7 February 2022, 21 February 2022, 3¬March 2022, 17 March 2022 and 22 April 2022, the announcement dated 16 May 2022 in relation to the approval obtained from the Issuance Examination Committee of the CSRC for the application for the Non-public Issuance of A Shares, the announcement dated 8 June 2022 in relation to the approval obtained from the CSRC for the application for the Non-public Issuance of A Shares, the announcement dated 29 September 2022 in relation to the results of the Non-public Issuance of A Shares and changes in share capital and the relevant overseas regulatory announcement, the relevant overseas regulatory announcement dated 27 March 2023, the announcement in relation to the proposed change in the use of part of the proceeds and the relevant overseas regulatory announcement dated 7 August 2023, the relevant overseas regulatory announcement dated 25 August 2023, the circular in relation to, among others, the proposed change in the use of part of the proceeds dated 4 September 2023, the announcement on the resolutions passed at the 2023 second extraordinary general meeting dated 21 September 2023, the relevant overseas regulatory announcements dated 22 September 2023, 17 November 2023, 22 March 2024 and 23 August 2024, the announcement in relation to the proposed change in the use of part of the proceeds and the relevant overseas regulatory announcement dated 17 December 2024, the circular dated 27 December 2024 in relation to (among other things) the proposed change in the use of part of the proceeds, the announcement dated 14 January 2025 on resolutions passed at the 2025 first extraordinary general meeting and the relevant overseas regulatory announcement, the relevant overseas regulatory announcements dated 24 February 2025, 23 March 2025, and 29 July 2025, and the announcement dated 22 August 2025 in relation to the proposed termination of some investment projects and the relevant overseas regulatory announcement.

(II) Particulars of changes of restricted shares

Not applicable

II. DETAILS OF SHAREHOLDERS

(I) Total number of shareholders:

Total number of ordinary shareholders as at the end of the reporting period (persons)	52,554

Note: As at 30 June 2024, the total number of ordinary shareholders of the Company is 52,554, among which 61 are holders of H Shares.

(II) Shareholdings of the top ten shareholders and the top ten shareholders of circulating shares (or shareholders of nonrestricted shares) as at the end of the reporting period

Shareholdings of the top ten shareholders (excluding shares lent through refinancing)

Name of shareholder (Full name)	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of restricted shares held	Pledged, marked or frozen Status of shares	Pledged, marked or frozen Number	Nature of shareholder
TMICL	0	715,565,186	45.57	0	Pledged	285,000,000	State-owned legal person
HKSCC Nominees Limited	-100	337,888,710	21.52	0	Nil	Not applicable	Others
Hong Kong Securities Clearing Company Limited	1,384,494	13,915,164	0.89	0	Nil	Not applicable	Others
Central Huijin Asset Management Co., Ltd.* (中央匯金資產管理有限責任公司)	0	13,868,294	0.88	0	Nil	Not applicable	State-owned legal person
China Construction Bank Corporation – Dongfanghong CSI Dongfanghong Dividend Low Volatility Index Securities Investment Fund	2,279,500	7,318,800	0.47	0	Nil	Not applicable	Others
Zhejiang Jinxin Construction Engineering Co., Ltd.* (浙江錦鑫建設工程有限公司)	231,500	6,920,000	0.44	0	Nil	Not applicable	Domestic non-state owned legal person
Wang Caijin* (王財進)	-272,900	6,860,738	0.44	0	Nil	Not applicable	Domestic natural person
Jinan Hanxiang Investment Management Partnership (L.P.)* (濟南瀚祥投資管理合夥企業(有限合夥))	0	6,412,789	0.41	0	Nil	Not applicable	Others
China Merchants Bank Co., Ltd. – CHINA SOUTHERN CSI 1000 ETF	599,400	5,688,700	0.36	0	Nil	Not applicable	Others
Yan Gang* (嚴罡)	0	5,032,150	0.32	0	Nil	Not applicable	Overseas natural person

Shareholdings of the top ten shareholders of non-restricted circulating shares (excluding shares lent through refinancing)

Name of shareholder	Number of non-restricted circulating shares held	Type and number of shares	
		Type	Number
TMICL	715,565,186	Ordinary RMB Shares	715,565,186
HKSCC Nominees Limited	337,888,710	Overseas listed foreign shares	337,888,710
Hong Kong Securities Clearing Company Limited	13,915,164	Ordinary RMB Shares	13,915,164
Central Huijin Asset Management Co., Ltd.*（中央匯金資產管理有限責任公司）	13,868,294	Ordinary RMB Shares	13,868,294
China Construction Bank Corporation – Dongfanghong CSI Dongfanghong Dividend Low Volatility Index Securities Investment Fund	7,318,800	Ordinary RMB Shares	7,318,800
Zhejiang Jinxin Construction Engineering Co., Ltd.*（浙江錦鑫建設工程有限公司）	6,920,000	Ordinary RMB Shares	6,920,000
Wang Caijin*（王財進）	6,860,738	Ordinary RMB Shares	6,860,738
Jinan Hanxiang Investment Management Partnership (L.P.)*（濟南瀚祥投資管理合夥企業（有限合夥））	6,412,789	Ordinary RMB Shares	6,412,789
China Merchants Bank Co., Ltd. – CHINA SOUTHERN CSI 1000 ETF	5,688,700	Ordinary RMB Shares	5,688,700
Yan Gang*（嚴罡）	5,032,150	Ordinary RMB Shares	5,032,150
Description of special accounts for repurchase purpose among the top ten shareholders	Not applicable		
Explanation of the above shareholders' proxy voting rights, entrusted voting rights and waiver of voting rights	Not applicable		
Notes on the connected party relationship or parties acting in concert among the above shareholders	(1) According to the register of members as provided by HKSCC Nominees Limited, those H shares held by it were held on behalf of various clients. As at the end of the reporting period, Ningbo BSLS Trade Co., Ltd.*（寧波百思樂斯貿易有限公司）and its concert parties Ningbo Ningdian Investment Development Co., Ltd.*（寧波寧電投資發展有限公司）and LVNENG Investment & Development Co., Ltd. (Hong Kong)*（綠能投資發展有限公司（香港））held a total of 156,956,000 H shares of the Company, representing 9.99% of the total share capital of the Company, and none of the shares were pledged. (2) The top ten shareholders are not strategic investors of the Company.		
Description of preferred shareholders with restored voting rights and the number of shares they hold	Not applicable		

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

Not applicable

III. DIRECTORS, SUPERVISORS AND THE SENIOR MANAGEMENT

(I) Changes in shareholding structure and remuneration of current and resigned Directors, Supervisors and senior management during the reporting period

Not applicable

(II) Share option incentives granted to Directors, Supervisors and senior management during the reporting period

Not applicable

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

As at 30 June 2025, the Directors and chief executives of the Company did not have any interests and/or short positions of in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which were taken as or deemed to have pursuant to the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

IV. CHANGES IN THE CONTROLLING SHAREHOLDER OR THE DE FACTO CONTROLLER

Not applicable

V. THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

(a) As at 30 June 2025, so far as is known to or can be ascertained after reasonable enquiries by the Directors, Supervisors or chief executive of the Company, the following entities (other than the Directors, Supervisors or chief executive of the Company) had an interest or short position in the shares or underlying shares (including options) of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the **SFO** or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

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

Note: The letter "L" represents the person's long position in the shares. The letter "S" represents the person's short position in the shares.

(b) Save as disclosed above, there is no other person (other than the Directors, Supervisors or chief executive of the Company) so far as is known to the Directors, Supervisors or chief executives of the Company who, as at 30 June 2025, had an interest and/or short position in the shares or underlying shares (including options) of the Company which would fall to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Section 7 Details of the Company's Bonds

I. CORPORATE BONDS (INCLUDING ENTERPRISE BONDS) AND NON-FINANCIAL ENTERPRISE DEBT FINANCING INSTRUMENTS

(I) Corporate bonds (including enterprise bonds)

Not applicable

(II) Particulars of proceeds of corporate bonds

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

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

Not applicable

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

Not applicable

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

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

Unit: Yuan Currency: RMB

Name of Bond	Abbreviation	Code	Issue Date	Value Date	Maturity Date	Balance of Bond	Coupon (%)	Debt Service	Trading Place	Investor Suitability Arrangement (if any)	Trading Mechanism	Risk of Delisting
2024 Second Tranche Green Medium-Term Notes of Tianjin Capital Environmental Protection Group Company Limited (Rural Revitalisation) (Series 1)	24 Jinchuanghuanbao MTN002A (Rural Revitalisation) (24津創環保MTN002A (鄉村振興))	102483682	2024/8/21、2024/8/22	2024/8/23	2027/8/23	300,000,000.00	2.50	Interest is payable annually, with the last installment paid together with the principal	Interbank Bond Markets	Nil	Interbank bond market trading mechanism	No
2024 Second Tranche Green Medium-Term Notes of Tianjin Capital Environmental Protection Group Com-pany Limited (Rural Revitalisation) (Series 2)	24 Jinchuanghuanbao MTN002B (Rural Revitalisation) (24津創環保MTN002B (鄉村振興))	102483683	2024/8/21、2024/8/22	2024/8/23	2029/8/23	200,000,000.00	3.05	Interest is payable annually, with the last installment paid together with the principal	Interbank Bond Markets	Nil	Interbank bond market trading mechanism	No
2025 First Tranche Green Mediumterm Notes of Tianjin Capital Environmental Protection Group Company Limited	25 Jinchuanghuanbao MTN001 (Green) (綠色)	102582803	2025/7/9、2025/7/10	2025/7/11	2028/7/11	500,000,000.00	2.10	Interest is payable annually, with the last installment paid together with the principal	Interbank Bond Markets	Nil	Interbank bond market trading mechanism	No

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

Not applicable

Overdue bonds

Not applicable

Description of overdue debts

Not applicable

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

Not applicable

3. Adjustments to credit rating results

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

(VII) Major accounting data and financial indicators

Unit: Yuan Currency: RMB

Major indicators	As at the end of this reporting period	As at the end of the previous year	Increase/decrease at the end of this reporting period as compared to the end of last year (%)	Reasons for changes
Current ratio	1.55	1.49	4.03	Current asset increased when compared to the end of the previous year
Quick ratio	1.54	1.49	3.36	Current asset increased when compared to the end of the previous year
Gearing ratio (%)	56.64	57.08	-0.77	Basically unchanged

	Current reporting period (From January to June)	Corresponding period of last year	Increase/decrease for this reporting period as compared to the same period last year (%)	Reasons for changes
Net profit after deduction of non-recurring gain or loss	396,393,562.39	381,680,626.97	3.85	Basically unchanged
Debt to EBITDA ratio	0.11	0.11	0.00	Unchanged
Interest coverage multiple	4.54	3.92	15.82	Interest expense for the period decreased
Cash interest coverage multiple	3.24	2.01	61.34	Net operating cash flow increased for this period
EBITDA interest cover multiple	6.81	5.70	19.52	Interest expense for the period decreased
Debt service ratio (%)	100	100.00	0.00	Unchanged
Interest coverage rate (%)	100	100.00	0.00	Unchanged

II. PARTICULARS OF CONVERTIBLE CORPORATE BONDS

Not applicable

Consolidated Balance Sheet

30 June 2025

Prepared by: Tianjin Capital Environmental Protection Group Company Limited Unit: Yuan Currency: RMB

Items	Notes	30 June 2025	31 December 2024
Current assets:			
Cash and cash equivalents	V (I)	**2,493,916,483.26**	2,756,992,021.69
Clearing settlement fund			
Placements with banks			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	V (II)	**20,705,527.71**	34,433,958.06
Trade receivables	V (III)	**4,048,244,442.97**	3,589,826,335.15
Receivables financing	V (IV)	**2,000,000.00**	7,024,347.00
Prepayments	V (V)	**25,791,950.68**	22,314,317.34
Premium receivable			
Reinsurance accounts receivable			
Reinsurer's share of insurance contract reserves			
Other receivables	V (VI)	**120,645,813.05**	97,353,300.68
Including: Interest receivable		**0.00**	0.00
Dividend receivable		**0.00**	0.00
Financial assets held under resale			
Inventories	V (VII)	**37,714,588.77**	40,535,081.99
Including: Data resources		**0.00**	0.00
Contractual assets			
Assets held for sale			
Non-current assets due within one year	V (VIII)	**200,935,074.86**	199,090,708.41
Other current assets	V (IX)	**97,018,472.19**	109,090,786.06
Total current assets		7,046,972,353.49	6,856,660,856.38
Non-current assets:			
Release of loans and advances			
Debt investments			
Other debt investments			
Long-term receivables	V (X)	**5,144,627,746.52**	5,128,874,522.65
Long-term equity investments	V (XI)	**190,200,882.52**	190,200,882.52
Other equity instruments investment	V (XII)	**2,000,000.00**	2,000,000.00
Other non-current financial assets			
Investment properties	V (XIII)	**14,211,374.09**	7,657,173.00
Fixed assets	V (XIV)	**1,662,391,450.16**	1,489,568,498.08
Construction in progress	V (XV)	**281,389,087.16**	239,892,515.34
Productive biological assets			
Oil-and-gas assets			
Right-of-use assets	V (XVI)	**8,796,274.63**	3,722,393.42
Intangible assets	V (XVII)	**10,786,852,000.71**	10,946,006,182.15
Including: Data resources		**0.00**	0.00
Development expenditures	V (XVIII)	**454,999.24**	454,099.24
Including: Data resources		**454,999.24**	454,099.24
Goodwill	V (XIX)		
Long-term unamortized expenses			
Deferred income tax assets	V (XX)	**92,498,845.00**	71,988,345.01
Other non-current assets	V (XXI)	**217,817,588.03**	217,956,227.92
Total non-current assets		**18,401,240,248.06**	18,298,320,839.33
Total assets		**25,448,212,601.55**	25,154,981,695.71

Consolidated Balance Sheet

30 June 2025

Prepared by: Tianjin Capital Environmental Protection Group Company Limited Unit: Yuan Currency: RMB

Items	Notes	30 June 2025	31 December 2024
Current liabilities:			
Short-term borrowings	V (XXIII)	**62,425,038.33**	29,228,819.26
Borrowings from central bank			
Taking from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Trade payables	V (XXIV)	**971,897,012.09**	946,965,173.51
Advance receipts	V (XXV)	**513,010.02**	508,010.02
Contract liabilities	V (XXVI)	**314,139,225.82**	221,717,388.90
Financial assets sold for repurchase			
Deposits from customers and interbank			
Receiving from vicariously traded securities			
Receiving from vicariously sold securities			
Employee benefits payable	V (XXVII)	**49,525,761.49**	105,252,309.61
Taxes payable	V (XXVIII)	**54,665,202.58**	111,152,981.14
Other payables	V (XXIX)	**1,082,597,852.45**	1,060,257,870.64
Including: Interest payable		**0.00**	0.00
Dividend payable		**152,364,129.85**	7,986,980.00
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within a year	V (XXX)	**1,990,679,389.35**	2,092,742,750.09
Other current liabilities	V (XXXI)	**15,684,557.33**	19,732,253.93
Total current liabilities		**4,542,127,049.46**	4,587,557,557.10
Non-current liabilities:			
Provision for insurance contracts			
Long-term borrowings	V (XXXII)	**7,548,010,538.64**	7,414,407,322.97
Debentures payable	V (XXXIII)	**499,632,500.00**	499,632,500.00
Including: Preference shares		**0.00**	0.00
Perpetual bonds		**0.00**	0.00
Lease liabilities	V (XXXIV)	**4,504,548.79**	1,280,116.25
Long-term payables	V (XXXV)	**87,147,104.87**	102,593,539.92
Long-term employee compensations payable			
Accrued liabilities			
Deferred revenue	V (XXXVI)	**1,609,917,927.21**	1,637,976,137.69
Deferred income tax liabilities	V (XX)	**94,412,389.29**	86,249,975.52
Other non-current liabilities	V (XXXVII)	**27,990,000.00**	27,990,000.00
Total non-current liabilities		**9,871,615,008.80**	9,770,129,592.35
Total liabilities		**14,413,742,058.26**	14,357,687,149.45

Consolidated Balance Sheet

30 June 2025

Prepared by: Tianjin Capital Environmental Protection Group Company Limited Unit: Yuan Currency: RMB

Items	Notes	30 June 2025	31 December 2024
Total owners' (or shareholders') equity:			
Paid-up capital (or share capital)	V (XXXVIII)	**1,570,418,085.00**	1,570,418,085.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital surplus	V (XXXIX)	**1,110,030,404.40**	1,114,966,012.00
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	V (XXXX)	**850,018,726.34**	850,018,726.34
General risk provision			
Undistributed profits	V (XXXXI)	**6,339,414,367.13**	6,133,464,906.76
Total equity attributable to owners of the Company (or shareholders' equity)		**9,869,881,582.87**	9,668,867,730.10
Minority interests		**1,164,588,960.42**	1,128,426,816.16
Total owners' (or shareholders') equity		**11,034,470,543.29**	10,797,294,546.26
Total liabilities and owners' equity (or shareholders' equity)		**25,448,212,601.55**	25,154,981,695.71

Officer in charge of the Company:	Principal in charge of accounting:	Head of accounting department:
Tang Fusheng	**Nie Yanhong**	**Liu Tao**

Balance Sheet of the Company

30 June 2025

Prepared by: Tianjin Capital Environmental Protection Group Company Limited Unit: Yuan Currency: RMB

Items	Notes	30 June 2025	31 December 2024
Current assets:			
Cash and cash equivalents		**1,091,344,869.11**	1,414,579,828.11
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Trade receivables	XVIII (I)	**1,364,146,769.86**	1,093,758,954.18
Receivables financing			
Prepayments		**524,681.20**	445,801.65
Other receivables	XVIII (II)	**99,932,761.21**	101,295,806.46
Including: Interest receivable		**0.00**	0.00
Dividend receivable		**7,128,889.79**	4,000,000.00
Inventories		**9,112,345.35**	9,811,104.88
Including: Data resources		**0.00**	0.00
Contractual assets			
Assets held for sale			
Non-current assets due within one year		**29,296,238.34**	56,250,459.60
Other current assets		**419,073,363.02**	511,399,347.87
Total current assets		**3,013,431,028.09**	3,187,541,302.75
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables		**3,204,698,469.17**	3,218,991,182.55
Long-term equity investments	XVIII (III)	**5,700,324,992.80**	5,686,216,183.46
Investments in other equity instruments		**2,000,000.00**	2,000,000.00
Other non-current financial assets			
Investment properties			
Fixed assets		**417,186,283.17**	451,541,876.19
Construction in progress		**17,127,449.26**	15,094,509.62
Productive biological assets			
Oil-and-gas assets			
Right-of-use assets		**108,190.28**	1,379,191.69
Intangible assets		**3,080,033,407.28**	3,163,179,941.94
Including: Data resources		**0.00**	0.00
Development expenditures		**454,999.24**	454,099.24
Including: Data resources		**454,999.24**	454,099.24
Goodwill			
Long-term unamortized expenses			
Deferred income tax assets		**42,540,063.13**	29,152,088.36
Other non-current assets		**1,385,261,245.10**	1,082,923,240.38
Total non-current assets		**13,849,735,099.43**	13,650,932,313.43
Total assets		**16,863,166,127.52**	16,838,473,616.18

Balance Sheet of the Company

30 June 2025

Prepared by: Tianjin Capital Environmental Protection Group Company Limited Unit: Yuan Currency: RMB

Items	Notes	30 June 2025	31 December 2024
Current liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Trade payables		**164,261,673.33**	136,359,803.49
Advance receipts			
Contract liabilities		**46,193,878.40**	73,878.40
Employee benefits payable		**24,488,086.94**	46,235,010.19
Taxes payable		**2,557,282.44**	15,138,179.04
Other payables		**999,544,674.03**	927,886,444.89
Including: Interest payable		**0.00**	0.00
Dividend payable		**145,324,992.83**	0.00
Liabilities held for sale			
Non-current liabilities due within a year		**1,661,181,414.09**	1,795,841,690.35
Other current liabilities			
Total current liabilities		**2,898,227,009.23**	2,921,535,006.36
Non-current liabilities:			
Long-term borrowings		**3,931,866,834.56**	3,833,031,110.87
Debentures payable		**499,632,500.00**	499,632,500.00
Including: Preference shares		**0.00**	0.00
Perpetual bonds		**0.00**	0.00
Lease liabilities		**499,575.80**	453,251.00
Long-term payables		**87,147,104.87**	102,593,539.92
Long-term employee compensations payable			
Accrued liabilities			
Deferred revenue		**1,221,883,796.50**	1,255,247,033.12
Deferred income tax liabilities			
Other non-current liabilities		**470,000,000.00**	470,000,000.00
Total non-current liabilities		**6,211,029,811.73**	6,160,957,434.91
Total liabilities		**9,109,256,820.96**	9,082,492,441.27

Balance Sheet of the Company

30 June 2025

Prepared by: Tianjin Capital Environmental Protection Group Company Limited Unit: Yuan Currency: RMB

Items	Notes	30 June 2025	31 December 2024
Total owners' (or shareholders') equity:			
Paid-up capital (or share capital)		**1,570,418,085.00**	1,570,418,085.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital surplus		**1,060,381,500.22**	1,065,703,468.04
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserves		**850,018,726.34**	850,018,726.34
Undistributed profits		**4,273,090,995.00**	4,269,840,895.53
Total owners' (or shareholders') equity		**7,753,909,306.56**	7,755,981,174.91
Total liabilities and owners' equity (or shareholders' equity)		**16,863,166,127.52**	16,838,473,616.18

Officer in charge of the Company:	Principal in charge of accounting:	Head of accounting department:
Tang Fusheng	**Nie Yanhong**	**Liu Tao**

Consolidated Statement of Comprehensive Income

From January to June 2025
Unit: Yuan Currency: RMB

Items	Notes	Half year of 2025	Half year of 2024
I. Total revenue from operations		**2,177,915,496.72**	2,218,165,636.41
Including: Operating revenue	V (XLII)	**2,177,915,496.72**	2,218,165,636.41
Interest income			
Earned premium			
Handling charges and commissions income			
II. Total operating cost		**1,655,268,179.29**	1,695,501,943.35
Including: Operating costs		**1,361,599,524.47**	1,375,177,188.63
Interest expenses			
Handling charges and commissions expenses			
Surrenders			
Net claim expenses			
Net provisions for insurance contracts reserve			
Insurance policy dividend paid			
Reinsurance costs			
Tax expenses and surcharge	V (XLIII)	**35,690,376.21**	22,408,506.23
Selling expenses	V (XLIV)	**3,853,033.52**	5,114,154.66
Administrative expenses	V (XLV)	**91,448,154.98**	94,702,270.65
Research and development expenses	V (XLVI)	**16,303,446.24**	20,828,281.90
Finance expenses	V (XLVII)	**146,373,643.87**	177,271,541.28
Including: Interest expenses		**162,323,446.95**	195,463,863.69
Interest income		**13,480,060.49**	15,903,459.43
Add: Other income	V (XLVIII)	**40,163,815.78**	44,007,424.19
Gain from investment (loss is represented by "–")	V (XLIX)	**829,978.35**	
Including: Investment revenue in associates and joint ventures		**0.00**	
Financial assets measured at amortized cost are derecognized earnings (loss is represented by "–")			
Exchange gains (loss is represented by "–")			
Frequent exposure to hedge gains (loss is represented by "–")			
Gain on fair value changes (loss is represented by "–")			
Impairment loss of credit (loss is represented by "–")	V (L)	**25,286,554.13**	-1,218,065.09
Impairment loss of assets (loss is represented by "–")			
Disposal gain on asset (loss is represented by "–")	V (LI)	**-3,553,929.71**	-322.07
III. Profit from operations (loss is represented by "–")		**585,373,735.98**	565,452,730.09
Add: Non-operating income	V (LII)	**286,355.32**	4,858,010.19
Less: Non-operating expenses	V (LIII)	**69,581.34**	127,024.30
IV. Total profit (total loss is represented by "–")		**585,590,509.96**	570,183,715.98
Less: Income tax expenses	V (LIV)	**94,687,758.39**	109,505,636.87
V. Net profit (net loss is represented by "–")		**490,902,751.57**	460,678,079.11
(I) Classified by continuity of operations			
1. Net profit from continuing operations (net loss is represented by "–")		**490,902,751.57**	460,678,079.11
2. Net profit from discontinued operations (net loss is represented by "–")			
(II) Classified by ownership			
1. Net profits attributable to shareholders of the Company (net loss is represented by "–")		**472,920,534.82**	421,928,337.30
2. Profit or loss attributable to minority shareholders (net loss is represented by "–")		**17,982,216.75**	38,749,741.81

Consolidated Statement of Comprehensive Income

From January to June 2025
Unit: Yuan Currency: RMB

Items	Notes	Half year of 2025	Half year of 2024
VI. Other comprehensive income, net of tax			
(I) Other comprehensive income attributable to shareholders of the Company, net of tax			
1. Other comprehensive income not subject to reclassification to profit or loss			
(1) Remeasure the change in the set benefit plan			
(2) Other comprehensive income under the equity method that cannot be converted into profit or loss in future			
(3) Change in fair value of other equity instrument investments			
(4) Changes in the fair value of the enterprise's own credit risk			
2. Other comprehensive income to be reclassified into profit or loss in future			
(1) Other comprehensive income of convertible profit or loss under the equity method			
(2) Changes in the fair value of other debt investments			
(3) The amount of financial assets reclassified into other comprehensive income			
(4) Other debt investment credit impairment provisions			
(5) Cash flow hedging reserve			
(6) Conversion difference of foreign currency statement			
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax			
VII. Total comprehensive income		**490,902,751.57**	460,678,079.11
(I) Total comprehensive income attributable to shareholders of the Company		**472,920,534.82**	421,928,337.30
(II) Total comprehensive income attributable to minority shareholders		**17,982,216.75**	38,749,741.81
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan/share)	XIX (II)	**0.30**	0.27
(II) Diluted earnings per share (Yuan/per share)	XIX (II)	**0.30**	0.27

For business combination under common control effected in the current period, the net profit recognized by the merged party before the combination was RMB0.00, and the net profit recognized by the merged party in the previous period was: RMB0.00

Officer in charge of the Company:	Principal in charge of accounting:	Head of accounting department:
Tang Fusheng	**Nie Yanhong**	**Liu Tao**

Comprehensive Income Statement of the Company

From January to June 2025
Unit: Yuan Currency: RMB

Items	Notes	Half year of 2025	Half year of 2024
I. Operating income	XVIII (IV)	**819,766,589.74**	795,528,877.69
Less: Operating costs		**434,172,533.02**	367,545,362.64
Tax expenses and surcharge		**16,843,095.09**	9,564,675.87
Selling expenses			
Administrative expenses		**42,412,266.24**	42,006,311.94
Research and development expenses		**8,979,059.81**	11,843,199.16
Finance expenses		**95,042,368.03**	111,008,099.28
Including: Interest expenses		**104,757,245.71**	114,110,896.34
Interest income		**6,886,153.28**	8,138,619.49
Add: Other income		**33,313,236.62**	33,313,236.62
Gain from investment (loss is represented by “–”)	XVIII (V)	**33,814,790.71**	27,866,242.76
Including: Investment revenue in associates and joint ventures		**0.00**	0.00
Financial assets measured at amortized cost are derecognized earnings (loss is represented by “–”)			
Frequent exposure to hedge gains (loss is represented by “–”)			
Gain on fair value changes (loss is represented by “–”)			
Impairment loss of credit (loss is represented by “–”)		**51,439,313.30**	
Impairment loss of assets (loss is represented by “–”)			
Disposal gain on asset (loss is represented by “–”)			
II. Profit from operations (loss is represented by “–”)		**340,884,608.18**	314,740,708.18
Add: Non-operating income			4,569,102.92
Less: Non-operating expenses		**90.00**	13,504.93
III. Total profit (total loss is represented by “–”)		**340,884,518.18**	319,296,306.17
Less: Income tax expenses		**70,663,344.27**	47,894,445.93
IV. Net profit (net loss is represented by “–”)		**270,221,173.92**	271,401,860.24
(I) Net profit from continuing operations (net losses are stated by “–”)		**270,221,173.92**	271,401,860.24
(II) Net profit from discontinued operations (net loss is represented by “–”)			
V. Other comprehensive income, net of tax			
(I) Other comprehensive income not subject to reclassification to profit or loss			
1. Remeasure the change in the set benefit plan			
2. Other comprehensive income under the equity method that cannot be converted into profit or loss in future			
3. Change in fair value of other equity instrument investments			
4. Changes in the fair value of the enterprise’s own credit risk			
(II) Other comprehensive income to be reclassified into profit or loss in future			
1. Other comprehensive income of convertible profit or loss under the equity method			
2. Changes in the fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Other debt investment credit impairment provisions			
5. Cash flow hedging reserve			
6. Conversion difference of foreign currency statement			
7. Others			
VI. Total comprehensive income		**270,221,173.92**	271,401,860.24
VII. Earnings per share:			
(I) Basic earnings per share (Yuan/share)			
(II) Diluted earnings per share (Yuan/per share)			

Officer in charge of the Company: **Tang Fusheng**
Principal in charge of accounting: **Nie Yanhong**
Head of accounting department: **Liu Tao**

Consolidated Cash Flow Statement

From January to June 2025
Unit: Yuan Currency: RMB

Items	Notes	Half year of 2025	Half year of 2024
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		**1,767,847,896.88**	1,551,482,485.07
Net increase in customer deposits and interbank deposits			
Net increase in borrowings from central bank			
Net increase in borrowings from other financial institutions			
Cash received from premiums under original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interest, fee and commission			
Net increase in placements			
Net increase in capital from repurchase business			
Net cash from brokerage for trading securities			
Refund of taxes and levies		**6,192,420.17**	4,738,767.06
Other cash received relating to operating activities	V (LV)	**97,034,380.05**	99,275,656.21
Subtotal of cash inflows of operating activities		**1,871,074,697.10**	1,655,496,908.34
Cash paid for goods purchased and services received		**741,349,430.29**	682,939,544.55
Net increase in loans and advances to customers			
Net increase in deposits with central bank and other banks			
Cash paid for compensation payments under original insurance contracts			
Net increase in placements with banks and other financial institutions			
Cash paid for interest, fee and commission			
Cash paid for policyholder dividends			
Cash paid to or on behalf of employees		**252,469,914.01**	268,126,566.91
Taxes and levies paid		**216,257,442.70**	147,646,167.12
Other cash paid relating to operating activities	V (LV)	**143,133,385.60**	117,784,416.37
Subtotal of cash outflows from operating activities		**1,353,210,172.60**	1,216,496,694.95
Net cash flows from operating activities	V (LVI)	**517,864,524.50**	439,000,213.39
II. Cash flows from investing activities:			
Cash received from disposal of investments			
Cash from investment income			
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets			12,270.00
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities			12,270.00
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		**570,129,869.50**	411,126,058.91
Cash paid for investments			8,893,947.34
Net increase in pledged loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities	V (LV)	**93,932,572.79**	
Subtotal of cash outflows from investing activities		**664,062,442.29**	420,020,006.25
Net cash flows from investing activities		**-664,062,442.29**	-420,007,736.25

Consolidated Cash Flow Statement

From January to June 2025
Unit: Yuan Currency: RMB

Items	Notes	Half year of 2025	Half year of 2024
III. Cash flows from financing activities:			
Cash received from capital injection		**19,758,000.00**	1,607,850.00
Including: Cash received from capital injection of minority shareholders in subsidiaries		**19,758,000.00**	1,607,850.00
Cash received from acquisition of loans		**1,129,419,168.02**	1,471,620,701.25
Cash received relating to other financing activities			
Subtotal of cash inflows from financing activities		**1,149,177,168.02**	1,473,228,551.25
Cash paid for repayment of borrowings		**1,082,321,573.80**	1,159,626,308.30
Cash paid for distribution of dividends, profits or payment of interest expenses		**254,910,571.13**	308,502,326.00
Including: Dividends and profits paid to minority shareholders by subsidiaries		**2,139,555.24**	0.00
Cash paid relating to other financing activities	V (LV)	**22,473,366.67**	
Subtotal of cash outflows from financing activities		**1,359,705,511.60**	1,468,128,634.30
Net cash flows from financing activities		**-210,528,343.58**	5,099,916.95
IV. Effect on cash and cash equivalent from change of exchange rate			
V. Net increase in cash and cash equivalents		-356,726,261.37	24,092,394.09
Add: Balance of cash and cash equivalents as at the beginning of the period		**2,665,499,259.40**	2,571,361,673.62
VI. Balance of cash and cash equivalents as at the end of the Period		**2,308,772,998.03**	2,595,454,067.71

Officer in charge of the Company:	Principal in charge of accounting:	Head of accounting department:
Tang Fusheng	**Nie Yanhong**	**Liu Tao**

Cash Flow Statement of the Company

From January to June 2025
Unit: Yuan Currency: RMB

Items	Notes	Half year of 2025	Half year of 2024
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		**663,719,229.78**	501,356,528.16
Refund of taxes and levies			
Other cash received relating to operating activities		**1,127,329,753.89**	1,732,979,633.35
Subtotal of cash inflows of operating activities		**1,791,048,983.67**	2,234,336,161.51
Cash paid for goods purchased and services received		**255,443,095.31**	232,087,716.77
Cash paid to or on behalf of employees		**79,823,422.91**	88,439,186.14
Taxes and levies paid		**110,011,788.52**	62,869,355.15
Other cash paid relating to operating activities		**1,353,583,535.35**	2,030,058,240.77
Subtotal of cash outflows from operating activities		**1,798,861,842.09**	2,413,454,498.83
Net cash flows from operating activities		**-7,812,858.42**	-179,118,337.32
II. Cash flows from investing activities:			
Cash received from disposal of investments		**8,402,400.00**	
Cash from investment income		**37,468,443.13**	1,820,000.00
Net cash proceeds from disposal of fixed assets, intangible assets and other long – term assets			11,000.00
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		**45,870,843.13**	1,831,000.00
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		**59,905,193.32**	20,844,210.71
Cash paid for investments		**29,482,000.00**	78,291,097.34
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			
Subtotal of cash outflows from investing activities		**89,387,193.32**	99,135,308.05
Net cash flows from investing activities		**-43,516,350.19**	-97,304,308.05
III. Cash flows from financing activities:			
Cash received from capital injection			
Cash received from acquisition of loans		**829,081,216.00**	1,200,000,000.00
Cash received relating to other financing activities			
Subtotal of cash inflows from financing activities		**829,081,216.00**	1,200,000,000.00
Cash paid for repayment of borrowings		**885,029,830.77**	861,384,500.00
Cash paid for distribution of dividends, profits or payment of interest expenses		**197,936,392.36**	227,108,540.08
Cash paid relating to other financing activities		**18,020,743.26**	
Subtotal of cash outflows from financing activities		**1,100,986,966.39**	1,088,493,040.08
Net cash flows from financing activities		**-271,905,750.39**	111,506,959.92

Cash Flow Statement of the Company

From January to June 2025
Unit: Yuan Currency: RMB

Items	Notes	Half year of 2025	Half year of 2024
IV. Effect on cash and cash equivalent from change of exchange rate			
V. Net increase in cash and cash equivalents		**-323,234,959.00**	-164,915,685.45
Add: Balance of cash and cash equivalents as at the beginning of the period		**1,414,579,828.11**	1,394,631,522.28
VI. Balance of cash and cash equivalents as at the end of the Period		**1,091,344,869.11**	1,229,715,836.83

Officer in charge of the Company:	Principal in charge of accounting:	Head of accounting department:
Tang Fusheng	**Nie Yanhong**	**Liu Tao**

Consolidated Statement of Changes in Shareholders' Equity

From January to June 2025
Unit: Yuan Currency: RMB

	Half year of 2025														
	Attributable to owners of the Company														
		Other equity instruments													
Items	Paid-up capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital surplus	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others	Sub-total	Minority interests	Total shareholders' equity
I. Balance as at the end of the corresponding period of last year	1,570,418,085.00				1,114,966,012.00				850,018,726.34		6,133,464,906.76		9,668,867,730.10	1,128,426,816.16	10,797,294,546.26
Add: Changes in accounting policies															
Correction of prior period errors															
Others															
II. Opening balance for the year	1,570,418,085.00				1,114,966,012.00				850,018,726.34		6,133,464,906.76		9,668,867,730.10	1,128,426,816.16	10,797,294,546.26
III. Changes during the period (decreases are recorded as "-")					-4,935,607.60						205,949,460.37		201,013,852.77	36,162,144.26	237,175,997.03
(I) Total comprehensive income											472,920,534.82		472,920,534.82	17,982,216.75	490,902,751.57
(II) Owners' inputs and capital reduction					-4,935,607.60								-4,935,607.60	19,371,639.78	14,436,032.18
1. Ordinary shares invested by owners														19,758,000.00	19,758,000.00
2. Capital contributions from holders of other equity instruments															
3. Amount of share-based payments credited to owners' equity					-4,935,607.60								-4,935,607.60	-386,360.22	-5,321,967.82
4. Others															
(III) Profit distribution											-266,971,074.45		-266,971,074.45	-1,191,712.27	-268,162,786.72
1. Appropriation to surplus reserve															
2. Appropriation to general risk provision															
3. Distribution to owners (or shareholders)											-266,971,074.45		-266,971,074.45	-1,191,712.27	-268,162,786.72
4. Others															
(IV) Internal transfer of owners' equity															
1. Capitalization of capital reserves into capital (or share capital)															
2. Transfer of surplus reserves to capital (or share capital)															
3. Make up losses by surplus reserves															
4. Carry forward of retained earnings in respect of changes in defined benefit plans															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Special reserve															
1. Withdrawals during the period															
2. Utilization during the period															
(VI) Others															
IV. Balance as at the end of the Period	1,570,418,085.00				1,110,030,404.40				850,018,726.34		6,339,414,367.13		9,869,881,582.87	1,164,588,960.42	11,034,470,543.29

Consolidated Statement of Changes in Shareholders' Equity

From January to June 2025
Unit: Yuan Currency: RMB

Items	Half year of 2024														
	Attributable to owners of the Company														
	Paid-up capital (or share capital)	Other equity instruments			Capital surplus	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others	Sub-total	Minority interests	Total shareholders' equity
		Preference shares	Perpetual bonds	Others											
I. Balance as at the end of the corresponding period of last year	1,570,418,085.00				1,114,793,085.31				786,584,668.85		5,650,377,740.31		9,122,173,579.47	1,093,587,385.53	10,215,760,965.00
Add: Changes in accounting policies															
Correction of prior period errors															
Others															
II. Opening balance for the year	1,570,418,085.00				1,114,793,085.31				786,584,668.85		5,650,377,740.31		9,122,173,579.47	1,093,587,385.53	10,215,760,965.00
III. Changes during the period (decreases are recorded as "-")					463,883.94						161,238,935.19		161,702,819.13	31,636,293.15	193,339,112.28
(I) Total comprehensive income											421,928,337.30		421,928,337.30	38,749,741.81	460,678,079.11
(II) Owners' inputs and capital reduction					463,883.94								463,883.94	-7,113,448.66	-6,649,564.72
1. Ordinary shares invested by owners														1,607,850.00	1,607,850.00
2. Capital contributions from holders of other equity instruments															
3. Amount of share-based payments credited to owners' equity															
4. Others					463,883.94									-8,721,298.66	-8,257,414.72
(III) Profit distribution											-260,689,402.11		-260,689,402.11		-260,689,402.11
1. Appropriation to surplus reserve															
2. Appropriation to general risk provision															
3. Distribution to owners (or shareholders)											-260,689,402.11		-260,689,402.11		-260,689,402.11
4. Others															
(IV) Internal transfer of owners' equity															
1. Capitalization of capital reserves into capital (or share capital)															
2. Transfer of surplus reserves to capital (or share capital)															
3. Make up losses by surplus reserves															
4. Carry forward of retained earnings in respect of changes in defined benefit plans															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Special reserve															
1. Withdrawals during the period															
2. Utilization during the period															
(VI) Others															
IV. Balance as at the end of the Period	1,570,418,085.00				1,115,256,969.25				786,584,668.85		5,811,616,675.50		9,283,876,398.60	1,125,223,678.68	10,409,100,077.28

Officer in charge of the Company:	Principal in charge of accounting:	Head of accounting department:
Tang Fusheng	**Nie Yanhong**	**Liu Tao**

Statement of Changes in Owners' Equity of the Company

From January to June 2025
Unit: Yuan Currency: RMB

Items	Half year of 2025										
	Paid-up capital (or share capital)	Other equity instruments			Capital surplus	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
		Preference shares	Perpetual bonds	Others							
I. Balance as at the end of the corresponding period of last year	1,570,418,085.00				1,065,703,468.04				850,018,726.34	4,269,840,895.53	7,755,981,174.91
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Opening balance for the year	1,570,418,085.00				1,065,703,468.04				850,018,726.34	4,269,840,895.53	7,755,981,174.91
III. Changes during the period (decreases are recorded as "-")					-5,321,967.82					3,250,099.46	-2,071,868.36
(I) Total comprehensive income										270,221,173.92	270,221,173.92
(II) Owners' inputs and capital reduction					-5,321,967.82						-5,321,967.82
1. Ordinary shares invested by owners											
2. Capital contributions from holders of other equity instruments											
3. Amount of share-based payments credited to owners' equity					-5,321,967.82						-5,321,967.82
4. Others											
(III) Profit distribution										-266,971,074.45	-266,971,074.45
1. Appropriation to surplus reserve											
2. Distribution to owners (or shareholders)										-266,971,074.45	-266,971,074.45
3. Others											
(IV) Internal transfer of owners' equity											
1. Capitalization of capital reserves into capital (or share capital)											
2. Transfer of surplus reserves to capital (or share capital)											
3. Make up losses by surplus reserves											
4. Carry forward of retained earnings in respect of changes in defined benefit plans											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawals during the period											
2. Utilization during the period											
(VI) Others											
IV. Balance as at the end of the Period	1,570,418,085.00				1,060,381,500.22				850,018,726.34	4,273,090,995.00	7,753,909,306.56

Statement of Changes in Owners' Equity of the Company

From January to June 2025

Unit: Yuan Currency: RMB

Items	Half year of 2024										
	Paid-up capital (or share capital)	Other equity instruments									
		Preference shares	Perpetual bonds	Others	Capital surplus	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance as at the end of the corresponding period of last year	1,570,418,085.00				1,065,703,468.04				786,584,668.85	3,959,623,780.20	7,382,330,002.09
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Opening balance for the year	1,570,418,085.00				1,065,703,468.04				786,584,668.85	3,959,623,780.20	7,382,330,002.09
III. Changes during the period (decreases are recorded as "-")										10,712,458.13	10,712,458.13
(I) Total comprehensive income										271,401,860.24	271,401,860.24
(II) Owners' inputs and capital reduction											
1. Ordinary shares invested by owners											
2. Capital contributions from holders of other equity instruments											
3. Amount of share-based payments credited to owners' equity											
4. Others											
(III) Profit distribution										-260,689,402.11	-260,689,402.11
1. Appropriation to surplus reserve											
2. Distribution to owners (or shareholders)										-260,689,402.11	-260,689,402.11
3. Others											
(IV) Internal transfer of owners' equity											
1. Capitalization of capital reserves into capital (or share capital)											
2. Transfer of surplus reserves to capital (or share capital)											
3. Make up losses by surplus reserves											
4. Carry forward of retained earnings in respect of changes in defined benefit plans											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawals during the period											
2. Utilization during the period											
(VI) Others											
IV. Balance as at the end of the Period	1,570,418,085.00				1,065,703,468.04				786,584,668.85	3,970,336,238.33	7,393,042,460.22

Officer in charge of the Company: **Tang Fusheng**

Principal in charge of accounting: **Nie Yanhong**

Head of accounting department: **Liu Tao**

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

I. BASIC INFORMATION REGARDING THE COMPANY

(I) Information of the Company

Tianjin Capital Environmental Protection Group Company Limited (the "**Company**") was formerly Tianjin Bohai Chemical Industry (Group) Company Limited ("**Bohai Chemical Industry**"). Bohai Chemical Industry was established on 8 June 1993 in Tianjin, the People's Republic of China (the "**PRC**"). Shares ("H Shares") were issued to foreign investors, listed in the Stock Exchange of Hong Kong Ltd. in May 1994; then listed in the Shanghai Stock Exchange ("A Shares") in June 1995. Due to significant losses, Bohai Chemical Industry completed the major equity and assets reorganisation, and became Tianjin Capital Environmental Protection Group Company Limited at the end of 2000. As at 30 June 2025, the total share capital of the Group was RMB1.57 billion with a par value of RMB1 per share.

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

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

1. *Processing of sewage water*

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

Location	Agreement date	Authorised by
Guiyang, Guizhou	16 September 2004	Guiyang City Administration Bureau
Baoying, Jiangsu	13 June 2005	Baoying Construction Bureau
Chibi, Hubei	15 July 2005	Chibi Construction Bureau
Fuyang, Anhui	18 December 2005	Fuyang Construction Committee
Qujing, Yunnan	25 December 2005	Qujing Housing and Urban Construction Bureau
Honghu, Hubei	29 December 2005	Honghu Construction Bureau
Hangzhou, Zhejiang	20 November 2006	Hangzhou Municipal Facilities Supervision Center

(All amounts in RMB Yuan unless otherwise stated)

I. BASIC INFORMATION REGARDING THE COMPANY (Continued)

(I) Information of the Company (Continued)

1. *Processing of sewage water* (Continued)

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

Location	Agreement date	Authorised by
Jinghai, Tianjin	12 September 2007	Management Committee of Tianjin Tianyu Science Technology Park
Wendeng, Weihai, Shandong	19 December 2007	Wendeng Construction Bureau
Xi'an, Shaanxi	18 March 2008	Xi'an Infrastructure Investment Group
Anguo, Hebei	28 September 2008	The People's Government of Anguo City
Xianning, Hubei	16 October 2008	Xianning Construction Committee
Yingdong District, Fuyang, Anhui	10 August 2009	Fuyang Yingdong Construction Bureau
Ninghe, Tianjin	21 September 2010	Management Committee of Modern Industrial Zone of Ninghe
Qujing, Yunnan	16 August 2011	QuJing Housing and Urban Construction Bureau
Chaohu, Anhui	25 August 2011	Chaohu Hanshan Housing and Urban-Rural Construction Bureau
Jinnan District, Tianjin	18 February 2014	Tianjin Urban-rural Construction Commission and Tianjin Water Authority Bureau
Xiqing District, Tianjin	18 February 2014	Tianjin Urban-rural Construction Commission and Tianjin Water Authority ureau
Dongli District, Tianjin	18 February 2014	Tianjin Urban-rural Construction Commission and Tianjin Water Authority ureau
Beichen District, Tianjin	18 February 2014	Tianjin Urban-rural Construction Commission and Tianjin Water Authority ureau
Yingshang County, Fuyang, Anhui	16 June 2016	Fuyang Yingshang Housing and Urban-Rural Construction Bureau
Karamay, Xinjiang	4 November 2016	Karamay Construction Bureau
Linxia, Gansu	13 May 2017	Linxia Housing and Urban-Rural Construction Bureau
Ningxiang, Hunan	5 June 2017	Administrative Committee of Ningxiang Economic & Technological Development Zone
Hefei, Anhui	16 June 2017	Hefei Urban-Rural Construction Committee
Dalian, Liaoning	1 November 2017	Dalian Urban Construction Bureau
Bayannur, Inner Mongolia	12 December 2017	Bayannur Water Bureau and Bayannur Hetao Water Affair Group Co., Ltd.
Ningxiang, Hunan	27 April 2018	Administrative Committee of Ningxiang Economic & Technological Development Zone
Honghu, Hubei	9 June 2018	Honghu Housing and Urban-Rural Construction Bureau
Shibing County, Qiandongnan, Guizhou	12 July 2018	Shibing Water Bureau
Hefei, Anhui	28 November 2018	Hefei Urban-Rural Construction Committee
Deqing County, Huzhou, Zhejiang	21 November 2018	Deqing Qianyuan Municipal Government
Jieshou, Anhui	2 March 2019	Jieshou Housing and Urban-Rural Construction Committee
Gaocheng District, Shijiazhuang, Hebei	2 April 2019	Management Committee of Shijiazhuang Gaocheng Economic and Technological Development Zone

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

I. BASIC INFORMATION REGARDING THE COMPANY (Continued)

(I) Information of the Company (Continued)

1. *Processing of sewage water* (Continued)

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

Location	Agreement date	Authorised by
Jiuquan, Gansu	22 June 2019	Jiuquan Suzhou District People's Government
Yingdong District, Fuyang, Anhui	26 August 2019	Fuyang Urban-Rural Construction Bureau
Huoqiu County, Lu'an, Anhui	2 January 2020	Lu'an Huoqiu Housing and Urban-Rural Construction Bureau
Huize County, Qujing, Yunnan	24 February 2020	Qujing Huize Housing and Urban-Rural Construction Bureau
Honghu, Hubei	18 March 2021	Honghu Housing and Urban-Rural Construction Bureau
Xiqing District, Tianjin	12 May 2021	Tianjin Xiqing District Water Affairs Center
Karamay, Xinjiang	24 March 2023	Karamay Housing and Urban-Rural Construction Bureau
Enshi, Hubei	9 June 2023	Enshi Housing and Urban-Rural Construction Bureau
Ma'anshan, Anhui	22 September 2023	Ma'anshan Hanshan Housing and Urban-Rural Construction Bureau
Weng'an County, Qiannan Prefecture, Guizhou Province	17 January 2024	Weng'an County Bureau of Water Affairs
Chibi, Hubei	15 November 2024	Chibi City and Urban-Rural Construction Bureau
Huize County, Qujing, Yunnan	8 November 2024	Huize Housing and Urban-Rural Construction Bureau
Huoqiu County, Lu'an, Anhui	8 November 2024	Huoqiu Housing and Urban-Rural Construction Bureau
Wuhu, Anhui	31 December 2024	Wuhu Housing and Urban-Rural Construction Bureau

2. *Tap water supply*

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

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

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

I. BASIC INFORMATION REGARDING THE COMPANY (Continued)

(I) Information of the Company (Continued)

3. Recycled water project:

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

4. Heating and cooling supply services

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

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

5. Hazardous waste treatment

This business segment mainly comprises the treatment of hazardous waste and general solid waste. The means of disposal currently adopted include incineration, landfill, materialization and solidification, so as to realize the overall objective of waste treatment of waste minimization, resource utilization and harmlessness through the selection of treatment processes suitable for local condition.

(II) Authorisation of Financial Statements and Approval Date

The financial statements of Tianjin Capital Environmental Protection Group Company Limited were approved for issue at its 64th meeting of the 9th session of the Board on 22 August 2025.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(I) Basis of preparation

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

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

(II) Continuing operations

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group determines the specific accounting policies and accounting estimates based on the characteristics of production and operation, which are mainly reflected in the measurement of expected credit losses ("ECL") on receivables and contract assets, depreciation of fixed assets, amortisation of intangible assets and right-of-use assets, impairment of intangible assets and goodwill, the timing of revenue recognition, and deferred tax assets and deferred tax liabilities.

Key judgements, critical accounting estimates and key assumptions adopted by the Group in determining material accounting policies are detailed in "III. (28) Other Significant Accounting Policies and Accounting Estimates".

(I) Statement of compliance with the ASBE

The financial statements prepared by the Group comply with the requirements of the Accounting Standards for Business Enterprises and truly and completely reflected the financial position as at 30 June 2025, as well as the results of operations and cash flows from January to June 2025 and other relevant information.

Having made specific enquiry of all Directors, all Directors confirmed that they had strictly complied with the required standard set out in the model code in relation to securities transactions conducted by the Directors during the reporting period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(II) Accounting year

The Group's accounting year starts on 1 January and ends on 31 December. The period for these financial statements is from 1 January 2025 to 30 June 2025.

(III) Business cycle

The Group takes one year (12 months) as its normal operating cycle, and the operating cycle is used as a criterion for classifying the liquidity of assets and liabilities.

(IV) Recording currency

The Company's recording currency is Renminbi (RMB).

(V) Methodology for determining materiality criteria and basis for selection

1. Materiality of Financial Statement Items

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

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(V) Methodology for determining materiality criteria and basis for selection (Continued)

2. Materiality of Disaggregated Disclosures in Notes

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

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

(VI) Business Combinations

1. Business Combinations Under Common Control

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VI) Business Combinations (Continued)

2. Business Combinations Not Under Common Control

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

(VII) Criteria for judgment of control and preparation of consolidated financial statements

1. Criteria for Control

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

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VII) Criteria for judgment of control and preparation of consolidated financial statements (Continued)

2. Methods for Preparing Consolidated Financial Statements

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

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

(2) Elimination of intercompany transactions in consolidated financial statements

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

(3) Accounting treatment for subsidiaries acquired through business combinations

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VII) Criteria for judgment of control and preparation of consolidated financial statements (Continued)

2. Methods for Preparing Consolidated Financial Statements (Continued)

(4) Accounting treatment for disposal of subsidiaries

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

3. Accounting Treatment for Joint Ventures

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

(VIII) Determination criteria for cash and cash equivalents

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

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(IX) Foreign currency business and translation of foreign currency financial statements

1. *Translation of Foreign Currency Transactions*

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

2. *Translation of foreign currency financial statements*

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial instruments

1. Classification, Recognition, and Measurement of Financial Instruments

(1) Financial assets

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

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

② Financial assets measured at fair value through other comprehensive income. The business model for managing such financial assets is both to collect contractual cash flows and to sell the financial assets, and the contractual cash flows of such financial assets represent solely payments of principal and interest on the principal amount outstanding. Such financial assets are subsequently measured at fair value, with changes in fair value recognised in other comprehensive income, except for interest income calculated using the effective interest method, impairment losses or gains, and exchange differences, which are recognised in profit or loss.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial instruments (Continued)

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

(1) Financial assets (Continued)

③ Financial assets measured at fair value through profit or loss. Financial assets not classified as measured at amortised cost or at fair value through other comprehensive income are measured at fair value, with gains or losses (including interest and dividend income) recognised in profit or loss. At initial recognition, if doing so eliminates or significantly reduces an accounting mismatch, a financial asset may be irrevocably designated as measured at fair value through profit or loss. Once designated, this classification cannot be revoked.

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

(2) Financial Liabilities

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) **Financial instruments** (Continued)

2. Methods for Determining the Fair Value of Financial Instruments

For financial instruments with active markets, their fair value is determined based on quoted prices in active markets. For financial instruments without active markets, valuation techniques are used to determine their fair value. In the valuation, the Group adopts the valuation technique which is applicable to the current situation and supportable by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered by market participants in relevant transactions of assets or liabilities, and gives priority to the use of relevant observable inputs. Where observable inputs are unavailable or impractical to obtain, unobservable inputs are used.

3. Derecognition of Financial Instruments

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

When an investment in equity instrument measured at fair value through other comprehensive income is derecognised, the difference between the carrying amount and the consideration received as well as any cumulative changes in fair value that were previously recognised directly in other comprehensive income is recognised in retained earnings. For other financial assets when they are derecognised, the difference between the carrying amount and the consideration received as well as any cumulative changes in fair value that were previously recognised directly in other comprehensive income is recognised in profit or loss for the current period.

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

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

1. Scope of Expected Credit Losses

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

2. Methods for Determining Expected Credit Losses

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

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

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

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

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

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

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XII) Inventories

1. Classification of inventories

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

2. Costing of inventories

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

3. Inventory system

The perpetual inventory system is used.

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIII) Contract Assets and Contract Liabilities

1. Contract Assets

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

2. Contract Liabilities

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

(XIV) Long-term equity investments

1. Criteria for Joint Control and Significant Influence

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

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIV) Long-term equity investments (Continued)

2. *Determination of Initial Investment Cost*

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

3. *Subsequent measurement and recognition of related profit and loss*

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

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

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIV) Long-term equity investments (Continued)

3. Subsequent measurement and recognition of related profit and loss (Continued)

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

Unrealised gains or losses on transactions between the Group and its investees are eliminated to the extent of the Group's equity interest in the investees, based on which the investment income or losses are recognised. In preparing the consolidated financial statements, for the portion of unrealized internal transaction gains or losses attributable to the Group arising from downstream transactions in which the Group invests in or sells assets to the investee, the Group offsets the portion of unrealized revenues and costs or gains or losses on disposal of assets attributable to the Group on the basis of offsetting in the financial statements of the Group and adjusts investment income accordingly; for the portion of unrealized internal transaction gains and losses attributable to the Group arising from reverse flow transactions in which the investee invests in or disposes of assets to the Group, the Group eliminates the portion of unrealized internal transaction gains and losses attributable to the Group included in the book value of the relevant assets on the basis of elimination in the financial statements of the Company and adjusts the book value of the long-term equity investment accordingly. Any losses resulting from transactions between the Group and its investees, which are attributable to asset impairment losses are not eliminated.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XV) Investment properties

The Group's investment properties include buildings held for rental purposes. Investment properties are initially measured at cost and subsequently measured using the cost model. Subsequent expenditures relating to investment properties are recognized at the cost of investment properties when it is probable that the related economic benefits will flow to the Group and the cost can be measured reliably; otherwise, they are recognized in profit or loss for the current period as incurred.

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

Asset Category	Depreciation Method	Depreciation (year)	Residual values (%)	Annual depreciation rates (%)
Buildings	Straight-line method	20-45 years	4-5%	2.11%-4.80%

(XVI) Fixed assets

1. Fixed asset recognition conditions

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

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVI) Fixed assets (Continued)

2. Depreciation methods of fixed assets

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

Asset Category	Depreciation Method	Depreciation (year)	Residual values (%)	Annual depreciation rates (%)
Houses and buildings	Straight-line method	10-50 years	0%-5%	1.9%-10%
Machinery and equipment	Straight-line method	10-20 years	0%-5%	4.8%-10%
Transportation equipment and others	Straight-line method	5-10 years	0%-5%	9.5%-20%

3. Derecognition of Fixed Assets

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

(XVII) Construction in progress

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

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVIII) Borrowing costs

1. *Principles for capitalised of borrowing costs*

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

2. *Calculation of capitalised amount*

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIX) Intangible assets

1. Measurement of intangible assets

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

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

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

(1) Concession rights

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

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIX) Intangible assets (Continued)

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

(1) Concession rights (Continued)

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIX) Intangible assets (Continued)

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

(2) Land use rights

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

(3) Technical know-how and software

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

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIX) Intangible assets (Continued)

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

(4) Periodical review of useful life and amortisation method

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIX) Intangible assets (Continued)

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

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

Expenditures during the research phase of internal research and development projects are recognised as expenses when incurred. Expenditures during the development phase that meet the criteria for recognition as intangible assets are capitalised as intangible assets. Expenditure for the planned investigation, evaluation and selection phases for the study of the production process is expenditure for the research phase, which is recognised in profit or loss in the period in which it is incurred. Prior to mass production, expenditure in the relevant design and testing phases for the final application of the environmental protection equipment production process is expenditure on the development phase.

Criteria for distinguishing between the research phase and the development phase of internal research and development projects: capitalisation is permitted when the following conditions are simultaneously met:

The development of the environmental protection equipment production process has been fully demonstrated by the technical team;

Management has approved the budget for environmental protection equipment production process development;

Research and analysis of previous market survey indicate that the products produced by the environmental protection equipment production process have marketing capabilities;

Adequate technical and financial support for the development of the environmental protection equipment production process and subsequent mass production; and

Expenditure on environmental protection equipment production process development can be reliably collected.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XX) Impairment of long-term assets

Long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets, and other long-term assets are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of an asset is the higher of the fair value less the cost of disposal and the present value of the future cash flows expected to be derived from it. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the impairment test, the carrying amount of goodwill is allocated to the related asset group or group of asset groups which are expected to benefit from the synergies of the business combination. If the impairment result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in any subsequent periods.

(XXI) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which primarily include short-term employee benefits, post-employment benefits, retirement benefits and other long-term employee benefits.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXI) Employee benefits (Continued)

1. Accounting treatment of short-term employee benefits

The short-term employee benefits actually incurred are recognised as a liability in the accounting period in which the service is rendered by the employees to the Group, with a corresponding charge to the profit or loss for the current period, except where accounting standards require or permit inclusion in the cost of assets. Employee benefits incurred by the Group are recognised in profit or loss or the cost of related assets based on the actual amount incurred. If employee benefits are non-monetary, they are measured at fair value. Medical insurance, work-related injury insurance, maternity insurance, and other social insurance and housing provident fund contributions paid by the Group for employees, as well as trade union and employee education funds calculated in accordance with regulations, are determined based on the prescribed calculation basis and proportion during the accounting period in which the employees provide services, and the corresponding liabilities are recognised and included in profit or loss or the cost of related assets.

2. Accounting treatment of post-employment benefits

During the accounting period in which employees provide services, the Group recognises liabilities for the amounts payable to defined contribution plans and includes them in profit or loss or the cost of related assets. For defined benefit plans, the benefit obligations are attributed to the periods in which employees provide services using the projected unit credit method and included in profit or loss or the cost of related assets. During the reporting period, the Group's post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which are under the defined contribution plans.

3. Accounting Treatment for Termination Benefits

When the Group provides termination benefits to employees, it recognises the employee benefit liability arising from termination benefits on the earlier of the following dates: when the Group can no longer unilaterally withdraw the termination benefits offered under the redundancy plan or redundancy proposal; or when the Group recognises costs or expenses related to the restructuring involving the payment of termination benefits.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXI) Employee benefits (Continued)

4. Accounting Treatment for Other Long-term Employee Benefits

Other long-term employee benefits provided by the Group are accounted for in accordance with the relevant provisions for defined contribution plans if they meet the criteria for such plans; otherwise, they are accounted for in accordance with the relevant provisions for defined benefit plans, recognising and measuring the net liability or net asset of other long-term employee benefits.

(XXII) Share-based payments

The Group's share-based payments include equity-settled share-based payments and cash-settled share-based payments. For equity-settled share-based payments in exchange for employee services, the fair value of the equity instruments granted is measured. If there is an active market, the fair value is determined based on quoted prices in the active market; if there is no active market, valuation techniques are used, including reference to prices used in recent market transactions between knowledgeable and willing parties, reference to the current fair value of other substantially similar financial instruments, discounted cash flow methods, and option pricing models.

At each balance sheet date, based on the latest information on changes in the number of exercisable persons and the achievement of performance indicators, the estimated number of exercisable share options is revised, and the expenses to be recognised in each period are adjusted accordingly. For share-based payment expenses spanning multiple accounting periods, the expenses are generally allocated based on the proportion of the waiting period in each accounting period to the total waiting period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Revenue

The Group's specific principles and measurement methods for revenue recognition by business type:

1. Revenue from processing of sewage water and heating and cooling supply services

Revenue from sewage treatment and heating and cooling supply services is recognised when services are rendered. Revenue from processing of sewage water and heating and cooling supply services is a series of single obligations with the same substance and transfer mode, which can be clearly distinguished. The Group issues bills to customers according to the fixed unit price, sewage treatment capacity and cooling and heating area, and the revenue is recognised according to the amount of bills issued.

2. Revenue from construction of the concession project assets

Revenue from the construction services under the Service Concession Right Agreements ("**PPP project contract**") estimated on a "cost-plus" basis with reference to a prevailing market rate of gross margin applicable to similar construction services rendered, and contract assets are recognised as well.

3. Revenue from supply of tap water and recycled water

Revenue from supply of tap water and recycled water is recognised when the service has been rendered. Supply of tap water and recycled water is a series of single obligations with the same substance and transfer mode, which can be clearly distinguished. The Group issues bills to customers according to the fixed unit price and water supply quantity, and the revenue is recognised according to the amount of bills issued.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) **Revenue** (Continued)

4. Revenue from provision of pipeline connection services for recycled water

The Group provides the pipeline connection services for recycled water and recognises the revenue within a period of time according to the stage of completion to the total results agreed in the contract. On the balance sheet date, the Group re-estimates the stage of completion to reflect the actual status of contract fulfilment.

When the Group recognises revenue based on the stage of completion, the amount with an unconditional collection right obtained by the Group is recognised within accounts receivable, and the remainder is recognised as a contract asset. Meanwhile, loss provisions for accounts receivable and contract assets are recognised on the basis of ECL. If the contract price received or receivable exceeds the amount for the completed service, the excess portion will be recognised within contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

Contract costs include contract fulfilment costs and contract acquisition costs. Costs incurred for the provision of pipeline connection services for recycled water are recognised as contract fulfilment costs, which are recognised as the cost of sales of main operations based on the stage of completion when recognising revenue. Incremental costs incurred by the Group for the acquisition of service contracts for provision of pipeline connection services for recycled water are recognised as contract acquisition costs. For contract acquisition costs with an amortisation period within one year, the costs are recognised in profit or loss as incurred. For contract acquisition costs with an amortisation period beyond one year, the costs are included in profit or loss on the same basis as the recognition of revenue from the rendering of pipeline connection services for recycled water under the relevant contract. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the services net of the estimated cost to be incurred, the Group makes a provision for impairment for the excess portion and recognises it as an asset impairment loss. As at the balance sheet date, based on whether the amortisation period of the contract fulfilment costs is less than one year or more than one year as determined upon initial recognition, the amount of the Group's contract fulfilment costs (net of related provision for asset impairment) is presented as inventories or other non-current assets respectively. For contract acquisition costs with an amortisation period more than one year as determined upon the initial recognition, the amount net of any related provision for asset impairment is presented as an other non-current asset.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Revenue (Continued)

5. Revenue from provision of environmental protection equipment customisation services

The Group provides customisation services for environmental protection equipment and other deodorant equipment. If the stage of completion can be measured reliably, revenue and cost are recognised by reference to the percentage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the contract costs incurred as a percentage of total estimated costs of each contract. Variations in contract, claims and incentive payments are included to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. The environmental protection equipment sold by the Group is mainly the result of the scientific research and transformation of environmental protection patent technology.

6. Revenue from hazardous waste treatment

The Group provides incineration or landfill processing services for hazardous wastes and general solid wastes. The service is provided within a short period. The Group recognises the revenue when service is provided according to the actual processing amount of waste and the price agreed on the contract.

7. Revenue from contract operation

Revenue from contract operation is based on the service agreement. The revenue of a fixed total amount contract is recognised during the service period evenly. For contracts with agreed unit price of services, revenue shall be recognised during the period of service provision according to the quantity of services provided.

8. Technical service income

Technical service income shall be recognised within the service provision period specified in the contract according to the service unit price and the actual service quantity provided in the contract.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIV) Contract Costs

Contract costs include incremental costs incurred to obtain a contract and costs to fulfil a contract. Incremental costs incurred to obtain a contract ("**contract acquisition costs**") are costs that would not have been incurred if the contract had not been obtained. If such costs are expected to be recovered, the Group recognises them as contract acquisition costs and as an asset.

Costs incurred to fulfil a contract that are not within the scope of other accounting standards (such as inventories) and meet the following conditions are recognised as contract fulfilment costs: the costs relate directly to a current or anticipated contract, including direct labour, direct materials, manufacturing overheads (or similar costs), costs explicitly chargeable to the customer, and other costs incurred solely because of the contract; the costs generate or enhance resources that will be used to fulfil performance obligations in the future; and the costs are expected to be recovered.

Contract fulfilment costs recognised as assets with an amortisation period not exceeding one year or a normal operating cycle at initial recognition are included in "inventories" in the balance sheet. Contract fulfilment costs recognised as assets with an amortisation period exceeding one year or a normal operating cycle at initial recognition are included in "other non-current assets" in the balance sheet.

Contract acquisition costs recognised as assets with an amortisation period not exceeding one year or a normal operating cycle at initial recognition are included in "other current assets" in the balance sheet. Contract acquisition costs recognised as assets with an amortisation period exceeding one year or a normal operating cycle at initial recognition are included in "other non-current assets" in the balance sheet.

The Group amortises contract acquisition costs and contract fulfilment costs recognised as assets on the same basis as the recognition of revenue from the goods related to the assets, with the amortisation included in profit or loss. If the amortisation period of incremental costs incurred to obtain a contract does not exceed one year, the costs are expensed when incurred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIV) Contract Costs (Continued)

When the carrying amount of an asset related to contract costs exceeds the difference between the following two amounts, the Group recognises a provision for impairment for the excess amount as an asset impairment loss: the remaining consideration expected to be received for transferring the related goods; and the estimated costs to be incurred to transfer the related goods.

If factors causing previous impairment subsequently change, resulting in the difference between the two amounts exceeding the carrying amount of the asset, the previously recognised impairment loss is reversed, and the reversal is included in profit or loss, provided that the carrying amount after reversal does not exceed the carrying amount that would have been determined had no impairment been recognised.

(XXV) Government grants

1. *Types and accounting treatment of government grants*

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, excluding capital invested by the government as the owner. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to daily activities are included in other gains based on the economic substance of the transaction. Government grants unrelated to daily activities are included in non-operating income.

Government grants explicitly stipulated in government documents for the purchase or construction of long-term assets or for other purposes are recognised as asset-related government grants. For government grants where the subsidy object is not explicitly stipulated in government documents, the portion corresponding to the value of long-term assets that can be formed is treated as asset-related government grants, and the remaining portion is treated as income-related government grants. If it is difficult to distinguish, the entire government grant is treated as income-related government grants. Asset-related government grants are recognised as deferred income. The amount recognised as deferred income is amortised into profit or loss over the useful life of the related asset using a reasonable and systematic method.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXV) Government grants (Continued)

1. *Types and accounting treatment of government grants* (Continued)

Government grants other than asset-related government grants are recognised as income-related government grants. Income-related government grants used to compensate the Group for future related expenses or losses are recognised as deferred income and included in profit or loss when the related expenses are recognised. Income-related government grants used to compensate the Group for related expenses or losses incurred are directly included in profit or loss.

If the Group obtains policy-based preferential loan interest subsidies, and the finance department disburses the subsidy funds to the lending bank, which then provides loans to the Group at the preferential interest rate, the actual amount of the loan received is used as the carrying value of the loan, and the related borrowing costs are calculated based on the loan principal and the preferential interest rate. If the finance department disburses the subsidy funds directly to the Group, the Group offsets the corresponding interest subsidies against the related borrowing costs.

2. *Timing of Recognition of Government Grants*

Government grants are recognised when the conditions attached to the grants are met and the grants are receivable. Government grants measured at the receivable amount are recognised at the end of the period when there is conclusive evidence that the relevant conditions of the financial support policy are met and the financial support funds are expected to be received. Other government grants, except those measured at the receivable amount, are recognised when the subsidy funds are actually received.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVI) Deferred tax assets and deferred tax liabilities

1. Recognition of Deferred Tax

Deferred tax assets or deferred tax liabilities are recognised based on the difference between the carrying amount and the tax base of assets or liabilities (for items not recognised as assets or liabilities, the tax base is determined if it can be determined under tax laws), using the applicable tax rate for the period in which the asset is expected to be recovered or the liability settled.

2. Measurement of Deferred Tax

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. At the balance sheet date, if there is conclusive evidence that it is probable that sufficient taxable profit will be available in future periods to utilise deductible temporary differences, deferred tax assets not recognised in previous accounting periods are recognised. If it is probable that sufficient taxable profit will not be available in future periods to utilise deferred tax assets, the carrying amount of deferred tax assets is written down.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries and associates, except where the Group is able to control the timing of reversal of the temporary differences, and it is probable that the temporary differences will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVI) Deferred tax assets and deferred tax liabilities (Continued)

3. Basis for netting of deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities are presented on a net basis when the following conditions are met: the Group has a legally enforceable right to set off current tax assets and current tax liabilities; and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities that intend to settle current tax assets and current tax liabilities on a net basis or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax assets or deferred tax liabilities are expected to be recovered or settled.

(XXVII) Leases

At the commencement date of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration.

1. Lessee Accounting

At the commencement date of the lease, the Group recognises a right-of-use asset and a lease liability for leases other than short-term leases and leases of low-value assets, and recognises depreciation expense and interest expense over the lease term.

(1) Right-of-use assets

At the commencement date of the lease, the right-of-use asset is initially measured at cost. The cost includes the initial measurement amount of the lease liability, lease payments made at or before the commencement date less any lease incentives received, initial direct costs, and other costs.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) **Leases** (Continued)

1. ***Lessee Accounting*** (Continued)

(1) Right-of-use assets (Continued)

If it is reasonably certain that the Group will obtain ownership of the leased asset at the end of the lease term, the right-of-use asset is depreciated over the remaining useful life of the leased asset. If it is not reasonably certain that the Group will obtain ownership of the leased asset, the right-of-use asset is depreciated over the shorter of the lease term and the remaining useful life of the leased asset. When the recoverable amount is lower than the carrying amount of the right-of-use asset, the carrying amount is written down to the recoverable amount.

(2) Lease liability

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date of the lease. Lease payments include fixed payments, amounts payable upon exercise of a purchase option or termination option if it is reasonably certain that the option will be exercised, and other payments. Variable lease payments not included in the measurement of the lease liability are recognised in profit or loss when incurred.

The Group uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be readily determined, the Group's incremental borrowing rate is used as the discount rate. Interest expense on the lease liability is calculated for each period during the lease term using the periodic interest rate (i.e., the discount rate or revised discount rate adopted by the Group) and included in finance costs.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) **Leases** (Continued)

2. ***Basis of determination and accounting method for the simplified treatment of short-term leases and low-value asset leases by the lessee***

For short-term leases with a term of 12 months or less and leases of a low value individual asset (when new), the Group chooses to include the lease payments in the cost of the underlying assets or in the profit or loss for the current period on a straight-line basis over the lease term, instead of recognising right-of-use assets and lease liabilities.

3. ***The Group's lease classification standards and accounting treatment methods as lessor***

A lease is recognized as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset at the lease commencement date. An operating lease is a lease other than a finance lease.

(1) Operating leases

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs are capitalised and amortised over the lease term on the same basis as rental income recognition. Variable lease payments not included in the lease receivable are recognised as rental income when they are actually incurred.

(2) Accounting Treatment for Finance Leases

At the commencement of the lease, the difference between the sum of the finance lease receivable and the unguaranteed residual value, and their present value, is recognised as unearned finance income. This is subsequently recognised as lease income over the periods in which rental payments are received. The finance lease asset is derecognised at this point. Initial direct costs are included in the initial carrying amount of the finance lease receivable.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVIII) Other critical accounting estimates and judgements

1. *Critical judgements in applying the accounting policies*

Recognition of non-monetary assets exchanges that lack commercial substance

An exchange transaction has commercial substance: (1) the configuration (risk, timing and amount) of the future cash flows of the swapped-in asset differs from the configuration of the future cash flows of the swapped-out asset; or (2) the present value of estimated future cash flows arising from the use of the swapped-in asset differs from that arising from the continued use of the swapped-out asset, and the difference is significant relative to the fair value of the swapped-in and swapped-out assets.

The relocation of the Group's Xianyang Road Sewage Treatment Plant in Xiqing District, Tianjin and Dongjiao Sewage Treatment Plant in Dongli District, Tianjin and the corresponding recycled water plants as well as non-monetary assets exchange arrangements are conducted based on the instructions of Tianjin Municipal People's Government. The assets swapped in and out are under the same type, and the risks or rewards assumed or received by the Group have not changed significantly. Therefore, the non-monetary assets exchanges lack commercial substance.

2. *Critical accounting estimates and key assumptions*

The critical accounting estimates and key assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(1) Measurement of ECL

The Group calculates ECL based on the exposure at default and the ECL rates. The determination of the ECL rates is based on the probability of default and the loss given default. In determining the ECL rates, the Group uses data such as internal historical credit loss experience, and adjusts the historical data based on current conditions and forward-looking information.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVIII) Other critical accounting estimates and judgements (Continued)

2. *Critical accounting estimates and key assumptions* (Continued)

(2) Income taxes and deferred income taxes

The Group is subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Some subsidiaries of the Group are high-tech enterprises. The qualifications of high-tech enterprises is effective for an initial term of three years. After the termination of the qualification, it is necessary to submit a new application to the relevant government departments for the high-tech enterprises' status renewal. According to historical status renewal experience and the actual situation of these subsidiaries in the past, the Group believes that the subsidiaries can continue to obtain the approval for the renewal of the status of being high-tech enterprises. Hence, the Group calculates subsidiaries' corresponding deferred income tax at the preferential rate of 15%. If some of the subsidiaries' renewal application has not been approved after the expiry of the high-tech enterprises status, the income tax shall be calculated at the statutory tax rate of 25%. Deferred tax assets, deferred tax liabilities, and income tax expenses will be affected.

A deferred tax asset is recognised for the carryforward of unused deductible losses to the extent that it is probable that future taxable profits will be available against which the deductible losses can be utilised. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. The Group needs to apply estimates and judgements in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, adjustment may be made to the carrying amount of deferred tax assets.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVIII) Other critical accounting estimates and judgements (Continued)

2. *Critical accounting estimates and key assumptions* (Continued)

(3) Impairment of long-term assets

The Group assesses at each balance sheet date whether there is any indication that assets may be impaired. When i) the current market price of assets decreases significantly compared with the expected significant decline due to the passage of time or normal use; ii) the economic, technological, or legal environment in which the Group operates has undergone major adverse changes recently; iii) market interest rates or other market investment returns increase which affects the discount rate of the present value of future cash flows; and iv) the assets are obsolete or have been damaged or have become idle, the Group considers that there are signs of asset impairment. At each balance sheet date, the Group will evaluate the recoverable amount of the long-term assets that have shown signs of impairment. The assessment of the recoverable amount requires the Group to estimate the future cash flow and other conditions. When accounting estimates change, the carrying amount of long-term assets and the amount included in asset impairment losses will also change. Once the impairment provision is accrued, it cannot be reversed.

(4) Accounting estimates on impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of asset groups or groups of asset groups is the higher of fair value less the cost of disposal and the present value of the future cash flows expected to be derived from them. These calculations require the use of estimates.

If management revises the growth rate that is used in the calculation of the future cash flows of asset groups or groups of asset groups, and the revised rate is lower than the current rate, the Group would need to recognise further impairment against goodwill.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVIII) **Other critical accounting estimates and judgements** (Continued)

2. ***Critical accounting estimates and key assumptions*** (Continued)

(4) Accounting estimates on impairment of goodwill (Continued)

If management revises the gross profit margin that is used in the calculation of the future cash flows of asset groups or groups of asset groups, and the revised gross profit margin is lower than the one currently used, the Group would need to recognise further impairment against goodwill.

If management revises the pre-tax discount rate applied to the discounted cash flows, and the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognise further impairment against goodwill.

If the actual growth rate and gross profit margin are higher or the actual pre-tax discount rate is lower than management's estimates, the impairment loss of goodwill as previously recognised is not allowed to be reversed by the Group.

(XXIX) **Significant changes in accounting policies and changes in accounting estimates**

1. ***Significant Changes in Accounting Policies***

There were no significant changes in accounting policies of the Group during the reporting period.

2. ***Significant Changes in Accounting Estimates***

There were no significant changes in accounting estimates of the Group during the reporting period.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

IV. TAXATION

(I) The main categories and rates of taxes

Category	Tax base	Tax rate
Corporate income tax	Taxable income	15%, 25%
Value-added tax ("VAT")	The output tax amount calculated based on sales and applicable tax rates, net of deductible input tax	3%-13%
City maintenance and construction tax	Payment amount of VAT	7%, 5%
Educational surcharge	Payment amount of VAT	3%
Local educational surcharge	Payment amount of VAT	2%

Name of taxpayer	Income tax rate
Tianjin Capital Environmental Protection Group Company Limited	15%
Tianjin Caring Technology Development Co., Ltd.	15%
Hangzhou Tianchuang Capital Water Co., Ltd.	15%
Karamay Tianchuang Capital Water Co., Ltd.	15%
Inner Mongolia Bayannur Capital Water Co., Ltd.	15%
Dalian Oriental Chunliuhe Water Quality Purification Co., Ltd.	15%
Jiuquan Capital Water Co., Ltd.*（酒泉創業水務有限公司）	15%
Honghu Capital Water Co., Ltd.	15%
Chibi Capital Water Co., Ltd.*（赤壁創業水務有限公司）	15%
Xianning Capital Water Co., Ltd.	15%
Honghu Tianchuang Capital Water Co., Ltd.	15%
Wendeng Capital Water Co., Ltd.*（文登創業水務有限公司）	15%
Fuyang Capital Water Co., Ltd.*（阜陽創業水務有限公司）	15%
Guizhou Capital Water Co., Ltd.	15%
Xi'an Capital Water Co., Ltd.	15%

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

IV. TAXATION (Continued)

(II) Important tax incentives and approvals

(1) According to the Enterprise Income Tax Law, income from investment and operation of public infrastructure projects that are key national support, and income from engaging in qualified environmental protection, energy conservation and water conservation projects, are exempt from corporate income tax from the first to the third tax year, and are subject to a half-rate corporate income tax from the fourth to the sixth tax year, starting from the tax year in which the project obtains its first production and operation income. As of 30 June 2025, the following subsidiaries of the Group meet the above requirements and enjoy the preferential corporate income tax policy:

The following subsidiaries of the Group are in the first year of enjoying the above-mentioned preferential income tax policy and are therefore exempt from corporate income tax: Nil;

The following subsidiaries of the Group are in the second year of enjoying the above-mentioned preferential income tax policy and are therefore exempt from corporate income tax: Tianjin Tianchuang Green Energy New Energy Technology Co., Ltd., Honghu Tianchuang Environmental Protection Co., Ltd., Weng'an Capital Water Co., Ltd., Yingshang Capital Water Company Limited Phase II entrusted operation project, Jieshou Capital Water Co., Ltd.'s Ruiqi entrusted operation project and Zhongsen entrusted operation project;

The following subsidiaries of the Group are in the third year of enjoying the above-mentioned preferential income tax policy and are therefore exempt from corporate income tax: Shandong Chuangye Environment Service Co., Ltd., Karamay Tianchuang Water Co., Ltd., Enshi Capital Water Co., Ltd.;

The following subsidiaries of the Group are in the fourth year of enjoying the above-mentioned preferential income tax policy and are subject to a 50% reduction in corporate income tax: Huoqiu Capital Water Co., Ltd., Shibinggui Capital Water Co., Ltd., Jieshou Capital Water Co., Ltd. Yingnan sewage processing and Tianying sewage processing project;

IV. TAXATION (Continued)

(II) Important tax incentives and approvals (Continued)

(1) (Continued)

The following subsidiaries of the Group are in the fifth year of enjoying the above-mentioned preferential income tax policy and are subject to a 50% reduction in corporate income tax: Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd., Huize Capital Water Co., Ltd., Xi'an Capital Water Co., Ltd. sewage business upgrading and renovation projects;

The following subsidiaries of the Group are in the sixth year of enjoying the above-mentioned preferential income tax policy and are subject to a 50% reduction in corporate income tax: Hebei Guojin Tianchuang Capital Water Co., Ltd., Jieshou Capital Water Co., Ltd. Township sewage processing and Jinzhai sewage processing project, Chibi Capital Water Co., Ltd. upgrading and renovation projects, Shandong Tanchuang Environmental Protection Technology Development Co., Ltd.

(2) Tianjin Caring Technology Development Co., Ltd., a subsidiary of the Group, has obtained the High-tech Enterprise Certificate (Certificate No. GR202112000412) issued by Tianjin Science and Technology Bureau, Tianjin Finance Bureau and Tianjin Municipal Tax Service of the State Taxation Administration. The certificate is valid for 3 years, so the corporate income tax rate applicable to this year is 15%.

(3) According to The Corporate Income Tax Policy of Third-party Enterprises Engaged in Pollution Prevention and Control issued on 13 April 2019 (Announcement [2019] No. 60 issued by the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Ecology and Environment), corporate income tax shall be levied at a reduced rate of 15% from 1 January 2019 to 31 December 2021. On 24 August 2023, the State Taxation Administration issued the Announcement on Extending the Implementation Period of Partial Preferential Tax Policies (Cai Shui [2023] No. 38), which stipulates that the implementation period of the policy in Announcement [2019] No. 60 will be extended to 31 December 2027. The Group's subsidiaries, including Tianjin Capital Environmental Protection Group Company Limited, Hangzhou Tianchuang Capital Water Co., Ltd, Dalian Oriental Chunliuhe Water Quality Purification Co., Ltd., Honghu Capital Water Co., Ltd., Chibi Capital Water Co., Ltd., Xianning Chuangye Water Co., Ltd., Honghu Tianchuang Water Co., Ltd., Hefei Capital Water Co., Ltd., Wendeng Capital Water Co., Ltd., and Fuyang Capital Water Co., Ltd., comply with relevant requirements and are subject to a corporate income tax rate of 15% for this year.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

IV. TAXATION (Continued)

(II) Important tax incentives and approvals (Continued)

(4) According to the Announcement on the Extension of the Enterprise Income Tax Policy for the Western Development (Announcement No. 23 of 2020 of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission), from 1 January 2021 to 31 December 2030, enterprises in encouraged industries located in the western region will be subject to a reduced corporate income tax rate of 15%. The Group's subsidiaries, including Karamay Tianchuang Capital Water Co., Ltd, Inner Mongolia Bayannur Capital Water Co., Ltd., Jiuquan Capital Water Co., Ltd., Guizhou Capital Water Co., Ltd., Xi'an Capital Water Co., Ltd., and Linxia Capital Water Co., Ltd. have complied with relevant requirements for their other businesses except for the sewage upgrading and reconstruction project, and the applicable corporate income tax rate for this year is 15%.

(5) According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Improving the Value-Added Tax Policy for Comprehensive Utilization of Resources (Announcement of the Ministry of Finance and the State Administration of Taxation No. 40 of 2021) issued by the State Taxation Administration, and other relevant regulations, engagement in "sewage treatment service" and "recycled water business" included in the Catalogue of Preferential VAT on Products and Services for Comprehensive Utilisation of Resources is entitled to 70% refund of VAT upon collection, or applicable VAT exemption policies. The preferential policy, once selected, shall not be changed within 36 months. According to the above documents, the Group's subsidiaries, including Tianjin Capital Environmental Protection Group Company Limited, Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd., Hebei Guojin Tianchuang Sewage Treatment Co., Ltd., Hefei Capital Water Co., Ltd., Anhui Tianchuang Capital Water Co., Ltd., Hangzhou Tianchuang Capital Water Co., Ltd., Deqing Capital Water Co., Ltd., Qujing Capital Water Co., Ltd., Guizhou Capital Water Co., Ltd., Inner Mongolia Bayannur Capital Water Co., Ltd., Karamay Capital Water Co., Ltd., Huoqiu Capital Water Co., Ltd., Huoqiu Chuanghuan Water Co., Ltd., Hanshan Capital Water Co., Ltd. and Weng'an Capital Water Co., Ltd., are subject to value-added tax exemption. The value-added tax paid by other subsidiaries is levied and refunded at a rate of 70%.

IV. TAXATION (Continued)

(II) Important tax incentives and approvals (Continued)

(6) According to the relevant provisions of the "Announcement of the Ministry of Finance and the State Administration of Taxation on the Continuation of the Implementation of Tax Preferential Policies for Rural Drinking Water Safety Projects" (Announcement No. 58 of 2023 of the Ministry of Finance and the State Administration of Taxation), the tap water sales revenue obtained by the drinking water project operation and management units for providing domestic water to rural residents is exempt from value-added tax. This tax preferential policy will be implemented until 31 December 31 2027. The above tax preferential policies apply to the tap water sales revenue obtained by Hanshou Tianchuang Capital Water Co., Ltd., a subsidiary of the Group, from providing domestic water to rural residents in its tap water supply business.

(7) According to Cai Shui [2008] No. 47, since 1 January 2008, for revenues generated from products which were in line with national or industry standards, the taxable income amount is 90% of the total revenue. The taxable income of Tianjin Water Recycling Co., Ltd. and Inner Mongolia Bayannur Capital Water Co., Ltd., subsidiaries of the Group, is calculated at a 90% reduction on their recycled water business income.

(8) According to Announcement No. 56 of 2023 of the Ministry of Finance and the State Administration of Taxation on the Continuation of the Implementation of Relevant Tax Policies for Heating Enterprises, the heating fee income collected from residents is exempt from value-added tax according to the policy, and the public building part is subject to value-added tax at a rate of 9%. The above tax preferential policies are applicable to the Junliangcheng Branch of Tianjin Tianchuang Shengcheng New Energy Co., Ltd., a subsidiary of the Group.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS

(I) Cash and cash equivalents

Items	Closing balance	Opening balance
Cash on hand		
Cash at bank	2,308,772,998.03	2,665,499,259.40
Other cash balances	185,143,485.23	91,492,762.29
Total	2,493,916,483.26	2,756,992,021.69
Including: Gross amount of bank deposits overseas		8,684,249.85

Cash presented in the cash flow statement includes:

Items	Closing balance	Opening balance
Cash and cash equivalents	2,493,916,483.26	2,756,992,021.69
Less: Restricted cash at bank	185,143,485.23	91,492,762.29
Cash in the cash flow statement	2,308,772,998.03	2,665,499,259.40

Note: Restricted bank deposits are security deposits in respect of applications for unconditional and irrevocable letters of guarantee

(II) Notes receivable

1. *Classification of notes receivable*

Items	Closing balance	Opening balance
Bank acceptance notes	20,705,527.71	34,433,958.06
Sub-total	20,705,527.71	34,433,958.06
Less: Provision for bad debts		
Total	20,705,527.71	34,433,958.06

2. *Notes receivable endorsed or discounted at the end of the period but not yet due at the balance sheet date*

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance notes	27,092,167.46	1,812,282.67
Total	27,092,167.46	1,812,282.67

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Trade receivables

1. *Disclosure by age*

Ageing	Closing balance	Opening balance
Within 1 year	**2,572,325,655.94**	2,876,855,205.22
1 to 2 years	**1,267,590,293.76**	524,529,137.11
2 to 3 years	**196,550,021.89**	320,554,753.89
3 to 4 years	**240,326,244.67**	154,525,776.44
4 to 5 years	**91,319,976.56**	67,267,660.04
Over 5 years	**49,582,315.59**	40,946,976.94
Sub-total	**4,417,694,508.41**	3,984,679,509.64
Less: Provision for bad debts	**369,450,065.44**	394,853,174.49
Total	**4,048,244,442.97**	3,589,826,335.15

2. *Categorized and disclosed by methods of bad debt accrual*

	Closing balance				
	Book balance		Provision		
Category	Amount	Percentage (%)	Amount	Accrual ratio (%)	Book value
Accounts receivable for which bad debt provision is made on an individual basis	1,848,191,425.31	41.84	181,287,280.12	9.81	1,666,904,145.19
Accounts receivable for which provision for bad debts is made on a portfolio basis	2,569,503,083.10	58.16	188,162,785.32	7.32	2,381,340,297.78
Including: Group 3: Government clients	1,991,147,446.55	45.07	158,356,059.10	7.95	1,832,791,387.45
Group 4: Other clients	578,355,636.55	13.09	29,806,726.22	5.15	548,548,910.33
Total	4,417,694,508.41	100.00	369,450,065.44	8.36	4,048,244,442.97

	Opening balance				
	Carrying amount		Provision		
Category	Amount	Percentage (%)	Amount	Accrual ratio (%)	Book value
Accounts receivable for which bad debt provision is made on an individual basis	1,659,206,468.20	41.64	235,241,053.00	14.18	1,423,965,415.20
Accounts receivable for which provision for bad debts is made on a portfolio basis	2,325,473,041.44	58.36	159,612,121.49	6.86	2,165,860,919.95
Including: Group 3: Government clients	1,795,727,584.06	45.07	139,375,430.99	7.76	1,656,352,153.07
Group 4: Other clients	529,745,457.38	13.29	20,236,690.50	3.82	509,508,766.88
Total	3,984,679,509.64	100.00	394,853,174.49	9.91	3,589,826,335.15

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Trade receivables (Continued)

(1) Significant individual provision for bad debts on receivables

Name	Closing balance Book balance	Provision for bad debts	Provision ratio (%)	Notes
Tianjin Water Authority Bureau	1,234,364,369.01	1,760,191.29	0.14	(a)
Xi'an Infrastructure Construction and Investment Group Co., Ltd.	179,949,459.73	315,561.88	0.18	(a)
Guiyang Water Authority Bureau	32,579,223.30	181,357.51	0.56	(a)
Hangzhou City Water Facilities and River Protection Management Center	26,988,376.45	10,073.01	0.04	(a)
Hangzhou Sewage Company	10,383,118.33	4,153.25	0.04	(a)
Qujing Sewage Company	241,515,813.77	72,496,331.63	30.02	(b)
Jinghai Development Area Management Committee	50,648,842.24	41,483,915.61	81.90	(c)
Tianjin City Appearance Sanitation Construction Development Co. Ltd.	18,639,819.98	11,913,293.44	63.91	(d)
Tianjin Ziya Environmental Protection Industrial Park Co. Ltd.	16,246,967.98	16,246,967.98	100.00	(e)
Tianjin Shuangkou Municipal Solid Waste Landfill	14,208,214.72	14,208,214.72	100.00	(e)
Urad Front Banner Finance Bureau	10,727,820.80	10,727,820.80	100.00	(f)
Urad Rear Banner Finance Bureau	10,391,803.00	10,391,803.00	100.00	(f)
Tianjin Goldin International Club Co. Ltd.	1,547,596.00	1,547,596.00	100.00	(g)
Total	1,848,191,425.31	181,287,280.12	9.81	

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Trade receivables (Continued)

(1) *Significant individual provision for bad debts on receivables* (Continued)

Explanations:

(a) As these clients are provincial and municipal governments or their representatives, whose ability to meet their contractual obligations may not be weakened even if there are adverse changes in the economic and business situation over a long period, then the receivables of the Group from Tianjin Water Authority Bureau, Xi'an Infrastructure Investment Group, Hangzhou City Water Facilities and River Protection Management Centre, Guiyang Water Authority Bureau, and Hangzhou Drainage Co., Ltd., have a lower credit risk. Based on the historical experience, the Group maintains continuous receiving and there was no actual bad debt loss. Therefore, the Group estimates that the lifetime ECL rate is from 0.04% to 0.56%.

(b) Receivables from Qujing Sewage Company are composed of sewage treatment fee and tap water fee. As the receivables of sewage treatment fee and tap water fee have a longer repayment period than ordinary government clients, indicating high credit risk. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rate is 30.02%.

(c) Receivables of Tianjin Jinghai Capital Water Co., Ltd, a subsidiary of the Group, from Tianjin Jinghai Development Area Management Committee comprise sewage treatment fees, whose repayment period is much longer than that of general government clients, are under high credit risk. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rate is 81.90%.

(d) Receivables of the Group from Tianjin City Appearance Sanitation Construction Development Co. Ltd. comprise technical services fees. The repayment period is longer than that of general government clients. The receivables from them are under high credit risk. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rates are 63.91%.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Trade receivables (Continued)

(1) Significant individual provision for bad debts on receivables (Continued)

Explanations: (Continued)

(e) Receivables of the Group from Tianjin Ziya Environmental Protection Industrial Park Co. Ltd. and Tianjin Shuangkou Municipal Solid Waste Landfill ("Shuangkou Solid Waste") comprise contract operation fees and technical services fees, respectively. The client had no transactions with the Group during the year. The receivables from them are under high credit risk. Considering factors such as the debtor's actual performance, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rate is 100%.

(f) Receivables from Urad Front Banner Finance Bureau and Urad Rear Banner Finance Bureau comprise sewage treatment fees, whose repayment period is much longer than that of general government clients, are under high credit risk. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rate is 100%.

(g) Receivables of the Group from Tianjin Goldin International Club Co. Ltd. comprise recycled water supply fees. Tianjin Goldin International Club Co. Ltd. had no transactions with Tianjin Water Recycling Co., Ltd. during the year. Considering factors such as the debtor's actual performance, historical repayment experience, and ageing, the Group estimates that the lifetime ECL rate is 100%.

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Trade receivables (Continued)

(2) Accounts receivable with provision for bad debts by group based on credit risk characteristics

① Group 3: Receivables from government clients

Ageing	Closing balance Carrying amount	Closing balance Provision for bad debts	Closing balance Provision Percentage (%)	Opening balance Carrying amount	Opening balance Provision for bad debts	Opening balance Provision Percentage (%)
Within 1 year	1,329,162,527.51	20,624,090.40	1.55	1,169,529,363.63	22,100,078.44	1.89
1 to 2 years	412,653,801.15	47,496,452.51	11.51	424,288,243.00	48,828,045.06	11.51
2 to 3 years	199,340,757.01	55,257,257.84	27.72	172,252,270.84	47,756,088.10	27.72
3 to 4 years	37,213,937.85	22,201,835.32	59.66	22,229,656.59	13,263,169.39	59.66
4 to 5 years	7,918,123.03	7,918,123.03	100.00	4,432,550.00	4,432,550.00	100.00
Over 5 years	4,858,300.00	4,858,300.00	100.00	2,995,500.00	2,995,500.00	100.00
Total	1,991,147,446.55	158,356,059.10	–	1,795,727,584.06	139,375,430.99	–

② Group 4: Receivables from other clients

Ageing	Closing balance Carrying amount	Closing balance Provision for bad debts	Closing balance Provision Percentage (%)	Opening balance Carrying amount	Opening balance Provision for bad debts	Opening balance Provision Percentage (%)
Within 1 year	347,053,373.93	3,991,113.80	1.15	394,322,393.85	4,529,170.29	1.15
1 to 2 years	128,881,318.61	5,864,100.00	4.55	73,120,988.26	3,329,493.39	4.55
2 to 3 years	64,028,353.17	5,570,466.73	8.70	31,606,556.17	2,749,209.88	8.70
3 to 4 years	18,500,108.25	3,217,168.82	17.39	19,967,727.12	3,473,082.90	17.39
4 to 5 years	15,998,177.64	7,269,571.92	45.44	8,380,565.68	3,808,507.74	45.44
Over 5 years	3,894,304.95	3,894,304.95	100.00	2,347,226.30	2,347,226.30	100.00
Total	578,355,636.55	29,806,726.22	–	529,745,457.38	20,236,690.50	–

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Trade receivables (Continued)

3. *Information on provision for bad debts*

Category	Opening balance	Amount of changes in the current period Provision	Collected or reversed	Write-off	Other changes	Closing balance
Provision for bad debts on an individual basis	235,241,053.00		53,953,772.88			181,287,280.12
Accounts receivables with provision for bad debts by group	159,612,121.49	28,550,663.83				188,162,785.32
Total	394,853,174.49	28,550,663.83	53,953,772.88			369,450,065.44

Significant reversals or recoveries of accounts receivable provisions occurred during the current period.

Name of entities	Amount	Reason for reversal	Recovered	The basis for determining the original bad debt provision ratio and its rationality
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)	53,253,772.88	Recovered amount	Cash	Considering factors such as the debtor's actual performance ability, historical repayment experience and ageing, estimates that the lifetime ECL rate is 57.02%.
Total	53,253,772.88	–	–	–

4. *Actual Write-offs of Accounts Receivable*

The amount of accounts receivable actually written off during the period was RMB0.00.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Trade receivables (Continued)

5. Information on accounts receivable and contract assets of the top five closing balances by debtors

Name of entities	Trade receivables	Closing balance	Closing balance of contract assets	Accounts receivable and contract assets end of period Amount	% of accounts receivable and contract assets end of period balance Proportion of total (%)	Closing balance of bad debt provision
Tianjin Water Authority Bureau	1,234,364,369.01		1,234,364,369.01	27.94	1,760,191.29	
Jieshou Housing and Urban-Rural Construction Bureau	305,820,325.55		305,820,325.55	6.92	30,295,695.08	
Qujing Sewage Company	241,515,813.77		241,515,813.77	5.47	72,496,331.63	
Jiuquan Suzhou District People's Government	222,988,026.73		222,988,026.73	5.05	18,599,834.97	
Fuyang Urban Administration Bureau	203,494,368.69		203,494,368.69	4.61	15,473,174.80	
Total	2,208,182,903.75		2,208,182,903.75	49.99	138,625,227.77	

(IV) Receivables financing

1. Classification of Receivables financing

Items	Closing balance	Opening balance
Bank acceptance notes	2,000,000.00	7,024,347.00
Total	2,000,000.00	7,024,347.00

2. Receivables financing endorsed or discounted at the end of the period but not yet due at the balance sheet date

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance notes	2,000,000.00	
Total	2,000,000.00	

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(V) Prepayments

1. *Prepayments presented on ageing*

Ageing	Closing balance Amount	Closing balance Percentage (%)	Opening balance Amount	Opening balance Percentage (%)
Within 1 year	**18,768,090.17**	**72.77**	20,037,923.11	89.80
1 to 2 years	**6,204,300.03**	**24.06**	1,443,415.27	6.47
2 to 3 years	**101,581.52**	**0.39**	521,879.52	2.34
Over 3 years	**717,978.96**	**2.78**	311,099.44	1.39
Total	**25,791,950.68**	**100.00**	22,314,317.34	100.00

2. *Information on top five units with closing balances grouped by prepayment recipients*

Name of entities	Closing balance	Proportion of total closing balance of prepayments (%)
Tianjin Jinzhong Urban Renewal Construction and Development Company Limited	**6,972,477.06**	27.03
Tianjin Sanbo Water Technology Co., Ltd.	**3,982,884.47**	15.44
State Grid Tianjin Electric Power Company	**2,400,397.76**	9.31
Tianjin Dongli District Heating and Gas Management Center	**1,256,887.22**	4.87
Ningxiang Power Supply Branch of State Grid Hunan Electric Power Co., Ltd.	**941,744.42**	3.65
Total	**15,554,390.93**	60.30

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables

Items	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	120,645,813.05	97,353,300.68
Total	120,645,813.05	97,353,300.68

1. *Other receivables*

(1) Disclosure by age

Ageing	Closing balance	Opening balance
Within 1 year	113,337,620.35	88,306,241.65
1 to 2 years	3,776,185.38	3,456,441.79
2 to 3 years	2,685,110.28	889,331.50
Over 3 years	2,309,801.76	6,060,390.46
Sub-total	122,108,717.77	98,712,405.40
Less: Provision for bad debts	1,462,904.72	1,359,104.72
Total	120,645,813.05	97,353,300.68

(2) Disclosure by nature of payment

Nature of payment	Closing balance	Opening balance
Refund of VAT	92,365.42	260,580.41
Project deposits	79,018,318.14	85,062,284.85
Land recovery receivables	22,015,800.00	
Others	20,982,234.21	13,389,540.14
Sub-total	122,108,717.77	98,712,405.40
Less: Provision for bad debts	1,462,904.72	1,359,104.72
Total	120,645,813.05	97,353,300.68

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. *Other receivables* (Continued)

(3) Categorized and disclosed by methods of bad debt accrual

	Closing balance				
	Book balance		Provision		
Category	Amount	Percentage (%)	Amount	Accrual ratio (%)	Book value
Other accounts receivable for which provision for bad debts is made on a portfolio basis	122,108,717.77	100.00	1,462,904.72	1.20	120,645,813.05
Including: Group 5: Project deposits	79,018,318.14	64.71	1,163,201.54	1.47	77,855,116.60
Group 6: Others	42,998,034.21	35.21	299,703.18	0.70	42,698,331.03
Group 7: Government grants	92,365.42	0.08			92,365.42
Total	122,108,717.77	100.00	1,462,904.72	1.20	120,645,813.05

	Opening balance				
	Carrying amount		Provision		
Category	Amount	Percentage (%)	Amount	Accrual ratio (%)	Book value
Other accounts receivable for which provision for bad debts is made on a portfolio basis	98,712,405.40	100.00	1,359,104.72	1.38	97,353,300.68
Including: Group 5: Project deposits	85,062,284.85	86.18	1,059,401.54	1.25	84,002,883.31
Group 6: Others	13,389,540.14	13.56	299,703.18	2.24	13,089,836.96
Group 7: Government grants	260,580.41	0.26			260,580.41
Total	98,712,405.40	100.00	1,359,104.72	1.38	97,353,300.68

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. *Other receivables* (Continued)

(4) Information on bad debt provision accrual

Provision for bad debts	Stage 1 Next 12 months ECL	Stage 2 ECL throughout the lifetime (no credit impairment has occurred)	Stage 3 ECL throughout the lifetime (credit impairment has occurred)	Total
Balance as of 1 January 2025	**1,359,104.72**			1,359,104.72
Balance as of 1 January 2025 in this period				
– Transfers from stage 2				
– Transfers from stage 3				
– Reversal to stage 2				
– Reversal to stage 1				
Provision for this period	**103,800.00**			103,800.00
Transferred in this period				
Resale in this period				
Write-off in this period				
Other changes				
Balance as of 30 June 2025	**1,462,904.72**			1,462,904.72

(5) Information on the provision for bad debts

Category	Opening balance	Amount of changes in the current period Provision	Collected or reversed	Resale or Write-off	Other changes	Closing balance
Project deposits ageing	1,059,401.54	103,800.00				1,163,201.54
Others ageing	299,703.18					299,703.18
Total	1,359,104.72	103,800.00				1,462,904.72

Note: The VAT refunds receivable from local tax authorities represent government grants and are not subject to bad debt provisions.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. *Other receivables* (Continued)

(6) Information on other accounts receivable and contract assets of the top five closing balances by debtors

Name of entities	Nature of payment	Closing balance	Ageing	Proportion of total closing balance of other accounts receivable (%)	Closing balance of bad debt provision
Tianjin Dongli District Heating and Gas Management Center	Project deposits	50,083,000.00	Within 1 year	41.02	616,020.90
Tancheng County Natural Resources and Planning Bureau	Land recovery receivables	22,015,800.00	Within 1 year	18.03	
Wuhu Public Resources Trading Center	Project deposits	20,000,000.00	Within 1 year	16.38	246,000.00
Shanghai Installation Engineering Group Co., Ltd.	Others	3,210,046.92	Within 1 year	2.63	53,832.59
Shanghai Lianli Environmental Co., Ltd.	Others	1,900,754.70	Within 1 year	1.56	30,047.10
Total	–	97,209,601.62	–	79.62	945,900.59

(VII) Inventories

1. *Classification of inventories*

Item	Closing balance Carrying amount	Provision for decline/ provision for impairment of contract fulfilment costs	Carrying amount	Opening balance Carrying amount	Provision for decline/ provision for impairment of contract fulfilment costs	Carrying amount
Raw materials	25,585,026.90		25,585,026.90	26,665,869.36		26,665,869.36
Goods in stock	11,786,507.81		11,786,507.81	13,540,304.83		13,540,304.83
Spare parts and low value consumables	343,054.06		343,054.06	328,907.80		328,907.80
Total	37,714,588.77		37,714,588.77	40,535,081.99		40,535,081.99

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VIII) Non-current assets due within one year

Items	Closing balance	Opening balance
Long-term receivables to be settled within one year	**200,935,074.86**	199,090,708.41
Total	**200,935,074.86**	199,090,708.41

(IX) Other current assets

Items	Closing balance	Opening balance
Uncredited input VAT	**87,507,676.66**	90,487,059.89
Unverified input VAT	**8,370,148.09**	4,569,537.53
Prepaid income tax	**1,140,647.44**	14,034,188.64
Anguo sewage project assets	**33,065,000.00**	33,065,000.00
Sub-total	**130,083,472.19**	142,155,786.06
Less: Other current assets asset impairment provision	**33,065,000.00**	33,065,000.00
Total	**97,018,472.19**	109,090,786.06

Note: The Group conducted an impairment assessment of the relevant assets of Anguo sewage processing plant in previous year and made full amount provision for assets impairment.

(X) Long-term receivables

1. *Information on long-term receivables*

Items	Closing balance Carrying amount	Closing balance Provision	Closing balance Carrying amount	Opening balance Carrying amount	Opening balance Provision	Opening balance Carrying amount
Receivables from Tianjin Water Authority Bureau	**3,113,632,925.13**	**5,689,035.86**	**3,107,943,889.27**	3,113,391,886.79	5,689,035.86	3,107,702,850.93
Receivables from concession rights	**1,973,994,509.61**	**28,023,432.19**	**1,945,971,077.42**	1,944,011,537.53	28,023,432.19	1,915,988,105.34
Receivables from the Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans	**126,249,728.03**	**198,909.79**	**126,050,818.24**	139,128,577.05	198,909.79	138,929,667.26
Receivables from Bayannur Finance Bureau	**161,886,582.11**	**5,049,110.95**	**156,837,471.16**	161,886,582.11	5,049,110.95	156,837,471.16
Instalment sales of goods	**9,161,700.74**	**402,135.45**	**8,759,565.29**	8,896,516.90	389,380.53	8,507,136.37
Sub-total	**5,384,925,445.62**	**39,362,624.24**	**5,345,562,821.38**	5,367,315,100.38	39,349,869.32	5,327,965,231.06
Less: Long-term receivables to be settled within one year	**200,935,074.86**		**200,935,074.86**	199,090,708.41		199,090,708.41
Total	**5,183,990,370.76**	**39,362,624.24**	**5,144,627,746.52**	5,168,224,391.97	39,349,869.32	5,128,874,522.65

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

2. *Information on bad debt provision accrual for long-term receivables*

Category	Closing balance Book balance Amount	 Percentage (%)	 Provision Amount	 Accrual ratio (%)	 Book value
Long-term accounts receivable for which bad debt provision is made on an individual basis	3,239,882,653.16	60.16	5,887,945.65	0.18	3,233,994,707.51
Including: Receivables from Tianjin Water Authority Bureau	3,113,632,925.13	57.82	5,689,035.86	0.18	3,107,943,889.27
Receivables from the Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans	126,249,728.03	2.34	198,909.79	0.16	126,050,818.24
Accounts receivable for which provision for bad debts is made on a portfolio basis	2,145,042,792.46	39.84	33,474,678.59	1.56	2,111,568,113.87
Including: Receivables from concession rights	1,973,994,509.61	36.65	28,023,432.19	1.42	1,945,971,077.42
Receivables from Bayannur Finance Bureau	161,886,582.11	3.01	5,049,110.95	3.12	156,837,471.16
Instalment sales of goods	9,161,700.74	0.18	402,135.45	4.39	8,759,565.29
Total	5,384,925,445.62	100.00	39,362,624.24	0.73	5,345,562,821.38

Category	Opening balance Carrying amount Amount	 Percentage (%)	 Provision Amount	 Accrual ratio (%)	 Book value
Long-term accounts receivable for which bad debt provision is made on an individual basis	3,252,520,463.84	60.60	5,887,945.65	0.18	3,246,632,518.19
Including: Receivables from Tianjin Water Authority Bureau	3,113,391,886.79	58.01	5,689,035.86	0.18	3,107,702,850.93
Receivables from the Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans	139,128,577.05	2.59	198,909.79	0.14	138,929,667.26
Accounts receivable for which provision for bad debts is made on a portfolio basis	2,114,794,636.54	39.40	33,461,923.67	1.58	2,081,332,712.87
Including: Receivables from concession rights	1,944,011,537.53	36.21	28,023,432.19	1.44	1,915,988,105.34
Receivables from Bayannur Finance Bureau	161,886,582.11	3.02	5,049,110.95	3.12	156,837,471.16
Instalment sales of goods	8,896,516.90	0.17	389,380.53	4.38	8,507,136.37
Total	5,367,315,100.38	100.00	39,349,869.32	0.73	5,327,965,231.06

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

(1) Significant individual provision for bad debts on long-term receivables

	Closing balance			
Name of entities	Book balance	Provision for bad debts	Provision ratio (%)	Notes
Receivables from Tianjin Water Authority Bureau	3,113,391,886.79	5,689,035.86	0.18	Based on the historical collection experience and the expectation of future payment scheme, the Group has reclassified the present value of accounts receivable of which collection is expected to be exceeding 12 months as "long-term receivables". The ECL rate for the aforesaid long-term receivables during the lifetime is 0.18%, which is consistent with ECL rate as applied for the remaining accounts receivable with Tianjin Water Authority Bureau. The balance of loss provision is RMB5,689,035.86.
Receivables from the Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans	126,249,728.03	198,909.79	0.16	Receivables from toll road concession represent the amortised cost, using effective interest method, calculated with reference to a guaranteed minimum future traffic flow over the concession period. Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans is a public institution under the Tianjin municipal government, which has low credit risk. According to historical experience, the Group can collect the receivables within the agreed period. Therefore, the Group estimates that the ECL rate of this receivable item is 0.16%. The balance of loss provision is about RMB198,909.79.
Total	3,239,882,653.16	5,887,945.65	0.18	

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

(1) *Significant individual provision for bad debts on long-term receivables* (Continued)

		Opening balance			
Name of entities	Book balance	Provision for bad debts	Provision ratio (%)	Notes
Receivables from Tianjin Water Authority Bureau	3,113,391,886.79	5,689,035.86	0.18	Based on the historical collection experience and the expectation of future payment scheme, the Group has reclassified the present value of accounts receivable of which collection is expected to be exceeding 12 months as "long-term receivables". The ECL rate for the aforesaid long-term receivables during the lifetime is 0.18%, which is consistent with ECL rate as applied for the remaining accounts receivable with Tianjin Water Authority Bureau. The balance of loss provision is RMB5,689,035.86.
Receivables from the Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans	139,128,577.05	198,909.79	0.14	Receivables from toll road concession represent the amortised cost, using effective interest method, calculated with reference to a guaranteed minimum future traffic flow over the concession period. Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans is a public institution under the Tianjin municipal government, which has low credit risk. According to historical experience, the Group can collect the receivables within the agreed period. Therefore, the Group estimates that the ECL rate of this receivable item is 0.14%. The balance of loss provision is about RMB198,909.79.
Total	3,252,520,463.84	5,887,945.65	0.18	

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

(2) Long-term accounts receivable with provision for bad debts by group based on credit risk characteristics

Name	Closing balance Carrying amount	Closing balance Provision for bad debts	Closing balance Provision Percentage (%)	Opening balance Carrying amount	Opening balance Provision for bad debts	Opening balance Provision Percentage (%)
Receivables from concession rights	1,973,994,509.61	28,023,432.19	1.42	1,944,011,537.53	28,023,432.19	1.44
Receivables from Bayannur Finance Bureau	161,886,582.11	5,049,110.95	3.12	161,886,582.11	5,049,110.95	3.12
Instalment sales of goods	9,161,700.74	402,135.45	4.39	8,896,516.90	389,380.53	4.38
Total	2,145,042,792.46	33,474,678.59	1.56	2,114,794,636.54	33,461,923.67	1.58

Note:

(1) According to the Service Concession Right Agreements, the Group has the right to collect a determinable amount of cash from the recipients of the services for the Concession service periods. Receiving such consideration is recognised as long-term receivables upon completion of the construction of the assets of the concession project in accordance with Interpretation No. 14. The long-term receivables are received for a period of 10 to 30 years and the amortised cost is determined based on the effective interest rate. Since the clients are basically government clients other than the government clients of provincial capitals and municipalities directly under the central government, the ECL rate for the aforesaid longterm receivables is 1.42% during the lifetime. The balance of loss provision is about RMB28,023,432.19.

(2) Based on historical collection experience with Bayannur Finance Bureau and Bayannur Linhe District Finance Bureau and the expectation of future payment scheme, the Group has reclassified the present value of accounts receivable of which collection is expected to be exceeding 12 months as long-term receivables. Since the clients are government clients other than the government clients of provincial capitals and municipalities directly under the central government, the ECL rate for the aforesaid longterm receivables is 3.12% during the lifetime. The balance of loss provision is about RMB5,049,110.95.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

3. *Information on changes for bad debt provision for long-term receivables*

Category	Opening balance	Amount of changes in the current period				Closing balance
		Provision	Collected or reversed	Resale or Write-off	Other changes	
Long-term accounts receivable for which bad debt provision is made on an individual basis	5,887,945.65					5,887,945.65
Long-term accounts receivable with provision for bad debts by group based on credit risk characteristics	33,461,923.67	12,754.92				33,474,678.59
Total	39,349,869.32	12,754.92				39,362,624.24

Material reversals or recoveries of long-term receivable impairment provisions occurred during the reporting period: Nil

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

4. Long-term receivables written off during the period: Nil

(XI) Long-term equity investments

1. Information on long-term equity investments

		Changes during the period									
Investee units	Opening balance	Further increase of investments	Reduction of investments	Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Declaration of cash dividends or profits	Accrual of provision for impairment	Others	Closing balance	Closing balance of impairment provision
I. Joint ventures											
Tianjin International Machinery Co., Ltd.	22,356,908.58									22,356,908.58	22,356,908.58
Tianjin Bihai Sponge City Co., Ltd	190,200,882.52									190,200,882.52	–
Sub-total	212,557,791.10									212,557,791.10	22,356,908.58
Total	212,557,791.10									212,557,791.10	22,356,908.58

Note 1: Tianjin International Machinery Co., Ltd. is a limited company registered in Tianjin, the PRC. The businesses of International Machinery include research and development, production, sales and installation of valve and actuating device, heater exchanger and the whole set, environment protection equipment, and general mechanical equipment. As at 30 June 2025, the carrying amount of the investment had been reduced to zero.

Note 2: Tianjin Bihai Sponge City Co., Ltd. is a limited liability company registered in Tianjin. The businesses of Tianjin Bihai include constructions and operations of water treatment projects, procurement and maintenance of water treatment equipment, ecological maintenance, tourism development, ecological management, construction, operation and management of sponge city project, and construction and operation of municipal engineering. The Group, together with Origin Water Technology Co., Ltd. and Jiu'an Investment Group Co., Ltd., formed a consortium to win the bid for the construction PPP project of the sponge city in Jefang South Road area, Tianjin. After that, Tianjin Bihai was established on 30 July 2018. The Group invested RMB195,000,000.00 and holds 30% equity interest. As of 30 June 2025, the entity has been put into operation.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XII) Other equity instruments investment

Items	Opening balance	Changes during the period: Further increase of investments	Reduction of investments	Gains included in other comprehensive income for the current period	Losses included in other comprehensive income for the current period	Others	Closing balance
Tianjin Beifang Rencaigang Company Ltd.	2,000,000.00						2,000,000.00
Total	2,000,000.00						2,000,000.00

Items	Dividend income recognized in the period	Gains included in other comprehensive income on an accumulated basis	Losses included in other comprehensive income on an accumulated basis	Reason for designation at fair value through other comprehensive income
Tianjin Beifang Rencaigang Company Ltd.				Note
Total				

Note: Investments in other equity instruments represent the unlisted equity interests of Tianjin Beifang Rencaigang Co., Ltd. held by the Group and the shareholding ratio is 6.1%. The Group does not participate in or influence the financial and operational decisions of Tianjin Beifang Rencaigang Co., Ltd. in any way. Therefore, the Group has no significant influence on the above-mentioned invested company and accounts for it as investments in other equity instruments.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIII) Investment properties

1. *Investment properties measured at cost*

Items	Houses and buildings	Total
I. Original book value		
1. Opening balance	**11,099,915.88**	11,099,915.88
2. Additions in the current period	**10,329,344.34**	10,329,344.34
(1) Transfers from fixed assets	**10,329,344.34**	10,329,344.34
3. Closing balance	**21,429,260.22**	21,429,260.22
II. Accumulated depreciation and accumulated amortisation		
1. Opening balance	**3,442,742.88**	3,442,742.88
2. Additions in the current period	**3,775,143.25**	3,775,143.25
(1) Provision or amortisation	**336,184.08**	336,184.08
(2) Transfers from fixed assets	**3,438,959.17**	3,438,959.17
3. Closing balance	**7,217,886.13**	7,217,886.13
III. Carrying amount		
1. Closing book value	**14,211,374.09**	14,211,374.09
2. Opening book value	**7,657,173.00**	7,657,173.00

(XIV) Fixed assets

Category	Closing balance	Opening balance
Fixed assets	**1,661,960,796.24**	1,489,139,924.16
Clean up of fixed assets	**430,653.92**	428,573.92
Total	**1,662,391,450.16**	1,489,568,498.08

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIV) Fixed assets (Continued)

1. *Fixed assets*

(1) Information on fixed assets

Items	Houses and buildings	Machinery and equipment	Motor vehicles and others	Total
I. Original book value				
1. Opening balance	1,070,161,807.36	1,162,363,955.75	122,682,182.71	2,355,207,945.82
2. Additions in the current period	146,294,536.91	49,925,390.85	21,885,733.68	218,105,661.44
(1) Addition	146,294,536.91	26,391,289.78	15,433,827.58	188,119,654.27
(2) Transfer from construction in progress		23,534,101.07	6,451,906.10	29,986,007.17
3. Disposals in the current period	10,329,344.34	523,000.00	234,699.96	11,087,044.30
(1) Disposal or Scrapping		523,000.00	234,699.96	757,699.96
(2) Transfer to Investment properties	10,329,344.34			10,329,344.34
4. Closing balance	1,206,126,999.93	1,211,766,346.60	144,333,216.43	2,562,226,562.96
II. Accumulated depreciation				
1. Opening balance	272,879,055.70	506,745,323.69	86,443,642.27	866,068,021.66
2. Additions in the current period	10,535,658.54	20,742,419.58	6,429,348.33	37,707,426.45
(1) Provision	10,535,658.54	20,742,419.58	6,429,348.33	37,707,426.45
3. Disposals in the current period	3,438,959.17		70,722.22	3,509,681.39
(1) Disposal or Scrapping			70,722.22	70,722.22
(2) Transfer to Investment properties	3,438,959.17			3,438,959.17
4. Closing balance	279,975,755.07	527,487,743.27	92,802,268.38	900,265,766.72
III. Carrying amount				
1. Closing book value	926,151,244.86	684,278,603.33	51,530,948.05	1,661,960,796.24
2. Opening book value	797,282,751.66	655,618,632.06	36,238,540.44	1,489,139,924.16

2. *Clean up of fixed assets*

Items	Closing balance	Opening balance
Clean up of fixed assets	**430,653.92**	428,573.92
Total	**430,653.92**	428,573.92

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XV) Construction in progress

Category	Closing balance	Opening balance
Construction in progress	281,389,087.16	239,892,515.34
Total	281,389,087.16	239,892,515.34

1. Construction in progress

(1) Basic information on construction projects in progress

Items	Closing balance Carrying amount	Closing balance Provision for impairment	Closing balance Carrying amount	Opening balance Carrying amount	Opening balance Provision for impairment	Opening balance Carrying amount
Recycled Water Pipe Network Connection Project for the Main Urban Area of Tianjin Municipality (including First and Second Batch)	225,207,375.13		225,207,375.13	208,116,625.58		208,116,625.58
Other projects	56,181,712.03		56,181,712.03	31,775,889.76		31,775,889.76
Total	281,389,087.16		281,389,087.16	239,892,515.34		239,892,515.34

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XV) Construction in progress (Continued)

1. *Construction in progress* (Continued)

(2) Changes on material construction projects in progress

Name of project	Budget amount	Opening balance	Additions in the current period	Transferred in the current period Fixed assets	Other decreases in the current period	Closing balance
Recycled Water Pipe Network Connection Project for the Main Urban Area of Tianjin Municipality (including First and Second Batch)	641,000,000.00	208,116,625.58	17,090,749.55			225,207,375.13
Total	641,000,000.00	208,116,625.58	17,090,749.55			225,207,375.13

Name of project	Cumulative investment in the project as a percentage of budget (%)	Progress of the project (%)	Accumulated amount of interest capitalisation	Including: Amount of interest capitalisation for the current period	Interest capitalisation rate for the current period (%)	Source of funds
Recycled Water Pipe Network Connection Project for the Main Urban Area of Tianjin Municipality (including First and Second Batch)	63.54	63.54				Proceeds and self-owned funds
Total	–	–				–

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVI) Right-of-use assets

1. Information on right-of-use assets

Items	Houses and buildings	Machinery and equipment	Total
I. Original book value			
1. Opening balance	4,783,845.80	14,072,860.71	18,856,706.51
2. Additions in the current period	6,941,118.74		6,941,118.74
(1) New leases	6,941,118.74		6,941,118.74
3. Closing balance	11,724,964.54	14,072,860.71	25,797,825.25
II. Accumulated depreciation			
1. Opening balance	2,440,644.06	12,693,669.03	15,134,313.09
2. Additions in the current period	596,236.12	1,271,001.41	1,867,237.53
(1) Provision	596,236.12	1,271,001.41	1,867,237.53
3. Closing balance	3,036,880.18	13,964,670.44	17,001,550.62
IV. Carrying amount			
1. Closing book value	8,688,084.36	108,190.27	8,796,274.63
2. Opening book value	2,343,201.74	1,379,191.68	3,722,393.42

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVII) Intangible assets

1. Information on intangible assets

Items	Concession rights	Land use rights	Patents technology and software	Total
I. Original book value				
1. Opening balance	16,034,103,149.91	166,581,793.18	27,812,753.39	16,228,497,696.48
2. Additions in the current period	160,051,526.74		1,744,827.58	161,796,354.32
(1) Addition	160,051,526.74		1,744,827.58	161,796,354.32
3. Disposals in the current period		23,452,080.00		23,452,080.00
(1) Disposal		23,452,080.00		23,452,080.00
4. Closing balance	16,194,154,676.65	143,129,713.18	29,557,580.97	16,366,841,970.80
II. Accumulated amortisation				
1. Opening balance	5,058,069,522.08	59,483,204.30	13,238,504.57	5,130,791,230.95
2. Additions in the current period				
(1) Provision	294,903,026.60	3,650,563.72	739,926.81	299,293,517.13
3. Disposals in the current period		1,795,061.37		1,795,061.37
(1) Disposal		1,795,061.37		1,795,061.37
4. Closing balance	5,352,972,548.68	61,338,706.65	13,978,431.38	5,428,289,686.71
III. Provision for impairment				
1. Opening balance	151,700,283.38			151,700,283.38
2. Closing balance	151,700,283.38			151,700,283.38
IV. Carrying amount				
1. Closing book value	10,689,481,844.59	81,791,006.53	15,579,149.59	10,786,852,000.71
2. Opening book value	10,824,333,344.45	107,098,588.88	14,574,248.82	10,946,006,182.15

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVII) Intangible assets (Continued)

2. *The major items of changes in the original price of the concession right items are as follows:*

Items	31 December 2024	Increase during the year	30 June 2025	Accumulated amount of borrowing costs capitalized as at 31 December 2024	Increase in interest capitalization for the year	Accumulated amount of borrowing costs capitalized as at 30 June 2025
Sewage treatment plant and supporting pipeline network project in Chibi Lushui Industrial Park		50,000,000.00	50,000,000.00			
Phase II BOT Concession Project of the Wuhu Binjiang Sewage Water Treatment Plant.		34,954,080.61	34,954,080.61			
Sewage treatment plant in the north of Huoqiu County	9,900,000.00	41,100,000.00	51,000,000.00			
Karamay Nanjiao Water Treatment Plant Concession Project	497,485,794.45	19,205,340.09	516,691,134.54	314,556.62	613,142.17	927,698.79
No. 1 energy station concession project in Tianjin Houtai Park	201,192,573.99	9,803,044.03	210,995,618.02	4,736,065.81	1,507,775.10	6,243,840.91
Total	708,578,368.44	155,062,464.73	863,640,833.17	5,050,622.43	2,120,917.27	7,171,539.70

(XVIII) Development expenditures

Item	Opening balance	Additions in the current period: Internal Development expenditures	Additions in the current period: Others	Decrease in the current period: Recognized as Intangible assets	Decrease in the current period: Transfer to current profit or loss	Others	Closing balance
Data resources	454,099.24	900.00					454,999.24
Total	454,099.24	900.00					454,999.24

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIX) Goodwill

1. Original book value of goodwill

Items	Opening balance	Increase in the current period Formulated by merger of enterprises	Decrease in the current period Disposal	Closing balance
Jiangsu Yonghui	270,395,723.07			270,395,723.07
Gaoyou Compro	234,724,653.02			234,724,653.02
Total	505,120,376.09			505,120,376.09

2. Provision for impairment of goodwill

Items	Opening balance	Increase in the current period Provision	Decrease in the current period Disposal	Closing balance
Jiangsu Yonghui	270,395,723.07			270,395,723.07
Gaoyou Compro	234,724,653.02			234,724,653.02
Total	505,120,376.09			505,120,376.09

3. Information on the Cash-Generating Units or Groups of Cash-Generating Units Containing Goodwill

All the goodwill has been allocated by the Group to the relevant asset group at the equity transaction date. In 2025, the allocation of goodwill remains unchanged, and the corresponding asset groups are Jiangu Yonghui and Gaoyou Compro, which are included in “all other segments”.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XX) Deferred tax assets, deferred tax liabilities

1. *Deferred tax assets and deferred tax liabilities not yet offset*

Items	Closing balance		Opening balance	
	Deferred income tax assets/ liabilities	Deductible/ taxable temporary differences	Deferred income tax assets/liabilities	Deductible/ taxable temporary differences
Deferred income tax assets:				
Asset impairment provision	89,453,261.28	369,720,830.94	90,849,874.75	395,111,530.61
Deductible losses	5,410,095.58	21,640,382.33	5,410,095.58	21,640,382.33
Accruals	6,733,904.05	28,125,763.31	6,733,904.05	28,125,763.31
Recognition of revenue from concessions accounted for under the financial asset model	1,402,642.79	10,104,362.09	1,506,106.63	10,518,217.45
Lease liabilities	1,292,217.31	6,340,117.49	500,391.75	3,172,815.25
Provision of sewage services by installment payments	63,082,560.52	252,330,242.05	63,082,560.51	252,330,242.05
Sub-total	167,374,681.53	688,261,698.21	168,082,933.27	710,898,951.00
Deferred tax liabilities:				
Amortisation of intangible assets	111,733,909.31	531,351,124.28	131,997,898.70	527,991,594.80
Merger of enterprises not under common control	22,664,647.75	90,658,590.99	23,028,453.85	92,113,815.39
Recognition of revenue from concessions accounted for under the financial asset model	33,536,232.10	143,143,002.62	26,740,906.92	113,078,121.74
Right-of-use assets	1,353,436.66	6,868,533.20	577,304.31	3,764,003.80
Sub-total	169,288,225.82	772,021,251.09	182,344,563.78	736,947,535.73

2. *Deferred tax assets and deferred tax liabilities, presented at the net amount after offsetting*

Items	The amount of offset of deferred income tax assets and liabilities at the end of the period	Closing balance of deferred income tax assets or liabilities after offsetting	The amount of offset between deferred income tax assets and liabilities at the beginning of the period	Opening balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets	74,875,836.53	92,498,845.00	96,094,588.26	71,988,345.01
Deferred income tax liabilities	74,875,836.53	94,412,389.29	96,094,588.26	86,249,975.52

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XX) Deferred tax assets, deferred tax liabilities (Continued)

3. *Details of deferred income tax assets not recognized*

Items	Closing balance	Opening balance
Deductible temporary differences	753,130,919.20	753,130,919.21
Deductible losses	138,811,057.36	133,608,718.76
Share-based payments	12,026,536.46	17,348,504.29
Total	903,968,513.03	904,088,142.26

4. *The expiration of deductible losses for which no deferred income tax assets have been recognized in the following years*

Year	Closing balance	Opening balance
2025	9,129,762.00	4,198,987.58
2026	6,261,636.18	5,990,068.00
2027	48,979,452.04	48,979,456.04
2028	14,391,846.61	14,391,846.61
2029	60,048,360.53	60,048,360.53
Total	138,811,057.36	133,608,718.76

(XXI) Other non-current assets

Items	Closing balance Carrying amount	Closing balance Provision for impairment	Closing balance Carrying amount	Opening balance Carrying amount	Opening balance Provision for impairment	Opening balance Carrying amount
Input VAT to be deducted	167,472,363.31		167,472,363.31	154,235,490.85		154,235,490.85
Prepaid project payment	48,707,112.45		48,707,112.45	57,609,335.99		57,609,335.99
Prepaid equipment payment	1,638,112.27		1,638,112.27	6,111,401.08		6,111,401.08
Total	217,817,588.03		217,817,588.03	217,956,227.92		217,956,227.92

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXII) Assets with restricted ownership or use rights

	Situation as at the end of the period			Situation as at the beginning of the period		
Items	Carrying amount	Type of restriction	Situation of restriction	Carrying amount	Type of restriction	Situation of restriction
Cash and cash equivalents	185,143,485.23	Security deposits	Restricted	91,492,762.29	Security deposits	Restricted
Fixed assets	171,332,322.05	Mortgaged	Restricted	171,335,194.57	Mortgaged	Restricted
Intangible assets	4,260,030,103.92	Pledged	Restricted	3,799,014,308.30	Pledged/Mortgaged borrowings	Restricted
Long-term receivables (Including expiration within one year)	684,951,385.88	Pledged	Restricted	625,745,506.06	Pledged	Restricted
Total	5,301,457,297.08	/	/	4,687,587,771.22	/	/

(XXIII) Short-term borrowings

1. *Classification of short-term borrowings*

Borrowing conditions	Closing balance	Opening balance
Mortgaged	10,000,000.00	
Guaranteed	38,423,438.33	11,021,075.25
Credit borrowings	14,001,600.00	18,207,744.01
Total	62,425,038.33	29,228,819.26

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIV) Trade payables

1. Classification by age

Items	Closing balance	Opening balance
Up to and including 1 year	**654,742,041.91**	707,568,919.06
Over 1 years	**317,154,970.18**	239,396,254.45
Total	**971,897,012.09**	946,965,173.51

2. Significant accounts payable aged over one year

Items	Closing balance	Reasons for non-repayment or non-carryover
Source water charges payable by Qujing Capital Water Co., Ltd.	97,722,207.03	Qujing Capital Water Co., Ltd. usually arranges payments in accordance with the instructions of Qujing City Water Conservancy and Hydroelectricity Development and Investment Co., Ltd.
Project payment payable by Tianjin Water Recycling Co., Ltd.	43,164,456.80	According to the contract, the project payment payable by Water Recycling Company has not yet reached the settlement point, which also includes the cost of replacing and repairing reverse osmosis membranes at the Jingu Reclaimed Water Plant and the Zhangguizhuang Reclaimed Water Plant.
Total	140,886,663.83	/

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXV) Advance receipts

1. *Classification by age*

Items	Closing balance	Opening balance
Up to and including 1 year	**5,000.00**	508,010.02
Over 1 years	**508,010.02**	
Total	**513,010.02**	508,010.02

(XXVI) Contract liabilities

1. *Classification of contract liabilities*

Items	Closing balance	Opening balance
Prepayment of fees for cooling and heating supply projects	**109,152,098.43**	124,788,900.75
Advances from pipeline connection service	**125,468,825.09**	77,082,139.96
Pre-collection of road tolls	**46,120,000.00**	
Advances from hazardous waste disposal service	**14,466,873.11**	11,460,666.51
Prepayment of EPC contract	**11,414,027.34**	
Others	**7,517,401.85**	8,385,681.68
Total	**314,139,225.82**	221,717,388.90

(XXVII) Employee benefits payable

1. *Classification presentation of employee compensations payable*

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Short-term employee benefits	104,814,164.67	191,649,022.02	247,551,338.96	48,911,847.73
Post-employment benefits – defined contribution plans	438,144.94	31,535,400.42	31,359,631.60	613,913.76
Total	105,252,309.61	223,184,422.44	278,910,970.56	49,525,761.49

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVII) Employee benefits payable (Continued)

2. Information on short-term employee compensation

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Wages and salaries, bonus, allowances and subsidies	91,257,050.15	136,134,238.18	191,616,057.25	35,775,231.08
Staff welfare	289,573.11	9,216,672.24	9,305,225.35	201,020.00
Social security contributions	521,650.47	12,869,571.70	13,049,987.90	341,234.27
Including: Medical insurance	510,844.26	11,810,661.46	12,003,290.68	318,215.04
Work injury insurance	10,806.21	625,714.48	632,546.46	3,974.23
Maternity insurance		433,195.76	414,150.76	19,045.00
Housing funds	140,847.07	29,137,753.59	29,092,329.98	186,270.68
Labour union funds and employee education funds	12,605,043.87	4,290,786.31	4,487,738.48	12,408,091.70
Total	104,814,164.67	191,649,022.02	247,551,338.96	48,911,847.73

3. Defined contribution plans

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Basic pensions	322,146.45	22,182,253.49	21,950,821.75	553,578.19
Unemployment insurance	9,083.02	966,670.94	964,414.03	11,339.93
Enterprise annuity payment	106,915.47	8,386,475.99	8,444,395.82	48,995.64
Total	438,144.94	31,535,400.42	31,359,631.60	613,913.76

Note: each of the Company and its subsidiaries pays pension insurance premiums and unemployment insurance premiums to the relevant agencies on a monthly basis according to the payment base and proportion specified by the local labour and social security departments, and the payment shall not be used to offset the amount that the Group shall pay to its employee in the future.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVIII) Taxes payable

Items	Closing balance	Opening balance
Value-added tax ("VAT")	**21,598,442.48**	35,873,952.18
Corporate income tax	**26,310,156.16**	59,602,842.69
Land use tax	**3,368,970.58**	5,322,626.15
Property tax	**1,721,294.19**	2,765,668.30
Individual income tax	**40,679.34**	565,995.36
City maintenance and construction tax	**254,502.53**	266,378.71
Educational surcharge	**115,897.04**	304,638.36
Other taxes	**1,255,260.26**	6,450,879.39
Total	**54,665,202.58**	111,152,981.14

(XXIX) Other payables

Items	Closing balance	Opening balance
Dividend payable	**152,364,129.85**	7,986,980.00
Other payables	**930,233,722.60**	1,052,270,890.64
Total	**1,082,597,852.45**	1,060,257,870.64

1. Dividend payable

Items	Closing balance	Opening balance
Ordinary share dividends	**145,324,992.83**	
Dividends payable to non-controlling shareholders	**7,039,137.02**	7,986,980.00
Total	**152,364,129.85**	7,986,980.00

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIX) Other payables (Continued)

2. Other payable

(1) Classification by nature of payment

Items	Closing balance	Opening balance
Construction costs payable	**678,706,687.58**	721,209,499.80
Payable for purchases of fixed assets and intangible assets	**44,859,294.77**	116,882,401.92
Payable for the old Dongjiao sewage plant's assets transfer	**66,887,408.80**	66,987,858.80
Guarantee deposits payable	**38,405,732.85**	39,265,561.38
Others	**101,374,598.60**	107,925,568.74
Total	**930,233,722.60**	1,052,270,890.64

Note: In accordance with the obligations stipulated in the Tianjin Municipal Land Consolidation and Reserve Project Compensation Contract, the amount collected by the Group during the land leveling process of the Dongjiao Sewage Treatment Plant (Old Plant), which will subsequently be used to pay various types of expenses for this project.

2. Significant accounts payable aged over one year or overdue

Name of entities	Closing balance	Reasons for non-repayment or non-carryover
Wuhan Numicipal Construction Group Co., Ltd.	74,053,672.54	Payment after project progress
Tianjin Second Municipal Highway Engineering Co., Ltd.	22,045,850.77	Payment after project is completed
CCCC Tianjin Dredging Co., Ltd.	19,739,017.13	Payment after project is completed
China Construction Third Engineering Bureau Co., Ltd.	12,539,714.71	Payment after project is completed
Beijing Municipal Construction Group Co., Ltd.	12,497,335.74	Payment after project is completed
Total	140,875,590.89	/

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXX) Non-current liabilities due within a year

Items	Closing balance	Opening balance
Long-term borrowings to be settled within one year	**1,292,471,038.54**	1,414,132,953.46
Debentures payable to be settled within one year	**630,000,000.00**	630,000,000.00
Interest payable for the debentures to be settled within one year	**34,679,063.20**	15,625,961.83
Long-term payables to be settled within one year	**32,380,131.11**	30,992,045.28
Lease liabilities to be settled within one year	**1,149,156.50**	1,892,699.11
Borrowings from minority shareholders due within one year		99,090.41
Total	**1,990,679,389.35**	2,092,742,750.09

(XXXI) Other current liabilities

Items	Closing balance	Opening balance
Deferred output VAT	**15,684,557.33**	15,018,048.68
Discount of notes receivable not derecognised		4,714,205.25
Total	**15,684,557.33**	19,732,253.93

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXII) Long-term borrowings

Items	Closing balance	Opening balance
Pledged	**3,597,962,276.58**	3,602,611,428.42
Mortgaged	**22,226,795.83**	18,787,365.85
Guaranteed	**2,153,404,041.40**	2,272,944,921.85
Credit borrowings	**3,066,888,463.37**	2,934,196,560.31
Sub-total	**8,840,481,577.18**	8,828,540,276.43
Less: Long-term borrowings to be settled within one year	**1,292,471,038.54**	1,414,132,953.46
Total	**7,548,010,538.64**	7,414,407,322.97

Note 1: As at 30 June 2025, the guaranteed borrowings of RMB1,930,560,142.46 were guaranteed by the Group. The guaranteed borrowings of RMB222,843,898.94 were guaranteed by the Group and Karamay City Urban Construction Investment and Development Co., Ltd. The interests of guaranteed borrowings are paid monthly or quarterly; and the principal will be due for repayment in the years of 2025 to 2045.

Note 2: As at 30 June 2025, pledged borrowings of RMB3,213,136,812.30 were pledged by the Group's receivables from wastewater treatment charging rights and PPP project receivables; pledged borrowings of RMB260,715,464.28 were pledged by the Group's long-term equity investments; and pledged borrowings of RMB124,110,000.00 were pledged by future income rights from certain photovoltaic power generation projects. The interests of pledged borrowings are paid quarterly; and the principals will be respectively due for repayment in the years of 2025 to 2050.

The interests of pledged borrowings are paid quarterly; and the principals will be respectively due for repayment in the years of 2025 to 2043.

Note 3: As at 30 June 2025, the long-term borrowings of RMB22,226,795.83 were mortgaged by land use rights, buildings, machinery and equipment. The interests of mortgaged borrowings are paid quarterly; and the principals will be respectively due for repayment in the years of 2026 to 2028.

Note 4: As at 30 June 2025, the Group had no overdue long-term borrowings, and these long-term borrowings bore interest rates between 2.00% and 4.50%.

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIII) Debentures payable

Items	Closing balance	Opening balance
Par value	**1,130,000,000.00**	1,130,000,000.00
Accrued interest	**34,679,063.20**	15,625,961.83
Transaction cost	**-367,500.00**	-367,500.00
Sub-total	**1,164,311,563.20**	1,145,258,461.83
Less: Debentures payable to be settled within one year	**630,000,000.00**	630,000,000.00
Less: Accrued interest due within one year	**34,679,063.20**	15,625,961.83
Total	**499,632,500.00**	499,632,500.00

1. *Increase or decrease in bonds payable (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities)*

Name of bond	Par value	Coupon rate (%)	Issuance date	Period	Issuance amount
Medium-term notes	100.00	3.94	26 and 27 July 2022	3 years	630,000,000.00
Medium-term notes	100.00	2.50	23 August 2024	3 years	300,000,000.00
Medium-term notes	100.00	3.05	23 August 2024	5 years	200,000,000.00
Total	/	/	/	/	1,380,000,000.00

(continued)

Name of bond	Opening balance	Issued during the period	Interest provision at par value	Amortization of premiums and discounts	Repaid during the period	Closing balance	Whether in default or not
Medium-term notes	640,676,860.46		12,308,991.78			653,053,857.72	No
Medium-term notes	302,691,780.82		3,719,178.08			306,410,958.90	No
Medium-term notes	202,189,315.07		3,024,931.51			205,214,246.58	No
Total	1,145,625,961.83		19,053,101.37			1,164,679,063.20	

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIII) Debentures payable (Continued)

1. *Increase or decrease in bonds payable (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities)* (Continued)

Note 1: On 26 July 2022 and 27 July 2022, the Group issued 3-year green medium-term notes at par value of RMB630 million at the National Association of Financial Market Institutional Investors as approved by the National Association of Financial Market Institutional Investors [2020] GN22. The fixed interest rate of 3.94% has been accrued and settled per annum. The principal amount of the debenture will be repaid in one lump sum at the maturity date. The principal will be repaid on maturity date, which is 28 July 2025. As at 30 June 2025, this amount has been reclassified to current portion of non-current liabilities.

Note 2: On 23 August 2024, the Group issued a 3-year green medium-term notes with a par value of RMB300 million. The fixed interest rate of 2.50% has been accrued and settled per annum. The principal amount of the debenture will be repaid in one lump sum at the maturity date. The principal will be repaid on maturity date, which is 23 August 2027.

Note 3: On 23 August 2024, the Group issued a 5-year green rural revitalisation notes with a par value of RMB200 million. The fixed interest rate of 3.05% has been accrued and settled per annum. The principal amount of the debenture will be repaid in one lump sum at the maturity date. The principal will be repaid on maturity date, which is 23 August 2029.

(XXXIV) Lease liabilities

Items	Closing balance	Opening balance
Lease payment	**6,280,817.70**	3,256,982.66
Less: Unrecognised financial charges	**627,112.41**	84,167.30
Less: Lease liabilities to be settled within one year	**1,149,156.50**	1,892,699.11
Total	**4,504,548.79**	1,280,116.25

(XXXV) Long-term payables

Items	Closing balance	Opening balance
Long-term payables	**87,147,104.87**	102,593,539.92
Specialized accounts payable		
Total	**87,147,104.87**	102,593,539.92

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXV) Long-term payables (Continued)

1. *Classification of long-term payables*

Items	Closing balance	Opening balance
Payable for assets acquisition	183,235,829.42	204,094,530.16
Including: Unrecognised financial charges	63,708,593.44	70,508,944.96
Sub-total	119,527,235.98	133,585,585.20
Less: Long-term payables to be settled within one year	32,380,131.11	30,992,045.28
Total	87,147,104.87	102,593,539.92

2. *Relevant information on long-term payables is as follows:*

Creditor	Maturity Date	Effective interest rate	Long-term payables ending balance	Less: To be settled within one year	Long-term payables ending balance
Tianjin Drainage Company	20 March 2041	5.94%	119,527,235.98	32,380,131.11	87,147,104.87

Note 1: As at 31 December 2024, long-term payable to Tianjin Drainage Company ("Drainage Company") was the consideration payable by the Group in respect of the acquisition of sewage water processing assets from Drainage Company, net of unrecognised financing charges. Pursuant to Assets Transfer Agreement from Foreign Banks Loans About Haihe River Tianjin Sewage Processing Project and Beicang Sewage Processing Project (the "Transfer Agreement"), Sewage Company sold to the Group certain sewage processing assets. The down payment was RMB261,578,056.76, and remaining payments will be settled in RMB translated at exchange rates prevailing on each repayment date over the remaining 17 years. The fair value of the initial recognition of the payable balance was RMB430,314,460.59, which was calculated based on discounted future cash payments and discount rate of 5.94%.

Note 2: The balance of long-term payables are denominated in the following currencies:

Currency	Closing balance	Opening balance
JPY	109,369,430.78	114,360,471.97
USD	10,157,805.20	19,225,113.23
Total	119,527,235.98	133,585,585.20

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXV) Long-term payables (Continued)

2. *Relevant information on long-term payables is as follows:* (Continued)

Note 3: The amounts of long-term payables (including interest) are denominated in the following currencies:

Currency	Closing balance	Opening balance
JPY	171,720,056.13	182,972,850.74
USD	11,515,773.29	21,121,679.42
Total	183,235,829.42	204,094,530.16

The balance denominated in USD bears an interest rate at 6-month LIBOR plus 0.6%, whilst the balance denominated in JPY bears fixed interest rates at 1% and 1.55% per annum respectively.

Note 4: The long-term payables mature as follows. As at 30 June 2025, long-term payables to be settled within one year amounted to RMB32,380,131.11 (31 December 2024: RMB30,992,045.28), and were classified as current liabilities.

Currency	Closing balance	Opening balance
Within 1 year	32,380,131.11	30,992,045.28
1 to 2 years	10,641,087.61	11,004,136.34
2 to 5 years	27,949,928.79	28,906,058.27
Over 5 years	48,556,088.47	62,683,345.31
Total	119,527,235.98	133,585,585.20

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVI) Deferred revenue

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Asset related government grants	1,633,487,630.31	10,280,000.00	38,154,076.10	1,605,613,554.21
Income related government grants	4,488,507.38		184,134.38	4,304,373.00
Total	1,637,976,137.69	10,280,000.00	38,338,210.48	1,609,917,927.21

Details of deferred income are as follow:

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Asset related government grants	1,633,487,630.31	10,280,000.00	38,154,076.10	1,605,613,554.21
– Sewage processing project	1,288,466,194.55		34,365,697.66	1,254,100,496.89
Tianjin Jingu sewage water processing plant	950,834,898.25		25,642,569.74	925,192,328.51
Tianjin Jingu sewage water processing plant upgrading project	123,880,000.00		3,260,000.00	120,620,000.00
Tianjin Beichen sewage water processing plant upgrading project	68,400,000.00		1,800,000.00	66,600,000.00
Tianjin Xianyang Road-upgrading project	44,899,625.00		1,181,562.50	43,718,062.50
Tianjin Dongjiao sewage water processing plant upgrading project	31,505,799.85		829,104.38	30,676,695.47
Shijiazhuang Gaocheng project	29,043,522.47		518,634.36	28,524,888.11
Ningxiang upgrading project	19,613,679.75		465,517.26	19,148,162.49
Linxia reconstruction and extension project	7,786,606.36		159,999.98	7,626,606.38
Beishiqiao upgrading project	6,043,729.42		359,271.00	5,684,458.42
Chibi upgrading project	6,458,333.45		149,038.44	6,309,295.01
– Water recycling project	233,935,431.68		3,372,442.66	230,562,989.02
Tianjin Jingu Water Recycling Plant	171,738,255.30		2,772,442.66	168,965,812.64
Tianjin Dongiao water recycling project	17,031,000.00		337,500.00	16,693,500.00
Beichen water recycling project	14,962,000.00		262,500.00	14,699,500.00
Xianyanglu Water recycling project	10,204,176.38			10,204,176.38
Recycled Water Pipeline Connection Project in Tianjin City	20,000,000.00			20,000,000.00
– Cooling and heating supply project	111,086,004.08	10,280,000.00	415,935.78	120,950,068.30
Income related government grants	4,488,507.38		184,134.38	4,304,373.00
Total	1,637,976,137.69	10,280,000.00	38,338,210.48	1,609,917,927.21

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVII) Other non-current liabilities

Items	Closing balance	Opening balance
Compensation for Tianjin Cultural Center Energy Station Project	**26,000,000.00**	26,000,000.00
Borrowings payable to shareholders by subsidiaries	**1,990,000.00**	1,990,000.00
Total	**27,990,000.00**	27,990,000.00

(XXXVIII) Share capital

Items	Opening balance	Increase/decrease (+/-) in the current change					Closing balance
		Issue of new shares	Share grant	Conversion of provident funds to shares	Others	Sub-total	
Total number of shares	1,570,418,085.00						1,570,418,085.00

(XXXIX) Capital surplus

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Equity premium	1,098,763,837.78			1,098,763,837.78
Other capital surplus	16,202,174.22		4,935,607.60	11,266,566.62
Total	1,114,966,012.00		4,935,607.60	1,110,030,404.40

Note 1: As of 30 June 2025, the equity-settled share-based payments granted to employees by the Group did not meet the exercise conditions, resulting in the reversal of related costs and expenses, and a decrease in capital reserve of RMB4,935,607.60.

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XL) Surplus reserve

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	850,018,726.34			850,018,726.34
Total	850,018,726.34			850,018,726.34

Note: In accordance with the Group Law of the People's Republic of China and the Group's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulates to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities.

(XLI) Undistributed profits

Items	Amount for the current period	Amount for the previous period
Undistributed profit at the end of the previous period before adjustment	**6,133,464,906.76**	5,650,377,740.31
Adjusted undistributed profit at the beginning of the period	**6,133,464,906.76**	5,650,377,740.31
Add: Net profit attributable to owners of the parent for the period	**472,920,534.82**	807,210,626.05
Less: Appropriation of statutory surplus reserve		63,434,057.49
Appropriation of discretionary surplus reserve		
Ordinary share dividends payable	**266,971,074.45**	260,689,402.11
Capitalisation of ordinary share dividends		
Undistributed profits as at the end of the period	**6,339,414,367.13**	6,133,464,906.76

(XLII) Revenue and cost of sales

1. Information on revenue and cost of sales

Items	Incurred during the period		Incurred during the previous period	
	Revenue	Cost	Revenue	Cost
Main operations	**1,976,989,755.78**	**1,203,323,930.62**	2,125,152,063.78	1,300,241,027.29
Other operations	**200,925,740.94**	**158,275,593.85**	93,013,572.63	74,936,161.34
Total	**2,177,915,496.72**	**1,361,599,524.47**	2,218,165,636.41	1,375,177,188.63

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLII) Revenue and cost of sales (Continued)

2. *Analysis by the revenue*

Items	Incurred during the period		Incurred during the previous period	
	Revenue	**Cost**	Revenue	Cost
Main operations	**1,976,989,755.78**	**1,203,323,930.62**	2,125,152,063.78	1,300,241,027.29
Including: Sewage treatment and water plant facilities construction	**1,630,719,131.19**	**939,266,782.43**	1,813,490,613.01	1,068,713,345.67
Recycled water and auxiliary projects	**117,624,909.79**	**68,506,676.36**	140,252,299.57	83,285,981.77
Heating and cooling supply and related facilities construction	**104,048,291.25**	**84,568,916.02**	56,871,827.27	42,409,108.44
Hazardous waste treatment	**47,187,530.43**	**71,251,467.07**	70,140,135.97	78,910,186.83
Tap water and water plant facilities construction	**40,971,169.45**	**21,615,549.23**	39,590,354.88	23,754,418.67
Environmental protection equipment customisation				6,235.31
Others	**36,438,723.67**	**18,114,539.51**	4,806,833.08	3,161,750.60
Other operations	**200,925,740.94**	**158,275,593.85**	93,013,572.63	74,936,161.34
Including: Contract operation	**80,141,850.79**	**70,607,791.38**	76,275,143.79	65,922,951.05
Technical service	**89,811,101.12**	**67,081,592.11**	6,009,418.90	1,852,094.53
Sales of equipment	**2,072,005.76**	**2,477,746.89**	3,835,222.90	5,758,435.37
Others	**28,900,783.27**	**18,108,463.47**	6,893,787.04	1,402,680.39
Total	**2,177,915,496.72**	**1,361,599,524.47**	2,218,165,636.41	1,375,177,188.63

3. *Analysis by locations*

Items	Incurred during the period		Incurred during the previous period	
	Operating revenue	**Operating costs**	Operating revenue	Operating costs
Tianjin	**1,131,894,645.32**	**623,473,328.91**	1,094,823,113.79	567,161,466.02
Hangzhou	**129,389,184.04**	**67,007,466.72**	143,382,981.13	75,565,865.73
Xi'an	**103,905,310.57**	**68,828,223.11**	106,438,408.75	66,368,109.94
Fuyang	**61,321,993.29**	**30,081,762.91**	118,038,815.98	61,359,281.74
Others	**751,404,363.50**	**572,208,742.82**	755,482,316.76	604,722,465.20
Total	**2,177,915,496.72**	**1,361,599,524.47**	2,218,165,636.41	1,375,177,188.63

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLII) Revenue and cost of sales (Continued)

4. Information on the breakdown of operating revenues and operating costs

Items	Recognised over a period of time Operating revenue	Recognised over a period of time Operating costs	Recognised at a point in time Operating revenue	Recognised at a point in time Operating costs
Sewage water processing and water plant facilities construction and interest income from PPP projects	1,630,719,131.19	939,266,782.43		
Recycled water and auxiliary projects	117,624,909.79	68,506,676.36		
Heating and cooling supply and related facilities construction	104,048,291.25	84,568,916.02		
Hazardous waste treatment	47,187,530.43	71,251,467.07		
Tap water and water plant facilities construction	40,971,169.45	21,615,549.23		
Environmental protection equipment customisation				
Others	232,180,714.29	172,090,296.26	5,183,750.32	4,299,837.10
Total	2,172,731,746.40	1,357,299,687.37	5,183,750.32	4,299,837.10

5. Information about the Group's performance obligations

Items	Timing of satisfaction of performance obligations	Significant payment terms	Nature of goods/services to be transferred	Principal/Agent classification	Expected amounts refundable to customers	Type of warranty and related obligations
Sewage water processing and water plant facilities construction and interest income from PPP projects	Over time as construction and services are provided	Contract consideration typically settled based on treatment volume	Wastewater treatment and water treatment plant facilities construction	Yes	Nil	Nil
Recycled water and auxiliary projects	Over time as construction and services are provided	Recycled water treatment contracts typically settled based on treatment volume; ancillary works revenue recognised based on completion progress	Recycled water treatment and ancillary pipeline network construction	Yes	Nil	Assurance-type
Heating and cooling supply and related facilities construction	Over time as construction and services are provided	Contract consideration typically settled based on usage volume	Heating and cooling supply and related facilities construction	Yes	Nil	Assurance-type
Hazardous waste treatment	Over time as services are provided	Contract consideration typically settled based on treatment volume	Solid waste treatment; air pollution prevention services; air pollution control; wastewater treatment and recycling; water pollution control; water environment protection services	Yes	Nil	Nil
Tap water and water plant facilities construction	Over time as construction and services are provided	Contract consideration typically settled based on treatment volume	Tap water supply and water treatment plant facilities construction	Yes	Nil	Assurance-type
Environmental protection equipment customisation	Over time as manufacturing and installation services are provided	Contract consideration typically paid as contractually agreed	Customisation and sale of environmental protection equipment	Yes	Nil	Assurance-type

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIII) Tax expenses and surcharge

Items	Incurred during the period	Incurred during the previous period
Property tax	**19,663,855.30**	10,740,493.44
Land use tax	**11,373,701.28**	8,787,126.77
City maintenance and construction tax	**1,781,110.33**	992,441.61
Educational surcharge	**781,186.36**	444,726.27
Stamp duty	**761,931.50**	412,354.19
Local educational surcharge	**497,727.04**	60,993.22
Tax on resource	**295,943.40**	3,640.00
Vehicle and vessel tax	**39,772.13**	46,779.95
Others	**495,148.87**	919,950.78
Total	**35,690,376.21**	22,408,506.23

(XLIV) Selling expenses

Items	Incurred during the period	Incurred during the previous period
Employee benefits	**2,934,610.92**	3,558,382.65
Service fees	**463,272.32**	675,426.10
Travelling, meeting and business entertainment expenses	**148,546.09**	500,700.12
Depreciation of fixed assets	**126,821.19**	131,211.78
General office expenses	**30,554.11**	97,107.95
Others	**149,228.89**	151,326.06
Total	**3,853,033.52**	5,114,154.66

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLV) Administrative expenses

Items	Incurred during the period	Incurred during the previous period
Employee benefits	**68,916,426.10**	68,735,799.22
Consulting service fees	**5,795,462.34**	6,986,720.89
Depreciation of fixed assets	**4,159,608.82**	4,530,179.04
Repair and maintenance expenses	**3,221,094.51**	2,960,154.83
General office expenses	**1,826,252.14**	2,293,707.09
Travelling, meeting and business entertainment expenses	**1,532,135.01**	1,876,388.03
Amortisation of intangible assets	**1,039,824.55**	1,655,528.35
Audit fees	**1,437,113.20**	1,461,226.42
Utilities	**623,016.40**	733,358.32
Expenses of the board of directors	**51,117.78**	507,784.70
Others	**2,846,104.13**	2,961,423.76
Total	**91,448,154.98**	94,702,270.65

(XLVI) Research and development expenses

Items	Incurred during the period	Incurred during the previous period
Employee benefits	**12,823,553.70**	13,073,795.91
Raw materials consumption	**119,207.16**	431,152.56
Technology development expenses	**802,796.05**	1,094,958.68
Repair and maintenance expenses	**42,415.53**	225,082.68
Depreciation and amortization	**1,251,828.52**	1,193,752.34
Travelling, meeting and business entertainment expenses	**23,493.33**	122,472.30
Others	**1,240,151.95**	4,687,067.43
Total	**16,303,446.24**	20,828,281.90

(XLVII) Finance expenses

Items	Incurred during the period	Incurred during the previous period
Interest expenses	**162,323,446.95**	195,463,863.69
Less: Interest income	**13,480,060.49**	15,903,459.43
Less: Exchange gains	**-2,884,282.28**	-2,533,001.85
Other expenses	**414,539.69**	244,138.87
Total	**146,373,643.87**	177,271,541.28

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLVIII) Other income

Items	Incurred during the period	Incurred during the previous period	Related to assets/ related to income
Government grants	38,025,791.26	42,745,271.64	
Refund of VAT	2,006,313.52	1,214,881.59	Related to income
Withholding tax rebate	131,711.00	47,270.96	Related to income
Total	40,163,815.78	44,007,424.19	

1. *Government grants*

Items	Incurred during the period	Incurred during the previous period	Related to assets/ related to income
Sewage processing project			
Jingu sewage water processing plant	25,642,569.74	25,642,569.74	Related to assets
Jingu sewage water processing plant upgrading project	3,260,000.00	3,260,000.00	Related to assets
Beichen sewage water processing plant upgrading project	1,800,000.00	1,800,000.00	Related to assets
Xianyang Road-upgrading project	1,181,562.50	1,181,562.50	Related to assets
Dongjiao sewage water processing plant upgrading project	829,104.38	829,104.38	Related to assets
Others	1,652,461.04	1,652,461.08	Related to assets
Water recycling project			
Jingu Water Recycling Plant	2,772,442.66	2,772,442.66	Related to assets
Others	600,000.00	600,000.00	Related to assets
Cooling and heating supply project			Related to assets
Others			Related to income
Sub-total	37,738,140.32	37,738,140.36	
Government grants – One-off			
Tax subsidy			Related to income
Others	287,650.94	5,007,131.28	Related to income
Sub-total	287,650.94	5,007,131.28	
Total	38,025,791.26	42,745,271.64	

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIX) Gain from investments

Items	Incurred during the period	Incurred during the previous period
Investment income from disposal of long-term equity investments	829,978.35	
Total	829,978.35	

(L) Credit impairment losses

Items	Incurred during the period	Incurred during the previous period
Credit impairment losses for accounts receivable	25,403,109.05	-1,218,065.09
Other receivables credit impairment losses	-103,800.00	
Long-term receivables credit impairment losses	-12,754.92	
Total	25,286,554.13	-1,218,065.09

(LI) Gains on disposals of assets

Items	Incurred during the period	Incurred during the previous period
Gain or loss on disposal of non-current assets		
Including: Gain or loss on disposal of fixed assets	-3,912,711.08	-322.07
Gain or loss on disposal of intangible assets	358,781.37	
Total	-3,553,929.71	-322.07

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LII) Non-operating income

Items	Incurred during the period	Incurred during the previous period	Amount included in non-recurring profit or loss for the period
Profit on disposal of impaired/damaged non-current assets		11,000.00	
Government grants unrelated to ordinary activities	10,000.00		10,000.00
Receiving of compensation	83,945.52		83,945.52
Others	192,409.80	4,847,010.19	192,680.93
Total	286,355.32	4,858,010.19	286,626.45

(LIII) Non-operating expenses

Items	Incurred during the period	Incurred during the previous period	Amount included in non-recurring profit or loss for the period
Donation			
Loss on disposal of non-current assets	3,722.22	13,504.93	3,722.22
Others	65,859.12	113,519.37	65,859.12
Total	69,581.34	127,024.30	69,581.34

(LIV) Income tax expenses

1. Breakdown of income tax expenses

Items	Incurred during the period	Incurred during the previous period
Current income tax expense	**107,163,453.52**	104,739,330.95
Deferred income tax expense	**-12,475,695.13**	4,766,305.92
Total	**94,687,758.39**	109,505,636.87

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LIV) Income tax expenses (Continued)

2. *Adjustment process of accounting profits and income tax expenses*

Items	Amount
Total profit	585,590,509.96
Income tax expense calculated at statutory tax rates	146,397,627.49
Impact of varying tax rates applicable to subsidiaries	-45,787,227.41
Effect of adjustments to income tax of prior periods	3,690,365.32
Effect of non-taxable income	-22,348,256.03
Impact of non-deductible costs, expenses and losses	5,259,906.82
Effect of utilising previously unrecognised deferred tax assets from deductible losses	-1,136,642.36
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the period	8,611,984.55
Income tax expenses	94,687,758.38

(LV) Cash flow statement

1. *Cash relating to operating activities*

(1) Other cash received relating to operating activities

Items	Incurred during the period	Incurred during the previous period
Interest income from cash at bank	12,128,098.53	11,070,542.34
Government grants received	13,480,060.49	6,232,126.52
Deposit on project bids received	42,731,547.78	2,873,193.64
Others	28,694,673.25	79,099,793.71
Total	97,034,380.05	99,275,656.21

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LV) Cash flow statement (Continued)

1. *Cash relating to operating activities* (Continued)

(2) Cash paid relating to other operating activities

Items	Incurred during the period	Incurred during the previous period
Repair and maintenance expenses	**70,287,032.28**	76,392,490.86
Consulting service fees	**24,929,885.23**	16,310,583.65
Deposit on project bids paid	**41,926,999.18**	8,115,188.16
Travelling, meeting and business entertainment expenses	**1,128,858.47**	1,295,898.38
Expenses of the board of directors	**231,117.78**	507,784.70
Others	**4,629,492.66**	15,162,470.62
Total	**143,133,385.60**	117,784,416.37

2. *Cash paid relating to investing activities*

(1) Cash paid relating to other investing activities

Items	Incurred during the period	Incurred during the previous period
Net cash received from disposal of subsidiaries and other business units	**281,849.85**	
Payment of restricted security deposits	**93,650,722.94**	
Total	**93,932,572.79**	

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LV) Cash flow statement (Continued)

3. *Cash paid relating to financing activities*

(2) Cash paid relating to other investing activities

Items	Incurred during the period	Incurred during the previous period
Payment of assets acquisition	**17,974,418.46**	
Payment of lease liabilities	**4,498,948.21**	
Total	**22,473,366.67**	

(3) Changes in liabilities arising from financing activities

Items	Opening balance	Increase in the current period: Cash movement	Increase in the current period: Non-cash movement	Decrease in the current period: Cash movement	Decrease in the current period: Non-cash movement	Closing balance
Borrowing from banks (Including expiration within one year)	8,857,769,095.69	1,129,419,168.02	129,164,859.86	1,213,446,508.06		8,902,906,615.51
Debenture payable (Including expiration within one year)	1,145,258,461.83		19,053,101.37			1,164,311,563.20
Lease liabilities (Including expiration within one year)	3,172,815.36		6,981,327.60	4,498,948.21		5,655,194.75
Long-term payables (Including expiration within one year)	133,585,585.20		3,916,069.24	17,974,418.46		119,527,235.98
Other payables (Dividend payable)	7,986,980.00		268,162,786.72	123,785,636.87		152,364,129.85
Minority interests	1,128,426,816.16	19,758,000.00	17,982,216.75		1,578,072.49	1,164,588,960.42
Total	10,147,772,938.08	1,149,177,168.02	445,260,361.54	1,359,705,511.60	1,578,072.49	10,344,764,739.29

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVI) Supplement of cash flow statement

1. *Supplement of cash flow statement*

Items	Incurred during the period	Incurred during the previous period
1. Reconciliation from net profit to cash flows from operating activities		
Net profit	**490,902,751.57**	460,678,079.11
Add: Asset impairment provision		
Credit impairment losses	**-25,286,554.13**	-1,218,065.09
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	**37,707,426.45**	56,510,553.19
Depreciation of investment properties	**336,184.08**	
Depreciation of right-of-use assets	**1,867,237.53**	2,386,245.44
Amortisation of intangible assets	**299,293,517.13**	290,359,000.00
Loss on disposal of fixed assets, intangible assets and other long-term assets (gains marked with a "-")	**3,553,929.71**	322.07
Loss on retirement of fixed assets (gains marked with a "-")	**3,722.22**	
Financial expenses (gains marked with a "-")	**159,439,164.67**	192,930,861.84
Investment losses (gains marked with a "-")	**-829,978.35**	
Reduction of deferred income tax assets (increase marked with a "-")	**-20,510,499.99**	-1,253,338.10
Increase in deferred income tax liabilities (decrease marked with a "-")	**8,162,413.77**	6,472,903.53
Decrease in inventories (increase marked with a "-")	**2,820,493.22**	-6,483,479.48
Decrease in operating receivables (increase marked with a "-")	**-298,279,867.14**	-263,500,869.12
Increase in operating payables (decrease is shown with a "-")	**-135,993,448.42**	-297,882,000.00
Others	**-5,321,967.82**	
Net cash flows from operating activities	**517,864,524.50**	439,000,213.39
2. Net change in cash and cash equivalents		
Closing balance of cash	**2,308,772,998.03**	2,595,454,067.71
Less: Opening balance of cash	**2,665,499,259.40**	2,571,361,673.62
Add: Closing balance of cash equivalents	**2,665,499,259.40**	
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	**-356,726,261.37**	24,092,394.09

2. *Net cash received from disposal of subsidiaries during the period*

Items	Amount
Cash or cash equivalents received from disposal of subsidiaries in this period	**8,402,400.00**
Including: Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd.* (天津創業環保(香港)有限公司)	**8,402,400.00**
Less: Cash and cash equivalents held by the company on the date of loss of control	**8,684,249.85**
Including: Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd.* (天津創業環保(香港)有限公司)	**8,684,249.85**
Net cash received from disposal of subsidiaries	**-281,849.85**

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVI) Supplement of cash flow statement (Continued)

3. *Cash and cash equivalents*

Items	Closing balance	Opening balance
I. Cash	**2,308,772,998.03**	2,665,499,259.40
Including: Cash on hand		
Cash at bank that can be readily drawn on demand	**2,308,772,998.03**	2,665,499,259.40
II. Cash equivalents		
Including: Investments in bonds maturing within three months		
III. Balance of cash and cash equivalents as at the end of the Period	**2,308,772,998.03**	2,665,499,259.40
Including: Use of restricted cash and cash equivalents by the parent company or intra-group subsidiaries		

4. *Monetary funds other than cash and cash equivalents*

Items	Closing balance	Opening balance	Reasons
Restricted monetary funds	185,143,485.23	91,492,762.29	Restricted monetary funds are security deposits in respect of applications for unconditional and irrevocable letters of guarantee
Total	185,143,485.23	91,492,762.29	/

(LVII) Monetary items denominated in foreign currencies

1. *Monetary items denominated in foreign currencies*

Items	Balance of foreign currencies as at the end of the period	Exchange rate for translation	Translated Renminbi balance as at the end of the period
Cash and cash equivalents			
Including: HKD			
Long-term payables			
Including: USD	1,418,965.33	7.1586	10,157,805.20
JPY	2,205,295,616.00	0.0496	109,369,430.78

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

V. NOTES ON SIGNIFICANT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVIII) Leases

1. As lessee

Items	Amount
Variable lease payments capitalised into asset costs or recognised in current profit or loss but not included in lease liabilities	
Including: Short-term lease expenses capitalised into asset costs or recognised in current profit or loss under the simplified approach	6,342,279.99
Low-value asset lease expenses capitalised into asset costs or recognised in current profit or loss under the simplified approach	491,120.76
Total cash outflows relating to leases	11,566,888.08

2. As lessor

(1) Operating leases

Items	Leases revenue	Including: Variable lease payments related income not included in lease receivables
Olympic Sports City Office	334,209.35	
Rental Fee	228,571.43	
Finance City Property Lease	190,948.62	
Fortune China International Plaza Lease	72,694.86	
Others	9,734.51	
Total	836,158.77	

(LIX) Interim dividend

The Board of the Company did not propose any payment of interim dividend for the six month ended 30 June 2025 (30 June 2024: Nil).

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

VI. RESEARCH AND DEVELOPMENT EXPENSES

(I) Breakdown by nature of costs

Items	Incurred during the period	Incurred during the previous period
Employee benefits	**12,823,553.70**	13,073,795.91
Raw materials consumption	**119,207.16**	431,152.56
Technology development expenses	**802,796.05**	1,094,958.68
Repair and maintenance expenses	**42,415.53**	225,082.68
Depreciation and amortization	**1,251,828.52**	1,193,752.34
Utilities		85,929.75
Travelling, meeting and business entertainment expenses	**23,493.33**	122,472.30
Others	**1,241,051.95**	4,601,137.68
Total	**16,304,346.24**	20,828,281.90
Including: Expensed research and development expenses	**16,303,446.24**	20,828,281.90
Capitalised research and development expenses	**900.00**	

(II) Expenditures meeting capitalization criteria

Items	Opening balance	Additions in the current period		Decrease in the current period		Closing balance
		Internal Development expenditures	Others	Recognized as Intangible assets	Transfer to current profit or loss	
Data resources	454,099.24	900.00				454,999.24
Total	454,099.24	900.00				454,999.24

VII. CHANGES IN SCOPE OF CONSOLIDATION

(I) Disposal of subsidiary equity

1. Transaction or event that causes loss of control over the subsidiary

Name of subsidiaries	The point that loss of control	Disposal at the point that loss of control	Percentage of disposal at the point that loss of control (%)	Disposal method at the point that loss of control	Determining at the point that loss of control	Differences between the disposal and the share of the net assets of the subsidiary in the consolidated financial statements corresponding to the disposal investment	Percentage of remaining equity on the date of loss of control (%)	Carrying value of remaining equity in the consolidated financial statements on the date of loss of control	Fair value of remaining equity in the consolidated financial statements on the date of loss of control	Gains or losses arising from remeasurement of remaining equity to fair value	Method and key assumptions for determining the fair value of the remaining equity in the consolidated financial statements on the date of loss of control	Amount of other comprehensive income related to equity investment in the former subsidiary transferred to investment profit or loss or retained earnings
Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd.* (天津創業環保(香港)有限公司)	2025/2/18	29,973,500.00	100.00	Equity Transfer	The assigned director resigns from the board of directors	829,978.35						

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

VIII. EQUITY IN OTHER ENTITIES

(I) Equity in subsidiaries

1. *Composition of the enterprise group*

Name of subsidiaries	Major business location	Registered capital	Place of registration	Nature of business	Shareholding (%) Direct	Shareholding (%) Indirect	Acquisition method
Qujing Capital Water Co., Ltd.	Qujing	178.983082 million	Qujing	Sewage water processing and tap water supply	87.00	0.00	Capital contribution
Guizhou Capital Water Co., Ltd.	Guizhou	120 million	Guizhou	Sewage water processing	100.00	0.00	Capital contribution
Baoying Capital Water Co., Ltd.	Baoying	83 million	Baoying	Sewage water processing	70.00	0.00	Capital contribution
Hangzhou Tianchuang Capital Water Co., Ltd.	Hangzhou	377.445 million	Hangzhou	Sewage water processing	70.00	0.00	Capital contribution
Tianjin Capital New Materials Co., Ltd.	Tianjin	37.5 million	Tianjin	Manufacturing and sales of new building materials	71.00	0.00	Capital contribution
Fuyang Capital Water Co., Ltd.* (阜陽創業水務有限公司)	Fuyang	455.6887 million	Fuyang	Sewage water processing	100.00	0.00	Capital contribution
Wendeng Capital Water Co., Ltd.* (文登創業水務有限公司)	Wendeng	68.5274 million	Wendeng	Sewage water processing	100.00	0.00	Capital contribution
Tianjin Jinghai Capital Water Co., Ltd.	Tianjin	37.553 million	Tianjin	Sewage water processing	100.00	0.00	Capital contribution
Tianjin Water Recycling Co., Ltd.	Tianjin	100 million	Tianjin	Production and sales of recycled water, development and construction of water recycling facilities, and technical consulting services	100.00	0.00	Capital contribution
Xi'an Capital Water Co., Ltd.	Xi'an	476.17 million	Xi'an	Sewage water processing	100.00	0.00	Capital contribution
Tianjin Caring Technology Development Co., Ltd.	Tianjin	33.333333 million	Tianjin	Environmental engineering management and technical consulting, etc.	48.00	12.00	Capital contribution
Anguo Capital Water Co., Ltd.	Anguo	41 million	Anguo	Sewage water processing	100.00	0.00	Capital contribution
Wuhan Tianchuang Environmental Protection Co., Ltd.* (武漢天創環保有限公司)	Wuhan	201.9689 million	Wuhan	Sewage water processing and tap water supply	100.00	0.00	Capital contribution
Tianjin Jinning Capital Water Co., Ltd.* (天津津寧創環水務有限公司)	Tianjin	22.56 million	Tianjin	Sewage water processing	100.00	0.00	Capital contribution
Tianjin Jiayuanxing Innovative Energy Technology Co., Ltd.	Tianjin	212.95052 million	Tianjin	Development, consulting, service, and transfer of energy conservation and new energy technologies; and property management services	100.00	0.00	Capital contribution
Yingshang Capital Water Co., Ltd.* (潁上創業水務有限公司)	Yingshang	53 million	Yingshang	Sewage water processing	100.00	0.00	Capital contribution
Shandong Capital Environmental Protection Technology Co., Ltd.	Shandong	82 million	Shandong	Collection, storage and transportation of hazardous wastes	55.00	0.00	Capital contribution
Changsha Tianchuang Environmental Protection Co., Ltd	Changsha	46.0154 million	Changsha	Sewage water processing	81.00	0.00	Capital contribution
Karamay Tianchuang Capital Water Co., Ltd.	Karamay	120 million	Karamay	Sewage water processing	90.00	0.00	Capital contribution
Anhui Tianchuang Capital Water Co., Ltd.	Hefei	63.67 million	Hefei	Sewage water processing	100.00	0.00	Capital contribution
Linxia Capital Water Co., Ltd.* (臨夏市創業水務有限公司)	Linxia	65.91 million	Linxia	Sewage water processing	100.00	0.00	Capital contribution
Dalian Oriental Chunliuhe Water Quality Purification Co., Ltd.	Dalian	94.07934 million	Dalian	Sewage water processing	64.00	0.00	Capital contribution
Changsha Tianchuang Capital Water Co., Ltd.	Changsha	21.2522 million	Changsha	Sewage water processing	80.00	0.00	Capital contribution
Inner Mongolia Bayannur Capital Water Co., Ltd.	Bayannur	1067.5779 million	Bayannur	Sewage water processing, producing and sales of recycled water and supply of tap water	70.00	0.00	Business combinations involving entities not under common control
Honghu Tianchuang Capital Water Co., Ltd.	Honghu	131.3308 million	Honghu	Sewage water processing	85.00	0.00	Capital contribution
Hefei Capital Water Co., Ltd.	Hefei	205.9568 million	Hefei	Sewage water processing	100.00	0.00	Capital contribution
Deqing Capital Water Co., Ltd.	Deqing	60 million	Deqing	Sewage water processing	90.00	0.00	Capital contribution
Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.	Gaocheng	217.4969 million	Gaocheng	Sewage water processing, producing and sales of recycled water	59.00	0.00	Capital contribution
Hanshou Tianchuang Capital Water Co., Ltd.* (漢壽天創水務有限公司)	Hanshou	45 million	Hanshou	Supply of tap water	75.00	0.00	Capital contribution

VIII. EQUITY IN OTHER ENTITIES (Continued)

(I) Equity in subsidiaries (Continued)

1. *Composition of the enterprise group* (Continued)

Name of subsidiaries	Major business location	Registered capital	Place of registration	Nature of business	Shareholding (%)		Acquisition method
					Direct	Indirect	
Jiuquan Capital Water Co., Ltd.* (酒泉創業水務有限公司)	Jiuquan	178.2379 million	Jiuquan	Sewage water processing	89.00	0.00	Capital contribution
Huize Capital Water Co., Ltd.	Huize	41.2368 million	Huize	Centralised tap water supply and sewage water processing	79.00	0.00	Capital contribution
Huoqiu Capital Water Co., Ltd.	Huoqiu	41.283 million	Huoqiu	Sewage water processing	90.00	0.00	Capital contribution
Dongying Tianchi Environmental Technology Co., Ltd.	Dongying	136.3 million	Dongying	Solid waste treatment	51.00	0.00	Capital contribution
Honghu Tianchuang Environmental Protection Co., Ltd.	Honghu	60 million	Honghu	Sewage water processing	89.00	0.00	Capital contribution
Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd.	Tianjin	62.106 million	Tianjin	Sewage water processing	100.00	0.00	Capital contribution
Jiangsu Yonghui Resources Utilisation Co., Ltd.	Gaoyou	50 million	Gaoyou	Industrial solid waste incineration and disposal, general waste recycling, comprehensive utilisation	100.00	0.00	Business combinations involving entities not under common control
Gaoyou Compro Environmental Resources Co., Ltd.	Gaoyou	100 million	Gaoyou	Industrial solid waste incineration and disposal, general waste recycling, comprehensive utilisation	100.00	0.00	Business combinations involving entities not under common control
Shandong Tanchuang Environmental Protection Technology Development Co., Ltd.	Tancheng	110 million	Tancheng	Hazardous waste treatment and disposal	55.00	0.00	Division of existing subsidiary
Tianjin Jiayuan Kaichuang New Energy Technology Co., Ltd	Tianjin	80 million	Tianjin	Development, consulting, service, and transfer of energy conservation and new energy technologies; and property management services	100.00	0.00	Capital contribution
Tianjin Tianchuang Green Energy New Energy Technology Co., Ltd.* (天津天創綠能新能源科技有限公司)	Tianjin	84.59 million	Tianjin	Investment management; power generation business, transmission business, and power supply (distribution) business; heating services.	100.00	0.00	Capital contribution
Karamay Capital Water Co., Ltd	Karamay	113.8732 million	Karamay	Sewage water processing	100.00	0.00	Capital contribution
Enshi Capital Water Co., Ltd.* (恩施市創環水務有限公司)	Enshi	170.8609 million	Enshi	Sewage water processing	95.00	0.00	Capital contribution
Tianjin Tianchuang Environmental Technology Co., Ltd.	Tianjin	45 million	Tianjin	Technical services and development, consulting and transfer services, promotion services	100.00	0.00	Capital contribution
Hanshan Chuanghuan Water Co., Ltd.	Ma'anshan	91.2244 million	Ma'anshan	Sewage water processing	51.00	0.00	Capital contribution
Hanshan Capital Water Co., Ltd.	Ma'anshan	14.88 million	Ma'anshan	Sewage water processing	100.00	0.00	Capital contribution
Jieshou Capital Water Co., Ltd.* (界首市創業水務有限公司)	Jieshou	345.928 million	Jieshou	Sewage water processing	87.00	0.00	Capital contribution
Weng'an Capital Water Co., Ltd.	Weng'an	53.595 million	Weng'an	Sewage water processing	97.00	0.00	Capital contribution
Chibi Chuanghuan Water Co., Ltd.* (赤壁創環水務有限公司)	Chibi	60.2 million	Chibi	Sewage water processing	100.00	0.00	Capital contribution
Wuhu Chuanghuan Water Co., Ltd.	Wuhu	55.4 million	Wuhu	Sewage water processing	55.00	0.00	Capital contribution
Huize Chuanghuan Water Co., Ltd.	Huize	20.0969 million	Huize	Sewage water processing	97.00	0.00	Capital contribution
Huoqiu Chuanghuan Water Co., Ltd.	Huoqiu	10.2 million	Huoqiu	Sewage water processing	100.00	0.00	Capital contribution

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

VIII. EQUITY IN OTHER ENTITIES (Continued)

(I) Equity in subsidiaries (Continued)

2. *Information on significant non-wholly owned subsidiaries*

No.	Company name	Percentage of shareholding of minority shareholders	Profit or loss for the period attributable to minority shareholders	Accumulated minority interests at the end of the period
1	Inner Mongolia Bayannur Capital Water Co., Ltd.	30%	2,074,625.06	336,656,891.34
2	Hangzhou Tianchuang Capital Water Co., Ltd.	30%	14,312,415.85	225,289,475.85
3	Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.	41%	3,782,734.23	113,153,235.95
4	Shandong Capital Environmental Protection Technology Co., Ltd.	45%	-5,765,852.24	52,500,776.11
5	Tianjin Caring Technology Development Co., Ltd.	40%	761,892.92	55,337,171.15

3. *Important key financial information of significant non-wholly owned subsidiaries (other than those classified as held for sale)*

Name of subsidiaries	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Inner Mongolia Bayannur Capital Water Co., Ltd.	132,298,865.55	1,021,553,472.72	1,153,852,338.27	23,048,105.23	6,249,416.19	29,297,521.42	105,961,942.01	997,157,695.58	1,103,119,637.59	21,904,660.30		21,904,660.30
Hangzhou Tianchuang Capital Water Co., Ltd.	400,482,069.04	348,364,269.53	748,846,338.57	32,583,840.98	12,670,441.73	45,254,282.71	331,026,302.38	401,713,187.96	732,739,490.34	36,753,856.72	19,945,492.54	56,699,349.26
Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.	181,008,866.52	289,886,851.96	470,895,718.48	105,631,143.93	89,238,714.75	194,869,858.68	153,056,083.34	293,016,718.10	446,072,801.44	89,900,163.76	89,372,958.94	179,273,122.70
Shandong Capital Environmental Protection Technology Co., Ltd.	113,897,395.08	212,538,328.14	326,435,723.22	21,251,611.05	188,490,000.00	209,741,611.05	121,382,261.02	218,003,879.40	339,386,140.42	30,389,023.27	179,490,000.00	209,879,023.27
Tianjin Caring Technology Development Co., Ltd.	195,926,707.91	24,997,728.85	220,924,436.76	82,440,733.19	86,674.77	82,527,407.96	222,834,859.64	20,081,321.42	242,916,181.06	106,337,209.78	86,674.77	106,423,884.55

Name of subsidiaries	Incurred during the period				Incurred during the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Inner Mongolia Bayannur Capital Water Co., Ltd.	44,903,931.22	6,183,267.66	6,183,267.66	-1,213,531.08	87,784,095.80	49,166,744.62	49,166,744.62	6,439,786.12
Hangzhou Tianchuang Capital Water Co., Ltd.	129,389,184.04	47,708,052.83	47,708,052.83	73,607,572.11	143,373,547.17	56,039,335.41	56,039,335.41	67,687,304.13
Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.	35,721,924.31	9,226,181.06	9,226,181.06	-12,718,585.64	35,046,077.24	3,704,563.43	3,704,563.43	-7,021,063.68
Shandong Capital Environmental Protection Technology Co., Ltd.	14,141,862.60	-12,813,004.98	-12,813,004.98	223,033.76	29,724,936.65	-2,840,265.77	-2,840,265.77	1,275,921.22
Tianjin Caring Technology Development Co., Ltd.	76,826,501.90	1,904,732.29	1,904,732.29	-20,402,373.90	73,453,797.12	3,996,702.55	3,996,702.55	5,347,903.50

VIII. EQUITY IN OTHER ENTITIES (Continued)

(II) Interests in joint ventures or associates

1. Combined financial information of insignificant joint ventures and associates

Items	Balance as at the end of the period/Incurred during the period	Opening balance/Incurred during the previous period
I. Joint ventures		
Total carrying amount of investment	**190,200,882.52**	190,200,882.52
The total of the following items by percentage of shareholding:		
Net profit		
Total comprehensive income		

IX. GOVERNMENT GRANTS

(I) Government grants recognised based on the amount receivable

Items	Closing balance of receivables	Reasons for nonreceipt of expected government grants by scheduled date
VAT refund (refund upon payment)	**92,365.42**	See Note 5 (6) for details
Total	**92,365.42**	–

(II) Liabilities involving government grants

Financial Statement Item	Opening balance	Government Grants Added in Current Period	Transferred to Other Income in Current Period	Other Changes in Current Period	Closing balance	Related to Asset/Income
Deferred revenue	1,633,487,630.31	10,280,000.00	37,738,140.32	-415,935.78	1,605,613,554.21	Related to assets
Deferred revenue	4,488,507.38		134,134.38	-50,000.00	4,304,373.00	Related to income
Total	1,637,976,137.69	10,280,000.00	37,872,274.70	-465,935.78	1,609,917,927.21	–

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

IX. GOVERNMENT GRANTS (Continued)

(III) Government grants recognized in profit or loss for the period

Type	Incurred during the period	Incurred during the previous period
Related to assets	**37,738,140.32**	37,738,140.36
Related to income	**287,650.94**	5,007,131.28
Total	**38,025,791.26**	42,745,271.64

X. RISKS RELEVANT TO FINANCIAL INSTRUMENTS

(I) Risks of financial instruments

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The above financial risks and the Group's risk management policies to mitigate the risks are as follows:

The Board of Directors is responsible for the planning and establishment of the risk management framework of the Group, the formulation of the risk management policies and related guidelines of the Group, and the supervision of the implementation of risk management measures. The Group has established risk management policies to identify and analyse the risks faced by the Group, which clearly define specific risks and cover many aspects such as market risk, credit risk and liquidity of risk management. The Group regularly assesses the market environment and changes in the Group's activities to determine whether the risk management policies and systems are updated. The risk management of the Group is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, assesses and avoids risks through close cooperation with other business units of the Group. The internal audit department of the Group periodically conducts audits on risk management control and procedures, and reports the results to the Audit Committee of the Group.

X. RISKS RELEVANT TO FINANCIAL INSTRUMENTS (Continued)

(I) Risks of financial instruments (Continued)

1. Market risks

(1) Foreign exchange risk

The Group's major operational activities and clients are carried out in the Chinese mainland and a majority of the transactions are denominated in RMB. The Group has no significant foreign exchange risk. All of the Group's borrowings are denominated in RMB. The sole foreign exchange risk of the Group arises from long-term payables, which arise from the asset transfer agreement between the Group and the sewage company for the purchase of foreign bank loans, mainly involving USD and JPY.

As at 30 June 2025, if the RMB had strengthened/weakened by 5% against the USD with all other variables held constant, the Group's net profit for the year would have been RMB456,645.56 (30 June 2024: RMB1,307,004.89) higher/lower. As at 30 June 2025, if the RMB had strengthened/weakened by 5% against the JPY with all other variables held constant, the Group's net profit for the year would have been RMB8,048,992.57 (30 June 2024: RMB8,250,169.31) higher/lower.

(2) Interest rate risk

The Group's interest rate risk arises mainly from long-term bank borrowings, long-term payables and debentures payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. As at 30 June 2025, the Goup's long-term interest bearing borrowings were USD-denominated borrowings with floating rates linked to six-month LIBOR of RMB10,157,805.20. As at 30 June 2025, the Group is still yet to complete the replacement of benchmark interest rate.

The Group continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest costs with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. Management makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. In January to June 2025 and January to June 2024, the Group did not enter into any interest rate swap agreements.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

X. RISKS RELEVANT TO FINANCIAL INSTRUMENTS (Continued)

(I) Risks of financial instruments (Continued)

1. *Market risks* (Continued)

(2) Interest rate risk (Continued)

The Group's interest rate risk arising from interest bearing borrowings are reflected in the following form. The liabilities included in the following form are carrying amounts, and classified by maturity date.

As of: 30 June 2025

Items	Fixed interest rate	Floating interest rate	Total
Short-term borrowings	62,425,038.33		62,425,038.33
Current portion of non-current liabilities:	695,100,992.39	1,294,429,240.45	1,989,530,232.85
Long-term borrowings to be settled within one year	7,723,556.85	1,284,747,481.69	1,292,471,038.54
Long-term payables to be settled within one year	22,698,372.35	9,681,758.76	32,380,131.11
Debentures payable and interest to be settled within one year	664,679,063.20		664,679,063.20
Long-term borrowings	194,243,507.62	7,353,767,031.02	7,548,010,538.64
Long-term payables	87,147,104.87		87,147,104.87
Debentures payable	500,000,000.00		500,000,000.00
Other non-current liabilities	1,990,000.00		1,990,000.00
Total	1,540,906,643.21	8,648,196,271.48	10,189,102,914.69

As of: 31 December 2024

Items	Fixed interest rate	Floating interest rate	Total
Short-term borrowings	29,228,819.26		29,228,819.26
Current portion of non-current liabilities:	873,260,866.30	1,217,490,094.27	2,090,750,960.57
Long-term borrowings to be settled within one year	215,867,972.42	1,198,264,981.04	1,414,132,953.46
Long-term payables to be settled within one year	11,766,932.05	19,225,113.23	30,992,045.28
Debentures payable and interest to be settled within one year	645,625,961.83		645,625,961.83
Long-term borrowings	227,712,500.00	7,186,694,822.97	7,414,407,322.97
Long-term payables	102,593,539.92		102,593,539.92
Debentures payable	500,000,000.00		500,000,000.00
Other non-current liabilities	1,990,000.00		1,990,000.00
Total	1,734,785,725.48	8,404,184,917.24	10,138,970,642.72

As at 30 June 2025, if interest rates on bank borrowings had been 1% higher/lower with all other variables held constant, the Group's net profit for the year would have been RMB77,767,421.05 (At 30 December 2024: RMB65,873,317.50) lower/higher.

The Group also considers to adopt refinancing, extension of existing borrowings and other alternative financing schemes to mitigate its interest rate risk.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

X. RISKS RELEVANT TO FINANCIAL INSTRUMENTS (Continued)

(I) Risks of financial instruments (Continued)

2. Credit risk

Credit risk of the Group arises mainly from cash at bank and on hand, accounts receivable, other receivables, current portion of non-current assets and long-term receivables. As at the balance sheet date, the carrying amount of the Group's financial assets represented the maximum exposure of the Group.

The Group expects that there is no significant credit risk associated with cash at bank and on hand since they are deposited at state-owned banks and other large or medium size listed banks with good reputation and high credit rating, and there will be almost no significant losses from non-performance by these banks.

In addition, the Group has set related policies to limit the credit exposure on accounts receivable, other receivables, contract assets and long-term receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will chase settlement by using written payment reminders, or shorten/cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 30 June 2025, the Group had no significant collateral or other credit enhancements held as securities from debtors (31 December 2024: Nil).

3. Liquidity risk

Each subsidiary within the Group is responsible for its own cash flow forecasts. Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department at headquarters level. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs; continuously monitors whether the covenant terms in borrowing agreements are complied; and maintains sufficient headroom on the Group's committed undrawn banking facilities from major financial institutions so as to meet the short-term and long-term liquidity requirements.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

X. RISKS RELEVANT TO FINANCIAL INSTRUMENTS (Continued)

(I) Risks of financial instruments (Continued)

3. *Liquidity risk* (Continued)

(1) Contractual cash flows of financial liabilities analysed by their maturity dates

As at the balance sheet date, the undiscounted contractual cash flows of the Group's financial liabilities, analysed by their maturity dates, are as below:

	As of: 30 June 2025					
Items	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Short-term borrowings	63,392,383.33				63,392,383.33	62,425,038.33
Long-term borrowings	1,534,172,431.78	1,791,992,975.80	3,259,960,051.50	3,624,140,577.16	10,210,266,036.24	8,840,481,577.18
Long-term payables	23,598,972.57	12,690,817.03	37,359,493.84	120,112,896.64	193,762,180.07	119,527,235.98
Trade payables	971,897,012.09				971,897,012.09	971,897,012.09
Other payables	1,082,597,852.45				1,082,597,852.45	1,082,597,852.45
Debentures payable	668,422,000.00	13,600,000.00	513,637,260.28		1,195,659,260.28	1,164,679,063.20
Lease liabilities	2,485,373.95	31,157.75	2,823,214.50	941,071.50	6,280,817.70	5,653,705.29
Other non-current liabilities	99,500.00	99,500.00	2,089,500.00		2,288,500.00	1,990,000.00
Total	4,346,665,526.17	1,818,414,450.58	3,815,869,520.12	3,745,194,545.30	13,726,144,042.16	12,249,251,484.52

	As of: 31 December 2024					
Items	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Short-term borrowings	29,521,595.00				29,521,595.00	29,228,819.26
Long-term borrowings	1,672,739,436.59	1,720,241,505.08	3,793,321,296.24	2,990,770,697.13	10,177,072,935.04	8,828,540,276.43
Long-term payables	33,931,322.65	12,690,817.03	37,359,493.84	120,112,896.64	204,094,530.16	133,585,585.20
Trade payables	946,965,173.51				946,965,173.51	946,965,173.51
Other payables	1,060,257,870.64				1,060,257,870.64	1,060,257,870.64
Debentures payable	657,872,650.00	13,600,000.00	508,877,777.78		1,180,350,427.78	1,145,625,961.83
Lease liabilities	1,971,931.77	1,285,050.89	–		3,256,982.66	3,172,815.36
Other non-current liabilities	99,500.00	99,500.00	2,089,500.00		2,288,500.00	2,089,090.41
Total	4,403,359,480.16	1,747,916,873.00	4,341,648,067.86	3,110,883,593.77	13,603,808,014.79	12,149,465,592.64

X. RISKS RELEVANT TO FINANCIAL INSTRUMENTS (Continued)

(I) Risks of financial instruments (Continued)

3. *Liquidity risk* (Continued)

(2) Repayment periods for bank borrowings and other borrowings

Repayment period	30 June 2025		31 December 2024	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	1,355,708,612.34	697,059,194.31	1,443,361,772.72	676,717,097.52
1 to 2 years	1,592,765,558.21	10,641,087.61	1,505,552,806.53	11,004,136.34
2 to 5 years	2,859,361,967.14	529,939,928.79	3,385,705,846.17	530,896,058.27
Over 5 years	3,095,070,477.82	48,556,088.47	2,523,148,670.27	62,216,754.90
Total	8,902,906,615.51	1,286,196,299.18	8,857,769,095.69	1,280,834,047.03

XI. FAIR VALUE

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Unobservable inputs for the asset or liability.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XI. FAIR VALUE (Continued)

(I) Analysis of assets and liabilities measured at fair value by the level of fair value

Items	Fair value measured at level 1	Fair value measured at level 2	Fair value measured at level 3	Total
Continuous fair value measurement				
(I) Other equity instruments investment			2,000,000.00	2,000,000.00
Including: Unlisted equity instrument investments of Tianjin Beifang Rencaigang Co., Ltd.			2,000,000.00	2,000,000.00

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques. The valuation models used mainly comprise market comparable corporate model. The inputs of the valuation technique mainly include liquidity discount.

The amount of financial instruments traded by the Group on active markets is not substantial.

(II) The fair value of the other financial assets and liabilities not measured at fair value

Financial assets and liabilities measured at amortised cost mainly include: notes receivable, receivables, other receivables, long-term receivables, payables, short-term borrowings, long-term borrowings, debentures payable and long-term payables.

The carrying amounts of the other financial assets and liabilities not measured at fair value are reasonably approximate to their fair values.

XII. CAPITAL MANAGEMENT

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Consistent with others in the industry, the Group monitors its capital by the debt-to-capital ratio. This ratio is calculated by taking net debt and dividing it by the total capital. Net debt represents total borrowings (including short-term borrowings, long-term borrowings, debentures payable and long-term payables of the Group) less cash and cash equivalents. Total capital is equity (as shown on the consolidated balance sheet) plus net debt.

The Group's strategy is to maintain a gearing ratio below 50%. The gearing ratio of the Group is as follows:

Items	**30 June 2025**	31 December 2024
Total borrowings	**10,188,735,414.69**	10,138,702,233.13
Including: Short-term borrowings	**62,425,038.33**	29,228,819.26
Long-term borrowings	**8,840,481,577.18**	8,828,540,276.43
Debentures payable	**1,164,311,563.20**	1,145,258,461.83
Long-term payables	**119,527,235.98**	133,585,585.20
Other non-current liabilities	**1,990,000.00**	2,089,090.41
Less: Cash and cash equivalents	**2,308,772,998.03**	2,665,499,259.40
Net debt	**7,879,962,416.66**	7,473,202,973.73
Total Equity	**11,034,470,543.29**	10,797,294,546.26
Total capital	**18,914,432,959.95**	18,270,497,519.99
Gearing ratio	**42%**	41%

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(I) Parent company of the Group

Name of the parent company	Place of registration	Nature of business	Registered capital	The percentages of shareholding in the Group held by the parent company (%)	The percentages of voting rights in the Group held by the parent company (%)
Tianjin Municipal Investment Co., Ltd.	Tianjin, the PRC	Development and operation of municipal infrastructures	182 million	45.57%	45.57%

The Group's ultimate controlling party is Tianjin City Infrastructure Construction and Investment Group Co., Ltd.

(II) Information on subsidiaries of the Group

For details of subsidiaries, please refer to note "VIII. Equity in other entities".

(III) Information on the Group's joint ventures and associates

For significant joint ventures or associates, please refer to note "VIII. Equity in other entities".

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(IV) Other related parties

Name of other related parties	Relationship with the Group
Tianjin City Infrastructure Construction and Investment Group Co., Ltd.* (天津城市基礎設施建設投資集團有限公司)	Ultimate controlling party
Tianjin Chengze Real Estate Development Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Taihuan Renewable Resources Utilization Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Jinzhong Urban Renewal Construction and Development Company Limited	Under common control by the same ultimate controlling party
Tianjin Taihuan Renewable Resources Utilization Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Environmental Investment Green Engineering Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Expressway Construction Engineering Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Liulin Street and District Urban Renewal Industry Operation Company Limited	Under common control by the same ultimate controlling party
Tianjin Eco-city Investment & Development Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Eco-city Environmental Testing Center Co., Ltd.	Under common control by the same ultimate controlling party
Tianjin Finance City Property Management Company Limited	Under common control by the same ultimate controlling party
Tianjin Investment Group Infrastructure Management and Consultant Co., Ltd.	Under common control by the same ultimate controlling party
Hangzhou Water Group Co., Ltd.	Minority shareholders of subsidiaries
Dongying Runli Municipal Garden Co., Ltd.	Minority shareholders of subsidiaries
Tianjin Tianfangxinhe Real Estate Development Co., Ltd.	Associate of the ultimate controlling party
Tianjin International Engineering Consulting Group Co., Ltd.	Associate of the ultimate controlling party
Tianjin City Metro Group Company Limited	Associate of the ultimate controlling party
Tianjin Rail Transit Group Co., Ltd.	Associate of the ultimate controlling party
Tianjin Municipal Engineering Design & Research Institute Co., Ltd.	Associate of the ultimate controlling party
Tianjin Chentang Thermal Power Co. Ltd.	Associate of the ultimate controlling party
Tianjin Huashui Water Supply Construction Co., Ltd.	Associate of the ultimate controlling party
Tianjin Pipeline Engineering Group Co., Ltd.	Associate of the ultimate controlling party
Tianjin Huadi Public Utility Engineering Construction Supervision Co., Ltd.	Associate of the ultimate controlling party
Tianjin Pipeline Water Works Engineering Co., Ltd.	Associate of the ultimate controlling party
Tianjin Water Works (Group) Company Ltd.	Associate of the ultimate controlling party
Tianjin Saiying Engineering Construction Consulting & Management Co., Ltd.	Associate of the ultimate controlling party
Tianjin Huamiao Planning, Surveying and Design Institute Co., Ltd.	Associate of the ultimate controlling party
Tianjin Middle Ring System Engineering Co.,Ltd.	Associate of the ultimate controlling party
Tianjin Electronic Computer Institute	Associate of the ultimate controlling party
Tianjin Tian Kan Lan Tai Engineering Technology Consulting Co.,Ltd.	Associate of the ultimate controlling party
Tianjin Institute of Surveying and Mapping Co., Ltd.	Associate of the ultimate controlling party
Tianjin United Investment Real Estate Development Co., Ltd.	Associate of the ultimate controlling party
Tianjin Rail Transit Group Co., Ltd.	Associate of the ultimate controlling party
Tianjin Research Institute of Building Materials Science Co., Ltd.	Associate of the ultimate controlling party
Tianjin Jinju Real Estate Development Co., Ltd.	Associate of the ultimate controlling party
Tianjin Xinyi Real Estate Investment Co., Ltd.	Associate of the ultimate controlling party
Tianjin Haijing Chenyang Real Estate Co., Ltd.	Associate of the ultimate controlling party
Tianjin Tianfang Lisishan Real Estate Development Co., Ltd.	Associate of the ultimate controlling party
Tianjin Metro Resources Investment Co., Ltd.	Associate of the ultimate controlling party
Tianjin Changlu Real Estate Development Co., Ltd.	Associate of the ultimate controlling party
Tianjin Urban Planning and Design Research Institute Co., Ltd.	Associate of the ultimate controlling party
Tianjin Lecheng Properties Co., Ltd.	Associate of the ultimate controlling party
Tianjin Bihai Sponge City Co., Ltd	Joint ventures

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(V) Related party transactions

1. Related party transactions in relation to the purchase and sales of goods, provision and receipt of services

(1) Purchases of goods/receiving of services

Name of related parties	Nature of transaction	Incurred during the period	Incurred during the previous period
Tianjin Infrastructure Investment Group	Purchases of goods	**21,352,835.54**	42,488,332.00

(2) Information on sales of goods/provision of services

Name of related parties	Nature of transaction	Incurred during the period	Incurred during the previous period
Tianjin Tianfangxinhe Real Estate Development Co., Ltd.	Revenue from auxiliary recycled water projects	**28,246.41**	
Tianjin Chengze Real Estate Development Co., Ltd.	Revenue from auxiliary recycled water projects	**655,559.63**	
Tianjin Taihuan Renewable Resources Utilization Co., Ltd.	Revenue from auxiliary recycled water projects	**1,840,255.21**	
Tianjin Jinzhong Urban Renewal Construction and Development Company Limited	Revenue from auxiliary recycled water projects	**3,703,817.47**	
Tianjin International Engineering Consulting Group Co., Ltd.	Heating and cooling supply income	**309,359.81**	
Tianjin City Metro Group Company Limited	Heating and cooling supply income	**1,518,562.22**	
Tianjin Rail Transit Group Co., Ltd.	Heating and cooling supply income	**121,974.94**	
Tianjin Municipal Engineering Design & Research Institute Co., Ltd.	Other income	**12,018,374.43**	
Tianjin Lecheng Properties Co., Ltd.	Heating and cooling supply income		10,910,097.00
Tianjin Taihuan Renewable Resources Utilization Co., Ltd.	Technical service income		319,555.00

(All amounts in RMB Yuan unless otherwise stated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(V) Related party transactions (Continued)

2. *Information on related leasing*

(1) The Company as lessor

Name of lessee	Type of leased assets	Rental income recognized in the period	Rental income recognized in the previous period
Tianjin Environmental Investment Green Engineering Co., Ltd.	Rental income	**18,570.07**	18,570.00
Tianjin Expressway Construction Engineering Co., Ltd.	Rental income	**315,639.28**	315,639.00

3. *Remuneration of key management*

Items	Incurred during the period	Incurred during the previous period
Remuneration of key management	**3,275,279.50**	2,639,231.78

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(VI) Information on unsettled items such as receivables from and payables to related parties, etc.

1. *Project receivables*

Name of project	Related parties	Closing balance Carrying amount	Closing balance Provision for bad debts	Opening balance Carrying amount	Opening balance Provision for bad debts
Contract operation fee receivable	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)			94,969,385.54	53,263,039.05
Cooling and heating fee receivable	Tianjin Lecheng Properties Co., Ltd.			5,640,652.56	64,758.62
Technical service fee receivable	Tianjin Taihuan Renewable Resources Utilization Co., Ltd.	**976,084.46**	**104,692.30**	976,084.46	10,085.52
Cooling and heating fee receivable	Tianjin City Metro Group Company Limited	**7,011,433.79**	**406,357.18**	4,902,412.84	129,622.94
Recycled water fees receivable	Tianjin Chentang Thermal Power Co. Ltd.	**1,765,442.50**	**24,905.36**		
Auxiliary project fee receivable	Tianjin Huashui Water Supply Construction Co., Ltd.	**56,000.00**	**32,003.11**		
Auxiliary project fee receivable	Tianjin Liulin Street and District Urban Renewal Industry Operation Company Limited	**559,703.00**	**7,895.81**		
Cooling and heating fee receivable	Tianjin Rail Transit Group Co., Ltd.	**181,338.68**	**2,558.17**		
Contract operation fee receivable	Tianjin Eco-city Investment & Development Co., Ltd.	**5,519,707.05**	**288,061.11**		
Construction fee receivable	Tianjin Taihuan Renewable Resources Utilization Co., Ltd.	**81,570.68**	**1,150.73**		
Construction fee receivable	Tianjin Jinzhong Urban Renewal Construction and Development Company Limited	**292,826.01**	**4,130.94**		
Construction receivable	Tianjin Municipal Engineering Design & Research Institute Co., Ltd.	**7,661,284.20**	**108,078.86**		
Cooling and heating fee receivable	Tianjin International Engineering Consulting Group Co., Ltd.	**101,765.03**	**1,435.61**		

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(VI) Information on unsettled items such as receivables from and payables to related parties, etc. (Continued)

2. *Project payables*

Name of project	Related parties	Closing balance	Opening balance
Trade payables	Tianjin Infrastructure Investment Group	**53,802,783.86**	91,830,599.68
Trade payables	Hangzhou Water Group Co., Ltd.		40,000.00
Trade payables	Tianjin Huashui Water Supply Construction Co., Ltd.	**299,132.70**	
Trade payables	Tianjin Pipeline Engineering Group Co., Ltd.	**1,063,238.57**	
Trade payables	Tianjin Huadi Public Utility Engineering Construction Supervision Co., Ltd.	**5,086,641.60**	
Trade payables	Tianjin Pipeline Water Works Engineering Co., Ltd.	**2,659,290.48**	
Trade payables	Tianjin Water Works (Group) Company Ltd.	**1,389,911.04**	
Trade payables	Tianjin Saiying Engineering Construction Consulting & Management Co., Ltd.	**361,582.00**	
Trade payables	Tianjin Huamiao Planning, Surveying and Design Institute Co., Ltd.	**127,879.07**	
Trade payables	Tianjin Middle Ring System Engineering Co.,Ltd.	**209,586.60**	
Trade payables	Tianjin Electronic Computer Institute	**28,000.00**	
Other payables	Tianjin Eco-city Environmental Testing Center Co., Ltd.		2,000.00
Other payables	Tianjin City Infrastructure Construction and Investment Group Co., Ltd.* (天津城市基礎設施建設投資集團有限公司)	**17,641,798.01**	64,824,388.01
Other payables	Tianjin Finance City Property Management Company Limited	**155,781.10**	138,781.10
Other payables	Tianjin Environmental Investment Green Engineering Co., Ltd.	**160,204.54**	160,634.47
Other payables	Tianjin Investment Group Infrastructure Management and Consultant Co., Ltd.		93,568.24
Other payables	Tianjin Expressway Construction Engineering Co., Ltd.	**263,032.75**	263,032.74
Other payables	Tianjin Municipal Engineering Design & Research Institute Co., Ltd.	**7,250.00**	
Other payables	Tianjin Tian Kan Lan Tai Engineering Technology Consulting Co.,Ltd.	**5,900.00**	
Other payables	Tianjin Institute of Surveying and Mapping Co., Ltd.	**291,967.81**	

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(VI) Information on unsettled items such as receivables from and payables to related parties, etc. (Continued)

3. *Other projects*

Name of project	Related parties	Closing balance	Opening balance
Contract liabilities	Tianjin Infrastructure Investment Group	**33,414,591.65**	17,536,889.41
Contract liabilities	Tianjin Bihai Sponge City Co., Ltd	**694,445.87**	694,445.87
Contract liabilities	Tianjin United Investment Real Estate Development Co., Ltd.	**3,634,648.72**	1,004,234.86
Contract liabilities	Tianjin City Metro Group Company Limited	**780,735.87**	858,528.44
Contract liabilities	Tianjin Rail Transit Group Co., Ltd.	**1,104,554.14**	877,112.84
Contract liabilities	Tianjin Pipeline Water Works Engineering Co., Ltd.	**72,782.94**	
Contract liabilities	Tianjin Water Works (Group) Company Ltd.	**4,909.09**	
Contract liabilities	Tianjin Research Institute of Building Materials Science Co., Ltd.	**62,990.64**	
Contract liabilities	Tianjin Jinju Real Estate Development Co., Ltd.	**68,306.30**	
Contract liabilities	Tianjin Xinyi Real Estate Investment Co., Ltd.	**2,438.35**	
Contract liabilities	Tianjin Haijing Chenyang Real Estate Co., Ltd.	**6,747.57**	
Contract liabilities	Tianjin Tianfang Lisishan Real Estate Development Co., Ltd.	**65,124.25**	
Contract liabilities	Tianjin Metro Resources Investment Co., Ltd.	**5,067.96**	
Contract liabilities	Tianjin Tianfangxinhe Real Estate Development Co., Ltd.	**53,196.69**	
Contract liabilities	Tianjin Changlu Real Estate Development Co., Ltd.	**79,825.69**	
Other non-current assets	Tianjin Environmental Investment Green Engineering Co., Ltd.	**3,983,053.80**	6,420,995.74
Other non-current assets	Tianjin Expressway Construction Engineering Co., Ltd.	**4,700,412.91**	6,217,402.29
Other non-current liabilities	Dongying Runli Municipal Garden Co., Ltd.	**1,990,000.00**	1,990,000.00
Prepayments	Tianjin Jinzhong Urban Renewal Construction and Development Company Limited	**6,972,477.06**	6,972,477.06
Prepayments	Tianjin Municipal Engineering Design & Research Institute Co., Ltd.	**301,360.00**	
Prepayments	Tianjin Pipeline Engineering Group Co., Ltd.	**117,380.70**	
Prepayments	Tianjin Huadi Public Utility Engineering Construction Supervision Co., Ltd.	**41,354.73**	
Prepayments	Tianjin Pipeline Water Works Engineering Co., Ltd.	**289,472.70**	
Prepayments	Tianjin Water Works (Group) Company Ltd.	**58,388.90**	
Prepayments	Tianjin Middle Ring System Engineering Co.,Ltd.	**185,850.00**	
Prepayments	Tianjin Investment Group Infrastructure Management and Consultant Co., Ltd.	**2,000.00**	
Other receivables	Tianjin Water Works (Group) Company Ltd.	**38,204.40**	
Other receivables	Tianjin Investment Group Infrastructure Management and Consultant Co., Ltd.	**1,500.00**	
Other receivables	Tianjin Urban Planning and Design Research Institute Co., Ltd.	**175,471.70**	

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(VII) Transactions/balances with other state-owned enterprises in the PRC

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled by the PRC government (hereinafter collectively referred to as "state-owned entities"). The Group is also a state-owned entity.

During the year, the Group's significant transactions with these state-controlled entities include sewage treatment and construction and management of related facility, contract operation services of sewage treatment plant and recycled water plant, supply of tap water and recycled water, and supply of heating and cooling supply services. At the end of the year, the majority of the Group's cash and cash equivalents and borrowings were saved at or obtained from state-owned banks.

(VIII) Interests and interests of directors

1. Directors remuneration

The emoluments of directors of the Company from January to June 2025 are as follows:

Item	Remuneration	Salaries and subsidies	Pension plan contributions	Bonus	Other allowances and benefits	Share-based incentive payment	Total	Number of share options
Chairman:								
Tang Fusheng								
Executive directors:								
Fu Xinghai		109,620.00	44,538.24	7,100.00	70,443.69		231,701.93	
Nie Yanhong		162,678.00	52,588.80	85,000.00	70,443.69		370,710.49	
Independent directors:								
Liu Fei	50,400.00						50,400.00	
Xue Tao	50,400.00						50,400.00	
Wang Shanggan	50,400.00						50,400.00	
Total	151,200.00	272,298.00	97,127.04	92,100.00	140,887.38		753,612.42	

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(All amounts in RMB Yuan unless otherwise stated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(VIII) Interests and interests of directors (Continued)

1. *Directors remuneration* (Continued)

The emoluments of directors of the Company from January to June 2024 are as follows:

Item	Remuneration	Salaries and subsidies	Pension plan contributions	Bonus	Other allowances and benefits	Share-based incentive payment	Total	Number of share options
Chairman:								
Tang Fusheng		100,000.00	41,643.60	150,000.00	55,954.22		347,597.82	
Executive directors:								
Pan Wenguang		108,000.00	43,893.60		66,748.80		218,642.40	
Nie Yanhong		162,678.00	48,314.40	32,351.00	66,748.80		310,092.20	
Independent directors:								
Liu Fei	50,400.00						50,400.00	
Xue Tao	50,400.00						50,400.00	
Wang Shanggan	50,400.00						50,400.00	
Total	151,200.00	370,678.00	133,851.60	182,351.00	189,451.82		1,027,532.42	

(IX) Five highest paid individuals

From January to June 2025, the five individuals whose emoluments were the highest in the Group (excluding share-based payment) included one (from January to June 2024: two) director(s) whose emoluments are reflected in the analysis shown in Note 13(8). The emoluments to the remaining four (from January to June 2024: three) highest paid individuals are as follows:

Item	**January to June 2025**	January to June 2024
Salaries, housing subsidy and other subsidies	**656,106.00**	512,334.00
Bonus	**497,718.87**	
Social security costs	**281,774.76**	200,246.40
Pension costs – defined contribution plans	**186,867.84**	144,904.80
Total	**1,622,467.47**	857,485.20

Number of directors	**January to June 2025**	January to June 2024
RMB100,000.00-500,000.00	4	3
RMB500,000.00-1,000,000.00		

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XIV. SHARE-BASED PAYMENTS

(I) Related Equity Instruments

Category of grantee	Beginning of the period		Exercised in the period		Vested in the period		Lapsed in the period		End of the period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Senior management	680,000.00	1,132,431.40					226,667.00	360,117.81	453,333.00	772,313.59
Employees	9,887,000.00	16,216,072.88					3,295,667.00	4,961,850.01	6,591,333.00	11,254,222.87
Total	10,567,000.00	17,348,504.28					3,522,334.00	5,321,967.82	7,044,666.00	12,026,536.46

(II) Equity-settled share-based payment

Valuation method for equity instruments at grant date	**Option pricing – Binomial model**
Equity-settled share-based payments recipients	Senior management, employee
Valuation method for equity instruments at grant date	Appraisal price from a third-party intermediary
Key valuation parameters at grant date	Estimated attrition rate, dividend yield, share price volatility and risk-free interest rate
Basis for determining the number of exercisable equity instruments	Estimate of the number of exercisable equity instruments
Reasons for material differences between current and prior period estimates	Not applicable for the current period
Cumulative amount of equity-settled share-based payments recognised in capital reserves	11,266,566.62

(III) Share-based payment expenses for the period

From January to June 2025, the Group's share-based payment expenses decreased by RMB5,321,967.82 due to the equity-settled share-based payments granted to employees did not meet the exercise conditions.

(IV) Modifications and cancellations of share-based payments

There were no modifications or terminations of share-based payment arrangements from January to June 2025.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XV. COMMITMENTS AND CONTINGENCIES

(I) Commitments

(1) Capital commitments

The Group's capital commitments at the balance sheet date are as follows:

Unit: RMB'000

	Contracted but not provided for		Authorized but not contracted for	
Items	**30 June 2025**	**31 December 2024**	30 June 2025	31 December 2024
Intangible assets – Concession	574,083,651.00	343,681,137.02		
– Sewage processing project	480,655,013.00	256,478,503.68		
– Heating and cooling supply	93,428,638.00	87,202,633.34		
Fixed assets project	175,529,517.81	183,694,172.27		
Total	749,613,168.81	527,375,309.29		

XVI. EVENTS AFTER THE BALANCE SHEET DATE

As of June 30, 2025, the Group has no significant events after the balance sheet date.

XVII. OTHER MAJOR EVENTS

(I) Segment reporting

1. Basis of determination and accounting policies for segment reporting

The reportable segments of the Group are the business units that provide different products or services, or operate in the different areas. Different businesses or areas require different technologies and marketing strategies and the Group, therefore, separately manages the production and operation activities of each reportable segment and evaluates their respective operating results for resources allocation and performance assessment. The Group considers its operations from the perspective of providing services and regions. As the perspective of providing services, management assesses the performance sewage treatment, recycled water, pipeline connection, heating and cooling supply services, sales of tap water and sales of environmental protection equipment. Sewage treatment is further evaluated on a geographical basis (Tianjin plants, Hangzhou plant and other plants). The environmental protection equipment sold by the Group is mainly the result of the scientific research and transformation of environmental protection patent technology. Other services, including contract operation services, rental income and technical services, are not separately presented within the reportable operating segments, but are included in the 'all other segments' column. The assets are allocated based on the operations of the segments and the physical locations of the assets. The liabilities are allocated based on the operations of the segments. Expenses indirectly attributable to the segments are allocated based on the proportion of each segment's revenue.

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XVII. OTHER MAJOR EVENTS (Continued)

(I) Segment reporting (Continued)

2. Financial information for segment reporting

Items	Sewage water processing and sewage treatment plant construction – Tianjin	Sewage water processing – Hangzhou	Sewage water processing and sewage treatment plant construction – Others	Recycled water and auxiliary projects	Heating and cooling supply services	Tap water and water plant facilities construction	Sales of environmental protection equipment	All other segments	Total
Revenue from external customers	**706,958,247.16**	128,250,559.22	644,161,934.16	117,086,371.99	114,299,849.10	40,974,404.91	426,184,130.18		2,177,915,496.72
Operating costs	**366,226,147.49**	69,917,791.05	412,647,218.40	73,320,636.33	91,750,305.75	26,876,517.54	320,860,907.91		1,361,599,524.47
Interest income	**2,152,220.01**	336,165.80	7,429,725.56	1,030,304.85	327,011.09	11,371.82	2,193,261.36		13,480,060.49
Interest expenses	**86,173,359.65**	127,831.76	47,705,752.56	1,405,638.07	2,186,626.30	89,687.98	24,634,550.63		162,323,446.95
Results before share of profits of an associate	**235,049,794.10**	53,891,179.88	163,837,295.48	43,424,722.13	15,624,721.60	9,870,535.52	63,062,282.90		584,760,531.61
Segment total profit/(loss)	**235,049,794.10**	53,891,179.88	163,837,295.48	43,424,722.13	15,624,721.60	9,870,535.52	63,892,261.25		585,590,509.96
Income tax expenses	**33,428,577.22**	9,164,559.88	24,253,678.85	9,553,229.07	5,524,224.66	2,380,534.64	10,382,954.07		94,687,758.39
Segment net profit/(loss)	**201,621,216.88**	44,726,620.00	139,583,616.65	33,871,493.06	10,100,496.95	7,490,000.87	53,509,307.16		490,902,751.57
Net profit	**201,621,216.88**	44,726,620.00	139,583,616.65	33,871,493.06	10,100,496.95	7,490,000.87	53,509,307.16		490,902,751.57
Depreciation expenses	**6,163,674.99**	8,927,416.31	4,848,258.61	11,077,375.30	702,905.78	2,074,306.50	7,688,632.21		41,482,569.70
Amortisation	**77,377,768.40**	33,249,583.58	97,658,263.99	5,212,753.51	21,867,682.59	8,560,640.42	55,366,824.64		299,293,517.13
Segment assets	**8,118,951,678.23**	697,921,533.08	8,733,113,427.17	1,458,082,652.16	1,245,877,929.61	679,444,347.85	4,324,620,150.93		25,258,011,719.03
Long-term equity investments in associate									**190,200,882.52**
Total assets									25,448,212,601.55
Total liabilities	**6,745,378,694.03**	32,585,294.55	3,255,947,070.28	1,004,092,612.85	660,974,363.58	75,062,821.21	2,639,701,201.76		14,413,742,058.26
Addition of non-current assets	**1,802,486.31**	2,630,775.39	106,593,926.07	238,220,140.13	52,907,442.91	1,262,154.95	17,981,661.82		421,398,587.58

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(I) Trade receivables

1. Disclosure by age

Ageing	Closing balance	Opening balance
Within 1 year	**821,456,858.03**	1,089,990,285.90
1 to 2 years	**584,476,026.09**	2,699,527.25
2 to 3 years	**1,253,075.25**	7,739,270.32
3 to 4 years		
4 to 5 years	**6,228,333.32**	47,707,159.48
Over 5 years	**151,941.00**	46,481,488.36
Sub-total	**1,414,223,933.69**	1,195,275,431.31
Less: Provision for bad debts	**50,077,163.83**	101,516,477.13
Total	**1,364,146,769.86**	1,093,758,954.18

2. Categorized and disclosed by methods of bad debt accrual

	Closing balance			
	Book balance		Provision for bad debts	
Category	Amount	Percentage (%)	Amount	Accrual ratio (%)
Accounts receivable assessed for bad debts provisions individually	**1,283,459,371.69**	**90.75**	**44,128,667.43**	**3.44**
Accounts receivable for which provision for bad debts is made on a portfolio basis	**130,764,562.00**	**9.25**	**5,948,496.40**	**4.55**
Including: Group 3: Receivables from government clients	**6,665,974.32**	**0.47**	**1,707,350.43**	**25.61**
Group 4: Receivables from other clients	**124,098,587.68**	**8.78**	**4,241,145.97**	**3.42**
Total	**1,414,223,933.69**	**100.00**	**50,077,163.83**	**3.54**

	Opening balance			
	Carrying amount		Provision for bad debts	
Category	Amount	Percentage (%)	Amount	Accrual ratio (%)
Accounts receivable assessed for bad debts provisions individually	1,120,935,150.47	93.78	97,882,440.31	8.73
Accounts receivable for which provision for bad debts is made on a portfolio basis	74,340,280.84	6.22	3,634,036.82	4.89
Including: Group 3: Receivables from government clients	6,846,436.32	0.57	2,210,800.46	32.29
Group 4: Receivables from other clients	67,493,844.52	5.65	1,423,236.36	2.11
Total	1,195,275,431.31	100.00	101,516,477.13	8.49

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(I) Trade receivables (Continued)

2. *Categorized and disclosed by methods of bad debt accrual* (Continued)

(1) Significant individual provision for bad debts on receivables

Name of entities	Book balance	Provision for bad debts	Closing balance Provision ratio (%)	Notes
Tianjin Water Authority Bureau	1,234,364,369.01	1,760,191.29	0.14	As these clients are municipal governments, whose ability to meet their contractual obligations may not be weakened even if there are adverse changes in the economic and business situation over a long period, then the receivables of the Company from Tianjin Water Authority Bureau have a lower credit risk. Based on the historical experience, the Company maintains continuous receiving and there was no actual bad debt loss. Therefore, the Group estimates that the lifetime ECL rate of the receivables is 0.14%.
Tianjin City Appearance Sanitation Construction Development Co. Ltd.	18,639,819.98	11,913,293.44	63.91	Receivables of the Company from Tianjin City Appearance Sanitation Construction Development Co. Ltd. comprise technical services fees. The repayment period is longer than that of general government clients. The receivables from them are under high credit risk. The Company considering factors such as the debtor's actual performance ability, historical repayment experience and ageing, estimates that the lifetime ECL rate is 63.91%.
Tianjin Ziya Environmental Protection Industrial Park Co. Ltd.	16,246,967.98	16,246,967.98	100.00	Receivables of the Company from Tianjin Ziya Environmental Protection Industrial Park Co. Ltd. comprise contract operation fees. The client had no transactions with the Company during the year. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Company estimates that the lifetime ECL rate is 100%.
Tianjin Shuangkou Municipal Solid Waste Landfill	14,208,214.72	14,208,214.72	100.00	Receivables of the Company from Tianjin Shuangkou Municipal Solid Waste Landfill comprise technical services fees. The client had no transactions with the Company during the year. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Company estimates that the lifetime ECL rate is 100%.
Total	1,283,459,371.69	44,128,667.43	3.44	

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(I) Trade receivables (Continued)

2. *Categorized and disclosed by methods of bad debt accrual* (Continued)

(2) Accounts receivable with provision for bad debts by group based on credit risk characteristics

① Group 3: Receivables from government clients

	Closing balance			Opening balance		
Ageing	Carrying amount	Provision for bad debts	Provision Percentage (%)	Carrying amount	Provision for bad debts	Provision Percentage (%)
Within 1 year						
1 to 2 years						
2 to 3 years				6,228,333.32	1,726,774.53	27.72
3 to 4 years	6,228,333.32	1,334,818.57	21.43	332,403.00	198,325.93	59.66
4 to 5 years	151,941.00	86,831.86	57.15			
Over 5 years	285,700.00	285,700.00	100.00	285,700.00	285,700.00	100.00
Total	6,665,974.32	1,707,350.43	25.61	6,846,436.32	2,210,800.46	32.29

② Group 4: Receivables from other clients

	Closing balance			Opening balance		
Ageing	Carrying amount	Provision for bad debts	Provision Percentage (%)	Carrying amount	Provision for bad debts	Provision Percentage (%)
Within 1 year	123,726,587.68	3,869,145.97	3.13	62,452,020.97	716,992.70	1.15
1 to 2 years				2,699,527.25	122,920.36	4.55
2 to 3 years				1,510,937.00	131,424.73	8.70
3 to 4 years				459,359.30	79,898.57	17.39
4 to 5 years						
Over 5 years	372,000.00	372,000.00	100.00	372,000.00	372,000.00	100.00
Total	124,098,587.68	4,241,145.97	3.42	67,493,844.52	1,423,236.36	2.11

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(I) Trade receivables (Continued)

3. *Information on provision for bad debts*

Category	Opening balance	Amount of changes in the current period				Closing balance
		Provision	Collected or reversed	Write-off	Other changes	
Provision for bad debts on an individual basis	97,882,440.31		53,753,772.88			44,128,667.43
Accounts receivables with provision for bad debts by group	3,634,036.82	2,314,459.58				5,948,496.40
Total	101,516,477.13	2,314,459.58	53,753,772.88			50,077,163.83

Significant reversals or recoveries of accounts receivable provisions occurred during the current period.

4. *Actual Write-offs of Accounts Receivable*

Name of entities	Amount	Reason for reversal	Recovered	The basis for determining the original bad debt provision ratio and its rationality
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)	53,253,772.88	Recovered amount	Cash	Considering factors such as the debtor's actual performance ability, historical repayment experience and ageing, estimates that the lifetime ECL rate is 57.02%.
Total	53,253,772.88	–	–	–

The amount of accounts receivable actually written off during the period was RMB0.00.

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(I) Trade receivables (Continued)

5. *Information on accounts receivable and contract assets of the top five closing balances by debtors*

Name of entities	Trade receivables Closing balance	Accounts receivable and contract assets end of period balance	Percentage of total closing balance of accounts receivable and contract assets (%)	Closing balance of bad debt provision
Tianjin Water Authority Bureau	1,234,364,369.01	1,234,364,369.01	87.28	1,760,191.29
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)	27,733,989.32	27,733,989.32	1.96	318,940.88
Tianjin Hanbin Investment Group Co., Ltd	20,110,987.80	20,110,987.80	1.42	231,276.36
Tianjin City Appearance Sanitation Construction Development Co. Ltd.	18,639,819.98	18,639,819.98	1.32	11,913,293.44
Tianjin Ziya Environmental Protection Industrial Park Co. Ltd.	16,246,967.98	16,246,967.98	1.15	16,246,967.98
Total	1,317,096,134.09	1,317,096,134.09	93.13	30,470,669.95

(II) Other receivables

Items	Closing balance	Opening balance
Dividend receivable	7,128,889.79	4,000,000.00
Other receivables	92,803,871.42	97,295,806.46
Total	99,932,761.21	101,295,806.46

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(II) Other receivables (Continued)

1. Dividend receivable

(1) Classification of dividend receivable

Items (or investee units)	Closing balance	Opening balance
Wendeng Capital Water Co., Ltd.*（文登創業水務有限公司）	4,000,000.00	4,000,000.00
Honghu Tianchuang Capital Water Co., Ltd.	3,128,889.79	
Total	7,128,889.79	4,000,000.00

2. Other receivables

(1) Disclosure by age

Ageing	Closing balance	Opening balance
Within 1 year	73,621,975.92	88,049,748.95
1 to 2 years	9,935,837.99	143,365.18
2 to 3 years	143,365.18	8,679,554.00
Over 3 years	10,054,096.31	1,374,542.31
Sub-total	93,755,275.40	98,247,210.44
Less: Provision for bad debts	951,403.98	951,403.98
Total	92,803,871.42	97,295,806.46

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(II) Other receivables (Continued)

2. *Other receivables* (Continued)

(2) Classification by nature of payment

Nature of payment	**Closing balance**	Opening balance
Due from subsidiaries	**23,043,057.05**	21,619,901.05
Project deposits	**70,061,100.00**	74,511,100.00
Others	**651,118.35**	2,116,209.39
Sub-total	**93,755,275.40**	98,247,210.44
Less: Provision for bad debts	**951,403.98**	951,403.98
Total	**92,803,871.42**	97,295,806.46

(3) Categorized and disclosed by methods of bad debt accrual

	Closing balance				
	Book balance		**Provision**		
Category	**Amount**	**Percentage (%)**	**Amount**	**Accrual ratio (%)**	**Book value**
Other accounts receivable for which provision for bad debts is made on a portfolio basis	**93,755,275.40**	**100.00**	**951,403.98**	**1.01**	**92,803,871.42**
Including: Group 1: Related parties within the consolidation scope	**23,043,057.05**	**24.58**			**23,043,057.05**
Group 5: Project deposits	**70,061,100.00**	**74.73**	**916,486.53**	**1.31**	**69,144,613.47**
Group 6: Others	**651,118.35**	**0.69**	**34,917.45**	**5.36**	**616,200.90**
Total	**93,755,275.40**	**100.00**	**951,403.98**	**1.01**	**92,803,871.42**

	Opening balance				
	Carrying amount		Provision		
Category	Amount	Percentage (%)	Amount	Accrual ratio (%)	Book value
Other accounts receivable for which provision for bad debts is made on a portfolio basis	98,247,210.44	100.00	951,403.98	0.97	97,295,806.46
Including: Group 1: Related parties within the consolidation scope	21,619,901.05	22.01			21,619,901.05
Group 5: Project deposits	74,511,100.00	75.84	916,486.53	1.23	73,594,613.47
Group 6: Others	2,116,209.39	2.15	34,917.45	1.65	2,081,291.94
Total	98,247,210.44	100.00	951,403.98	0.97	97,295,806.46

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(II) Other receivables (Continued)

2. *Other receivables* (Continued)

(4) Information on bad debt provision accrual

Provision for bad debts	Stage 1 Next 12 months ECL	Stage 2 ECL throughout the lifetime (no credit impairment has occurred)	Stage 3 ECL throughout the lifetime (credit impairment has occurred)	Total
Balance as of 1 January 2025	**951,403.98**			951,403.98
Balance as of 1 January 2025 in this period	**951,403.98**			951,403.98
– Transfers from stage 2				
– Transfers from stage 3				
– Reversal to stage 2				
– Reversal to stage 1				
Provision for this period				
Transferred in this period				
Resale in this period				
Write-off in this period				
Other changes				
30 June 2025 Amount	**951,403.98**			951,403.98

(5) Information on the provision for bad debts

Category	Opening balance	Amount of changes in the current period Provision	Collected or reversed	Write-off or Resale	Other changes	Closing balance
Project deposits	916,486.53					916,486.53
Others	34,917.45					34,917.45
Total	951,403.98					951,403.98

(All amounts in RMB Yuan unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(II) Other receivables (Continued)

2. *Other receivables* (Continued)

(6) Information on other accounts receivable and contract assets of the top five closing balances by debtors

Name of entities	Nature of payment	Closing balance	Ageing	Proportion of total closing balance of other receivables (%)	Closing balance of bad debt provision
Tianjin Dongli District Heating and Gas Management Center	Security deposits	50,000,000.00	Within 1 year	53.33	615,000.00
Wuhu Public Resources Trading Center	Security deposits	20,000,000.00	Within 1 year	21.33	246,000.00
Tianjin Water Recycling Co., Ltd.* (天津中水有限公司)	Assets transfer	17,510,082.00	1 to 2 years, over 3 years	18.68	
Tianjin Capital New Materials Co., Ltd.	Internal borrowing	1,743,937.84	Over 3 years	1.86	
Baoying Capital Water Co., Ltd.* (寶應創業水務有限責任公司)	Internal borrowing	1,423,155.86	Within 1 year	1.52	
Total	–	90,677,175.70	–	96.72	861,000.00

(III) Long-term equity investments

Items	Closing balance Carrying amount	Closing balance Provision for impairment	Closing balance Carrying amount	Opening balance Carrying amount	Opening balance Provision for impairment	Opening balance Carrying amount
Investments in subsidiaries	6,198,967,108.37	688,842,998.09	5,510,124,110.28	6,235,139,008.03	739,123,707.09	5,496,015,300.94
Investments in associates and joint ventures	212,557,791.10	22,356,908.58	190,200,882.52	212,557,791.10	22,356,908.58	190,200,882.52
Total	6,411,524,899.47	711,199,906.67	5,700,324,992.80	6,447,696,799.13	761,480,615.67	5,686,216,183.46

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(III) Long-term equity investments (Continued)

1. Long-term equity investments

(1) Investments in subsidiaries

			Changes during the period					
Investee units	Opening balance	Opening balance of impairment provision	Further increase of investments	Reduction of investments	Accrual of provision for impairment	Others	Closing balance	Closing balance of impairment provision
Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd.* (天津創業環保(香港)有限公司)	62,986,560.00	50,280,709.00		62,986,560.00	-50,280,709.00			
Karamay Capital Water Co., Ltd	113,873,200.00						113,873,200.00	
Tianjin Tianchuang Green Energy New Energy Technology Co., Ltd.* (天津天創綠能新能源科技有限公司)	92,340,000.00						92,340,000.00	
Enshi Capital Water Co., Ltd.* (恩施市創環水務有限公司)	162,317,855.00						162,317,855.00	
Hanshan Chuanghuan Water Co., Ltd.	34,278,615.00						34,278,615.00	
Tianjin Capital New Materials Co., Ltd.	26,589,401.93	26,499,622.00				-31,635.62	26,557,766.31	26,499,622.00
Tianjin Jiayuanxing Innovative Energy Technology Co., Ltd.	213,198,532.85					-210,904.11	212,987,628.74	
Tianjin Jiayuan Kaichuang New Energy Technology Co., Ltd	80,000,000.00						80,000,000.00	
Tianjin Caring Technology Development Co., Ltd.	16,625,328.89					-213,263.45	16,412,065.44	
Shandong Capital Environmental Protection Technology Co., Ltd.	45,238,053.37					-31,635.62	45,206,417.75	
Shandong Tanchuang Environmental Protection Technology Development Co., Ltd.	60,500,000.00						60,500,000.00	
Gaoyou Compro Environmental Resources Co., Ltd.* (高郵康博環境資源有限公司)	383,434,137.41	234,724,653.02				-25,809.08	383,408,328.33	234,724,653.02
Jiangsu Yonghui Resources Utilisation Co., Ltd.* (江蘇永輝資源利用有限公司)	349,679,307.93	270,395,723.07					349,679,307.93	270,395,723.07
Tianjin Water Recycling Co., Ltd.* (天津中水有限公司)	135,200,294.65					-217,571.46	134,982,723.19	
Karamay Tianchuang Capital Water Co., Ltd.	108,209,486.50					-73,816.44	108,135,670.06	
Inner Mongolia Bayannur Capital Water Co., Ltd.	777,076,306.57					-42,180.82	777,034,125.75	
Jiuquan Capital Water Co., Ltd.* (酒泉創業水務有限公司)	158,357,606.57					-42,180.82	158,315,425.75	
Xi'an Capital Water Co., Ltd.	476,525,989.10					-118,356.60	476,407,632.50	

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(III) Long-term equity investments (Continued)

1. *Long-term equity investments* (Continued)

(1) Investments in subsidiaries (Continued)

Investee units	Opening balance	Opening balance of impairment provision	Changes during the period				Closing balance	Closing balance of impairment provision
			Further increase of investments	Reduction of investments	Accrual of provision for impairment	Others		
Linxia Capital Water Co., Ltd.* (臨夏市創業水務有限公司)	65,999,779.93					-31,635.62	65,968,144.31	
Hangzhou Tianchuang Capital Water Co., Ltd.	264,324,945.35					-25,809.08	264,299,136.27	
Deqing Capital Water Co., Ltd.	54,299,266.43					-105,452.06	54,193,814.37	
Hefei Capital Water Co., Ltd.	206,148,916.73					-42,180.82	206,106,735.91	
Anhui Tianchuang Capital Water Co., Ltd.	63,670,000.00	63,670,000.00					63,670,000.00	63,670,000.00
Baoying Capital Water Co., Ltd.* (寶應創業水務有限責任公司)	58,309,486.50		11,200,000.00			-73,816.44	69,435,670.06	
Huoqiu Capital Water Co., Ltd.	37,364,186.50					-73,816.44	37,290,370.06	
Yingshang Capital Water Co., Ltd.* (潁上創業水務有限公司)	53,209,486.50					-73,816.44	53,135,670.06	
Fuyang Capital Water Co., Ltd.* (阜陽創業水務有限公司)	456,379,331.74					-127,320.02	456,252,011.72	
Hanshan Capital Water Co., Ltd.	17,781,940.88						17,781,940.88	
Jieshou Capital Water Co., Ltd.* (界首市創業水務有限公司)	308,566,386.74						308,566,386.74	
Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.	128,772,099.64					-158,178.09	128,613,921.55	
Anguo Capital Water Co., Ltd.* (安國創業水務有限公司)	41,000,000.00	41,000,000.00					41,000,000.00	41,000,000.00
Tianjin Jinning Capital Water Co., Ltd.* (天津津寧創環水務有限公司)	22,560,000.00	15,000,000.00					22,560,000.00	15,000,000.00
Tianjin Jinghai Capital Water Co., Ltd.* (天津靜海創業水務有限公司)	37,553,000.00	37,553,000.00					37,553,000.00	37,553,000.00
Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd.	62,106,000.00						62,106,000.00	
Wendeng Capital Water Co., Ltd.* (文登創業水務有限公司)	68,826,666.43					-105,452.06	68,721,214.37	
Dalian Oriental Chunliuhe Water Quality Purification Co., Ltd.	48,339,989.71					-126,542.47	48,213,447.24	
Wuhan Tianchuang Environmental Protection Co., Ltd.* (武漢天創環保有限公司)	197,432,125.28					-57,444.70	197,374,680.58	
Honghu Tianchuang Capital Water Co., Ltd.	111,897,409.17					-86,720.98	111,810,688.19	
Honghu Tianchuang Environmental Protection Co., Ltd.	53,400,000.00						53,400,000.00	

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(III) Long-term equity investments (Continued)

1. *Long-term equity investments* (Continued)

(1) Investments in subsidiaries (Continued)

Investee units	Opening balance	Opening balance of impairment provision	Changes during the period: Further increase of investments	Reduction of investments	Accrual of provision for impairment	Others	Closing balance	Closing balance of impairment provision
Changsha Tianchuang Environmental Protection Co., Ltd	37,769,541.43					-105,452.06	37,664,089.37	
Changsha Tianchuang Capital Water Co., Ltd.	17,001,780.00						17,001,780.00	
Hanshou Tianchuang Capital Water Co., Ltd.* (漢壽天創水務有限公司)	34,046,135.82					-97,266.19	33,948,869.63	
Guizhou Capital Water Co., Ltd.	123,462,553.55					-200,358.91	123,262,194.64	
Huize Capital Water Co., Ltd.	32,839,059.86					-63,271.23	32,775,788.63	
Qujing Capital Water Co., Ltd.	155,217,101.07					-105,452.06	155,111,649.01	
Dongying Tianchi Environmental Technology Co., Ltd.	2,550,000.00						2,550,000.00	
Tianjin Tianchuang Environmental Technology Co., Ltd.* (天津天創環境技術有限公司)	45,000,000.00						45,000,000.00	
Weng'an Capital Water Co., Ltd.	51,987,150.00						51,987,150.00	
Huoqiu Chuanghuan Water Co., Ltd.	10,200,000.00						10,200,000.00	
Wuhu Chuanghuan Water Co., Ltd.			18,282,000.00				18,282,000.00	
Huize Chuanghuan Water Co., Ltd.	19,493,993.00						19,493,993.00	
Chibi Chuanghuan Water Co., Ltd.* (赤壁創環水務有限公司)	51,200,000.00						51,200,000.00	
Total	6,235,139,008.03	739,123,707.09	29,482,000.00	62,986,560.00	-50,280,709.00	-2,667,339.66	6,198,967,108.37	688,842,998.09

(2) Investments in associates and joint ventures

Investor units	Opening balance	Changes during the period: Further increase of investments	Reduction of investments	Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Declaration of cash dividends or profits	Accrual of provision for impairment	Others	Closing balance	Provision for impairment Closing balance
I. Joint ventures											
Tianjin International Machinery Co., Ltd.	22,356,908.58									22,356,908.58	22,356,908.58
Tianjin Bihai Sponge City Co., Ltd	190,200,882.52									190,200,882.52	
Sub-total	212,557,791.10									212,557,791.10	22,356,908.58
Total	212,557,791.10									212,557,791.10	22,356,908.58

(All amounts in RMB Yuan unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(IV) Revenue and cost of sales

1. *Information on revenue and cost of sales*

Items	Incurred during the period		Incurred during the previous period	
	Revenue	Cost	Revenue	Cost
Main operations	729,103,213.31	368,410,084.76	786,867,445.04	363,683,640.16
Other operations	90,663,376.43	65,762,448.26	8,661,432.65	3,861,722.48
Total	819,766,589.74	434,172,533.02	795,528,877.69	367,545,362.64

2. *Analysis by the revenue*

Items	Incurred during the period		Incurred during the previous period	
	Revenue	Cost	Revenue	Cost
Main operations	729,090,074.15	368,410,084.76	786,867,445.04	363,683,640.16
Including: Revenue of sewage water processing	696,759,548.16	364,856,786.64	753,354,061.91	360,123,640.16
Revenue of road tolls	32,330,525.99	3,553,298.12	33,513,383.13	3,560,000.00
Other operations	90,676,515.59	65,762,448.26	8,661,432.65	3,861,722.48
Including: Contract operation	3,341,935.62	1,705,582.94	6,954,172.47	3,856,214.22
Technical service	83,386,253.74	63,545,297.46	1,547,971.96	
Others	3,948,326.23	511,567.86	159,288.22	5,508.26
Total	819,766,589.74	434,172,533.02	795,528,877.69	367,545,362.64

3. *Revenue analysed by geographical region:*

Items	Incurred during the period		Incurred during the previous period	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Tianjin	819,766,589.74	434,172,533.02	795,528,877.69	367,545,362.64
Total	819,766,589.74	434,172,533.02	795,528,877.69	367,545,362.64

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(IV) Revenue and cost of sales (Continued)

4. *Categorised by the timing of goods transfer as follows:*

Items	Recognised over a period of time Revenue	Cost
Main operations	729,090,074.15	368,410,084.76
Including: Revenue of sewage water processing	696,759,548.16	364,856,786.64
Revenue of road tolls	32,330,525.99	3,553,298.12
Other operations	90,676,515.59	65,762,448.26
Including: Contract operation	3,341,935.62	1,705,582.94
Technical service	83,386,253.74	63,545,297.46
Others	3,948,326.23	511,567.86
Total	819,766,589.74	434,172,533.02

(V) Gain from investments

Items	Incurred during the period	Incurred during the previous period
Gain from long-term equity investments accounted for under the cost method	3,128,889.79	
Investment income from disposal of long-term equity investments	-4,303,451.00	
Interest income from debt investments held	34,989,351.92	27,866,242.76
Total	33,814,790.71	27,866,242.76

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XIX. SUPPLEMENT INFORMATION

(I) Statement of Non-recurring profit or loss

Items	Amount for the current period	Amount for the previous period Before adjustment	After adjustment
1. Gain or loss on disposal of non-current assets (including the part of provision for asset impairment being written off)	**-2,727,673.58**	-2,504.93	-2,504.93
2. Government grants recognized in current profit and loss, except for those closely related to normal business operation, in compliance with requirements of national policies, and settled in certain amount which are constantly granted by government	**38,025,791.26**	42,745,271.64	42,745,271.64
3. Except for effective hedging activities related to the normal business operations of the company, gains or losses arising from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, as well as gains or losses arising from the disposal of financial assets and financial liabilities			
4. Funds occupation fees charged to non-financial enterprises and included in current profit or loss			
5. Gains or losses from entrusting others to invest or manage assets			
6. Gains and losses from external entrusted loans			
7. Losses of assets due to force majeure, such as natural disasters			
8. Reversal of impairment provision for accounts receivable subject to separate impairment test	**53,953,772.88**		
9. The gain arising from the acquisition of a subsidiary, associate, or joint venture when the investment cost is less than the fair value of the identifiable net assets of the investee at the date of acquisition			
10. Current net profit or loss of subsidiaries resulting from business combination under common control from the beginning of the period to the date of the merger			
11. Gains and losses on non-monetary asset exchanges			
12. Gains and losses on debt restructuring			
13. One-time expenses incurred by the enterprise due to the discontinuation of relevant business activities, such as expenses for employee resettlement, etc.			
14. One-off impact on current profit and loss due to adjustments in tax, accounting and other laws and regulations			
15. One-time recognized share-based payment expenses due to cancellation or modification of equity incentive plans			
16. For cash-settled share-based payments, gains and losses arising from changes in the fair value of employee salaries payable after the date on which the rights are exercisable			
17. Gains and losses from changes in fair value of investment properties that are subsequently measured using the fair value model			
18. Gains arising from transactions at prices that are manifestly unfair			
19. Gains or losses arising from contingent items unrelated to the company's normal business operations			
20. Trusteeship fee income from entrusted operation			
21. Other non-operating income and expenditure except for those mentioned above	**352,207.20**	4,733,490.82	4,733,490.82
22. Other profit and loss items that meet the definition of extraordinary profit and loss			
Less: Effect of income tax	**12,812,616.20**	7,641,525.80	7,641,525.80
Effect of minority interests (after tax)	**264,509.13**	-412,978.60	-412,978.60
Total	**76,526,972.43**	40,247,710.33	40,247,710.33

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

XIX. SUPPLEMENT INFORMATION (Continued)

(II) Return on equity and earnings per share

Profit during the reporting period	**Weighted average return ratio on net assets (%)**		**Earnings per share**			
			Basic earnings per share		**Diluted earnings per share**	
	Current period	Previous period	**Current period**	Previous period	**Current period**	**Previous period**
Net profit attributable to ordinary shareholders of the Company	**4.80**	4.58	**0.30**	0.27	**0.30**	0.27
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	**4.02**	4.15	**0.25**	0.24	**0.25**	0.24

Section 9 List of Documents Available for Inspection

1. Financial statements with the signatures and seals of the officer in charge of the Company, the officer in charge of the accounting function, and the officer in charge of the accounting department (the accounting management officer).

2. Originals of all documents and announcements of the Company publicly disclosed during the reporting period.

3. Annual report published in other securities markets.

Chairman: Tang Fusheng

Tianjin Capital Environmental Protection Group Company Limited