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

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

## **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025**

### **§ 1 IMPORTANT**

1.1 The board of directors (the “**Board**”), directors (the “**Directors**”) and senior management of Tianjin Capital Environmental Protection Group Company Limited (the “**Company**”) guarantee the truthfulness, accuracy and completeness of the contents of this announcement, which does not contain any false information, misleading statements or material omissions, and accept several and joint legal responsibilities.

This results announcement is the summary of the 2025 annual report of the Company and its subsidiaries (the “**Group**”). For detailed information, please read the 2025 annual report of the Group carefully.

1.2 WUYIGE Certified Public Accountants LLP audited the 2025 financial reports of the Group and have issued unqualified audit reports.

1.3 Mr. Tang Fusheng, the officer in charge of the Company, Ms. Nie Yanhong, the officer in charge of accounting operations, and Mr. Liu Tao, the officer in charge of the accounting department (the accounting management officer), have warranted the truthfulness, accuracy and completeness of the financial reports contained in the 2025 annual report of the Group.

## § 2 COMPANY PROFILE

### 2.1 Basic information

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

### 2.2 Contact person and method

	<b>Company Secretary to the Board</b>	<b>Company Secretary in Hong Kong</b>	<b>Securities Affairs Representative</b>
Name	Qi Lipin	Mona Y.Y. Cho	Zhu Fan
Correspondence address	TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, The People's Republic of China (the "PRC")	22/F, Worldwide House, Central, Hong Kong, the PRC	TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC
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

## § 3 ACCOUNTING DATA AND FINANCIAL INDICATORS

### 3.1 Major accounting data

*Unit: Yuan Currency: RMB*

<b>Major Accounting Data</b>	<b>2025</b>	<b>2024</b>	<b>Increase/ Decrease for the period as compared to the same period last year (%)</b>	<b>2023</b>
Operating revenue	<b>4,760,071,027.44</b>	4,827,453,005.80	(1.40)	4,665,082,961.28
Total Profit	<b>1,150,621,259.68</b>	1,047,062,342.63	9.89	1,106,209,816.86
Net profit attributable to shareholders of the Company	<b>862,357,236.56</b>	807,210,626.05	6.83	865,207,128.31
Net profit attributable to the shareholders of the Company after deduction of extraordinary profit and loss	<b>770,159,100.35</b>	723,130,878.23	6.50	778,741,496.55
Net cash flow from operating activities	<b>3,302,323,014.32</b>	1,382,016,720.96	138.95	992,016,405.44
	<b>As at the end of 2025</b>	<b>As at the end of 2024</b>	<b>Increase/ decrease as compared to last year (%)</b>	<b>As at the end of 2023</b>
Net Assets Attributable to Shareholders of the Company	<b>10,259,318,284.61</b>	9,668,867,730.10	6.11	9,122,173,579.47
Total Assets	<b>25,964,872,256.25</b>	25,154,981,695.71	3.22	24,460,654,468.88

### 3.2 Major financial indicators

*Unit: Yuan Currency: RMB*

<b>Major Financial Indicators</b>	<b>2025</b>	<b>2024</b>	<b>Increase/ decrease for the period as compared to the same period last year (%)</b>	<b>2023</b>
Basic earnings per share (RMB/share)	<b>0.55</b>	0.51	7.84	0.55
Diluted earnings per share (RMB/share)	<b>0.55</b>	0.51	7.84	0.55
Basic earnings per share after deduction of extraordinary profit and loss (RMB/share)	<b>0.49</b>	0.46	6.52	0.50
Weighted average return on net assets ratio (%)	<b>8.65</b>	8.35	increase by 0.30 percentage point	9.89
Weighted average return on net assets ratio after deduction of extraordinary profit and loss (%)	<b>7.73</b>	7.48	increase by 0.25 percentage point	8.95

### 3.3 Extraordinary Profit and Loss Items and Amounts

*Unit: Yuan Currency: RMB*

Extraordinary Profit and Loss Item	Amount in 2025	Note (if applicable)	Amount in 2024	Amount in 2023
Gain or loss on disposal of non-current assets (including the part of provision for asset impairment being written off)	(17,272,893.41)	Nil	(625,573.98)	(712)
Government grants recognized in current profit and loss, except for those closely related to the Company's normal business operation, in compliance with requirements of national policies, and continuously affecting the profit and loss of the Company	85,581,310.80	Nil	90,113,785.21	95,010,279.02
Reversal of provision for impairment loss of account receivables subject to separate impairment testing	66,416,348.67	Nil	8,063,573.58	2,340,000.00
Other non-operating income and expenses other than the foregoing items	(28,564,203.11)	Nil	3,934,385.50	3,574,374.21
Less: Effect of income tax	15,543,385.38	Nil	16,406,983.47	16,662,670.35
Effect of minority interests (after tax)	(1,580,958.64)	Nil	999,439.02	(2,204,360.88)
Total	<u>92,198,136.21</u>	<u>Nil</u>	<u>84,079,747.82</u>	<u>86,465,631.76</u>

## § 4 DIRECTORS' REPORT

### (I) OPERATION DISCUSSION AND ANALYSIS

Guided by the principle of nurturing clean water as a flowing bond, the Company remains steadfast in its mission to “return clean water to the world and bring freshness to humanity.” Upholding the development vision of “becoming a first-class modern integrated urban environmental service operator,” the Company focuses on its core businesses, including wastewater treatment, clean energy application, solid waste disposal and resource utilization. Through technological innovation and digital empowerment, it deepens the “N-dimensional integration” business model. Over the year, the Company treated 1.7 billion tonnes of wastewater, safely disposed of 226,000 tonnes of sludge and 92,000 tonnes of hazardous waste, and received consistent positive feedback for its cooling and heating services, thereby building a solid foundation for urban ecological protection and green, low-carbon development.

## **(I) Driving Innovation in Science and Technology to Empower Green and Low-Carbon Development**

Technology serves as the core engine driving the transformation and upgrading of the water industry, and constitutes a critical pillar for the Company's pursuit of green development. The Company consistently prioritizes technological innovation as its core strategy for achieving high-quality development and fulfilling its "dual carbon" mission. With a focus on "two cores and one capability," it drives value growth by enhancing "financial value," "innovation value," "green value," and "technological value," steering the strategic transformation of technology management from an "input-oriented" approach to an "efficiency-oriented" one. It is systematically building an innovation system that is market-driven, innovation-powered, and supported by technical services and product application.

### ***1. Strengthening Foundations through Digitalization to Empower Intelligent Business Management***

During the reporting period, the Company focused on advancing its transformation toward the goals of "intelligent governance and refined management and control." It completed the acceptance of Phase I of its digitalization initiative, which centered on the integration of business and finance, and is progressing with Phase II in an orderly manner. The data middle office achieved its phase-based objectives, providing a solid foundation for digital and intelligent support.

During the reporting period, the Company developed a menu-based, customizable plant-level intelligent platform, which was pilot-applied at the Jingu Plant. By dynamically optimizing process parameters such as intelligent chemical dosing and aeration, the platform achieved reductions in both energy and chemical consumption, as well as improvements in personnel efficiency and operational quality. Concurrently, it integrated production indicators to form dynamic "digital profiles," transforming implicit expertise into explicit data models. This supports the refined management approach of "one plant, one strategy" and enhances the Group's low-carbon and intelligent operational capabilities.

The Company has completed the construction of its IoT platform and the hardware infrastructure for its data center, establishing preliminary capabilities for business-finance integration and management control optimization. Data integration has been achieved for 38 wastewater treatment projects, three reclaimed water projects, and three new energy projects, enabling real-time collection of key indicators such as water quality, flow volume, and equipment operation status. A "one-screen visualization" system for comprehensive production monitoring has been established.

Leveraging the IoT platform, the Company formulated and released the Data Asset Management System, which covers the entire data lifecycle. It completed the registration of foundational algorithmic model data on the DATAMDZ platform and obtained the Data Product Registration Certificate, supported by corresponding asset evaluation and compliance review reports. The Company has built a scientific data governance system, clarified data ownership and flow, established data quality management rules, and formed standardized data catalogs. Over 2PB of production data have been accumulated across businesses such as wastewater treatment, reclaimed water, and solid waste (covering more than 200 dimensions, including water quality, energy consumption, and equipment status), forming core data assets.

In its reclaimed water and energy supply businesses, the Company utilized AI-driven customer service to address high-frequency, standardized service needs, thereby enhancing service efficiency and user experience. AI was also leveraged to support the development of research systems and establish intelligent information acquisition platforms. Through AI and digital intelligence, meeting management was optimized, creating a closed-loop digital and intelligent system for “governance + decision-making + execution,” improving meeting efficiency and quality.

## **2. *Achieving Technological Breakthroughs to Empower Green and Low-Carbon Transition***

During the reporting period, the Company collaborated with central state-owned enterprises, universities, and other institutions to jointly establish R&D platforms and innovation consortia, building an efficient channel for the translation of industry-university-research outcomes into practical applications. It organized and carried out one municipal-level research project and contributed to the formulation of 13 standards. In terms of patents and scientific and technological awards, the Company obtained over 20 new authorized patents and received eight science and technology awards, including the First Prize for Natural Science from the All-China Environment Federation and a spot among the Top 20 “Five Small” Innovation Achievements for Tianjin Municipal workers. These efforts contribute technological strength to the development of new productive forces.

The Company concentrated its efforts on tackling key technological bottlenecks in areas such as wastewater treatment, green chemicals, and intelligent operations. It defined the technological pathways for the large-scale application of green carbon sources and novel phosphorus removal agents, as well as the joint development of deep dewatering equipment, achieving corresponding progress in each area.

### **3. *Leading the Market with Technology to Empower Integrated Business Development***

During the reporting period, the Company adhered to a technology-led approach, focusing on wastewater treatment while integrating new energy cooling and heating, energy storage, and the resource utilization of solid and hazardous waste. Leveraging its extensive application scenarios, mature technology systems, and digital operational capabilities, the Company built a reservoir of technological expertise and transferable scientific and technological outcomes to support potential market expansion and business acquisition.

The Company made in-depth efforts to advance the high-value utilization of water resources, deepening its integrated “industrial water treatment + reclaimed water reuse” solution and building up its technological reservoir to serve large industrial enterprises. It completed the construction plan for an industrial water R&D base, initiated key technology research and development for industrial water treatment, and systematically enhanced its capability to secure industrial water projects. Seizing opportunities presented by zero-carbon industrial parks, the Company carried out technological research and integration in areas such as photovoltaic energy storage, green chemicals, and carbon emission accounting, systematically developing comprehensive zero-carbon industrial park solutions. By providing full-cycle, high-quality solutions for a diverse range of clients and supporting regional development, the Company leverages its technological advantages to facilitate project implementation.

## **(II) Continuously Deepening Focus on Three Key Dimensions to Strengthen and Enhance Core Businesses**

### **1. *Revitalizing and Unlocking Potential from Existing Assets to Steadily Improve Operational Efficiency***

During the reporting period, the Huoqiu Wastewater Treatment Project (with a treatment capacity of 40,000 tonnes/day) commenced commercial operation. Regarding the reclaimed water pipeline network connection project, a total of 117 connection points have been completed, connecting 403 kilometers of downstream pipeline networks, with the water supply rate rising to 80%, significantly enhancing the city’s “second water source” supply capacity. Construction projects were steadily advanced, with key projects such as the Tianjin Jinzhong Energy Station achieving the conditions necessary to commence energy supply. New construction and upgrading projects, including Wuhu Binjiang Phase II, Baoying Upgrading, and Wendeng Upgrading, were implemented as planned, accelerating the conversion of new production capacity into output and enhanced profitability.

While ensuring stable operations of its core business, the Company deeply explored the potential of existing capacity. In the river dredging project in Tianjin’s central urban area, the Company scientifically coordinated the spare treatment capacity of various water plants, achieving the objectives of “maintaining uninterrupted core wastewater treatment operations while successfully completing the new sludge treatment tasks,” thereby converting idle capacity into actual revenue. By establishing a plant-network coordinated operation framework and coordination mechanism, the Company advanced pipeline network inspection and rectification, increasing wastewater treatment volumes and stabilizing influent water quality.

The Company strengthened regular production scheduling management and enhanced refined management and control capabilities. It established a quality evaluation system for the operation of wastewater treatment plants, systematically analyzed and assessed project operations, and linked these assessments with the annual operational planning and statistical processes to identify opportunities for cost reduction across projects, thereby enabling rational control of key costs. In procurement management, the Company deepened its reforms, completing 190 centralized procurement items throughout the year, with a total procurement scale of approximately RMB457 million. This effectively improved resource allocation efficiency and reduced procurement costs by over RMB10 million. Through economies of scale and standardized procedures, the Company continues to drive cost reductions.

## ***2. Expanding Incremental Business Through Multi-Dimensional Initiatives and Strengthening Operations to Build a Foundation for Growth***

During the reporting period, the Company gradually established a “1+4+N” market development framework characterized by “full hierarchy, full business, and full coverage.” While deepening its presence in the local Tianjin market, it replicated and localized its business expansion models, technical solutions, and management expertise from Tianjin to key regions across the country, initially realizing the benefits of market expansion. It successfully secured the Tianjin Xianyang Road Phase II Project. The Ningguo Wastewater Treatment Project progressed smoothly, with the establishment of the project company completed. Through a combination of “equity investment and asset-light operations,” the Company achieved a model upgrade from “standalone operation services” to “comprehensive environmental services for industrial parks.” The successful implementation of the Jingmen Duodao Reclaimed Water F+EPC+O project marked a strategic breakthrough for the Company’s reclaimed water business, enabling it to expand beyond Tianjin and serve the national market.

In terms of strategic emerging industry layout, the Company’s wholly-owned subsidiary, Tianjin Tianchuang Green Energy New Energy Technology Co., Ltd.\* (天津天創綠能新能源科技有限公司) (“**Tianchuang Green Energy**”), successfully won the bid for the green energy-saving and carbon-reduction renovation project at the Tianjin Waterworks Group’s Lingzhuang Water Plant and Yangliuqing Water Plant. This project will serve as an entry point for the Company to develop photovoltaic and energy storage projects in similar scenarios.

Further breakthroughs were achieved in asset-light operations. During the reporting period, the Company executed 271 asset-light contracts, including the “Tianjin Eye” lighting upgrade EPC general contracting project, the Jinghai 5G Intelligent Industrial Park upgrade project, and the EPC general contracting project for the river dredging and embankment heightening project at the High-tech Industrial Park.

### **3. *Concentrating Efforts on Enhancing Quality to Improve the Company's Development Quality***

During the reporting period, to promote the Company's high-quality development and enhance investment value, while protecting the legitimate rights and interests of investors, particularly medium and small investors, the Company disclosed its "Action Plan for Improving Quality, Efficiency, and Shareholder Returns" and implemented its initiatives across all areas of work.

During the reporting period, the Company formulated targeted accounts receivable reduction plans on a "one-enterprise, one-policy" basis, improved its debt risk early warning indicators, and regularly scheduled follow-ups on fund collection efforts. In addition to allocating the 2025 wastewater treatment service fees, the Tianjin Water Authority made a one-time payment of RMB1.989 billion to the Company to settle historical accounts receivable issues, partially mitigating debt risks. This not only enhanced the Company's development quality but also laid the foundation for the Group's subsequent project development and increased dividend returns to investors.

During the reporting period, the Company successfully issued green medium-term notes and technology innovation green corporate bonds, raising a total of RMB1.0 billion, providing low-cost funding support for its sustainable development. In addition to low-interest bond financing, the Group capitalized on favorable policies and fluctuations in market interest rates to further reduce financing costs and decrease financial expenses through measures such as loan replacements and interest rate adjustments.

During the reporting period, the Company continued to optimize shareholder returns on the basis of stable operations, maintaining the continuity and stability of its dividend policy while appropriately increasing the dividend payout ratio. It also strengthened communication with the capital market through various channels, such as performance briefings and investor research activities, to convey the Company's investment value.

### **(III) Continuously Strengthening Collaborative Governance to Build a Robust Risk Prevention Barrier**

During the reporting period, the Company strengthened group-wide control and management by implementing modular, end-to-end oversight, supplemented by regular effectiveness assessments. Adhering to the principle of "comprehensive horizontal and vertical coverage" and guided by the objectives of problem resolution, risk prevention and control, and promoting reform and development, the Company evaluated the progress of its group-wide control system development, the achievement of expected goals, and the effectiveness of the control system's operation. This resulted in the formation of a closed-loop management mechanism of "control – execution – evaluation – improvement," laying a solid foundation for the comprehensive completion of group-wide control and management efforts.

The Company continuously deepened the construction of its internal control system, fully implementing the requirements for end-to-end control. During the reporting period, focusing on refining systems and clarifying rights and responsibilities, it consistently optimized its governance structure and process framework, diligently reinforcing the foundation for standardized and refined enterprise management. By enhancing collaborative supervision mechanisms and strengthening full-process tracking and effectiveness evaluation of system implementation, the Company advanced the comprehensive upgrade of internal control management from system construction to tangible results, effectively improving corporate governance efficiency. Concurrently, adhering to a bottom-line mindset and a systematic approach, the Company promoted the integration of risk control requirements into front-line business operations, establishing a dynamic compliance risk database covering all key business areas and the entire process. Through measures such as precise identification, dynamic early warning, and closed-loop resolution, it effectively reduced various risk exposures, prevented and mitigated major risks and potential hazards, and continuously fortified its risk prevention barriers, thereby providing solid internal control and risk management support for the Company's high-quality and sustainable development. The Company's achievements in building its "Four-in-One" legal system were recognized as a benchmark enterprise management case by the SASAC of the State Council and as an innovative achievement in corporate legal construction for 2025 by the Rule of Law Daily.

In terms of financial management, during the reporting period, the Company established a financial shared service center and a treasury management system, enhancing centralized fund control and coordinated allocation, which provided strong support for the Company's stable operations and financial security.

Regarding safety management, during the reporting period, the Company persistently and deeply advanced special campaigns for work safety remediation and the three-year "address root causes and enhance capabilities" initiative. It implemented a dual prevention mechanism comprising safety risk grading control and the identification and rectification of hidden hazards. The Company organized 5,130 safety inspections, identified and rectified 704 potential hazards, and maintained a stable work safety situation throughout the year.

## **(II) INDUSTRY WHERE THE COMPANY OPERATES DURING THE REPORTING PERIOD**

In October 2025, the Fourth Plenary Session of the 20th Central Committee of the Party adopted the Recommendations of the Central Committee of the Communist Party of China on Formulating the 15th Five-Year Plan for National Economic and Social Development\* (《中共中央關於制定國民經濟和社會發展第十五個五年規劃的建議》). This document not only outlines the grand blueprint for economic and social development during the 15th Five-Year Plan period but also explicitly sets as one of the development goals “achieving significant new progress in the construction of a Beautiful China, with carbon emissions declining steadily after peaking, and the quality of the ecological environment continuously improving.” To achieve these goals, the following deployments were made: First, persistently deepen the fight against pollution and optimize ecosystems, strengthen multi-pollutant coordinated control and regional collaborative governance, intensify efforts in the Blue Sky, Clear Water, and Clean Soil campaigns, implement comprehensive solid waste management actions, and enhance the stability of environmental quality. Second, promote green transformation, accelerate the construction of a new energy system, adhere to a diversified energy mix encompassing wind, solar, hydro, and nuclear power, scientifically plan pumped-storage hydroelectricity, vigorously develop new energy storage, expedite the construction of smart grids and microgrids, and comprehensively improve the complementarity, mutual support, safety, and resilience of the power system. Third, actively and steadily advance and achieve carbon peak, improve the carbon emission statistical accounting system, steadily implement policy systems such as local carbon assessments, industry carbon management, corporate carbon management, project carbon evaluations, and product carbon footprints, and strengthen foundational carbon management capabilities, market mechanism improvements, energy structure transformation, and emission reductions in key sectors. Fourth, accelerate the formation of green production and lifestyles, integrate green concepts into the entire chain of economic and social development, and promote green industrial upgrading, efficient energy utilization, the advocacy of green lifestyles, and green urban-rural development.

Overall, the present moment represents a critical transitional period for the construction of a beautiful China, bridging past efforts with future directions. It is also a crucial phase centered on carbon peak and carbon neutrality, synergistically advancing carbon reduction, pollution mitigation, green expansion, and economic growth. The environmental protection industry is evolving towards systematic, platform-based, and integrated solution-oriented approaches, aiming for a comprehensive enhancement of the industry’s functionality and efficiency. For environmental protection enterprises, this entails a strategic repositioning from “pollution treatment service providers” to “green value creators,” and a transformation and upgrade from “traditional, single-purpose pollution treatment” to “green infrastructure development + circular economy system construction + integrated urban intelligent operations.” Environmental protection enterprises that are more competitive will be those that establish the synergistic reduction of pollution and carbon emissions as their core business focus, driven by both technological and business model innovation, achieve industrial capability leaps through “technology assistance, technology empowerment, and technology leadership,” and possess comprehensive environmental solution provision capabilities underpinned by fully upgraded strategic positioning, market presence, and capacity building.

### **(III) BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD**

The Group remains firmly committed to the “dual carbon” goals, consistently driving its technological R&D and production process innovation through green and low-carbon development. Focusing on core businesses such as wastewater treatment, reclaimed water utilization, sludge resource utilization, solid waste disposal, resource recycling, new energy cooling and heating, and photovoltaic energy storage, the Group continues to deepen and refine its “N-dimensional integration” business model.

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

During the reporting period, the Company initiated a new investment in the Xianyang Road Phase II Sewage Treatment Project, adding 150,000 cubic meters per day to the scale of equity-based sewage treatment operations, and terminated the concession project for the Enshi City Dashaba Phase I and II (Tanjiaba) Sewage Treatment Plant and Supporting Pipeline Network, as well as the TOT concession project for the Chibi City Lushui Industrial Park Sewage Treatment Plant and Supporting Pipeline Network. This resulted in a reduction of 140,000 cubic meters per day in the scale of equity-based sewage treatment operations. Additionally, the Duodao investor+EPC+O model reclaimed water comprehensive utilization project was newly added, increasing the reclaimed water business capacity by 50,000 cubic meters per day. The reclaimed water interconnection project connected 54 kilometers of existing pipelines throughout the year. The scale of other water services remained unchanged from the beginning of the period. As of the end of the reporting period, the Company’s total water services capacity reached 6.448 million cubic meters per day. The total scale of equity-based water services reached 6.1251 million cubic meters per day, comprising: sewage treatment of 5.2801 million cubic meters per day; water supply of 315,000 cubic meters per day (including tap water and industrial water supply); and reclaimed water of 530,000 cubic meters per day. These projects are distributed across 15 provinces, municipalities, and autonomous regions nationwide. Under the commissioned operation model, the sewage treatment capacity was 323,000 cubic meters per day.

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

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

- (1) Renewable Energy Cooling and Heating: as of the end of the reporting period, the total service area reached 6.96 million square meters, primarily located in Tianjin. The operational model is mainly BOT and commissioned operation.
- (2) Distributed photovoltaic power generation: as of the end of the reporting period, the total designed installed capacity reached 35 MWp, with projects primarily located in Tianjin and Dalian. The operational model primarily relies on market-based pricing.
- (3) Energy Storage: total designed capacity reached 22.381 MWh. Xi'an Beishiqiao Sewage Treatment Plant energy storage project, the first energy storage project of the Company, commenced operations during the reporting period with a capacity of 5.5 MWh. User-side energy storage projects at the Company's out-of-town sewage treatment plants progressed steadily, with a combined capacity of 16.876 MWh.
- (4) Hazardous Waste Management: the Tancheng Comprehensive Materials Ecological Disposal Center project was terminated during the reporting period. As of the end of the reporting period, the Company operates four projects with a combined disposal capacity of 181,300 tons per year, primarily located in Shandong and Jiangsu provinces: the Jiangsu Yonghui Hazardous Waste Project (30,000 tons/year), the Gaoyou Compro Hazardous Waste Project (30,000 tons/year), the Tancheng Industrial Waste Treatment and Disposal Center Project (28,000 tons/year), and the Yishui Lushan Chemical Industrial Park Hazardous Waste Comprehensive Disposal Center Project (93,300 tons/year); One storage and transfer project with a capacity of 20,000 tons/year; Comprehensive utilization of waste PAC products at 75,000 tons/year. The hazardous waste business operates under a fully market-oriented model, subject to obtaining the Hazardous Waste Management License. Guided by local government reference pricing, the Company independently selects waste-generating entities to provide hazardous waste disposal services and collects disposal service fees.
- (5) Regarding sludge disposal operations, the total capacity reached 3,630 tons/day by the reporting period, primarily distributed across Tianjin, Gansu, Zhejiang, and Anhui. Among these, equity-based sludge disposal projects include the Linxia Sludge Project and the Jinnan Sludge Plant Project, with a combined capacity of 890 tons/day. The remaining sludge disposal projects operate under a commissioned management model, totaling 2,740 tons/day.

#### (IV) ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

In 2025, the Company continued to strengthen its competitive edge through the following initiatives:

- (1) Continuously Consolidating and Enhancing Operational Advantages.** The Group remains committed to the development goals of "safety, compliance, economy, and intelligence." With "strengthening the headquarters and solidifying project execution" as its two focal points, it has established a centralized, end-to-end "mega-operations" system. The headquarters leads the restructuring and improvement of the policy framework, revising operational policies, issuing work guidelines, and publishing technical manuals for the five core business segments. This has enabled the implementation of standardized and modular operational requirements, guiding various projects to establish appropriate detailed implementation rules. Consequently, operations management has been upgraded from a decentralized, experience-driven model to a unified, standardized, and replicable system, thereby comprehensively reinforcing the foundation for operational security. The Group is actively pursuing the "mega-operations" implementation pathway by establishing a quality evaluation framework for wastewater treatment plants. It conducts dynamic tracking and analysis of operational data, linking this with the annual operational planning and statistical processes to precisely identify opportunities for cost reduction. Leveraging the Group's centralized advantages, it strengthens regular production scheduling, enhances refined management and control capabilities, and promotes centralized procurement. This enables effective management of key costs and improves resource allocation efficiency, ensuring stable compliance with water quality standards through efficient operations. The Group steadfastly adheres to the bottom line of production safety, implements an early warning and coordination mechanism, and establishes an emergency response and unified flood control system. During major event support activities, it efficiently executes emergency responses, successfully completing water supply and quality assurance tasks. These efforts comprehensively demonstrate the Group's centralized management and risk prevention capabilities, facilitating the iterative upgrade of operations management towards intelligence and refinement.

- (2) **Strengthening Technology Leadership to Forge Core Competitiveness.** During the reporting period, the Company focused on its core responsibilities, demonstrated courage in transformation and breakthroughs, and seized opportunities at the intersection of technological innovation and industrial development, concentrating efforts on tackling key core technologies. It improved its technological innovation system, strengthened the whole-process management of science and technology projects, and promoted the seamless integration of research planning, process control, and the translation of achievements into practical applications. The Company enhanced its capacity to deliver technical solutions by optimizing design plans for projects such as the Inner Mongolia Bayan No. 2 Wastewater Treatment Plant and the Wendeng Upgrading Phase II Project, achieving cumulative investment savings of approximately RMB250 million, thereby providing strong support for business expansion. It accelerated its strategic technology development, focusing on the areas of intelligence, green development, and resource utilization. Key areas of focus include low-carbon environmental protection, solid waste resource utilization, smart environmental protection, and industrial water treatment, with the aim of strengthening the Company's core technology portfolio. The Company is actively building open platforms for technological innovation and application scenarios, coordinating internal and external scientific and technological resources to empower incremental business expansion and ensure the high-quality operation of existing projects.
- (3) **Strengthening Talent Development.** The Company stimulates internal momentum through institutional innovation and the development of a robust talent pipeline. First, it has refined its market-oriented operational mechanisms. By deepening the term-based and contractual management of its management team and optimizing its performance appraisal and incentive distribution systems, the Company has effectively unlocked the innovative potential of its core employees, providing institutional safeguards for sustainable development. Second, it is building a high-caliber talent system. The Company has researched and introduced a three-year action plan for leading high-quality development through exceptional cadres and talent. This plan systematically implements the "Startup Qiji" talent cultivation initiative, which comprises four distinct, tiered programs: "Qiji Leaders," "Qiji Elite," "Qiji Artisans," and "Qiji Rising Stars," all promoted in an orderly manner across different categories, levels, and grades. By prioritizing key areas and fostering collaboration between different levels, the Company is cultivating a coordinated, "one-game" approach to talent development. It remains committed to institutional innovation, removing barriers to talent development across the board. Whether nurturing specialists into versatile managers or developing young professionals into industry leaders, the Company facilitates the reciprocal growth of individual capabilities and enterprise development. Through various training programs and on-the-job practical exercises, it promotes job rotation and exchange, significantly enhancing the professional expertise and sense of responsibility among its management and staff.

- (4) **Continuously Building Brand Influence.** In 2025, the Company was recognized as one of the “Top 10 Influential Enterprises in China’s Water Industry” for the 20th consecutive year. It was also named among the “Top 50 Chinese Environmental Enterprises (by Revenue)” for the eighth consecutive year. Its submitted project, *Methods and Mechanisms for Synergistic Pollution and Carbon Reduction in Water Environment Management\** (《水環境治理減污降碳協同增效方法與機理》) won the First Prize for Natural Science at the 2024 All-China Environment Federation Awards. Another project, *Construction of a Wastewater Treatment Control System Based on Digital and Intelligent Technologies\** (《基於數智技術的污水處理管控系統建設》) won the Second Prize at the 31st Tianjin Enterprise Management Modernization Innovation Achievement Awards. The Company achieved a Wind ESG rating of A, placing it among the top tier in the water industry. In the fourth phase of the E20 Environmental Platform’s “Double Hundred Leap” benchmarking selection for wastewater treatment plants, the Jingu Wastewater Treatment Plant was honored as a benchmark plant for “Intelligence + Low-Carbon + Resource Recovery,” while the Xianyang Road Wastewater Treatment Plant was recognized as an ecological benchmark plant. The Company’s wholly-owned subsidiary, Tianjin Water Recycling Co., Ltd., was awarded the honorary title of “Advanced Collective for China Water Conservation Award” (中國節水獎先進集體) by the Ministry of Water Resources. The Dongjiao “Dual Carbon” Practice Training Base underwent comprehensive optimization and enhancement, was officially inaugurated, and opened to the public, marking its upgrade from an industry exchange platform to a public welfare environmental science education center accessible to all citizens. The Company successfully passed the Level 3 (“Stable”) certification under the National Data Management Capability Maturity Assessment Model (DCMM). This achievement signifies that the Company has made a fundamental leap from possessing “data resources” to owning “data assets,” laying a solid foundation for precise pollution control and scientific decision-making. Various operating units across the Company have fulfilled the corporate mission within their respective fields, establishing a strong corporate image and brand reputation.

## (V) OPERATION SITUATION OF PRINCIPAL BUSINESS DURING THE REPORTING PERIOD

During the reporting period, the Company's overall operation remained stable. Compared with the same period last year, there was no significant change in the Group's core businesses, which continued to focus on sewage treatment, tap water supply, recycled water, new energy heating and cooling supply, road toll collection, hazardous waste, and transformation of achievements in technology research, which became the main sources of the Company's earnings. In 2025, the Company realised operating revenue of RMB4,760.0710 million, representing a decrease of 1.40% over the previous year; total profit was RMB1,150.6213 million, representing an increase of 9.89% compared to the previous year; net profit attributable to the Company amounted to RMB862.3572 million, representing an increase of 6.83% compared to the previous year.

### (1) ANALYSIS OF THE PRINCIPAL BUSINESSES

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

*Unit: Yuan Currency: RMB*

Item	Amount for the current period	Amount for the same period of last year	Percentage change (%)
Operating Revenue	4,760,071,027.44	4,827,453,005.80	(1.40)
Operating costs	2,938,127,308.67	2,906,884,803.82	1.07
Selling Expenses	16,864,947.59	10,072,934.71	67.43
Administrative Expenses	241,441,171.67	248,716,944.79	(2.93)
Financial Expenses	288,286,001.30	344,980,035.03	(16.43)
Research and development expenses	58,584,590.17	65,289,666.95	(10.27)
Net cash flow from operating activities	3,302,323,014.32	1,382,016,720.96	138.95
Net cash flow from investing activities	(911,273,656.76)	(745,374,126.03)	22.26
Net cash flow from financing activities	(413,374,191.93)	(542,505,009.96)	(23.80)
Gain from investment	22,795,332.57	1,550,409.92	1,370.28
Credit impairment losses	(59,384,746.91)	(94,040,256.92)	(36.85)
Impairment losses on assets	0	(148,160,626.04)	(100.00)
Gain on disposal of assets	(17,538,532.14)	0	N/A
Non-operating income	1,127,698.42	5,076,578.79	(77.79)
Non-operating expenses	29,217,263.48	1,295,697.70	2,154.94
Income tax	234,488,956.16	176,401,310.03	32.93

Reasons for the change in operating revenue	mainly attributable to the decrease in the revenue from sewage treatment business as the volume of water settled under some concession projects of the Company declined year-on-year during the current period; and the year-on-year decrease in revenue from reclaimed water supporting projects as projects were completed one after another.
Reasons for the change in operating costs	mainly attributable to additional technical service projects commenced during the period, leading to a corresponding increase in costs.
Reasons for the change in selling expenses	mainly due to an increase in selling expenses related to the hazardous waste disposal business during the current period.
Reasons for the change in administrative expenses	mainly attributable to the Company's proactive efforts to reduce costs and improve efficiency, and strict control over administrative expenses.
Reasons for the change in finance expenses	mainly due to a reduction in interest expenses as a result of loan refinancing and interest rate adjustments.
Reasons for the change in research and development expenses	mainly due to a decrease in R&D investment during the current period in line with the progress of scientific research projects.
Reasons for the change in investment income	mainly due to a year-on-year increase in investment income from the associate Bihai Sponge City Co., Ltd.* (碧海海綿城市有限公司) recognised under the equity method during the current period.
Reasons for the change in credit impairment losses	mainly due to the reversal of impairment provided in prior years as the trade receivables from Tianjin Investment Group and Tianjin Shuangkou Domestic Waste Sanitary Landfill were recovered during the current period.
Reasons for the change in impairment losses on assets	mainly due to the full provision of goodwill impairment for the hazardous waste project in the same period of last year, and there was no such matter in the current period.
Reasons for the change in gains on disposal of assets	mainly due to the recognition of a loss on disposal of assets arising from the termination of the Enshi project agreement during the current period.
Reasons for the change in non-operating income	mainly due to the receipt of a refund of transaction deposit for the eastern suburb relocation project from Tianjin Property Rights Trading Center during the same period of last year, and there was no such matter in the current period.
Reasons for the change in non-operating expenses	mainly attributable to late payment surcharges on tax arrears paid pursuant to a tax inspection during the current period.
Reasons for the change in income tax	mainly due to the increase in profit for the current period and the additional tax paid as a result of the tax inspection.
Reasons for the change in net cash flow from operating activities	mainly due to the receipt of certain historical arrears from Tianjin Water Affairs Bureau during the current period, and there was no such matter during the same period of last year.
Reasons for the change in net cash flow from investing activities	mainly due to higher payments for project asset transfers and construction investments during the current period than those during the same period of last year.
Reasons for the change in net cash flow from financing activities	mainly due to lower cash repayments of debts during the current period than those during the same period of last year, coupled with reasonable arrangement of financing progress according to capital requirements.

## 2. Analysis of revenue and cost

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

Unit: Yuan Currency: RMB

Principal business by industry						
Industry	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue compared with last year (%)	Increase/decrease in operating cost compared with last year (%)	Increase/decrease in gross profit margin compared with last year (%)
Sewage treatment and water plant facilities construction business	3,593,414,437.31	1,997,436,408.01	44.41	(3.04)	(3.77)	Increase by 0.42 percentage point
Recycled water treatment and recycled water supporting projects business	250,324,094.83	160,573,411.09	35.85	(34.44)	(33.12)	Decrease by 1.27 percentage point
Road toll business	62,295,337.71	7,120,000.00	88.57	0.21	–	Increase by 0.02 percentage point
Tap water supply and water plant facilities construction business (Note 1)	75,193,374.95	50,058,397.45	33.43	18.41	1.54	Increase by 11.06 percentage points
Cooling and heating business and related facilities construction business	194,605,175.29	167,436,452.68	13.96	19.90	24.21	Decrease by 2.99 percentage points
Transformation of achievements in technology research	33,609,567.92	26,774,265.02	20.34	41.98	47.54	Decrease by 3.00 percentage points
Hazardous waste disposal business	110,662,789.76	130,605,920.40	(18.02)	(26.04)	(22.87)	Decrease by 4.84 percentage points
Others (Note 2)	96,130,354.23	86,572,896.71	9.94	473.06	877.92	Decrease by 37.28 percentage points

  

Principal business by region						
Region	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue compared with last year (%)	Increase/decrease in operating cost compared with last year (%)	Increase/decrease in gross profit margin compared with last year (%)
Beijing-Tianjin-Hebei Region (Note 3)	2,371,066,706.76	1,256,390,842.62	47.01	2.23	3.90	Decrease by 0.85 percentage point
Southwest Region (Note 4)	189,063,519.32	133,632,392.13	29.32	(20.35)	(28.79)	Increase by 8.37 percentage points
Northwest Region (Note 5)	555,203,342.37	389,536,939.44	29.84	(15.66)	(5.53)	Decrease by 7.52 percentage points
Central China Region (Note 6)	686,421,228.23	397,403,012.21	42.11	(8.45)	(11.45)	Increase by 1.96 percentage points
Eastern China Region (Note 7)	460,333,148.74	308,481,452.93	32.99	6.75	5.77	Increase by 0.62 percentage point
Northeast Region (Note 8)	154,147,186.58	141,133,112.03	8.44	(9.30)	(8.21)	Decrease by 1.09 percentage points

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

- Note 1:* The increase in gross profit margin was mainly attributable to higher revenue and strict cost control.
- Note 2:* The decrease in gross profit margin was mainly attributable to the addition of new engineering businesses during the current period, which have a relatively low gross profit margin.
- Note 3:* The Tianjin-Beijing-Hebei region comprises the four sewage treatment plants in the eastern suburbs of downtown Tianjin, Xianyang Road, Jinggu and Beicang, as well as Anguo Capital Water Co., Ltd.\* (安國創業水務有限公司), Tianjin Jinghai Capital Water Co., Ltd.\* (天津靜海創業水務有限公司), Tianjin Jinning Capital Water Co., Ltd.\* (天津津寧創環水務有限公司), Tianjin Water Recycling Co., Ltd.\* (天津中水有限公司) (“**Water Recycling Company**”), Tianjin Caring Technology Development Co., Ltd.\* (天津凱英科技發展股份有限公司), Tianjin Jiayuanxing Innovative Energy Technology Company Limited\* (天津佳源興創新能源科技有限公司), Tianjin Jiayuan Binchuang New Energy Technology Co., Ltd.\* (天津佳源濱創新能源科技有限公司), Tianchuang Green Energy, Tianjin Capital New Materials Co., Ltd.\* (天津創業建材有限公司), Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.\* (河北國津天創污水處理有限責任公司), Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd.\* (天津西青天創環保有限公司), Tianjin Tianchuang Environmental Technology Co., Ltd.\* (天津天創環境技術有限公司) and others.
- Note 4:* The Southwest region comprises Guizhou Capital Water Co., Ltd.\* (貴州創業水務有限公司) (“**Guizhou Company**”), Qujing Capital Water Co., Ltd.\* (曲靖創業水務有限公司), Huize Capital Water Co., Ltd.\* (會澤創業水務有限公司), Huize Chuanghuan Water Co., Ltd.\* (會澤創環水務有限公司) and Weng’an Capital Water Co., Ltd.\* (甕安創環水務有限公司). The increase in gross profit margin was mainly attributable to the transition of Phase II and Phase III sewage treatment plant projects in Weng’an County from the construction stage to the operation stage during the current period, as the gross profit from sewage treatment is higher than that from construction revenue.
- Note 5:* The Northwest region comprises Xi’an Capital Water Co., Ltd.\* (西安創業水務有限公司), Karamay Tianchuang Water Co., Ltd.\* (克拉瑪依天創水務有限公司), Karamay Capital Water Co., Ltd.\* (克拉瑪依創環水務有限公司) (“**Karamay Capital Company**”), Inner Mongolia Bayannur Capital Water Co., Ltd.\* (內蒙古巴彥淖爾創業水務有限責任公司), Linxia Capital Water Co., Ltd.\* (臨夏市創業水務有限公司) and Jiuquan Capital Water Co., Ltd.\* (酒泉創業水務有限公司). The decrease in gross profit margin was mainly due to the recognition of revenue without corresponding costs for the Bayan project during the previous year, the decline in sewage treatment volume of Karamay Capital Company, as well as the capitalization of completed pipeline network projects as intangible assets during the current year, which led to an increase in depreciation and amortisation and thus a decrease in gross profit for the year.

*Note 6:* The Central China region comprises Fuyang Capital Water Co., Ltd.\* (阜陽創業水務有限公司), Wuhan Tianchuang Environmental Protection Co., Ltd.\* (武漢天創環保有限公司), Yingshang Capital Water Co., Ltd.\* (潁上創業水務有限公司), Changsha Tianchuang Water Co., Ltd.\* (長沙天創水務有限公司), Changsha Tianchuang Environmental Protection Co., Ltd.\* (長沙天創環保有限公司), Anhui Tianchuang Water Co., Ltd.\* (安徽天創水務有限公司), Honghu Tianchuang Water Co., Ltd.\* (洪湖市天創水務有限公司), Hefei Capital Water Co., Ltd.\* (合肥創業水務有限公司), Hanshou Tianchuang Water Co., Ltd.\* (漢壽天創水務有限公司), Honghu Tianchuang Environmental Protection Co., Ltd.\* (洪湖市天創環保有限公司), Huoqiu Capital Water Co., Ltd.\* (霍邱創業水務有限公司), Enshi Capital Water Co., Ltd.\* (恩施市創環保水務有限公司), Hanshan Chuanghuan Water Co., Ltd. (含山創環保水務有限公司), Hanshan Capital Water Co., Ltd.\* (含山創業水務有限公司), Jieshou Capital Water Co., Ltd.\* (界首市創業水務有限公司), Chibi Chuanghuan Water Co., Ltd.\* (赤壁創環保水務有限公司), Huoqiu Chuanghuan Water Co., Ltd.\* (霍邱創環保水務有限公司), and Wuhu Chuanghuan Water Co., Ltd.\* (蕪湖創環保水務有限公司).

*Note 7:* The East China region comprises Hangzhou Tianchuang Capital Water Co., Ltd.\* (杭州天創水務有限公司) (“**Hangzhou Company**”), Baoying Capital Water Co., Ltd.\* (寶應創業水務有限責任公司), Deqing Capital Water Co., Ltd.\* (德清創業水務有限公司), Jiangsu Yonghui Resources Utilisation Co., Ltd.\* (江蘇永輝資源利用有限公司) and Gaoyou Compro Environmental Resources Co., Ltd.\* (高郵康博環境資源有限公司).

*Note 8:* The Northeast region includes Dalian Oriental Chunliuhe Water Quality Purification Co., Ltd.\* (大連東方春柳河水質淨化有限公司), Wendeng Capital Water Co., Ltd.\* (文登創業水務有限公司), Shandong Capital Environmental Protection Technology Co., Ltd.\* (山東創業環保科技發展有限公司), Dongying Tianchi Environmental Technology Co., Ltd.\* (東營天馳環保科技發展有限公司) and Shandong Tianchuang Environmental Protection Technology Development Co., Ltd.\* (山東鄰創環保科技發展有限公司).

***(2). Analysis of production and sales volume***

Not applicable

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

Not applicable

**(4). Cost analysis**

Unit: Yuan Currency: RMB

Industry	Cost items	By industry				Percentage change in the amount for the current period as compared to the same period last year (%)	Explanation
		Amount for the current period	Percentage of total cost for the current period (%)	Amount for the same period last year	Percentage of total cost for the same period last year (%)		
Sewage treatment and water plant facilities construction	Labor cost	191,735,943.43	7.30	184,721,426.04	6.83	3.80	Nil
	Energy consumption (electricity)	399,577,302.27	15.21	374,131,049.65	13.84	6.80	Nil
	Material consumption	263,890,526.31	10.05	213,052,998.55	7.88	23.86	Nil
	Depreciation and amortisation	568,291,040.39	21.64	588,244,750.15	21.76	(3.39)	Nil
	Other manufacturing expenses	373,570,904.47	14.22	416,740,678.46	15.42	(10.36)	Nil
	Infrastructure Construction costs on Sewage water plant	200,370,691.14	7.63	298,820,256.21	11.05	(32.95)	Costs in respect of construction business decreased in line with the project progress.
	Subtotal	1,997,436,408.01	76.05	2,075,711,159.06	76.78	(3.77)	Nil
Tap water supply and water plant facilities construction	Labor cost	14,355,117.68	0.55	15,496,391.09	0.57	(7.36)	Nil
	Energy consumption (electricity)	9,594,719.54	0.37	9,372,591.02	0.35	2.37	Nil
	Material consumption (source water charges included)	2,698,283.30	0.10	3,832,535.48	0.14	(29.60)	The Company exercised strict cost control.
	Depreciation and amortisation	10,740,232.69	0.41	16,985,215.66	0.63	(36.77)	Nil
	Other manufacturing expenses	12,670,044.24	0.48	3,612,701.29	0.13	250.71	Mainly attributable to higher expenses such as pipeline network maintenance and commissioning and repair costs.
	Subtotal	50,058,397.45	1.91	49,299,434.54	1.82	1.54	Nil
Recycled water treatment and recycled water supporting projects	Labor cost	31,786,523.96	1.21	21,871,402.63	0.81	45.33	Nil
	Energy consumption (electricity)	10,124,600.47	0.39	11,699,164.43	0.43	(13.46)	Nil
	Material consumption	4,443,178.07	0.17	8,521,982.28	0.32	(47.86)	The Company exercised strict cost control.
	Depreciation and amortisation	42,664,298.18	1.62	21,835,123.74	0.81	95.39	Depreciation was provided on assets acquired during the period.
	Other manufacturing expenses	23,582,564.37	0.90	80,791,183.73	2.99	(70.81)	Reduction in asset usage fees.
	Project construction cost	47,972,246.04	1.83	95,388,452.44	3.53	(49.71)	The recognized costs decreased in line with project progress.
	Subtotal	160,573,411.09	6.11	240,107,309.25	8.89	(33.12)	Nil
Cooling and heating business	Labor cost	16,370,401.07	0.62	13,360,430.84	0.49	22.53	Nil
	Energy consumption (electricity)	26,951,534.67	1.03	35,470,657.94	1.31	(24.02)	Nil
	Depreciation and amortisation	38,854,186.80	1.48	25,451,515.98	0.95	52.66	Nil
	Other manufacturing expenses	61,191,035.79	2.33	28,680,295.44	1.06	113.36	Along with the longer operation period of the projects, municipal heating network fees, operating usage fees and other expenses increased.
	Auxiliary projects	24,069,294.35	0.92	31,834,274.55	1.18	(24.39)	Nil
	Subtotal	167,436,452.68	6.37	134,797,174.75	4.99	24.21	Nil
Road toll business	Toll road and management fee	7,120,000.00	0.27	7,120,000.00	0.26	0.00	Nil
	Subtotal	7,120,000.00	0.27	7,120,000.00	0.26	0.00	Nil
Transformation of achievements in technology research	Material cost, equipment cost	26,774,265.02	1.02	18,146,575.67	0.67	47.54	Costs increased in line with revenue growth.
	Subtotal	26,774,265.02	1.02	18,146,575.67	0.67	47.54	Costs increased in line with revenue growth.
Hazardous waste business	Labor cost	16,718,837.22	0.64	22,951,982.08	0.85	(27.16)	Nil
	Energy consumption (electricity)	16,673,047.49	0.63	26,084,681.86	0.96	(36.08)	Power expenses decreased accordingly due to the decline in business volume.
	Material consumption	12,814,091.68	0.49	9,454,836.75	0.35	35.53	Pharmaceutical costs increased.
	Depreciation and amortisation	28,874,551.20	1.10	28,771,077.26	1.06	0.36	Nil
	Other manufacturing expenses	55,525,392.81	2.11	82,077,396.45	3.04	(32.35)	Nil
	Subtotal	130,605,920.40	4.97	169,339,974.40	6.26	(22.87)	Nil
Other	Product sales	4,407,505.25	0.17	8,852,766.51	0.33	(50.21)	Costs vary across different projects.
	Other	82,165,391.46	3.13	0.00	0.00	N/A	The engineering businesses were added during the current period, resulting in a corresponding increase in costs.
	Subtotal	86,572,896.71	3.30	8,852,766.51	0.33	877.92	
Total		2,626,577,751.36	100.00	2,703,374,394.18	100.00	(2.84)	

**(5). Major customers and major suppliers**

**A. Major customers of the Company**

Sales to the top five customers amounted to RMB2,302,493,931.85, accounting for 48.37% of the total sales for the year; among which, sales to related parties was RMB0, accounting for 0% of the total sales for the year.

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

Not applicable

**B. Major suppliers of the Company**

Procurement from the top five suppliers amounted to RMB303,059,771.21, accounting for 12.32% of the total procurement for the year, among which procurement from related parties amounted to RMB0, accounting for 0% of the total procurement for the year.

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

Not applicable

**3. Expenses**

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

**4. Research and development investment**

**(1). Research and development investment**

*Unit: Yuan Currency: RMB*

Expensed research and development investment for the current period	58,584,590.17
Capitalised research and development investment for the current period	2,324,432.09
Total research and development investment	60,909,022.26
Percentage of total research and development investment over operating revenue (%)	1.28
Ratio of capitalised research and development investment (%)	3.82

**(2). Research and development personnel**

Number of research and development personnel in the Company	286
Percentage of the number of research and development personnel over the total number of	12.27

Education of research and development personnel	
Academic Category	Number of Personnel

Doctoral Degree	3
Master Degree	56
Undergraduate Degree	216
Vocational education	10
High school education and below	0

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

Age under 30 (exclude age 30)	26
Age 30 to 40 (include age 30, exclude age 40)	139
Age 40 to 50 (include age 40, exclude age 50)	102
Age 50 to 60 (include age 50, exclude age 60)	19
Age 60 or above	0

**5. Cash flow**

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

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

Not applicable

### (III) ANALYSIS OF ASSETS AND LIABILITIES

#### Assets and liabilities

*Unit: Yuan Currency: RMB*

Items	Amount as at the end of the current period	Percentage of the amount as of the end of the current period to the total assets (%)	Amount as at the end of the previous period	Percentage of the amount as of the end of the previous period to the total assets (%)	Percentage of change in amount as at the end of the current period as compared with the end of the previous assets (%)	Explanations
Cash at bank and on hand	4,717,706,916.89	18.17	2,756,992,021.69	10.96	71.12	Mainly due to the historical arrears received from Tianjin Water Affairs Bureau during the current period.
Receivables financing	11,277,067.24	0.04	7,024,347.00	0.03	60.54	Mainly due to the increase in bank acceptance bills with high credit ratings.
Prepayments	47,101,791.53	0.18	22,314,317.34	0.09	111.08	Mainly due to the prepayment of operating usage fees newly added for Junliangcheng Energy Station Project and the prepayment of equipment for the Tanchuang Project during the current period.
Other receivables	730,865,249.95	2.81	97,353,300.68	0.39	650.73	Mainly due to the project receivables recognized upon the termination of the agreement for the Enshi project.
Other current assets	183,583,679.86	0.71	109,090,786.06	0.43	68.29	Mainly due to the increase in deductible and uncertified input VAT.
Long-term receivables	3,552,746,772.71	13.68	5,128,874,522.65	20.39	(30.73)	Mainly due to the historical arrears received from Tianjin Water Affairs Bureau during the current period, resulting in a decrease in long-term receivables.
Investment property	13,907,696.27	0.05	7,657,173.00	0.03	81.63	Mainly representing properties leased out by Guizhou Company and Water Recycling Company.
Right-of-use assets	43,133,177.00	0.17	3,722,393.42	0.01	1,058.75	Mainly representing leased premises newly added for the energy station projects during the current period.
Development expenditure	1,652,761.39	0.01	454,099.24	0.00	263.96	Representing the capitalized R&D expenditure of the intelligent energy integrated management platform of Tianchuang Green Energy during the current period.
Long-term unamortized expenses	14,121,813.77	0.05	0.00	0.00	N/A	mainly due to addition of deferred expenses for house decoration incurred during the current period.
Deferred income tax assets	109,864,336.97	0.42	71,988,345.01	0.29	52.61	Mainly due to the provision for bad debts made on accounts receivable during the current period, with a corresponding increase in deferred income tax assets.
Short-term borrowings	95,663,213.80	0.37	29,228,819.26	0.12	227.29	Mainly due to the additional short-term borrowings of subsidiaries during the current period.
Advance receipts	736,667.61	0.00	508,010.02	0.00	45.01	Mainly due to the rental income received in advance by subsidiaries during the current period.
Contract liabilities	330,998,019.83	1.27	221,717,388.90	0.88	49.29	Mainly due to the increase in advance received for pipeline connection fees from Water Recycling Company during the current period.
Taxes payable	68,267,444.31	0.26	111,152,981.14	0.44	(38.58)	Mainly due to the decrease in income tax payable, VAT payable and other taxes.
Non-current liabilities due within one year	1,270,951,424.30	4.89	2,092,742,750.09	8.32	(39.27)	Mainly due to the decrease in bonds payable and long-term borrowings due within one year.
Other current liabilities	12,984,465.19	0.05	19,732,253.93	0.08	(34.20)	Mainly due to the decrease in deferred tax.
Bonds payable	1,500,000,000.00	5.78	499,632,500.00	1.99	200.22	Mainly due to the new issuance of RMB500 million medium-term notes and RMB500 million green corporate bonds during the current period.
Lease liabilities	3,253,882.12	0.01	1,280,116.25	0.01	154.19	Mainly due to the new lease payables for energy station projects during the current period.

#### **(IV) ANALYSIS OF INDUSTRIAL OPERATIONAL INFORMATION**

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

Currently, China has embarked on a new journey towards its second centennial goal, with Chinese modernisation characterised by the harmonious coexistence of humans and nature. In line with the spirit of the Third Plenary Session of the 20th Central Committee of the Communist Party of China and the Guidelines on Accelerating Comprehensive Green Transformation of Economic and Social Development (《關於加快經濟社會發展全面綠色轉型的意見》) issued by the Central Committee of the Communist Party of China and the State Council, it is anticipated that green, low-carbon, and circular economy sectors will gradually become new growth drivers for the environmental protection industry. The Company should seize strategic opportunities, optimise its industrial layout in a timely manner, enhance its core competitiveness, and strive to make new contributions to the construction of a Beautiful China. Specifically, upholding the development positioning of a comprehensive urban environmental service provider and leveraging the nationally distributed project network, the Company flexibly combines and precisely matches service modules through the “N-dimensional Integration” business framework, aligning with the characteristics and needs of different cities. Focusing on in-depth development in scenarios such as industrial parks and bases, the Company provides comprehensive multi-level solutions for parks through integrated service packaging and collaborative services. With precise strategies and efficient execution, the Company responds to diverse needs, continuously optimizes and expands the systematic development model for integrated resource circulation, and supports cities in achieving sustainable development and environmental governance goals.

## (V) ANALYSIS OF INVESTMENT STATUS

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

During the reporting period, the Company's external equity investments were concentrated in the water sector, primarily for establishing project companies and capital increases.

- (1) On 24 February 2025, the Board approved capital contributions to Baoying Capital Water Co., Ltd. for the Xianhe Sewage Treatment Plant Upgrading Project. The project requires RMB16 million in capital, with the Company contributing RMB11.2 million (70%) and Baoying Xianhe Sewage Treatment Co., Ltd. contributing RMB4.8 million (30%). The capital injection was completed during the reporting period.
- (2) On 15 July 2025, the Board approved the capital injection into Wendeng Capital Water Co., Ltd. to implement the second phase of the Wendeng Sewage Treatment Plant Upgrading Project. The project requires RMB12.449 million in capital, with the Company providing 100% of the additional capital to Wendeng Capital Water Co., Ltd. This capital increase was completed during the reporting period.
- (3) On 23 October 2025, the Board approved the establishment of Jingmen Chuanghuan Water Co., Ltd. (tentative name) to implement the Investor + EPC + O Project for Comprehensive Utilization of Reclaimed Water in Duodao District, Jingmen City, Hubei Province. The registered capital is RMB32.1925 million, to be fully funded by the Company. During the reporting period, the company has not yet been established, and no capital contribution has been made.
- (4) On 14 November 2025, the Board approved the establishment of Ningguo Jingkai Chuanghuan Water Services Co., Ltd. (tentative name) to implement the Ningguo Economic and Technological Development Zone Urban Infrastructure Operations Project. The registered capital is RMB20 million, with the Company contributing RMB12 million (60%) and Anhui Ningguo Construction Investment Group Co., Ltd. contributing RMB8 million (40%). During the reporting period, Ningguo Jingkai Chuanghuan Water Services Co., Ltd. was established but capital contributions have not yet been made.
- (5) On 26 January 2025, the Board approved Shandong Tanchuang Environmental Protection Technology Development Co., Ltd. to terminate the Tancheng Comprehensive Materials Ecological Disposal Center Project and sign the Land Reclamation Agreement. During the reporting period, the Land Reclamation Agreement was signed with the Tancheng County Government.
- (6) On 7 May 2025, the Board approved the liquidation and deregistration of Hengshui Chuangjian Building Materials Co., Ltd.\*(天津創業建材有限公司), an invested subsidiary of Chuangjian Building Materials Co., Ltd.\*(衡水創業建材有限公司), a holding subsidiary. The industrial and commercial deregistration procedures were completed on 12 May 2025.

- (7) On 22 August 2025, the Board approved a pro-rata capital reduction of Honghu Tianchuang Environmental Protection Co., Ltd.\* (洪湖市天創環保有限公司), a holding subsidiary. Honghu Tianchuang Environmental Protection Co., Ltd.'s original registered capital was RMB60 million; following the capital reduction, the registered capital was changed to RMB30 million, and the Company recovered RMB26.7 million. Upon the capital reduction, the shareholding percentage of each party remains unchanged: the Company, Honghu Huyuan Water Services Co., Ltd. and CCCC Tianjin Dredging Co., Ltd. have a ownership of 89%, 10 and 1%, respectively. As of the end of this report, the capital reduction proceeds have been recovered, and the procedures for the state-owned property change registration and industrial and commercial change registration of the Company are being processed.
- (8) On 14 November 2025, the Board approved the termination of the concession project for the Enshi Dashaba Phase I and Phase II (Tanjiaba) Sewage Treatment Plants and Supporting Pipeline Network. During the reporting period, the termination agreement was signed, and the project was terminated.
- (9) On 14 November 2025, the Board approved the termination of the TOT project for the concession of the Chibi Lushui Industrial Park Sewage Treatment Plant and its supporting pipeline network. During the reporting period, the termination agreement was signed, and the project has been terminated.
- (10) On 16 December 2025, the Board approved the termination of the Jinghai Tianyu Science Park Sewage Treatment Plant Upgrading Project and signed the Supplementary Agreement (III) to the Jinghai Tianyu Science Park Sewage Treatment Plant Project Concession Agreement. During the reporting period, the supplementary agreement was entered into.

1. *Major equity investment*

Not applicable

2. *Major non-equity investment*

On 24 October 2025, the Board approved the investment in the Phase II Relocation Project of Xianyang Road Sewage Treatment Plant. The total estimated investment of the project is RMB598,323,500, to be funded by the Company. No investment was made in the project during the Reporting Period, and preliminary preparation work is underway. For details, please refer to the overseas regulatory announcement of the Company dated 24 October 2025.

3. *Financial assets measured by fair value*

Not applicable

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

Not applicable

**(VI) DISPOSAL OF MAJOR ASSETS AND EQUITY INTEREST**

Not applicable

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

### *Major subsidiaries and investee companies which have impact towards the net profit of the Company over 10%*

Unit: 0'000 Currency: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operation profit	Net profit
Water Recycling Company	Subsidiary	Production and sales of recycled water; development and construction of water recycling facilities; and manufacturing, installation, debugging, and operation of water recycling facilities etc	10,000	172,333.04	43,885.71	21,634.34	6,636.39	5,005.21
Hangzhou Company	Subsidiary	Operation and maintenance for facilities for sewage treatment and recycled water usage, and supporting services such as its technical services and technical training	37,744.50	62,575.69	58,039.98	30,617.07	12,447.63	10,778.63

### *Acquisition and disposal of subsidiaries during the reporting period*

Name of subsidiary	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on the overall production, operation and results
Ningguo Jingkaichuanguan Water Co., Ltd. (寧國經開創環水務有限公司)	New subsidiary	0

## (VIII) STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

Not applicable

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

### **(I) Industry Landscape and Trends**

In recent years, the development of the ecological environmental protection and green low-carbon industries has exhibited a series of new trends and changes, thereby imposing new requirements on enterprise development and capability enhancement.

First, shifts in China's urban development phase will profoundly transform the logic of industry evolution. The Central Urban Work Conference was convened in Beijing in July 2025. In his keynote address, General Secretary Xi Jinping summarized China's urban development achievements since the new era, analyzed the current urban landscape, and outlined overarching requirements, guiding principles, and key tasks for urban development. The conference figured out that China's urbanization is transitioning from a period of rapid growth to one of stable development, and urban development is shifting from a phase of large-scale incremental expansion to one focused on enhancing the quality and efficiency of existing stock. Consequently, the overarching requirement for urban work in the current and coming period is to be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, uphold and strengthen the Party's comprehensive leadership, earnestly practice the concept of cities for the people, adhere to the general principle of pursuing progress while ensuring stability, and adopt tailored approaches based on local conditions. The goal is to build an innovative, livable, beautiful, resilient, civilized, and intelligent modern people's city, the is to promote high-quality urban development, the main line is to adhere to the city's intrinsic development, and the important lever is to promote urban renewal, vigorously promote the optimization of urban structure, the transformation of driving forces, the improvement of quality, the green transformation, the continuation of cultural heritage, and the enhancement of governance efficiency, firmly safeguard the bottom line of urban safety, and forge a new path of urban modernization with Chinese characteristics. The changes in China's urban development stages outlined above determine that opportunities in the traditional water and environmental protection industry are shifting from incremental projects to enhancing the quality and efficiency of existing projects and revitalizing them. In particular, the goals of building beautiful and resilient cities particularly determine future business opportunities in urban ecological conservation and green low-carbon sectors. For environmental protection enterprises, it is essential to persistently advance the campaigns for blue skies, clear waters, and clean soil. Focus should be placed on business opportunities in air, water, and soil pollution governance, while also pursuing industrial opportunities such as green and low-carbon upgrades of energy, pipeline networks, and transportation infrastructure; ecological restoration of water bodies and the reproduction and reuse of water resources; renovation and upgrading of aging urban pipelines; and construction and renovation of underground utility tunnels.

Second, “AI + Environmental Protection” will emerge as a new trend in technological innovation and industrial development. The 2025 Government Work Report called for the continued advancement of the “AI+” initiative. To implement this strategic direction, the State Council issued the Opinions on Deepening the Implementation of the “AI+” Initiative in September 2025, which outlines overarching requirements, key sectors, development goals, and actionable measures, providing a roadmap for accelerating the formation of new models of intelligent economy and intelligent society. The Fourth Plenary Session of the 20th Central Committee of the Party proposed accelerating high-level self-reliance in science and technology during the 15th Five-Year Plan period to lead the development of new productive forces. This includes deepening the construction of a Digital China, building an open, shared, and secure national integrated data market, accelerating innovation in digital and intelligent technologies such as artificial intelligence, and fully implementing the “AI+” initiative. Redefining the core competitiveness of environmental protection enterprises through “AI+” is becoming the choice of an increasing number of companies. Explorations in areas such as AI+water management, AI+solid waste, and AI+environmental monitoring have gradually commenced. In the future, the approach of “intelligentization, digitalization, informatization, and automation” will facilitate the transformation from “traditional operational advantages” to “new operational advantages.”

Third, the ongoing advancement of the “dual carbon” strategy will further boost business opportunities in the new energy sector. In October 2025, the Ministry of Ecology and Environment formally released the “China’s Policies and Actions on Climate Change 2025 Annual Report” at a routine press conference. The report outlined China’s new deployments and targets for climate change response since 2024 and clarified the national nationally determined contribution goal for 2035. Specifically, by 2035, China aims to reduce net greenhouse gas emissions across its entire economy by 7% to 10% from peak levels, increase the share of non-fossil energy consumption to over 30% of total energy consumption, expand the total installed capacity of wind and solar power generation to more than six times the 2020 level, extend the national carbon emissions trading market to cover major high-emission industries, and commit to reducing the emission of methane, a non-carbon dioxide greenhouse gas. These above-mentioned “dual carbon” policy drivers are guiding environmental protection enterprises to position new energy as a key growth area for the new era.

## (II) Corporate Development Strategy

During the “14th Five-Year Plan” period, the Company strengthened strategic guidance, focused on its core businesses, established a tiered business layout of “One Body, Two Wings,” defined the “Five-Dimensional Integration” business model, and adopted the business structure of “One Heavy Asset, One Light Asset, One Industry” along with the development philosophy of “One Project, One City.” These initiatives effectively advanced and upgraded the Company’s strategic positioning as an integrated urban environmental service provider. In 2025, the Company conducted an annual assessment of strategy implementation and made optimized adjustments to its “14th Five-Year Plan” strategic objectives. It further reinforced closed-loop strategic management and coordinated efforts to successfully conclude the “14th Five-Year Plan” period while strategically planning for the “15th Five-Year Plan” period. Adhering to a reform-oriented approach and innovative thinking, the Company advanced the formulation of its “15th Five-Year Plan” strategy with high standards and quality through “coordinated efforts across levels and internal-external collaboration.” It continuously deepened research on strategic issues such as “AI+,” “Beijing-Tianjin-Hebei Coordinated Development,” “Leveraging Four Resources,” and “New Productive Forces,” while systematically reviewing and analyzing industry policies, market opportunities, and competitive dynamics in the ecological and environmental protection, green and low-carbon, and resource recycling sectors. Based on an in-depth analysis of the Company’s internal environment and external landscape, it researched and validated key strategic components, including strategic objectives, business portfolio, development strategies, and supporting measures. In terms of strategic direction, the Company focused on the “Two Cores and One Capability” to continuously enhance its core functions and strengthen its core competitiveness. It leveraged technological innovation to empower industrial upgrading, with an emphasis on cultivating new productive forces in the fields of ecological and environmental protection and green and low-carbon development. The strategy entails shifting from industry-wide focus to regional deep cultivation, expanding from municipal projects to the industrial market, and progressing from single-site projects to integrated models. Regarding business portfolio, the Company is constructing a structure centered on water resource recycling, complemented by green energy services, environmental management, and municipal services. This three-pronged business portfolio aims to promote the upgrading of traditional industries while exploring new growth avenues. It will continue to solidify and enhance its core water-related businesses, including water supply, wastewater treatment, and reclaimed water supply. Embracing the concept of water resource recycling, the Company will extend its industrial chain, expand its service offerings, and achieve deep cultivation across the entire industry chain. Concurrently, in alignment with the national “dual carbon strategy,” the Company will strengthen, optimize, and expand its green energy business, actively explore integrated energy service opportunities in industrial parks, and accelerate the development of a “second growth curve.”

### **(III) Business Plan**

During the reporting period, the Company adhered to the goal of high-quality development, focused on market expansion, and steadily promoted the implementation of our development strategy and annual business plan. Anchoring ourselves on the core principal business of water treatment, we coordinated the development of solid waste treatment, cooling and heating, and photovoltaic power generation businesses. We continued to consolidate the existing advantages of its existing businesses, stabilized the scale of water treatment, and ensured that the water business load rate met targets; we strengthened operational cost control and precisely reduced the unit cost of water treatment. We actively expanded our incremental businesses, deepened project planning, strengthened investment-driven efficiency, and made every effort to promote the implementation and effectiveness of key projects. Focusing on the cultivation of new quality productivity, we conducted scientific and technological research and development work in areas such as technology commercialization, industrial digitalization and green energy, ensuring investment in scientific research and striving to improve the efficiency of scientific research results transformation.

In 2026, sewage treatment is projected to remain the Company's primary business, with annual treatment volume expected to exceed 1.7 billion cubic meters. Projected operational costs will rise due to stricter effluent standards in Tianjin and external projects, alongside increases in resource/energy expenses and labor costs. Assuming no significant changes to national policies or the business environment, sewage treatment service fee income and cost fluctuations are expected to remain within 20%; R&D investment will not fall below 1.25% of annual operating revenue, primarily allocated to technological R&D and technical renovation expenses, and research will continue to focus on developing new processes and applied technologies in sewage treatment, sludge treatment, and new energy sectors.

### **(IV) Possible Risks**

#### **1. Possible Risks**

##### *(1) Risk of government credit*

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

## *(2) Policy and Market Risks*

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

## *(3) Risk of operation and management*

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

(4) *Legal Risks*

The Company faces the possibility of negative legal impacts due to changes in laws, regulations, or regulatory policies, contract performance disputes, and the transmission of third-party disputes. In terms of business structure, our current principal contract types cover franchising, construction engineering, material procurement and technical services. Among these, the risks of franchise projects are concentrated on the payment and performance sides. Some projects are affected by the pace of local government fiscal payments, resulting in delayed service fee payments, which may temporarily impact the project company's cash flow and create payment pressure on upstream and downstream entities. Regarding construction engineering projects, these mainly involve EPC, general contracting and specialized subcontracting models. In recent years, with the overall tightening of industry liquidity, some general contractors or subcontractors have experienced liquidity difficulties, leading to the risk of lawsuits from actual contractors. Although the Company, as the contracting party, has fulfilled its contractual obligations in accordance with the law, there is still a risk of litigation from actual contractors claiming joint and several liability for "outstanding unpaid construction costs" due to downstream units' illegal subcontracting or delayed payments.

**2. *Risk Management 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. Proactively plan for the "15th Five-Year Plan" with foresight and high standards, focusing on ecological conservation and green, low-carbon development as primary directions. With a broader perspective, seek new strategic opportunities and pioneer new development pathways, emphasizing technology-driven leadership and technical empowerment to vigorously promote the development of new productive forces.

(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. To address the aforementioned legal risks, the Company has established a legal safeguard mechanism covering the entire lifecycle of contracts, including strengthening the creditworthiness review of partners and standardizing contract texts at the front end; embedding compliance review nodes and dynamically tracking the performance status of major projects in the middle; and implementing tiered and categorized case management at the back end, with major disputes handled through escalated management and dedicated teams. Simultaneously, the Company continues to promote the coordinated operation of legal affairs, compliance, internal control, and risk control, striving to transform legal risk prevention and control from passive response to proactive identification and source governance, effectively safeguarding the security of state-owned assets and the legitimate rights and interests of listed companies.

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

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

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

Not applicable

**VIII. THE PROPOSAL ON THE PROFIT APPROPRIATION OR TRANSFER OF CAPITAL RESERVE FUND TO SHARE CAPITAL FOR THE REPORTING PERIOD AS REVIEWED BY THE BOARD**

As audited by WUYIGE Certified Public Accountants LLP, the actual profit available for distribution to shareholders this year was RMB6,640,201,715.97, which was calculated based on the net profit of RMB862,357,236.56 attributable to the Company in 2025, less the statutory surplus reserve of RMB88,649,352.90 drawn in accordance with the Company Law of the PRC and the related provisions in the Articles of Association of the Company, plus the retained earnings of RMB6,133,464,906.76 at the beginning of the year, and less the cash dividend of RMB266,971,074.45 for 2024 already distributed in 2025.

Taking into account the production, operation and capital position of the Company, and in order to safeguard the interests of investors and actively reward shareholders, the Company plans to pay a cash dividend of RMB2.09 (tax inclusive) for every 10 shares to all shareholders in 2025 according to its profit distribution policy, totaling RMB328,217,379.77, with the cash dividend amount accounting for 38.06% of the net profit attributable to shareholders of the Company realized in 2025. In 2025, there was no conversion of capital surplus to share capital.

This distribution plan is subject to the approval of the 2025 annual general meeting.

## § 5 FINANCIAL ACCOUNTING REPORT

### CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB yuan unless otherwise stated)

	<i>Notes</i>	<b>31 DECEMBER 2025 RMB (Audited)</b>	31 DECEMBER 2024 RMB (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,717,706,916.89	2,756,992,021.69
Notes receivable		31,343,964.58	34,433,958.06
Trade receivables	10	3,918,949,753.84	3,589,826,335.15
Receivables financing		11,277,067.24	7,024,347.00
Prepayments		47,101,791.53	22,314,317.34
Other receivables		730,865,249.95	97,353,300.68
Inventories		42,626,289.72	40,535,081.99
Non-current assets due within one year		196,809,828.02	199,090,708.41
Other current assets		183,583,679.86	109,090,786.06
<b>Total current assets</b>		<b>9,880,264,541.63</b>	<b>6,856,660,856.38</b>
<b>Non-current assets</b>			
Long-term receivables		3,552,746,772.71	5,128,874,522.65
Long-term equity investments		211,866,236.74	190,200,882.52
Other equity instruments investment		2,000,000.00	2,000,000.00
Investment properties		13,907,696.27	7,657,173.00
Fixed assets		1,668,141,164.51	1,489,568,498.08
Construction in progress		262,626,335.81	239,892,515.34
Right-of-use assets		43,133,177.00	3,722,393.42
Intangible assets		10,036,161,493.55	10,946,006,182.15
Development expenditures		1,652,761.39	454,099.24
Long-term unamortized expenses		14,121,813.77	0.00
Deferred income tax assets		109,864,336.97	71,988,345.01
Other non-current assets		168,385,925.90	217,956,227.92
<b>Total non-current assets</b>		<b>16,084,607,714.62</b>	<b>18,298,320,839.33</b>
<b>Total assets</b>		<b>25,964,872,256.25</b>	<b>25,154,981,695.71</b>

**CONSOLIDATED BALANCE SHEET**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
*(All amounts in RMB yuan unless otherwise stated)*

	<i>Notes</i>	<b>31 DECEMBER 2025 RMB (Audited)</b>	31 DECEMBER 2024 RMB (Audited)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term borrowings		<b>95,663,213.80</b>	29,228,819.26
Trade payables	<i>11</i>	<b>1,083,882,507.33</b>	946,965,173.51
Advance receipts		<b>736,667.61</b>	508,010.02
Contract liabilities	<i>3</i>	<b>330,998,019.83</b>	221,717,388.90
Employee benefits payable		<b>112,792,860.91</b>	105,252,309.61
Taxes payable		<b>68,267,444.31</b>	111,152,981.14
Other payables		<b>763,541,710.44</b>	1,060,257,870.64
Non-current liabilities due within a year		<b>1,270,951,424.30</b>	2,092,742,750.09
Other current liabilities		<b>12,984,465.19</b>	19,732,253.93
<b>Total current liabilities</b>		<b><u>3,739,818,313.72</u></b>	<u>4,587,557,557.10</u>
<b>Non-current liabilities</b>			
Long-term borrowings		<b>7,413,911,544.68</b>	7,414,407,322.97
Debentures payable		<b>1,500,000,000.00</b>	499,632,500.00
Lease liabilities		<b>3,253,882.12</b>	1,280,116.25
Long-term payables		<b>94,240,236.55</b>	102,593,539.92
Accrued liabilities		<b>78,248,108.64</b>	0.00
Deferred revenue		<b>1,599,979,448.85</b>	1,637,976,137.69
Deferred income tax liabilities		<b>110,383,734.94</b>	86,249,975.52
Other non-current liabilities		<b>25,990,000.00</b>	27,990,000.00
<b>Total non-current liabilities</b>		<b><u>10,826,006,955.78</u></b>	<u>9,770,129,592.35</u>
<b>Total liabilities</b>		<b><u>14,565,825,269.50</u></b>	<u>14,357,687,149.45</u>

**CONSOLIDATED BALANCE SHEET**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
*(All amounts in RMB yuan unless otherwise stated)*

	<b>31 DECEMBER 2025</b>	31 DECEMBER 2024
<i>Notes</i>	<b>RMB</b>	<b>RMB</b>
	<b>(Audited)</b>	<b>(Audited)</b>
<b>EQUITY</b>		
Share capital	<b>1,570,418,085.00</b>	1,570,418,085.00
Capital surplus	<b>1,110,030,404.40</b>	1,114,966,012.00
Surplus reserve	<b>938,668,079.24</b>	850,018,726.34
Undistributed profits	<b>6,640,201,715.97</b>	6,133,464,906.76
	<hr/>	<hr/>
Total equity attributable to shareholders of the Company	<b>10,259,318,284.61</b>	9,668,867,730.10
Minority interests	<b>1,139,728,702.14</b>	1,128,426,816.16
	<hr/>	<hr/>
<b>Total equity</b>	<b>11,399,046,986.75</b>	10,797,294,546.26
	<hr/>	<hr/>
<b>Total liabilities and equity</b>	<b>25,964,872,256.25</b>	25,154,981,695.71
	<hr/> <hr/>	<hr/> <hr/>

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
*(All amounts in RMB yuan unless otherwise stated)*

		(Audited)	
		2025	2024
	Notes	RMB	RMB
<b>I. Operating income</b>	2	<b>4,760,071,027.44</b>	4,827,453,005.80
Less: Operating costs	5	<b>(2,938,127,308.67)</b>	(2,906,884,803.82)
Tax expenses and surcharge		<b>(69,138,606.97)</b>	(61,262,655.84)
Selling expenses	5	<b>(16,864,947.59)</b>	(10,072,934.71)
Administrative expenses	5	<b>(241,441,171.67)</b>	(248,716,944.79)
Research and development expenses	5	<b>(58,584,590.17)</b>	(65,289,666.95)
Finance expenses – net	6	<b>(288,286,001.30)</b>	(344,980,035.03)
Including: Interest expenses		<b>(309,907,333.96)</b>	(381,723,020.15)
Interest income		<b>17,851,917.67</b>	21,685,451.68
Foreign exchange loss, net (net gain shown with “–”)		<b>0.00</b>	0.00
Add: Other income	4	<b>85,210,370.15</b>	93,685,969.92
Investment gain		<b>22,795,332.57</b>	1,550,409.92
Of which: investment income from joint ventures		<b>21,665,354.22</b>	1,550,409.92
Less: Credit impairment losses		<b>(59,384,746.91)</b>	(94,040,256.92)
Assets impairment losses		<b>0.00</b>	(148,160,626.04)
Losses on disposals of assets		<b>(17,538,532.14)</b>	0.00
<b>II. Operating profit</b>		<b>1,178,710,824.74</b>	1,043,281,461.54
Add: Non-operating income		<b>1,127,698.42</b>	5,076,578.79
Less: Non-operating expenses		<b>(29,217,263.48)</b>	(1,295,697.70)
<b>III. Total profit</b>		<b>1,150,621,259.68</b>	1,047,062,342.63
Less: Income tax expenses	7	<b>234,488,956.16</b>	176,401,310.03

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
*(All amounts in RMB yuan unless otherwise stated)*

		<b>(Audited)</b>	
		<b>2025</b>	2024
	<i>Notes</i>	<b>RMB</b>	<b>RMB</b>
<b>IV. Net profit</b>		<b>916,132,303.52</b>	870,661,032.60
Classified by continuity of operations			
Net profit from continuing operations		<b>916,132,303.52</b>	870,661,032.60
Net profit from discontinued operations		<b>0.00</b>	0.00
Classified by ownership of the equity			
Attributable to shareholders of the Company		<b>862,357,236.56</b>	807,210,626.05
Minority interests		<b>53,775,066.96</b>	63,450,406.55
		<hr/>	<hr/>
<b>V. Other comprehensive income, net of tax</b>		<b>0.00</b>	0.00
		<hr/>	<hr/>
<b>VI. Total comprehensive income for the year</b>		<b>916,132,303.52</b>	870,661,032.60
Total comprehensive income attributable to shareholders of the Company		<b>862,357,236.56</b>	807,210,626.05
Total comprehensive income attributable to minority shareholders		<b>53,775,066.96</b>	63,450,406.55
		<hr/>	<hr/>
<b>VII. Earnings per share</b>			
Basic earnings per share (RMB Yuan)	8	<b>0.55</b>	0.51
Diluted earnings per share (RMB Yuan)	8	<b>0.55</b>	0.51
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2025*

*(All amounts in RMB unless otherwise stated)*

### 1 Basis of preparation

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

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

### 2 Segment information

The reportable segments of the Group are the business units that provide different products or services, or operate in the different areas. Different businesses or areas require different technologies and marketing strategies and the Group, therefore, separately manages the production and operation activities of each reportable segment and evaluates their respective operating results for resources allocation and performance assessment.

The Group considers its operations from the perspective of providing services and regions. As the perspective of providing services, management assesses the performance sewage treatment, recycled water, pipeline connection, heating and cooling supply services, sales of tap water and sales of environmental protection equipment. Sewage treatment is further evaluated on a geographical basis (Tianjin plants, Hangzhou plant and other plants). The environmental protection equipment sold by the Group is mainly the result of the scientific research and transformation of environmental protection patent technology. Other services, including hazardous waste disposal, contract operation services, rental income and technical services, are not separately presented within the reportable operating segments, but are included in the ‘all other segments’ column. The assets are allocated based on the operations of the segments and the physical locations of the assets. The liabilities are allocated based on the operations of the segments. Expenses indirectly attributable to the segments are allocated based on the proportion of each segment’s revenue.

**(i) For the twelve months ended 31 December 2025 (Audited)**

	Sewage water processing and sewage treatment plant construction				Heating and related facilities construction cooling supply RMB	Tap water and water plant facilities construction RMB	Sale of Environ- mental protection equipment RMB	Other segments RMB	Total RMB
	Tianjin plants RMB	Hangzhou plants RMB	Other plants RMB	Recycled water and pipeline connection RMB					
Revenue from external customers	1,693,766,649.43	296,709,354.46	1,602,938,433.42	250,324,094.83	194,605,175.29	75,193,374.95	33,609,567.92	612,924,377.14	4,760,071,027.44
Operating costs	(941,497,628.86)	(164,928,949.20)	(891,009,829.95)	(160,573,411.09)	(167,436,452.68)	(50,058,397.45)	(26,774,265.02)	(535,848,374.42)	(2,938,127,308.67)
Interest income	9,942,446.51	1,604,250.66	2,011,653.38	1,517,925.44	303,202.86	47,165.80	872,298.13	1,552,974.89	17,851,917.67
Interest expenses	(177,034,520.97)	(204,487.76)	(98,735,545.16)	(1,714,037.43)	(2,476,769.46)	(87,865.07)	0.00	(29,654,108.11)	(309,907,333.96)
Results before share of profits of an associate	650,442,328.78	98,913,972.26	99,741,402.31	55,169,446.61	23,707,922.17	34,815,663.72	329,214.45	165,835,955.16	1,128,955,905.46
Total of segment profit	650,442,328.78	98,913,972.26	99,741,402.31	55,169,446.61	23,707,922.17	34,815,663.72	329,214.45	187,501,309.38	1,150,621,259.68
Income tax expenses	(88,502,020.91)	(13,693,130.62)	(45,797,446.24)	(16,994,493.33)	(3,982,990.47)	(8,431,481.08)	315,410.53	(57,402,804.04)	(234,488,956.16)
Segment net profit	561,940,307.87	85,220,841.64	53,943,956.07	38,174,953.29	19,724,931.71	26,384,182.64	644,624.98	130,098,505.32	916,132,303.52
Net profit									<u>916,132,303.52</u>
Depreciation expenses	(72,857,602.83)	0.00	(4,115,325.38)	(27,681,782.56)	(7,775,992.35)	(311,655.76)	(94,842.25)	(41,009,440.60)	(153,846,641.73)
Amortization	(208,722,436.81)	(12,575,343.36)	(270,020,332.01)	(14,982,515.62)	(31,078,194.45)	(10,428,576.93)	(1,054,860.84)	(57,392,003.85)	(606,254,263.87)
Segment assets	8,821,441,326.96	608,594,209.92	10,122,618,844.88	1,383,473,812.53	1,142,537,142.01	531,911,807.09	41,311,901.09	3,101,116,975.03	25,753,006,019.51
Equity investments in associate									211,866,236.74
Total assets									<u>25,964,872,256.25</u>
Total liabilities	(7,109,547,660.78)	(44,324,188.08)	(3,991,874,061.24)	(983,263,121.69)	(605,639,861.84)	(38,132,906.38)	(17,142,022.12)	(1,775,801,447.37)	(14,565,825,269.50)
Non-current assets addition (iii)	52,646,047.54	8,974,175.65	264,471,198.71	270,200,444.17	76,107,038.10	2,126,930.06	1,128,320.36	53,595,745.30	729,249,899.89

**(ii) For the twelve months ended 31 December 2024 (Audited)**

	Sewage treatment and water plant facilities construction			Recycled water and pipeline connection	Heating and related facilities construction cooling supply	Tap water and water plant facilities construction	Sale of Environ- mental protection equipment	Other segments	Total
	Tianjin plants RMB	Hangzhou plants RMB	Other plants RMB						
Revenue from external customers	1,646,082,516.66	307,135,514.95	1,752,815,192.27	381,845,702.28	162,311,778.73	63,504,058.13	23,671,931.76	490,086,311.02	4,827,453,005.80
Operating costs	(991,200,172.80)	(184,943,812.00)	(1,055,470,004.61)	(229,931,077.12)	(97,737,179.94)	(38,239,415.55)	(14,254,220.32)	(295,108,921.48)	(2,906,884,803.82)
Interest income	7,394,384.33	1,379,686.63	7,873,839.29	1,715,293.04	729,122.42	285,267.24	106,336.93	2,201,521.80	21,685,451.68
Interest expenses	(130,161,306.37)	(24,286,242.92)	(138,601,019.66)	(30,193,829.86)	(12,834,540.76)	(5,021,480.44)	(1,871,819.63)	(38,752,780.51)	(381,723,020.15)
Results before share of profits of an associate	356,502,468.55	66,518,274.84	379,618,237.02	82,698,731.13	35,152,885.23	13,753,474.24	5,126,779.50	106,141,082.20	1,045,511,932.71
Total of segment profit	357,031,132.98	66,616,916.08	380,181,180.26	82,821,366.69	35,205,014.13	13,773,869.53	5,134,382.10	106,298,480.86	1,047,062,342.63
Income tax expenses	(60,149,961.48)	(11,223,124.72)	(64,050,110.02)	(13,953,130.57)	(5,931,080.09)	(2,320,519.54)	(865,002.68)	(17,908,380.93)	(176,401,310.03)
Segment net profit	296,881,171.50	55,393,791.36	316,131,070.24	68,868,236.12	29,273,934.04	11,453,349.99	4,269,379.42	88,390,099.93	870,661,032.60
Net profit									<u>870,661,032.60</u>
Depreciation expenses	(64,002,150.03)	0.00	(68,152,076.08)	(14,022,483.39)	(6,310,924.70)	(7,214,005.64)	(111,244.17)	(27,885,708.50)	(187,698,592.51)
Amortization	(194,114,024.91)	(55,276,040.04)	(206,700,459.09)	(7,812,640.36)	(19,140,591.28)	(9,771,210.02)	0.00	(76,461,679.62)	(569,276,645.32)
Segment assets	8,512,581,930.78	1,588,326,349.62	9,064,541,286.76	1,974,684,010.48	839,382,169.96	328,406,074.60	122,417,470.89	2,534,441,520.10	24,964,780,813.19
Equity investments in associate									<u>190,200,882.52</u>
Total assets									<u>25,154,981,695.71</u>
Total liabilities	<u>(4,895,736,482.15)</u>	<u>(913,474,586.05)</u>	<u>(5,213,178,073.64)</u>	<u>(1,135,675,712.66)</u>	<u>(482,743,537.20)</u>	<u>(188,872,144.02)</u>	<u>(70,404,453.45)</u>	<u>(1,457,602,160.28)</u>	<u>(14,357,687,149.45)</u>
Non-current assets addition (iii)	<u>279,844,049.85</u>	<u>52,214,907.51</u>	<u>297,989,254.53</u>	<u>64,916,094.22</u>	<u>27,593,990.60</u>	<u>10,796,076.52</u>	<u>4,024,372.52</u>	<u>83,317,656.72</u>	<u>820,696,402.47</u>

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

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

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

For the twelve months ended 31 December 2025, the income from processing of sewage water segment of approximately RMB1,617,179,997.59 (for the twelve months ended 31 December 2024: RMB1,570,140,456.78) is derived from a single customer, accounting for 34% of the Group's total revenue (for the twelve months ended 31 December 2024: 33%)

**(iv) The loss of other segment included the impairment losses of goodwill amounting to RMB0.00 (2024: RMB150,050,856.37).**

### 3 Contract liabilities

	<b>31 December 2025 RMB (Audited)</b>	31 December 2024 RMB (Audited)
Prepayment of fees for cooling and heating supply projects	<b>86,872,441.87</b>	74,117,947.90
Advances from cooling and heating supply project service fee	<b>46,803,818.12</b>	50,670,952.85
Advances from pipeline connection service	<b>179,252,183.06</b>	77,082,139.96
Advances from hazardous waste disposal service	<b>8,278,194.43</b>	11,460,666.51
Advances from EPC contracts	<b>1,382,150.45</b>	0.00
Others	<b>8,409,231.90</b>	8,385,681.68
	<b><u>330,998,019.83</u></b>	<b><u>221,717,388.90</u></b>

### 4 Other income

	<b>2025 RMB (Audited)</b>	2024 RMB (Audited)
Government grants	<b>85,581,310.80</b>	90,113,785.21
Value-added tax refund	<b>(602,839.77)</b>	3,412,947.07
Individual income tax withholding subsidy	<b>231,899.12</b>	159,237.64
Total	<b><u>85,210,370.15</u></b>	<b><u>93,685,969.92</u></b>

## 5 Expenses by nature

Expenses included in the operating costs, distribution costs, R&D expenses and administrative expenses are analysed as follows:

	<b>2025</b> <b>RMB</b> <b>(Audited)</b>	2024 <b>RMB</b> <b>(Audited)</b>
Amortisation of intangible assets	<b>604,286,191.61</b>	569,276,645.32
Employee benefits	<b>493,951,017.89</b>	495,759,427.13
Utilities	<b>474,431,665.30</b>	438,496,271.63
Sewage mud processing fee	<b>246,237,609.91</b>	311,615,785.84
Construction costs for concession projects	<b>294,698,552.30</b>	301,339,055.58
Raw materials consumption	<b>294,620,404.12</b>	295,379,347.48
Repair and maintenance expenses	<b>292,113,389.11</b>	233,908,379.10
Depreciation of fixed assets	<b>149,562,563.05</b>	180,457,562.11
Cost of recycling water pipeline connection	<b>41,060,455.00</b>	98,352,628.69
Factory environment, detection and fire prevention expenses	<b>75,140,854.92</b>	66,072,803.27
Pipeline maintenance costs	<b>41,053,572.67</b>	36,000,990.23
Consulting service fees	<b>74,646,238.08</b>	53,480,503.18
Travelling, meeting and business entertainment expenses	<b>22,715,469.06</b>	14,728,057.91
General office expenses	<b>10,485,767.57</b>	11,541,660.29
Toll road management expenses	<b>7,120,000.00</b>	7,120,000.00
Depreciation of right-of-use assets	<b>3,644,216.78</b>	3,798,287.51
Audit fees	<b>3,268,396.21</b>	3,090,000.00
Others	<b>125,981,654.52</b>	110,546,945.00
	<b><u>3,255,018,018.10</u></b>	<b><u>3,230,964,350.27</u></b>

## 6 Financial expenses – net

	<b>2025</b> <b>RMB</b> <b>(Audited)</b>	2024 <b>RMB</b> <b>(Audited)</b>
Interest expenses	<b>309,907,333.96</b>	381,723,020.15
Less: Interest income	<b>(17,851,917.67)</b>	(21,685,451.68)
Less: Exchange gains	<b>(5,506,625.34)</b>	(15,806,619.00)
Other expenses	<b>1,737,210.35</b>	749,085.56
	<b><u>288,286,001.30</u></b>	<b><u>344,980,035.03</u></b>

## 7 Income tax expenses

No Hong Kong profits tax has been provided as the Group has no assessable profit in Hong Kong as at 31 December 2025 (31 December 2024: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Tax charges comprises:

	<b>2025</b> <b>RMB</b> <b>(Audited)</b>	2024 <b>RMB</b> <b>(Audited)</b>
Current income tax	<b>247,472,013.39</b>	217,347,024.86
Deferred income tax	<b>(12,983,057.23)</b>	(40,945,714.83)
	<b><u>234,488,956.16</u></b>	<b><u>176,401,310.03</u></b>

## 8 Earnings per share

- (a) Basic earnings per share is calculated based on the consolidated net profit attributable to the ordinary shares owners of the Company of approximately RMB862,357,236.56 (2024: RMB807,210,626.05 million) and weighted average number of ordinary shares of 1,570 million in issue for the year (2024: 1,570 million shares).

	<b>2025</b> <b>RMB</b> <b>(Audited)</b>	2024 <b>RMB</b> <b>(Audited)</b>
Net profit attributable to ordinary shareholders of the Company	<b>862,357,236.56</b>	807,210,626.05
Weighted average number of ordinary shares in issue (shares)	<b>1,570,418,000.00</b>	1,570,418,000.00
Basic earnings per share (RMB Yuan)		
– Basic earnings per share for continuing operations on a going concern	<b>0.55</b>	0.51
– Basic earnings per share for discontinued operations	<b>0.00</b>	0.00

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

## 9 Dividends

### (i) Ordinary shares

	2025 RMB	2024 RMB
Fully paid final dividend for the year ended 31 December 2024 of 17.00 cents (2023: 16.60 cents) per share	<u>266,971,074.45</u>	<u>260,689,402.11</u>
Dividends paid in cash	<u>266,971,074.45</u>	<u>260,689,402.11</u>

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

	2025 RMB	2024 RMB
Proposed total dividend not recognized as a liability as at 31 December 2025	<u>328,217,379.77</u>	<u>266,971,074.45</u>

On 25 March 2026, the Board recommended a final dividend of RMB20.90 cents per ordinary share (2024: RMB17.00 cents).

## 10 Trade receivables

Details of the trade receivables are as follows:

	31 December 2025 RMB (Audited)	31 December 2024 RMB (Audited)
Trade receivables	4,357,750,901.28	3,984,679,509.64
Less: Bad debt allowance	<u>(438,801,147.44)</u>	<u>(394,853,174.49)</u>
	<u>3,918,949,753.84</u>	<u>3,589,826,335.15</u>

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

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

	<b>31 December 2025 RMB (Audited)</b>	31 December 2024 RMB (Audited)
Within 1 year	<b>2,654,231,039.87</b>	2,876,855,205.22
1 to 2 years	<b>1,080,435,935.19</b>	524,529,137.11
2 to 3 years	<b>272,823,256.05</b>	320,554,753.89
3 to 4 years	<b>213,766,061.52</b>	154,525,776.44
4 to 5 years	<b>94,165,099.46</b>	67,267,660.04
Over 5 years	<b>42,329,509.19</b>	40,946,976.94
Total	<b><u>4,357,750,901.28</u></b>	<b><u>3,984,679,509.64</u></b>

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

(ii) *Bad debt allowance*

As at 31 December 2025, bad debt allowance provided on individual basis

			<i>Unit: RMB</i>
<b>31 December 2025</b>	<b>Carrying amount RMB</b>	<b>Lifetime expected credit loss rate</b>	<b>Bad debt allowance RMB</b>
Tianjin Water Authority Bureau	984,860,090.20	0.18%	(1,772,748.16)
Guiyang Water Authority Bureau	37,504,556.30	0.67%	(251,280.53)
Xi'an Water Affairs Bureau	253,282,284.73	0.18%	(455,908.11)
Hangzhou City Water Facilities and River Protection Management Centre	30,575,919.21	0.04%	(12,230.36)
Qijing Sewage Company	236,873,232.67	44.42%	(105,215,812.29)
Tianjin Jinghai Economic Development Zone Management Committee	50,898,467.84	85.60%	(43,569,088.47)
Tianjin City Appearance Sanitation Construction Development Co., Ltd.	18,539,819.98	63.64%	(11,798,741.44)
Tianjin Shuangkou Municipal Solid Waste Landfill	4,510,390.57	100.00%	(4,510,390.57)
Tianjin Ziya Environmental Protection Industrial Park Co., Ltd.	16,246,967.98	100.00%	(16,246,967.98)
Urad Qianqi Finance Bureau	10,927,820.80	100.00%	(10,927,820.80)
Urad Houqi Finance Bureau	10,391,803.00	100.00%	(10,391,803.00)
Bayannur Zijin Nonferrous Metals Co., Ltd.	1,314,448.75	100.00%	(1,314,448.75)
Tianjin Goldin International Club Co., Ltd.	1,547,596.00	100.00%	(1,547,596.00)
Total	<b><u>1,657,473,398.03</u></b>		<b><u>(208,014,836.46)</u></b>

Bad debt allowance provided on individual basis

*Group – Government customers other than provincial capitals and municipalities*

*Unit: RMB*

Ageing	31 December 2025			31 December 2024		
	Carrying amount	Provision for bad debts	ECL rate	Carrying amount	Provision for bad debts	ECL rate
Within 1 year	1,029,412,011.60	(16,434,736.23)	1.60%	1,169,529,363.63	(22,100,078.44)	1.89%
1 to 2 years	819,856,157.55	(66,423,767.03)	8.10%	424,288,243.00	(48,828,045.06)	11.51%
2 to 3 years	200,548,005.10	(41,176,811.41)	20.53%	172,252,270.84	(47,756,088.10)	27.72%
3 to 4 years	104,167,218.04	(46,938,416.32)	45.06%	22,229,656.59	(13,263,169.39)	59.66%
4 to 5 years	19,026,184.84	(19,026,184.84)	100.00%	4,432,550.00	(4,432,550.00)	100.00%
Over 5 years	6,128,050.00	(6,128,050.00)	100.00%	2,995,500.00	(2,995,500.00)	100.00%
Total	<u>2,179,137,627.13</u>	<u>(196,127,965.83)</u>		<u>1,795,727,584.06</u>	<u>(139,375,430.99)</u>	

*Group – Other clients*

*Unit: RMB*

Ageing	31 December 2025			31 December 2024		
	Carrying amount	Provision for bad debts	ECL rate	Carrying amount	Provision for bad debts	ECL rate
Within 1 year	304,887,941.73	(4,628,110.77)	1.52%	394,322,393.85	(4,529,170.29)	1.15%
1 to 2 years	122,598,917.18	(8,052,659.00)	6.57%	73,120,988.26	(3,329,493.39)	4.55%
2 to 3 years	54,883,582.59	(5,561,338.26)	10.13%	31,606,556.17	(2,749,209.88)	8.70%
3 to 4 years	16,994,845.35	(3,399,894.76)	20.01%	19,967,727.12	(3,473,082.90)	17.39%
4 to 5 years	16,092,256.74	(7,334,009.83)	45.57%	8,380,565.68	(3,808,507.74)	45.44%
Over 5 years	5,682,332.53	(5,682,332.53)	100.00%	2,347,226.30	(2,347,226.30)	100.00%
Total	<u>521,139,876.12</u>	<u>(34,658,345.15)</u>		<u>529,745,457.38</u>	<u>(20,236,690.50)</u>	

For 2025, the amount of bad debt provision made by the Group is RMB107,578,275.22, the amount of bad debt provision collected or recovered is RMB63,570,302.28. There is no written off amount of bad debt provision, and the corresponding book balance of bad debt provision is RMB438,801,147.44.

## 11 Trade payables

Trade payables are analyzed by aging based on their invoice dates as follows:

	<b>31 December 2025 RMB (Audited)</b>	31 December 2024 RMB (Audited)
Within 1 year	<b>864,515,799.48</b>	707,568,919.06
1 to 2 years	<b>109,231,947.43</b>	188,411,987.34
2 to 3 years	<b>67,557,835.03</b>	32,777,696.80
Over 3 year	<b>42,576,925.39</b>	18,206,570.31
	<b><u>1,083,882,507.33</u></b>	<b><u>946,965,173.51</u></b>

### *Trade payables over 1 year or overdue*

*Unit: RMB*

	<b>31 December 2025</b>	<b>Notes</b>
Qujing Water Resources and Hydropower Development Investment Co., Ltd.	<b>90,382,706.43</b>	Qujing Chuangye Water Co., Ltd. usually arranges payments in accordance with the instructions of Qujing Water Resources and Hydropower Development Investment Co., Ltd.
Beijing Municipal Construction Group Co., Ltd.	<b>17,718,558.89</b>	Settlement date as per contract has not been reached
Zhonghuan Lechuang (Tianjin) Environmental Protection Technology Co., Ltd.	<b>13,773,867.14</b>	Settlement date as per contract has not been reached
Tianjin Fenghai Electromechanical Equipment Installation Co., Ltd.	<b>9,678,060.74</b>	Settlement date as per contract has not been reached
Tianjin Yueqi Rui Thermal Energy Co., Ltd.	<b>7,190,543.92</b>	Settlement date as per contract has not been reached
	<b><u>138,743,737.12</u></b>	

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

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

## § 7 CORPORATE GOVERNANCE CODE

None of the Directors is aware of any information that would reasonably indicate that the Company is not or was not, for any part of the reporting period, in compliance with the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

## § 8 MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

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

## § 9 PUBLIC FLOAT

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

## § 10 PRE-EMPTIVE RIGHTS

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

## § 11 AUDIT AND RISK CONTROL COMMITTEE

On 31 July 2001, the Board approved the establishment of the audit committee to review and supervise the financial reporting procedures and internal controls of the Company. On 2 August 2024, the Board approved the renaming of the audit committee to the audit and risk control committee of the Board (the “**Audit and Risk Control Committee**”), and added responsibilities such as considering and approving, if thought fit, major risk control strategies and risk mitigation plans on top of the existing responsibilities. The Audit and Risk Control Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the audited accounts for the year ended 31 December 2025, with the Directors.

## § 12 REVIEW OF THE PRELIMINARY RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditor, WUYIGE Certified Public Accountants LLP, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by WUYIGE Certified Public Accountants LLP in this respect did not constitute an assurance engagement pursuant to the Hong Kong Standards on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by WUYIGE Certified Public Accountants LLP on the preliminary results announcement.

By order of the Board  
**Tang Fusheng**  
*Chairman*

Tianjin, the PRC  
25 March 2026

*As at the date of this announcement, the Board comprises three executive Directors: Mr. Tang Fusheng, Mr. Fu Xinghai (employee Director) and Ms. Nie Yanhong; three non-executive Directors: Mr. Wang Yongwei, Mr. Li Xiaoguang and Mr. Liu Tao; and three independent non-executive Directors: Ms. Liu Fei, Mr. Wang Shanggan and Mr. Xue Tao.*

\* *For identification purpose only*