



Annual Report 2025



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

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

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

As audited by WUYIGE Certified Public Accountants LLP, the actual profit available for distribution to shareholders this year was RMB6,640,201,715.97, 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.

- VI. Risk statements for the forward-looking statements

Not applicable

Important

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

No

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

No

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

No

X. Significant risks warning

None

XI. Others

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

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1. Definitions

1. DEFINITIONS

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

Definition of common terms

“Anguo Company”	Anguo Capital Water Co., Ltd.* (安國創業水務有限公司)
“Anhui Company”	Anhui Tianchuang Water Co., Ltd.* (安徽天創水務有限公司)
“Baoying Company”	Baoying Capital Water Co., Ltd.* (寶應創業水務有限責任公司)
“Bayannur Company”	Inner Mongolia Bayannur Capital Water Co., Ltd.* (內蒙古巴彥淖爾創業水務有限責任公司)
“Bohai Chemical”	Tianjin Bohai Chemical Industry (Group) Co., Ltd.* (天津渤海化工(集團)股份有限公司)
“Capital Materials Company”	Tianjin Capital New Materials Co., Ltd.* (天津創業建材有限公司)
“Caring Company”	Tianjin Caring Technology Development Co., Ltd.* (天津凱英科技發展股份有限公司)
“Changsha Tianchuang Environmental Protection”	Changsha Tianchuang Environmental Protection Co., Ltd.* (長沙天創環保有限公司)
“Changsha Tianchuang Water”	Changsha Tianchuang Water Co., Ltd.* (長沙天創水務有限公司)
“Chibi Capital Company”	Chibi Capital Water Co., Ltd.* (赤壁創業水務有限公司)
“Chibi Chuanghuan Company”	Chibi Chuanghuan Water Co., Ltd.* (赤壁創環水務有限公司)
“China” or “PRC”	People’s Republic of China, for the purposes of this annual report, does not include Hong Kong, Macao Special Administrative Region of PRC and Taiwan, China
“Company” or “Tianjin Capital”	Tianjin Capital Environmental Protection Group Company Limited
“Compro Company”	Gaoyou Compro Environmental Resources Co., Ltd.* (高郵康博環境資源有限公司)

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

1. Definitions

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

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

1. Definitions

“Tianjin Investment Group”, “City Investment Group”	Tianjin City Infrastructure Construction and Investment Group Co., Ltd.* (天津城市基礎設施建設投資集團有限公司)
“TLP”	Tianjin Lecheng Properties Co., Ltd.* (天津樂城置業有限公司)
“TMICL”	Tianjin Municipal Investment Company Limited* (天津市政投資有限公司)
“Water Recycling Company”	Tianjin Water Recycling Co., Ltd.* (天津中水有限公司)
“Wendeng Company”	Wendeng Capital Water Co., Ltd.* (文登創業水務有限公司)
“Weng’an Company”	Weng’an Capital Water Co., Ltd.* (甕安創環水務有限公司)
“Wuhan Company”	Wuhan Tianchuang Capital Environmental Protection Co., Ltd.* (武漢天創環保有限公司)
“Wuhu Chuanghuan Company”	Wuhu Chuanghuan Water Co., Ltd.* (蕪湖創環水務有限公司)
“Xi’an Company”	Xi’an Capital Water Co., Ltd.* (西安創業水務有限公司)
“Xiqing Tianchuang Company”	Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd.* (天津西青天創環保有限公司)
“Yingshang Company”	Yingshang Capital Water Co., Ltd.* (潁上創業水務有限公司)
“Yonghui Company”	Jiangsu Yonghui Resources Utilisation Co., Ltd.* (江蘇永輝資源利用有限公司)

2. Company Profile and Major Financial Indicators

I. INFORMATION OF THE COMPANY

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

II. CONTACT PERSON AND METHOD

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

III. COMPANY PROFILE

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

2. Company Profile and Major Financial Indicators

IV. PLACES WHERE INFORMATION IS DISCLOSED AND AVAILABLE FOR INSPECTION

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

V. PROFILE OF THE SHARES OF THE COMPANY

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

VI. OTHER RELEVANT INFORMATION

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

Note: As the Company had not fully utilised the proceeds upon the conclusion of the statutory supervision period, the ongoing supervision obligations will be resumed by the sponsor during the reporting period until the proceeds were fully utilised. In February 2026, the Company received a letter from CITIC Securities titled “Letter Regarding the Change of Sponsor Representatives for the Ongoing Supervision Project of the 2021 Private Placement and Listing of Tianjin Capital Environmental Protection Group Company Limited” as regards the original sponsor representatives, Mr. Ge Xin has departed for personal reasons, and Mr. Ma Bin has experienced changes in his work arrangements, CITIC Securities has now appointed Mr. Ling Tao and Mr. Lin Wei to succeed the original sponsor representatives as the sponsor representatives for the continuous supervision project of the Company’s 2021 private placement and listing. The continuous supervision period will continue until the continuous supervision obligations prescribed by CSRC and the Shanghai Stock Exchange are concluded.

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

(I) Major accounting data

Unit: Yuan Currency: RMB

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

(II) Major financial indicators

Unit: Yuan Currency: RMB

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

2. Company Profile and Major Financial Indicators

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

Not applicable

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

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

Not applicable

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

Not applicable

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

Not applicable

IX. KEY QUARTERLY FINANCIAL DATA FOR 2025

Unit: Yuan Currency: RMB

	First quarter (January – March)	Second quarter (April – June)	Third quarter (July – September)	Fourth quarter (October – December)
Operating revenue	1,102,428,524.33	1,075,486,972.39	1,269,198,225.13	1,312,957,305.59
Net profit attributable to the shareholders of the Company	254,761,055.37	218,159,479.45	228,951,229.04	160,485,472.70
Net profit attributable to the shareholders of the Company after deduction of extraordinary profit and loss	237,606,352.17	158,787,210.22	201,170,525.66	172,595,012.30
Net cash flow from operating activities	-65,647,742.27	583,512,266.77	3,445,261.38	2,781,013,228.44

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

Not applicable

X. EXTRAORDINARY PROFIT AND LOSS ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

Extraordinary Profit and Loss Item	Amount in 2025	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)	(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	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	8,063,573.58	2,340,000.00
Other non-operating income and expenses other than the foregoing items	(28,564,203.11)	3,934,385.50	3,574,374.21
Less: Effect of income tax	15,543,385.38	16,406,983.47	16,662,670.35
Effect of minority interests (after tax)	<u>(1,580,958.64)</u>	<u>999,439.02</u>	<u>(2,204,360.88)</u>
Total	<u>92,198,136.21</u>	<u>84,079,747.82</u>	<u>86,465,631.76</u>

2. Company Profile and Major Financial Indicators

XI. IF THERE ARE EQUITY INCENTIVE PLANS OR EMPLOYEE STOCK OWNERSHIP PLANS, THE COMPANY MAY CHOOSE TO DISCLOSE NET PROFIT AFTER DEDUCTING THE IMPACT OF SHARE-BASED PAYMENTS

Not applicable

XII. ITEMS MEASURED BY FAIR VALUE

Not applicable

XIII. FIVE YEAR FINANCIAL SUMMARY

Unit: 0'000 Currency: RMB

	2025	For the year ended 31 December			2021
		2024	2023	2022	
Turnover	476,007	482,745	466,508	452,217	453,558
Profit before taxation	115,062	104,706	110,621	96,930	89,606
Taxation	(23,449)	(17,640)	(20,277)	(15,669)	(17,705)
Profit after taxation	91,613	87,066	90,344	81,260	71,901
Non-controlling interests	(5,378)	(6,345)	(3,824)	(6,135)	(2,582)
Profit attributable to the shareholders of the Company	86,235	80,721	86,521	75,125	69,319
Dividend	26,697	26,069	22,614	20,838	17,127

Note: The results for each of the five years ended 31 December 2025 have been extracted from the previous annual reports and the audited consolidated income statements as set out in this annual report.

Assets and Liabilities

Unit: 0'000 Currency: RMB

	2025	As at 31 December			2021
		2024	2023	2022	
Fixed assets, construction in progress and investment properties	194,465	173,712	170,837	106,330	100,293
Intangible assets and right-of-use assets	1,007,929	1,094,973	1,090,143	1,013,851	1,034,071
Associated company	21,187	19,020	18,865	19,311	19,500
Financial asset at fair value through other comprehensive income	200	200	200	200	200
Available-for-sale financial assets	—	—	—	—	—
Long-term receivables	355,275	512,887	482,882	447,578	381,190
Deferred income tax assets	10,986	7,199	3,208	740	1,927
Other non-current assets	16,839	21,796	41,360	42,088	45,089
Net current assets	614,045	226,910	192,872	300,206	162,636
Non-controlling interests	113,973	112,843	109,358	102,282	98,387
Long-term liabilities	1,082,601	977,013	993,796	1,012,056	975,045
Net assets	1,025,932	966,887	912,218	847,947	712,020

3. Management Discussion and Analysis

(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.

3. Management Discussion and Analysis

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.

3. Management Discussion and Analysis

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.

3. Management Discussion and Analysis

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 Communist Party of China 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.

3. Management Discussion and Analysis

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.

3. Management Discussion and Analysis

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.

3. Management Discussion and Analysis

- (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.

(I) ANALYSIS OF THE PRINCIPAL BUSINESSES

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

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period 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

3. Management Discussion and Analysis

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.* (碧海海绵城市有限公司) 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

3. Management Discussion and Analysis

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), 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), 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), 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.* (恩施市創環水務有限公司), Hanshan Chuanghuan Water Co., Ltd. (含山創環水務有限公司), Hanshan Capital Water Co., Ltd.* (含山創業水務有限公司), Jieshou Capital Water Co., Ltd.* (界首市創業水務有限公司), Chibi Chuanghuan Water Co., Ltd.* (赤壁創環水務有限公司), Huoqiu Chuanghuan Water Co., Ltd.* (霍邱創環水務有限公司), and Wuhu Chuanghuan Water Co., Ltd.* (蕪湖創環水務有限公司).

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

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.* (東營天馳環保科技有限公司) and Shandong Tanchuang Environmental Protection Technology Development Co., Ltd.* (山東鄒創環保科技發展有限公司).

(2). Analysis of production and sales volume

Not applicable

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

Not applicable

3. Management Discussion and Analysis

(4). Cost analysis

Unit: Yuan Currency: RMB

Industry	Cost items	By industry		Amount for the same period last year	Percentage of total cost for the same period last year (%)	Percentage change in the amount for the current period as compared to the same period last year (%)	Explanation
		Amount for the current period	Percentage of total cost for the current period (%)				
Sewage treatment and water plant facilities construction	Labor cost	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

3. Management Discussion and Analysis

		By industry				Percentage change in the amount for the current period as compared to the same period last year (%)	
Industry	Cost items	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 (%)		Explanation
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)	

3. Management Discussion and Analysis

(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	Academic Structure 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	Age Structure 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

3. Management Discussion and Analysis

(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 Tanchuang 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.

3. Management Discussion and Analysis

(V) ANALYSIS OF INVESTMENT STATUS

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.

3. Management Discussion and Analysis

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 Jingkaichuanghuan 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.

3. Management Discussion and Analysis

(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.

3. Management Discussion and Analysis

(IV) POSSIBLE RISKS

1. *Possible Risks*

(1) Risk of government credit

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

(2) Policy and Market Risks

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

(3) Risk of operation and management

As the government places greater emphasis on environmental protection, policies such as the Environmental Protection Law, the “Ten Measures for Air”, and the “Ten Measures for Water” have been introduced, leading to stricter environmental standards. This has heightened demands on the management and operational quality of environmental enterprises, necessitating the need for upgrades in 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.

3. Management Discussion and Analysis

(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. Management Discussion and Analysis

- (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

4. Corporate Governance, Environment and Society

I. DESCRIPTION OF CORPORATE GOVERNANCE OF THE COMPANY

(I) Corporate Governance of the Company

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

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

To further enhance the Company’s corporate governance structure, establish a scientific and standardised decision-making mechanism, and safeguard the interests of shareholders, the Company revised its Articles of Association during the reporting period in accordance with the requirements of the State Council, the CSRC, and the relevant rules and regulations of the Shanghai and Hong Kong stock exchanges, as well as the implementation of the new Company Law. Simultaneously, the Company revised and improved the Shareholders Meeting Rules and the Directors Meeting Rules and the Detailed Rules for the Audit and Risk Control Committee. During the reporting period, in accordance with the latest requirements of the Company Law, the Supervisory Committee was abolished and its functions were assumed by the Audit and Risk Control Committee.

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

4. Corporate Governance, Environment and Society

(II) Corporate Governance Report

1. *About Corporate Governance Practices*

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

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

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

2. *About Securities Transactions by the Directors*

According to the Articles of Association of the Company and the “Management System for Inside Information”* (《内幕信息管理制度》), and in line with the relevant requirements of the SSE and the Stock Exchange, Directors, managers and other senior management shall during their terms of office make regular reports to the Company on the shares of the Company they hold; they shall not transfer more than a total of 25% of the shares of the Company they hold for each year during their terms of office, and shall not transfer the shares of the Company they hold within six months after their resignation, etc.

3. *About the Board*

According to the Articles of Association of the Company, the Board shall consist of nine Directors. During the reporting period, Mr. Pan Wenguang resigned as an executive Director and his roles on the various specialised committees of the Board due to job transfer. On 14 January 2025, the Company convened its first extraordinary general meeting in 2025, during which Mr. Fu Xinghai was elected to succeed Mr. Pan Wenguang as an executive Director and as a member of the relevant specialised committees. Mr. Fu Xinghai was elected as an employee director of the Company’s ninth session of the Board by the Workers’ Congress on 26 June 2025, and was re-elected as an employee director of the Company’s tenth session of the Board by the Workers’ Congress on 30 December 2025. During the reporting period, the Company convened its third extraordinary general meeting of 2025 on 31 December 2025, at which the Company’s tenth session of the Board was formulated, the current Board members of the Company include Mr. Tang Fusheng (Chairman of the Board), Mr. Fu Xinghai and Ms. Nie Yanhong as executive Directors, Mr. Wang Yongwei, Mr. Li Xiaoguang and Mr. Liu Tao as non-executive Directors and Ms. Liu Fei, Mr. Wang Shanggan and Mr. Xue Tao as independent non-executive Directors; the term of office of the tenth session of the Board shall be for a period until 30 December 2028, however, in accordance with the relevant regulations of the Shanghai Stock Exchange, the terms of office of the independent non-executive directors, Mr Wang Shanggan and Mr Xue Tao, would expire on 8 September 2028.

During the reporting period, Mr. Fu Xinghai and Mr. Li Xiaoguang were appointed as executive Directors of the Company on 14 January 2025 and 31 December 2025, respectively, and they have obtained legal advice under Rule 3.09D of the Stock Exchange Listing Rules on 14 January 2025 and 17 December 2025, respectively, regarding the Stock Exchange Listing Rule requirements to which they are required to comply as Directors of the Company, and the possible consequences arising from making a false statement or providing false information to the Stock Exchange, and they have confirmed that they understand their responsibilities as Directors of the Company.

4. Corporate Governance, Environment and Society

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

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

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

During the term of office of the independent non-executive Directors, the Office of the Board of Directors sends information on the economy, the industry and the Company's communication with investors to the independent non-executive Directors regularly, reports on the implementation of the resolutions of the Board regularly, and maintains daily communication with them at all times, while the Company arranges site visits to its subsidiaries for the independent non-executive Directors when conditions allow, in order to satisfy the right to full information of independent non-executive Directors in exercising their duties independently. On 24 April 2025, Mr. Xue Tao, an independent non-executive director, attended the Company's "15th Five-Year Plan" Strategic Development Outlook Seminar in person. He provided a professional analysis of the future industry environment, the Company's current development status and bottlenecks, and offered expert recommendations regarding the Company's "15th Five-Year Plan" strategic development. On 31 December 2025, Ms. Liu Fei and Mr. Wang Shanggan, both independent non-executive directors, visited the Company to conduct research, attended the third extraordinary general meeting of 2025 and the first meeting of the tenth session of the Board, and engaged in discussions with management regarding the Company's 15th Five-Year strategic plan. In accordance with the provisions of the Company's Articles of Association, independent non-executive Directors may engage intermediary institutions to obtain external professional opinions, with the associated costs and other expenses incurred in the exercise of their duties borne by the Company. Additionally, to the extent any changes occur that may affect their independence, each independent non-executive Director is required to notify the Company as soon as reasonably practicable; the Company confirms with the independent non-executive Directors on an annual basis to ensure that they remain independent.

During the reporting period, the Company convened a total of 25 Board meetings, 4 general meetings and 3 meetings of the Supervisory Committee. Detailed attendance records of Directors at these meetings are provided in the section headed "Attendance of Directors at the Board meetings and general meetings".

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

4. Corporate Governance, Environment and Society

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

Trainings for Directors in 2025: with the continuous growth of the Company's business and the amendments of the SSE Listing Rules, Stock Exchange Listing Rules from time to time, professional development on an on-going basis is very important for the Directors. In order to ensure the Directors constantly develop talents and knowledge necessary for their performance of duties, the Company has arranged some trainings for the Directors appropriately with proper training records kept at the office of the Board.

On 7 January 2025, Qi Lipin, the secretary to the Board, and several senior management attended the 2025 Tianjin Forum on High-Quality Development of Listed Companies. The forum covered topics including an analysis of market capitalisation management models for listed companies, an interpretation and practical application of new policies on mergers and acquisitions, and how could equity incentives support high-quality corporate development under new market capitalisation management regulations.

On 25 April 2025, Tang Fusheng, Fu Xinghai and Nie Yanhong, both Directors, Wang Jing, a Supervisor, and Qi Lipin, the secretary to the Board, and members of the management team of the Company attended an in-house specialised training session on environmental protection and public utilities from a capital markets perspective. The session featured a chief analyst specialising in environmental protection and public utilities from a securities firm, who provided an analysis of the latest developments and trends in the environmental protection sector within the capital markets and discussed market capitalisation management strategies.

On 21 May 2025, the Company organised all Directors, Supervisors and senior management to attend a specialised training session on market capitalisation management and refinancing for listed companies in the Tianjin jurisdiction, hosted by the Tianjin Securities Regulatory Bureau and the Tianjin Listed Companies Association. The session covered recent regulatory requirements for the jurisdiction, an explanation of the Tianjin Capital Market Service Platform and the "Four-Database System", as well as the concepts and strategies of market capitalisation management, and the policies and practices regarding mergers and acquisitions, share buybacks and refinancing.

On 9 July 2025, Ms. Liu Fei, Mr. Wang Shanggan and Mr. Xue Tao, both independent non-executive Directors, attended the Third Session Follow-up Training for Independent Directors of Listed Companies in 2025 organised by the Shanghai Stock Exchange. The content covered recent regulatory policies and key points for listed companies, changes in the legal responsibilities of independent directors under the new circumstances, supervision of information disclosure by listed companies and the proper performance of duties by independent directors, case studies on the performance of duties by independent directors, key points and recommendations for independent directors' anti-fraud duties, and an interpretation of the latest market capitalisation management policies for listed companies.

On 25 December 2025, the Company organized all Directors and senior management to attend a training session hosted by the Tianjin Securities Regulatory Bureau and the Tianjin Listed Companies Association on comprehensive prevention and punishment of financial fraud and annual report disclosure for listed companies in the Tianjin region, as well as the corporate governance guidelines for listed companies. The training covered recent regulatory requirements, interpretations of comprehensive measures to prevent and punish financial fraud, and key considerations for financial information disclosure in listed companies' annual reports.

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

4. *About the Chairman and the Chief Executive*

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

4. Corporate Governance, Environment and Society

On 16 January 2024, the twenty-sixth meeting of the ninth session of the Board of the Company elected Mr. Tang Fusheng as the Chairman of the ninth session of the Board of the Company. On 31 December 2025, the first meeting of the Company's tenth session of the Board elected Mr. Tang Fusheng as Chairman of the tenth session of the Board. On 31 December 2025, the first meeting of the Company's tenth session of the Board appointed Mr. Zhang Jian as General Manager, with a term of office corresponding to that of the current Board.

5. *About Non-executive Directors*

During the reporting period, the non-executive directors of the Company's ninth session of the Board were Mr. Wang Yongwei, Mr. An Pindong and Mr. Liu Tao, whilst the independent non-executive directors were Ms. Liu Fei, Mr. Wang Shanggan and Mr. Xue Tao.

The current non-executive directors of the Company's tenth session of the Board are Mr. Wang Yongwei, Mr. Li Xiaoguang and Mr. Liu Tao, whilst the independent non-executive directors are Ms. Liu Fei, Mr. Wang Shanggan and Mr. Xue Tao.

6. *About Committees under the Board*

- (1) During the reporting period, members of the Remuneration and Assessment Committee of the ninth session of the Board of the Company comprised three independent non-executive Directors, being Mr. Xue Tao, Mr. Wang Shanggan and Ms. Liu Fei, and one non-executive Director, being Mr. Liu Tao, and the chairman is Mr. Xue Tao, an independent non-executive Director. The tenth session of the Remuneration and Assessment Committee comprises three independent non-executive directors, being Mr. Xue Tao, Mr. Wang Shanggan and Ms. Liu Fei, and two non-executive directors, Mr. Li Xiaoguang and Mr. Liu Tao. The major terms of reference of the Remuneration and Assessment Committee include:
 - (a) to make recommendations to the Board on the overall remuneration policy and structure of the Directors and senior management; and the establishment of a formal and transparent procedure for formulating such remuneration policy;
 - (b) to review and approve the proposed remuneration of the management in accordance with the corporate policies and objectives set by the Board;

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

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

During the reporting period, the Remuneration and Assessment Committee held 5 meetings, which mainly discussed matters such as adjustments to the list of participants, the number of options granted and the exercise price of the Company's 2020 share option incentive scheme, and the completion and appraisal of the indicators for the management. Ms. Liu Fei, a member of the Remuneration and Assessment Committee, took leave on 21 March 2025 and 16 December 2025, and delegated her voting rights to Mr. Xue Tao; all other members attended all meetings during the reporting period.

4. Corporate Governance, Environment and Society

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

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

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

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

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

During the reporting period, the Nomination Committee of the Company held 4 meetings which discussed matters in relation to the nomination of candidates for Directors and independent Directors, the nomination of the secretary to the Board, the general counsel, the operation-level personnel and the engagement of senior management, etc. All members of the Remuneration Committee attended all meetings during the reporting period.

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

4. Corporate Governance, Environment and Society

During the reporting period, with respect to reviewing of the Company's periodic reports, during the preparation of annual reports, half-yearly reports and quarterly reports, the Audit and Risk Control Committee takes into consideration the audit opinions of the external auditor and internal auditor, and reviews the results report at a separate meeting; With the assistance of the internal audit department of the Group company, the Audit and Risk Control Committee reviews the effectiveness of the Company's internal control system at the beginning of the year 2025 and reviews the annual internal control evaluation report of the Company and discloses it together with the annual results report.

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

During the reporting period, the Audit and Risk Control Committee held 8 meetings which mainly discussed the financial information in quarterly reports, half-yearly reports and annual reports, and reviewed the internal control of the Group, etc. Ms. Liu Fei, a member of the Audit and Risk Control Committee, took leave on 21 March 2025 and 23 April 2025, and delegated her voting rights to Mr. Xue Tao; all other members attended all meetings during the reporting period.

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

During the reporting period, the Strategic and ESG Committee held 2 meetings which mainly discussed the strategic adjustments and the ESG report, etc. All members of the Strategic and ESG Committee attended all meetings during the reporting period.

7. *About the Remuneration of the Auditor*

During the reporting period, as approved by the annual general meeting in 2024, the Company appointed Wuyige Certified Public Accountants LLP as the Company's external auditor. The appointment agreement sets out the details of the audit content and remuneration of the auditors. Meanwhile, Wuyige Certified Public Accountants LLP provided internal control audit services to the Group and issued an audit opinion on the internal control of the Group. The fee for the services provided by Wuyige Certified Public Accountants LLP for the audit of the financial statements for the year 2025 is RMB3.09 million (including RMB0.52 million for the internal control audit).

8. *About Company Secretary*

The ninth session and tenth session of the Board of the Company re-appointed Ms. Cho Yee Yung, Mona of Li & Partners as company secretary and the authorised representative of the Company under Rule 3.05 of the Stock Exchange Listing Rules of Hong Kong. Ms. Cho Yee Yung, Mona attended not less than 15 hours of relevant professional trainings during the financial year 2025 in accordance with Rule 3.29 of the Stock Exchange Listing Rules. Ms. Cho Yee Yung, Mona mainly contacts Mr. Qi Lipin, the secretary to the Board of the Company.

4. Corporate Governance, Environment and Society

9. *About Shareholders' Rights*

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

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

10. *About Investor Relationship*

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

During the reporting period, to enable investors to gain a deeper and more comprehensive understanding of the Company’s development strategy, corporate governance, profit distribution, production and operations, and sustainable development initiatives, the Company held the following events: on 25 June 2025, the Company conducted its 2024 Annual Results Briefing by way of explanation of the annual report by the secretary of the Board and online interactive session on the Panorama Network Investor Relations Interactive Platform (<https://ir.p5w.net>); on 11 September 2025, the Company participated in the 2025 Interim Results Briefing and Online Investor Reception Day for listed companies in the Tianjin region, hosted on the Panorama Network’s roadshow platform (<http://rs.p5w.net>); on 20 November 2025, the Company held its 2025 Third Quarter Briefing in an online interactive format on the Panorama Network’s roadshow platform (<http://rs.p5w.net>). During these events, the Company addressed and responded to questions of interest to investors.

4. Corporate Governance, Environment and Society

On 24 December 2024, the Company organised the “Investors’ Visit to Tianjin Capital” event. Investors conducted an on-site visit to the Jingu Sewage Water Treatment Plant. Through the exploration of physical models, historical artifacts, archival footage, photographs, and other valuable historical materials, investors gained an in-depth understanding of Tianjin’s sewage water treatment development journey. Using detailed introductions and functional displays of the plant’s scale model, investors gained a clear and intuitive understanding of the Company’s innovative “five-dimensional integrated” business model, which encompasses “efficient sewage water treatment, high-quality recycled water, sludge resource utilisation, renewable energy cooling and heating, and distributed photovoltaic + energy storage”. This provided investors with a deeper insight into the Company’s development status, investment value, and market prospects.

11. *Risk Management and Internal Control*

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

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

The Board (through the Audit and Risk Control Committee of the Board) is responsible for the Company’s risk management and internal control system and the review of the effectiveness of such. In accordance with Code Provision D.2.1 of the Corporate Governance Code, the Board would carry out annual review against the effectiveness of risk management and the internal control system (including internal audit function) of the Company and its subsidiaries during the reporting period, covering matters such as financial control, operational control, compliance control, to ensure that the Company has sufficient resources, employee qualifications and training, and budgets for internal audit and financial reporting. At the 54th Meeting of the ninth session of the Board held on 21 March 2025, the internal control situation of the Company for the year 2024 was reviewed and a self-assessment report on internal control was issued. WUYIGE Certified Public Accountants LLP conducted an audit of the internal control of the Company for the year 2024 and issued a standard unqualified audit opinion. The Board is of the opinion that the Company has fully complied with the code provisions regarding risk management and internal control in the Corporate Governance Code. The internal control system of the Company is adequate and has been operating effectively.

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

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

12. *About Other Specific Disclosures*

The Directors are responsible for supervising the compilation of the accounts for each financial period, in order to ensure that those accounts reflect genuinely and fairly the business and results of the Company for the period. In compiling the accounts for the year ended 31 December 2025, the Directors have chosen and thoroughly applied the appropriate accounting policies with due and reasonable judgment and estimates having been made, and prepared the accounts on an on-going concern basis.

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

4. Corporate Governance, Environment and Society

II. INFORMATION ON DIRECTORS AND SENIOR MANAGEMENT

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

Name	Position held	Gender	Age	Appointment date	Termination date	Number of shares held at the beginning of the year (shares)	Number of shares held at the end of the year (shares)	Changes in number of shares for the year	Reason for changes	Total pre-tax remunerations received from the Company during the reporting period (RMB: 0'000)	Whether remuneration was received from related parties of the Company
Tang Fusheng	Executive Director, Chairman	M	52	16 January 2024	30 December 2028	0	0	0	No change	0	Yes
Pan Guangwen	Executive Director	M	48	16 January 2024	14 January 2025	0	0	0	No change	0	Yes
Fu Xinghai	Employee Representative Director	M	44	14 January 2025	30 December 2028	0	0	0	No change	57.25	No
Nie Yanhong	Executive Director	F	51	16 January 2024	30 December 2028	0	0	0	No change	83.16	No
	Chief Accountant			1 March 2023	30 December 2028	0	0	0	No Change		No
Wang Yongwei	Non-executive Director	M	45	16 January 2024	30 December 2028	0	0	0	No change	0	Yes
An Pindong	Non-executive Director	M	57	9 September 2022	31 December 2025	0	0	0	No change	0	Yes
Li Xiaoguang	Non-executive Director	M	53	31 December 2025	30 December 2028	0	0	0	No change	0	Yes
Liu Tao	Non-executive Director	M	41	11 November 2021	30 December 2028	0	0	0	No change	0	Yes
Xue Tao	Independent non-executive directors	M	52	9 September 2022	8 September 2028	0	0	0	No change	12	No
Wang Shanggan	Independent non-executive directors	M	61	9 September 2022	8 September 2028	0	0	0	No change	12	No
Liu Fei	Independent non-executive directors	F	46	1 June 2023	30 December 2028	0	0	0	No change	12	No
Sun Shubin	Supervisor, Chairman of the Supervisory Committee	M	51	9 September 2022	27 May 2025	0	0	0	No change	0	Yes
Shi Zhenjuan	Supervisor	F	56	9 September 2022	27 May 2025	0	0	0	No change	0	Yes
Wang Jing	Staff representative supervisor	F	54	9 September 2022	27 May 2025	0	0	0	No change	56.03	No
Zhou Jingdong	Acting General Manager	M	57	22 December 2023	29 April 2025	0	0	0	No change	33.17	Yes
Zhang Jian	Deputy General Manager	M	55	17 January 2012	8 September 2025	822	822	0	No change	95.76	No
	Acting General Manager			29 April 2025	31 December 2025	822	822	0	No change		No
	General Manager			31 December 2025	30 December 2028	822	822	0	No change		No
Peng Yilin	Deputy General Manager	F	45	12 October 2024	8 September 2025	0	0	0	No change	87.49	No
Niu Bo	Deputy General Manager	M	49	12 October 2024	8 September 2025	0	0	0	No change	88.56	No
Zhao Xi	Deputy General Manager	F	50	12 October 2024	8 September 2025	0	0	0	No change	87.49	No
Jiang Xiaochuan	Deputy General Manager	M	51	31 December 2025	30 December 2028	0	0	0	No change	44.59	No
Qi Lipin	Secretary to the Board	F	48	17 December 2024	8 September 2025	0	0	0	No change	75.6	No
	General Counsel			17 December 2024	8 September 2025						
Gao Jun	General Counsel	F	35	6 November 2025	30 December 2028	0	0	0	No change	44.84	No
Total	/	/	/	/	/	822	822	0	/	789.94	No

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

As at 31 December 2025, none of the Directors and chief executives of the Company have interests and/or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which were taken as or deemed to have pursuant to the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

As at 31 December 2025, none of the directors, supervisors or chief executives of the Company or their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

4. Corporate Governance, Environment and Society

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

Name	Primary working experience
Wang Yongwei	He is currently a non-executive Director of the Company and the general manager of the investment and development department of Tianjin Investment Group, the general manager of Tianjin Low-altitude Economic Investment Development Group Co., Ltd., a director of Tianjin Eco-city Investment & Development Co., Ltd. and a director of Municipal Investment. From April 2015 to August 2019, Mr Wang served as a staff member of the Department of Utilisation of Foreign Capital and Overseas Investment and a chief staff member of the Department of Fixed Asset Investment of the Tianjin Municipal Development and Reform Commission; from August 2019 to October 2020, he served as the head of the planning and construction department of the Tuanbo New City Development and Construction Committee of Tianjin Municipality; from October 2020 to November 2022, he served as the director of the integrated office of the Tuanbo New City Working Committee of the Tianjin Municipality of the Communist Party of China; from November 2022 to June 2023, he served as a member of the Party committee and deputy director of the Development and Reform Commission of Tianjin Jinghai District, and a member of the Party committee of the Management Committee of the Demonstration Area for International Co-operation in Tianjin Healthcare Industry; since July 2023, he served as the general manager of the asset (investment) management department of Tianjin Investment Group. He was appointed as the general manager of the investment development department and general manager of operations management department in September 2024; since April 2024, he served as the secretary of Party general branch and the general manager of Tianjin Low-altitude Economic Investment Development Group Co., Ltd.; since January 2024, he served as a non-executive Director of the Company.
Li Xiaoguang	He is currently a non-executive Director of the Company, a deputy secretary of the Party general branch and the general manager of Tianjin Municipal Investment Co., Ltd., and the chairman of the board of directors of Tianjin Jincui City Investment Management Co., Ltd. Mr. Li commenced his career in July 1995 and has previously held positions including a deputy general manager and the general counsel of Tianjin Jinlian Investment Holding Co., Ltd., the chancellor of Bohai State-owned Capital Research Institute, and the general manager of Tianjin Development Holding Co., Ltd. He has experience of working in Hong Kong and possesses extensive experience in cross-border capital operations and investment and financing management. He assumed the office of a non-executive Director of the Company since 31 December 2025.
Liu Tao	Mr. Liu Tao is now a non-executive Director of the Company, and concurrently served as a manager of the investment management department of Ningbo Energy. Mr. Liu worked for Blue Source Capital Investment Management Co., Ltd.* (浙江藍源投資管理有限公司) in 2011, engaging in investment management of government-guided funds. He served in the investment management department of Group Co., Ltd. ("Ningbo Energy") in 2014. He served as deputy manager and manager of the investment department of Ningneng Investment Management Co., Ltd.* (寧能投資管理有限公司), and deputy manager and deputy manager of the investment management department of Ningbo Energy. Since 2021, he served as a deputy manager (presiding work) of the investment management department of Ningbo Energy. Since June 2023 to date, he served as a manager of the investment management department of Ningbo Energy. Mr. Liu has been engaged in investment, management and related work for many years and possesses extensive experience in investment and group-level operational management. Mr. Liu has been a non-executive director of the Company since 11 November 2021.

4. Corporate Governance, Environment and Society

Name	Primary working experience
Xue Tao	He is currently an independent Director of the Company. He is currently the executive partner of the E20 Environment Platform and the executive president of the E20 Environmental Industry Research Institute, an adjunct professor of the School of Public Administration of Hunan University, a visiting professor of the School of Management and Economics of North China University of Water Conservancy and Hydropower, and an independent director of listed companies such as Origin Water and CSCEC SCIMEE. He concurrently serves as the vice president of the E20 Joint Research Institute of the College of Environmental Sciences at Peking University, a targeted invitation expert of the National PPP Experts Database of both the National Development and Reform Commission and the Ministry of Finance, a registered expert of World Bank and Asian Development Bank (infrastructure and PPP direction), the member of the Investment and Financing Professional Committee of PPP Research Center, School of Public Administration, Tsinghua University, Secretary General of PPP Special Committee of China Environment Service Industry Association; expert of the Expert Advisory Committee of National Green Development Fund Co., Ltd., an expert in the think tank of chemical and waste environment management of the Asia Pacific Regional Center of the Basel Convention, a member of the expert committee of waste incineration of China Environmental Health Association, a special consultant of the “Strategic Alliance for Technology Innovation in Sludge Treatment and Disposal Industry” of the Ministry of Environment, a member of the think tank of the Institute of Political Science and Information of the Central University of Finance and Economics, and a special expert of the China Urban Investment Network; a member of the editorial board of “Urban and Rural Construction” magazine and “Environmental Health Engineering” magazine under the guidance of the Ministry of Housing and Construction, and the editorial board of “Government Procurement and PPP Review” magazine under the guidance of the Ministry of Finance; He is an external tutor of the Environmental Research Centre of Chinese Academy of Sciences. Mr. Xue has been an independent non-executive director of the Company since 9 September 2022.
Wang Shanggan	Mr. Wang is now an independent non-executive director of the Company, a counsel of the board of directors of Shanghai SUS Environment Co., Ltd. and an independent director of Shanghai Yizhen Network Technology Co., Ltd. Mr. Wang entered the workforce in August 1984 and served as an accountant of the Finance Department of Xinyu Steel Company and the Finance Department of Jiangxi Metallurgical Industry Corporation, the financial controller of Shanghai Environmental Group, a financial controller of Shanghai Investment Group, a director and the chairman of the supervisory committee of Western Securities, etc. Mr. Wang has been an independent non-executive Director of the Company since 9 September 2022.
Liu Fei	She is currently an independent non-executive director of the Company and a senior partner of Shanghai Allbright Law Offices. Ms. Liu Fei is a professional lawyer providing legal services for infrastructure investment and financing in China, and has extensive experience in infrastructure investment and financing business models, transaction structure design, project financing, corporate governance, infrastructure REITs and ABS issuance, and dispute resolution, etc. She is currently an expert of the Ministry of Finance’s third and fourth batches of PPP demonstration projects, a review expert of the second batch of NDRC’s PPP demonstration projects and the first batch of demonstration projects of PPP new mechanisms, and a registered legal expert of the Asian Development Bank (ADB). She has been honoured as one of the “Top 15 Female Lawyers in ALB China 2020” and “Recommended Lawyer in Projects and Infrastructure” in Chambers Global and Greater China in 2022, 2023 and 2024. Ms. Liu Fei has been appointed as an independent non-executive Director of the Company since 1 June 2023.
Sun Shubin	Mr. Sun is now the general counsel, chief compliance officer and the general manager of the Legal Compliance Department of Tianjin Investment Group. Mr. Sun served as the deputy general manager (presiding work) of the compliance management department (audit department and legal department) and the deputy general manager (in charge) of the legal and compliance department of Tianjin Investment Group. Mr. Sun has been a supervisor and the chairman of the supervisory committee of the Company since 9 September 2022 until 27 May 2025.

Name	Primary working experience
Shi Zhenjuan	Ms. Shi served as a supervisor of the Company and the chief accountant of Tianjin Municipal Investment Company Limited. Ms. Shi graduated from Nankai University with a master's degree in business administration for senior management and is an accountant. She has served as the chief accountant, a director and a member of the disciplinary committee of the Company, and a member of the party committee, chief accountant and a director of Tianjin Haihe Construction Development & Investment Co., Ltd. Ms. Shi has been a supervisor of the Company since 9 September 2022 until 27 May 2025.
Wang Jing	Ms. Wang is now the chairwoman of the labour union of the Company. Ms. Wang served as the deputy director, director, and minister of the administration department of Tianjin Municipal Construction Group Co. Ltd.* (天津市政建設集團) from June 2007 to December 2010; served as a party branch member, deputy secretary, secretary of the party general branch, chairwoman of the labour union, and director of Tianjin Ziya Circular Economy Industrial Investment and Development Co., Ltd.* (天津子牙循環經濟產業投資發展有限公司) from December 2010 to July 2016; acted as a member of the management committee, deputy secretary, deputy director of Tianjin Ziya Circular Economy Industrial District* (天津子牙循環經濟產業區) from September 2012 to July 2016; Ms. Wang has been serving as the deputy secretary of the Communist Party Committee and chairwoman of the labour union of the Company since August 2016. Ms. Wang served as the staff representative Supervisor and the chairwoman of the Supervisory Committee of the Company from 24 November 2016 to 17 December 2018, a Director of the Company from 18 December 2018 to 8 September 2022 and a Supervisor of the Company since 9 September 2022 until 27 May 2025.
Zhang Jian	Mr. Zhang is now the general manager of the Company. From April 2006 to December 2009, Mr. Zhang was the administrative deputy general manager (presiding over the work) of Hangzhou Company. He has been the general manager of the non-local water business division of the Zhejiang region and the general manager of Hangzhou Company since December 2009. He has been the chairman of Hangzhou Company, and the director and chairman of Baoying Company since September 2015. He has been the deputy general manager of the Company since January 2012, acted as the general manager from 29 April 2025, and served as general manager of the Company since 31 December 2025.
Peng Yilin	She is currently a member of the Party committee and a deputy general manager of the Company. Ms. Peng was employed by Tianjin Municipal Investment from March 2008 to September 2015, and served as assistant to the head of the finance and development department, head of the finance centre, assistant to the general manager of the Company since 29 October 2015, chief accountant of the Company from 29 January 2016 to 19 November 2021, director of the Company from 16 March 2016 to 17 December 2018, and director of Tianjin Municipal Investment since 28 December 2020. Ms. Peng was the deputy general manager of the property investment department of Tianjin Municipal Investment from November 2021 to June 2023 (presiding over the work); and the deputy general manager of Tianjin Municipal Investment from June 2023 onwards. Ms. Peng previously held the positions of deputy secretary of the Party general branch, deputy general manager, chairwoman of the trade union, general counsel and chief compliance officer of Tianjin Municipal Investment. She was appointed as a deputy general manager of the Company on 12 October 2024, and become a member of the Party committee of the Company since September 2025.

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Name	Primary working experience
Niu Bo	Mr. Niu is now a deputy general manager of the Company. Mr. Niu joined the Company in August 2004, and from then to December 2009, he acted as the project manager and deputy department manager of the market development department and the department manager of the strategic investment department of the Company. He was the deputy chief economist of the Company from December 2009 to December 2019, and served as a Director of the Company from 18 December 2018 to 8 September 2022. Mr. Niu was the secretary of the Board of the Company from 29 January 2016 to 17 December 2024. From September 2022 to December 2024, he also served as the secretary of the Party Branch and chairman of Tianjin Jiayuanxing Innovative Energy Technology Co., Ltd, chairman of Tianjin Jiayuanxinkuang New Energy Technology Co., Ltd., and chairman of Tianjin Tianchuang Green Energy Investment Management Co., Ltd. Mr. Niu has been the deputy general manager of the Company since 2024.
Zhao Xi	She is currently a deputy general manager of the Company. Ms. Zhao served in Tianjin Jizhuang Sewage Treatment Plant from December 1997 to March 2007 as assistant to minister and director of the operation department. From March 2007 to February 2013, she served in the business development department of the Company successively as an assistant manager of the business development department, deputy manager of the investment management department and deputy manager of the strategic investment department. Since February 2013, she has been serving as the general manager of the southern region of Tianjin water affairs division of the Company and the director of Jizhuangzi Sewage Treatment Plant. From March 2020 to January 2023, she served as the director of the operation management center of the Company. She was the general manager of the Beijing-Tianjin-Hebei regional company of the Company since April 2022. She was appointed as a deputy general manager of the Company in 12 October 2024.
Jiang Xiaochuan	He is currently a deputy general manager of the Company. Mr. Jiang joined the Company in March 2002. By January 2014, he held various positions including Deputy Project Manager at the Beicang Preparatory Office, a member of the Party branch and a deputy general manager at Baoying Capital Water Co., Ltd., a deputy general manager and chief engineer at the Engineering Construction Management Branch, a deputy general manager at the First Construction Engineering Branch, and a deputy general manager of the R&D Centre Division; since January 2024 to date, he held various positions of the general manager of Tianjin Chuanghuan Water Co., Ltd., a manager of the Construction Management Department, a manager of the Construction Management Centre, a director of the Construction Management Centre, and the general manager of the Construction Management Centre (Safety and Quality Centre, Procurement Management Centre).
Qi Lipin	Currently, she serves as the secretary to the Board, general counsel, and general auditor of the Company. Ms. Qi joined the Company in February 2001 and has held various positions including staff member of the project development department, deputy manager in the planning department, manager in the operations management department, chief economist, and assistant to the general manager before May 2023. Since May 2023, she served as the director of the Board office (office of the Supervisory Committee). On 17 December 2024, she was appointed as the Company's secretary to the Board, general counsel, and chief compliance officer, and since 6 November 2025, she served as the secretary to the Board and the general auditor of the Company.
Gao Jun	She currently serves as the general counsel (chief compliance officer) and general manager of the Compliance Management Centre (Audit Centre) of the Company. Ms. Gao joined the Company in April 2023 and, up to November 2025, held various positions including head of the Compliance Management Department (Legal Department, Audit Department), deputy general counsel, and general manager of the Compliance Management Centre (Audit Centre); she served as the general counsel (Chief Compliance Officer) since November 2025.
An Pindong	He currently serves as the director of operations at Tianjin Municipal Investment, and concurrently holds the positions of Party Branch Secretary and Chairman of Tianjin Municipal Investment Co., Ltd. Mr. An commenced his career in July 1991 and has held various positions including a Director and chief accountant of the Company, as well as Deputy chief economist and head of the Asset Operations Department at Tianjin Municipal Investment. Mr. An served as a non-executive Director of the Company from 9 September 2022 to 30 December 2025.

Name	Primary working experience
Pan Guangwen	He currently serves as Deputy Secretary of the Party Committee and Director of Tianjin Expressway Group Co., Ltd. From March 2009 to August 2013, Mr. Pan worked at Tianjin Financial City Development Co., Ltd., where he held the positions of deputy director and director of the General Administration Department; from August 2013 to September 2017, he served as assistant to the director of the General Office of Tianjin Municipal Investment; From September 2017 to October 2022, he served as a member of the Party committee and the secretary of the Commission for Discipline Inspection at Tianjin Haihe Construction and Development Investment Co., Ltd. Since October 2022, he served as a member of the Party committee and Secretary of the Commission for Discipline Inspection of the Company; from December 2023 to November 2023, he served as a deputy secretary of the Party committee of the Company; and from January 2024 to 14 January 2025, he served as an executive Director of the Company.
Zhou Jingdong	Mr. Zhou is currently a dedicated external director of Tianjin Investment Group. He served as Party secretary, general manager and chairman of Fuyang Company; general manager of Anhui region of the Company's outbound water business division, general manager of Central China region; secretary of the Party branch and general manager of the Southern region; Mr. Zhou also served as chairman of a number of subsidiaries, including Wuhan Company, during his tenure in the region, and is rich in experience in the areas of professional and technical skills, investment and development, financial risk control and corporate management. Mr. Zhou has been appointed as the deputy general manager of the Company with effect from 1 December 2022 and acted as the general manager from 22 December 2023 until 29 April 2025.

Notes on other information

Not applicable

4. Corporate Governance, Environment and Society

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

1. *Positions held at shareholder's entities*

Name	Name of shareholder's entities	Position held in shareholder's entities	Appointment date	Termination date
Wang Yongwei	TMICL	Director	22 September 2023	–
An Pindong	TMICL	Secretary of the Party general branch, Chairman	19 April 2022	–
Li Xiaoguang	TMICL	Deputy secretary of the Party general branch, general manager	29 June 2023	–
Sun Shubin	TMICL	Director	6 July 2022	18 July 2025
Shi Zhenjuan	TMICL	General accountant	16 November 2021	30 April 2025
Description of positions held at shareholders' entities		None		

2. Positions held at the other entities

Name	Name of other entities	Position held in other entities	Appointment date	Termination date
Wang Yongwei	Tianjin Investment Group* (天津城投集團)	General manager of investment development department, general manager of operations management department	September 2024	—
	Tianjin Low-Altitude Economy Investment and Development Co., Ltd.* (天津低空經濟投資發展有限公司)	Director	1 February 2025	25 April 2025
	Tianjin Low-Altitude Economy Investment and Development Co., Ltd.* (天津低空經濟投資發展有限公司)	Chairman of the board of directors	13 February 2025	
	Tianjin Eco-city Investment & Development Co., Ltd.* (天津生態城投資開發有限公司)	Director	1 September 2023	—
An Pindong	Tianjin Investment Group* (天津城投集團)	Chief operating officer	27 December 2019	—
Liu Tao	Ningbo Energy Group Co., Ltd.* (寧波能源集團股份有限公司)	Investment management manager	27 June 2023	—
	Ningbo Jintong Finance Leasing Co., Ltd.* (寧波杭灣綠捷新能源有限公司)	Director	21 July 2020	—
	Ningbo Langchen New Energy Co., Ltd.* (寧波朗辰新能源有限公司)	Director	12 August 2022	—
Xue Tao	Beijing E20 Environmental Co., Ltd.* (北京易二零環境股份有限公司)	General manager	20 August 2021	—
	E20 Environmental Industry Research Institute *(E20環境產業研究院)	Executive president	1 May 2014	
	Yancheng Haipurun Technology Co., Ltd.* (unlisted company) (鹽城海普潤科技股份有限公司 (非上市公司))	Independent director	15 September 2019	—

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Name	Name of other entities	Position held in other entities	Appointment date	Termination date
Wang Shanggan	Cscec Scimee Sci.&Tech. Co., Ltd.* (中建環能科技股份有限公司)	Independent director	24 January 2022	—
	Yunnan Hexu Environmental Technology Co., Ltd.* (unlisted company) (雲南合續環境科技股份有限公司(非上市公司))	Independent director	January 2023	—
	Beijing Origin Water Technology Co., Ltd.* (北京碧水源科技股份有限公司)	Independent director	1 April 2024	—
	Shanghai SUS Environment Co., Ltd.* (上海康恒環境股份有限公司)	Counsel	June 2019	—
Liu Fei	Shanghai Yizhen Network Technology Co., Ltd.* (上海漫道數字信息技術股份有限公司)	Independent director	1 November 2021	—
	Shanghai Allbright Law Offices* (上海市錦天城律師事務所)	Senior partner lawyer	March 2014	—
Sun Shubin	Tianjin Investment Group* (天津城投集團)	General counsel	1 December 2024	—
		Chief compliance officer		—
		General manager of legal and compliance department	1 February 2023	13 January 2025
	Tianjin Investment Group* (天津城投集團)	Staff representative supervisor	1 July 2022	12 December 2025
	Tianjin Eco-City Investment and Development Co., Ltd.* (天津生態城投資開發有限公司)	Supervisor	1 July 2020	—
	Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.* (中新天津生態城投資開發有限公司)	Director	1 August 2020	17 March 2025
	Tianjin Urban Renewal Construction Development Co., Ltd.* (天津城市更新建設發展有限公司)	Supervisor	1 June 2021	—
	Tianjin Investment Group Asset Management Co., Ltd.* (天津城投集團資產管理有限公司)	Director	1 March 2023	—
Positions held at other entities		Nil		

(III) REMUNERATION OF DIRECTORS, AND SENIOR MANAGEMENT

Procedures for determining the remuneration of the Directors, and senior management	The remuneration of the Directors will be determined in accordance with the remuneration standard for the Directors as approved at the general meetings of the Company. The remuneration of the senior management will be determined on the basis of the remuneration plan approved by the Board and the operation result of the Company, and an annual salary system and an performance-based remuneration system based on the completion of annual operating targets will be implemented. The Directors (other than the independent non-executive Directors) of the Company do not receive remuneration for acting as Directors.
Whether the Directors recuse themselves from Board discussions on their own emoluments	Yes
Specific information on the recommendations issued by the Remuneration and Evaluation Committee or the specialised meeting of independent Directors on matters relating to the remuneration of Directors and senior management	During the current reporting period, the Remuneration and Assessment Committee expressed opinions on matters in relation to the remuneration of Directors and management personnel of the Company.
Basis for determining the remuneration of the Directors and senior management	The remuneration of the Company's senior management will be distributed in accordance with their achievements in production and operation tasks and their routine management work. The performance-based remuneration will be distributed according to the achievement of annual operating targets and performance appraisal results.
Actual payment of the remuneration to the Directors and senior management	The remuneration distributed by the Company to the Directors and senior management is in line with the salaries and performance appraisal requirements of the Company and distributed according to the requirements.
Actual remuneration received by all Directors, Supervisors, and senior management as at the end of the current reporting period (in total)	RMB7,899,400

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During the reporting period, the Company did not pay any housing allowance, other allowance, and benefits in kind and bonus to the Directors and senior management, nor any payment to them as an inducement to join the Company or as compensation for loss of office of Directors or senior management. None of the Directors and senior management of the Company waived or agreed to waive any emoluments. The Company has not provided any loans or guarantees to the Directors or senior management. Except for remuneration, the Directors and senior management or such entities connected thereto have not derived other material interests, whether directly or indirectly, from other transactions, arrangements or contracts. The Company, during the reporting period, did not enter into any administration or management contracts for all or material parts of its business. None of the Directors has entered into a service contract with the Company that prohibits the Company from terminating such contract within one year without providing compensation (other than statutory compensation). None of the Directors or senior management has been subject to any public sanctions imposed by statutory or regulatory authorities.

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

Name	Position held	Changes	Reasons for changes
Fu Xinghai	Employee representative Director	Election	Job transfer
Li Xiaoguang	Director	Election	Session renewal
Zhang Jian	General manager	Engagement	Job transfer
Jiang Xiaochuan	Deputy general manager	Engagement	Job transfer
Qi Lipin	General Counsel	Departure	Job transfer
Gao Jun	General Counsel	Engagement	Job transfer

Note: Mr. Fu Xinghai was elected as a Director of the Company by the general meeting on 14 January 2025; he was elected as an employee representative Director of the Company's ninth session of the Board by the Workers' Congress on 26 June 2025; and was elected as an employee representative Director of the Company's tenth session of the Board by the Workers' Congress on 30 December 2025.

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

Not applicable

IV. PERFORMANCE OF DUTIES BY DIRECTORS

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

Name of director	Independent non-executive directors	Attendance at the Board meetings						Attendance at the general meetings
		Number of Board meetings required to attend during the year	Number of attendance in person	Number of attendance by means of communication	Number of attendance by proxy	Number of absences	Not attending in person for 2 consecutive meetings	Number of attendance at the general meetings
Tang Fusheng	No	25	21	2	4	0	No	2
Fu Xinghai	No	25	24	1	1	0	No	4
Nie Yanhong	No	25	25	2	0	0	No	4
Wang Yongwei	No	25	25	25	0	0	No	4
An Pindong	No	24	24	24	0	0	No	4
Liu Tao	No	25	25	25	0	0	No	4
Liu Fei	Yes	25	21	19	4	0	No	4
Wang Shanggan	Yes	25	24	22	1	0	No	4
Xue Tao	Yes	25	25	25	0	0	No	4
Li Xiaoguang	No	1	1	0	0	0	No	0

Explanation on not attending in person for 2 consecutive meetings

Not applicable

Number of Board meetings convened during the year	25
Among all: number of meetings held on site	0
Number of meetings held through communication	4
Number of meeting held on site combined with communication	21

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

Not applicable

4. Corporate Governance, Environment and Society

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

(I) Special committee under the Board

Categories	Name of members
Audit and Risk Control Committee	Wang Shanggan, Liu Fei, Xue Tao, Wang Yongwei
Nomination Committee	Xue Tao, Liu Fei, Wang Shanggan, Tang Fusheng, Fu Xinghai
Remuneration and Assessment Committee	Xue Tao, Liu Fei, Wang Shanggan, Liu Tao, Li Xiaoguang (joined on 31 December 2025)
Strategic and ESG Committee	Tang Fusheng, An Pindong (replaced with Li Xiaoguang on 31 December 2025) Xue Tao, Wang Shanggan, Fu Xinghai

(II) The Audit and Risk Control Committee held 8 meetings during the current reporting period

Date of meeting	Minutes of the meeting	Major opinions and recommendations	Other performance of duties
24 January 2025	(1) To discuss the status of the Company's unaudited financial metrics for FY2024; (2) To consider the external auditor's 2024 Final Audit Work Plan; and (3) To consider the Company's Annual Reporting Work Plan 2024.	The Audit and Risk Control Committee agreed to the External Auditors' 2024 Final Audit Work Plan and 2024 Annual Report Work Plan, agreed that the Company would not conduct a 2024 Annual Results Presentation, and agreed to the auditors' access.	No
5 March 2025	(1) The Audit Committee received a report from the Finance Centre on key financial matters for the 2024 Annual Report; (2) The Audit Committee communicates with the external auditors on key audit issues during the year; and (3) The independent directors communicate separately with the external auditors.	The Audit and Risk Control Committee recommends that the management of the Company pay close attention to important audit matters, follow up on them and communicate with the auditors.	No
21 March 2025	(1) Resolution on the appointment of WUYIGE Certified Public Accountants LLP as the Company's external auditors and request for authorization of such resolution by the general meeting; (2) Resolution to consider the Company's 2024 Internal Control Self-Evaluation Report; (3) Resolution to consider the Internal Audit Work Plan 2025; (4) Resolution to consider the Company's 2024 Audit and Risk Control Committee Performance Report; and (5) Resolution to consider the 2024 Annual Report and its summary to be published both domestically and internationally;	The Audit and Risk Control Committee considered and passed all the resolutions and agreed to submit the resolutions to the Board of Directors for consideration.	No

Date of meeting	Minutes of the meeting	Major opinions and recommendations	Other performance of duties
23 April 2025	(1) Resolution to consider the First Quarterly Report of the Company for the year 2025; (2) Resolution on the amendment to the Rules of Procedure of the Audit and Risk Control Committee of the Board.	The Audit and Risk Control Committee unanimously approved the Company's First Quarterly Report for 2025 and agreed to submit it to the Board of Directors for consideration.	None
4 August 2025	Received explanation on the Company's major financial data and related statements in the first half of 2025	The Audit and Risk Control Committee agreed with the contents of the report and concluded that the Company's operations in the first half of 2025 were solid.	None
22 August 2025	(1) Resolution to consider the Company's 2024 Interim Report and its Summary; (2) Resolution regarding the review of the Company's 2025 interim deposit and actual use of proceeds; (3) Resolution on the adjustment of the list of participants and the number of options granted under the Company's 2020 Share Option Incentive Scheme and to cancel certain options; (4) Resolution on the adjustment of the exercise price of the reserved share options under the Company's 2020 Share Option Incentive Scheme; (5) Resolution on review of the Company's 2025 Interim Report and its summary.	The Audit and Risk Control Committee agreed with the contents of the report and agreed that the full and summary 2025 Half Year Report should be submitted to the Board for consideration.	None
24 October 2025	To consider the Company's Third Quarterly Report for the year 2025.	Agreed to the Company's Third Quarterly Report for 2025 and agreed to submit it to the Board for consideration.	None
26 December 2025	Proposal on Adjusting the Proposed Amount of Proceeds to be Invested in Fundraising Projects	The Audit and Risk Control Committee approves the adjustment to the proposed amount of funds to be invested in the fundraising projects.	None

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

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(III) The Nomination Committee held 4 meetings during the current reporting period

Date of meeting	Minutes of the meeting	Major opinions and recommendations	Other performance of duties
29 April 2025	Resolution to approve Mr. Zhou Jingdong's resignation as deputy general manager and to recommend Mr. Zhang Jian to act as general manager	The committee approved Mr. Zhou Jingdong's resignation as a deputy general manager and agreed to nominate Mr. Zhang Jian to act as the general manager, and agreed to submit this matter to the Board for consideration.	None
6 November 2025	(1) Resolution to nominate Ms. Qi Lipin as the Company's chief auditor; (2) Resolution to nominate Ms. Gao Jun as the Company's general counsel and chief compliance officer.	The Committee considered that Ms. Qi Lipin meets the appointment criteria for the position of chief auditor of the Company and agrees to nominate Ms. Qi Lipin as chief auditor of the Company, with a term of office coinciding with that of the current session of the Board, and agrees to submit this matter to the Board for consideration. The Committee considered that Ms. Gao Jun meets the criteria for appointment as the Company's general counsel, and agrees to nominate Ms. Gao Jun as the Company's general counsel for a term coinciding with that of the current session of the Board, and agreed to submit this matter to the Board for consideration.	None
26 November 2025	Resolution regarding the nomination of Mr. Tang Fusheng and eight other individuals as candidates for the tenth session of the Board of the company	It is agreed to nominate Mr. Tang Fusheng and eight other individuals as Director candidates of the Company, with a term of three years, and agreed to submit this matter to the Board for consideration.	None
31 December 2025	Resolution to nominate Mr. Zhang Jian and nine other individuals as the Company's general manager, deputy general managers, chief accountant, general counsel (chief compliance officer), chief auditor, secretary to the Board and securities affairs representative	Approved the appointment of Mr. Zhang Jian and nine other individuals as the Company's general manager, deputy general managers, chief accountant, general counsel (chief compliance officer), chief auditor, board secretary and securities affairs representative, and agreed to submit this matter to the Board for consideration.	None

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

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

Date of meeting	Minutes of the meeting	Major opinions and recommendations	Other performance of duties
14 January 2025	(1) Resolution on the adjustment of the list of share option incentive targets reserved in the 2020 Share Option Incentive Scheme, the number of options granted and the cancellation of certain options (2) Resolution on the achievement of the exercise conditions for the second exercise period reserved for share options under the 2020 Share Option Incentive Scheme	The Remuneration and Assessment Committee agreed to adjust the number of share option incentive targets reserved for the 2020 Share Option Incentive Scheme from 15 to 14, and to adjust the number of options exercisable during the second exercise period to 262,665. The Remuneration and Appraisal Committee agrees that the exercise condition for the second exercise period of the reserved share options under the 2020 Share Option Incentive Scheme have been met, and agrees to submit this to the Board for consideration.	None
21 March 2025	Resolution on the failure to meet the exercise conditions for the third exercise period reserved for share options under the 2020 Share Option Incentive Scheme	The Committee agreed that, in accordance with the incentive scheme, the exercise conditions for the third exercise period of the 2020 Share Option Incentive Scheme have not been met, and agreed to submit this matter to the Board for consideration.	None
22 August 2025	(1) Resolution on the adjustment of the list of share option incentive targets reserved in the 2020 Share Option Incentive Scheme, the number of options granted and the cancellation of certain options (2) Resolution on the adjustment of the exercise price of share options under the Company's 2020 Share Option Incentive Scheme	The Remuneration and Assessment Committee agreed to adjust the number of share option incentive targets reserved for the 2020 Share Option Incentive Scheme from 14 to 13, and to adjust the number of options exercisable during the second exercise period to 242,665. The Committee agreed to adjust the exercise price of the reserved share options to RMB6.354 per share, and agreed to submit this matter to the Board for consideration.	None
26 November 2025	(1) Resolution regarding the review of the performance appraisal results for professional managers and other senior management for 2024; (2) Resolution to review the payment of performance-based annual remuneration for professional managers and other senior management for 2024; (3) Resolution regarding the remuneration of directors of the Company's tenth session of the Board.	The Committee approved the appraisal results for professional managers and other senior management for 2024, as well as the payment of performance-based annual salaries for professional managers and other senior management for 2024. The Committee also approved the remuneration for directors of the Company's tenth session of the Board, and agreed to submit these matters to the Board for consideration.	None
31 December 2025	Resolution on the performance appraisal and remuneration management system for enterprise heads and other senior management of the Group, and the approval of position coefficients for 2026	The Committee approved the performance appraisal and remuneration management system for enterprise heads and other senior management of the Group, as well as the determination of post coefficients for 2026, and agreed to submit these matters to the Board for consideration.	None

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

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(V) The Strategic and ESG Committee held 2 meetings during the current reporting period

Date of meeting	Minutes of the meeting	Major opinions and recommendations	Other performance of duties
24 February 2025	Resolution on the review of the implementation of the 2024 strategy and the optimisation and adjustment of the 14th Five-Year Plan strategic objectives	The Committee approved the implementation of the 2024 strategy and the optimisation and adjustment of the 14th Five-Year Plan strategic objectives, and agreed to these matters to the Board for consideration.	None
21 March 2025	Resolution to review the Company's 2024 environmental, social and governance report	The Committee approved the Company's 2024 environmental, social and governance report and agreed to submit it to the Board for consideration.	None

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

(VI) Disclosure on events involving objections

Not applicable

VI. DESCRIPTION OF RISKS IN THE COMPANY FOUND BY THE AUDIT AND RISK CONTROL COMMITTEE

The Audit and Risk Control Committee has no disagreement with the supervisory matters during the reporting period.

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

(I) Employees

Number of on-duty employees of the Company	492
Number of on-duty employees of major subsidiaries	1,838
Total number of on-duty employees	2,330
Number of retired employees to whom the Company and its major subsidiaries are required to pay charges	0

Composition by profession

Category of profession	Number
Production	1,081
Sales	122
Technical	599
Finance	142
Administration	210
Corporate management	176
Total	2,330

Education

Category of education	Number (person)
PHD	3
Master	172
Undergraduate	1,484
College	462
Technical secondary and technical school	114
High school or below	95
Total	2,330

As at 31 December 2025, the gender ratio of the Group's employees (including senior management) was approximately 67.64% for males and 32.36% for females. The Company has implemented a fair employment policy, put the emphasis on gender diversity of employees, adhered to the laws and regulations of the People's Republic of China, including the Labor Law of the PRC and the Labor Contract Law of the PRC, demonstrated fully respects to the individual differences of the talents, and recruited on the basis of merit and without discrimination. We will continue to strive to increase the proportion of female employees and achieve an appropriate balance of gender diversity with reference to the expectations of our shareholders and the best management recommended.

4. Corporate Governance, Environment and Society

(II) Remuneration policy

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

(III) Training programs

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

(IV) Labor outsourcing

Not applicable

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

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

In order to establish a sustainable, clear, and transparent cash dividend policy and a scientific decision-making mechanism and to improve the quality of the Company's information disclosure in the principle of the "Listed Companies Regulatory Guidance No. 3 – Cash Dividend Distribution of Listed Companies" issued by the CSRC, pursuant to the latest requirements under the Company Law, the Company revised the article related to profit distribution in its Articles of Association. The aforesaid revision to the Articles of Association was considered and approved by the Company at the 56th meeting of the ninth session of the Board on 23 April 2025 and at the annual general meeting of 2024 held on 27 May 2025. Article 200 of the Articles of Association was amended as follows:

I. Basic principles for profit distribution of the Company:

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

4. Corporate Governance, Environment and Society

II. Dividend distribution policies of the Company:

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

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

(IV) Proportion of cash dividends:

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

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

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

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

4. Corporate Governance, Environment and Society

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

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

- (I) Formulation of profit distribution policy

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

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

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

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

(II) Formulation of specific proposal of profit distribution

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

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

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

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

(III) Undistributed profit

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

IV. Adjustment to profit distribution policy:

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

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

The Audit and Risk Control Committee shall issue its review opinions on the adjustment to the profit distribution policy.

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

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

V. *Disclosures in regular reports:*

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

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

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

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

(II) Description of Cash Dividend Policy

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

4. Corporate Governance, Environment and Society

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

Unit: Yuan Currency: RMB

Number of bonus shares per 10 shares (shares)	0
Amount of dividends distributed per 10 shares (Yuan) (inclusive of tax)	2.09
Number of shares transferred per 10 shares (shares)	0
Amount of cash dividends (inclusive of tax)	328,217,379.77
Net profit attributable to the ordinary shareholders of the Company in the consolidated financial statements	862,357,236.56
Amount of cash dividends as a percentage of the net profit attributable to the ordinary shareholders of the Company in the consolidated financial statements (%)	38.06%
Amount of shares repurchased in cash included in the cash dividend	0
Total dividend (tax inclusive)	328,217,379.77
Total dividend as a percentage of consolidated net profit attributable to ordinary shareholders of the Company (%)	38.06%

(IV) Cash dividends for the last three financial years

Unit: Yuan Currency: RMB

Cumulative cash dividends for the last three financial years (tax inclusive) (1)	855,877,856.33
Cumulative repurchases and cancellation in the last three financial years (2)	0
Cash dividends and repurchases and cancellation of accumulated amounts for the last three financial years (3) =(1) +(2)	855,877,856.33
Average annual net profit for the last three financial years (4)	896,745,396.67
Cash dividend ratio for the last three financial year (s %) (5) =(3)/(4)	95.44%
Net profit attributable to ordinary shareholders of the listed company in the most recent financial year	862,357,236.56
Undistributed profit at the end of the last financial year reported by parent company	4,800,713,997.18

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

- (I) The relevant incentive measures have been disclosed in the interim announcement and there has been no subsequent progress or change in their implementation.

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

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

(I) Purpose of the Share Option Incentive Scheme

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

4. Corporate Governance, Environment and Society

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

As at the end of the reporting period, there are no more than 150 Participants for the Share Option Incentive Scheme, including the Directors, senior management (excluding the independent non-executive Directors, external Directors and Supervisors), other members of the leadership team and core technology, management, business and skill backbones of the Company.

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

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

Class of Grantees	Outstanding as of		Validity Period	Exercise Period	Exercise Price (RMB) (Note 3)	Outstanding	Exercised during the year	Cancelled during the year (Note 4)	Lapsed during the year (Note 5)
	31 December 2024	Date of Grant				as of 31 December 2025			
Employees (in aggregate)	6,401,040	21 January 2021	(Note 1)	(Note 2)	6,414	0	0	3,204,914	3,196,126
	565,335	21 December 2021			6,354	0	0	322,670	242,665

Note 1: Please refer to (8) Validity Period under this section.

Note 2: Please refer to (6) Exercise Period and Exercise Date under this section.

Note 3: Please refer to (7) The Exercise Price and Determination Method under this section.

Note 4: Already approved for cancellation by the Board but pending registration for cancellation, the Company will apply with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to cancel the share options that have been approved for cancellation by the Board but are pending registration for cancellation.

Note 5: Already lapsed but are pending registration for cancellation, the Company will apply with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to cancel share options that have lapsed but are pending registration for cancellation.

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

On 22 August 2025, in view of the fact that 1 original Participant under the Share Option Incentive Scheme no longer work in the Company system due to re-designations, the Board of the Company considered and approved the cancellation of 40,000 Reserved Share Options granted to such Participants but have not yet exercised. The number of Participants holding Reserved Share Options was adjusted from 14 to 13. For details, please refer to the relevant announcement and overseas regulatory announcement of the Company published on the website of the Stock Exchange on 22 August 2025.

4. Corporate Governance, Environment and Society

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

As of the end of the reporting period, the number of A share options available for grant under the Share Option Incentive Scheme was 0 and the corresponding number of underlying shares was 0 A shares, representing not more than 0% of the Company's total issued share capital of 1,570,418,085 shares as at the end of the reporting period; where 0 option was Share Options Granted for the First Time, representing 0% of the total issued capital (i.e. 1,570,418,085 Shares) of the Company as at the end of the reporting period, and 0% of the total number of the current share options granted; and 0 option was Reserved Share Options, representing approximately 0% of the total issued capital of 1,570,418,085 Shares of the Company as at the end of the reporting period, and 0% of the total number of the current share options granted.

The number of Shares that may be issued as a result of A share options to be granted under the Share Option Incentive Scheme during the year ended 31 December 2025 (i.e. 0 Share) divided by the weighted average number of Shares in issue during the year ended 31 December 2025 (i.e. 1,570,418,085 Shares) is 0%. The total number of shares available for issue under the Share Option Incentive Scheme is 0 Share, which represents 0% of the issued Shares as at the date of this report.

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

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

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

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

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

On 26 January 2024, 2 original Participants under the A Share Option Incentive Scheme no longer met the incentive conditions as they no longer work for the Company due to termination of their employment relationship with the Company or adjustment of their job positions, and 500,000 share options granted but not yet exercised were cancelled by the Company. Therefore, the number of Reserved Share Options was adjusted from 1,348,000 to 848,000 and the total number of share options required to be cancelled by the Company was 500,000, the Company has applied to the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to process the registration procedures for such cancellation.

On 14 March 2024, 3 original Participants under the A Share Option Incentive Scheme no longer meet the incentive conditions as they no longer work for the Company due to termination of their employment relationship with the Company or adjustment of their job positions, and 260,001 share options granted but not yet exercised were cancelled by the Company. In addition, 4 Participants shall exercise 90% of their options for the second exercise period due to the “pass” result of their 2022 individual performance appraisal, and the remaining 10% of the Share Options Granted for the First Time of 8,667 share options were cancelled by the Company. Therefore, the number of Share Options Granted for the First Time was adjusted from 6,669,708 to 6,401,040 and the total number of share options required to be cancelled by the Company was 268,668, the Company has applied to the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to process the registration procedures for such cancellation.

On 20 December 2024, the first exercise period for the Reserved Options expired; the Reserved Options that were not fully exercised during the first exercise period (namely 282,665 options) will be cancelled by the Company. Consequently, the number of Reserved Share Options has been adjusted from 848,000 to 565,335, and the total number of Reserved Share Options to be cancelled by the Company amounts to 282,665, the Company will apply with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to process the registration procedures for such cancellation.

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During the reporting period, on 14 January 2025, as one of the original participants under the A Share Option Incentive Scheme no longer met the grant conditions due to his/her death, the 40,000 reserved share options that had been granted to but not yet exercised by the said participant will be cancelled by the Company. As a result, the number of the Reserved Share Options granted was adjusted from 565,335 to 525,335, and the total number of Reserved Share Options that were granted but not yet exercised and shall be cancelled by the Company would be 40,000, the Company will apply with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to process the registration procedures for such cancellation.

During the reporting period, on 20 January 2025, the Second Exercise Period for the Share Options Granted for the First Time expired. The Share Options Granted for the First Time that were not fully exercised during the Second Exercise Period (i.e. 3,196,126 Options) were lapsed, and the number of Share Options Granted for the First Time was adjusted to 3,204,914. The Company will apply with the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited to process the registration procedures for such lapse.

During the reporting period, on 21 March 2025, as the exercise conditions for the third exercise period of the A Share Option Incentive Scheme were not met, the 3,204,914 Share Options Granted for the First Time and 262,670 Reserved Share Options granted to the participants during the third exercise period but not exercised, totalling 3,467,584 stock options, will be cancelled by the Company. Consequently, the number of Share Options Granted for the First Time and Reserved Share Options has been adjusted to 0 and 262,665 respectively; the number of Share Options Granted for the First Time and Reserved Share Options to be cancelled by the Company is 3,204,914 and 262,670 respectively, the Company will apply with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to process the registration procedures for such cancellation.

During the reporting period, on 22 August 2025, in view of the fact that 1 original Participant under the A Share Option Incentive Scheme no longer work in the Company system due to re-designations, and therefore no longer met the eligibility criteria. Consequently, the 20,000 reserved share options granted to this participant but not yet exercised will be canceled by the Company. Consequently, the number of Reserved Share Options has been adjusted from 262,665 to 242,665, and the Company is required to cancel a total of 20,000 Reserved Share Options, and the Company will apply with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to process the registration procedures for such cancellation.

During the reporting period, on 2 December 2025, the Second Exercise Period for the Reserved Share Options expired. The Reserved Share Options that were not fully exercised during the Second Exercise Period (i.e. 242,665 Options) were lapsed, and the number of Reserved Share Options was adjusted to 0. The Company will apply with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to process the registration procedures for such lapse.

(IV) Maximum number granted for each participant

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

(V) Vesting Period

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

(VI) Exercise Period and Exercise Date

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

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

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

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

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

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

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

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

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

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

During the reporting period, on 21 March 2025, the Board announced that the exercise conditions for the third exercise period had not been met. In accordance with the Share Incentive Scheme, a total of 3,467,584 Share Options Granted for the First Time and the Reserved Share Options that remained unexercised as of the third exercise period will be cancelled by the Company, the Company will apply with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to process the registration procedures for such cancellation.

(VII) The Exercise Price and Determination Method

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

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

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

4. Corporate Governance, Environment and Society

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

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

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

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

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

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

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

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

No payment is required upon applying for or accepting share options granted under the Share Incentive Scheme. Consequently, the time limit for payment or notification of payment does not apply.

(VIII) Validity Period

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

Of which, the date of grant of the Reserved Share Options was 21 December 2021. Therefore, subject to the early full exercise or full cancellation of the Share Options, as at 31 December 2025, the Share Option Incentive Scheme had a remaining validity period of 11 months and 21 days.

As of the end of the Reporting Period, all share options granted under the Share Option Incentive Scheme have lapsed or been canceled. The Company will apply with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to cancel the share options that have lapsed but have yet to be registered for cancellation.

4. Corporate Governance, Environment and Society

(IX) Value and Relevant Accounting Policies of Share Options

Value of Share Options

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

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

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

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

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

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

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

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

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

4. Corporate Governance, Environment and Society

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

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

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

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

Name	Contribution to pension schemes (RMB)
Zhang Jian	104493.12
Nie Yanhong	104493.12
Peng Yilin	97223.36
Niu Bo	94877.52
Zhao Xi	88335.60

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

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

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

During the reporting period, the Board reviewed the internal control system of the Company, and disclosed the "2025 Annual Self Evaluation Report on Internal Control" on the website of the Stock Exchange and the SSE on 25 March 2026, respectively.

Descriptions of Material Defects Relating Internal Control during the Reporting Period

Not applicable

XI. MANAGEMENT CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

As of the end of the reporting period, the Company had a total of 64 wholly-owned and controlled subsidiaries and 3 joint-stock companies, which were distributed in 16 provinces, municipalities and autonomous regions across the country.

In accordance with the relevant provisions of the Company Law, the A+H listing rules of both places, among other laws and regulations, as well as the Articles of Association, and in conjunction with the Company's business and actual management needs, the Company has further strengthened group-level control and management, revised certain group-level systems and processes, and refined the control interfaces between the Group and its project companies. At the same time, the Company has focused on improving the corporate governance structures of its subsidiaries, strengthening the development of their boards of directors, enhancing the selection and performance management of directors and management, elevating the governance standards of subsidiaries, and gradually improving effective control over subsidiaries.

4. Corporate Governance, Environment and Society

XII. EXPLANATION IN RESPECT OF THE INTERNAL CONTROL AUDIT REPORT

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

For details of the internal control audit report, please refer to the “2025 Internal Control Audit Report” disclosed on the website of the Stock Exchange and the SSE on 25 March 2026, respectively.

Disclosure of internal control audit report: Yes

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

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

None

XIV. ENVIRONMENT AND SOCIAL RESPONSIBILITY

I. ENVIRONMENT INFORMATION

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

1. Pollutant Discharging

- (1) Sewage discharge

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

As at the end of the reporting period, the Company owned 55 operating sewage treatment projects, each of which has 1 or 2 effluent outfall(s) confirmed by competent industry authorities and experts upon examination and verification. According to the relevant agreements, currently the effluent water quality carried out by most sewage treatment plants is first-grade A under the Pollutant Discharge Standards for Urban Sewage Treatment Plants (GB18918-2002), and the other sewage treatment plants implement the corresponding local standard or agreement standard in Tianjin, Anhui, Zhejiang, Shaanxi, Hebei and Shandong, whilst the effluent quality from certain plants could meet the requirements of Class III, IV or V under the “Surface Water Environmental Quality Standards” (GB 3838-2002). The common pollutant indexes requiring basic control include COD, BOD, SS, total nitrogen, ammonia nitrogen, total phosphorus, etc. The following table sets out the maximum allowable discharge concentrations (daily average) of the pollutant indices requiring national standard first-grade A.

4. Corporate Governance, Environment and Society

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

1. Pollutant Discharging (Continued)

- (1) Sewage discharge (Continued)

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

During the reporting period, the discharge concentrations of the major pollutant indexes requiring basic control of the Company's sewage treatment business were all below the above standards. In aggregate, the COD, total nitrogen, ammonia nitrogen, and total phosphorus discharged by the Company during the reporting period were approximately 35,000 tonnes, 13,400 tonnes, 1,186 tonnes and 292 tonnes, respectively. In aggregate, environmental pollutants, namely, the COD, total nitrogen, ammonia nitrogen, and total phosphorus, were eliminated by approximately 356,000 tonnes, 44,700 tonnes, 41,800 tonnes, and 5,700 tonnes, respectively, representing a significant contribution to water body environmental governance.

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

1. *Pollutant Discharging* (Continued)

(2) Discharge of solid and hazardous waste

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

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

During the reporting period, the cumulative emissions of major pollutants by the Company's solid and hazardous waste were 1.76 tonnes of particulate matter (PM), approximately 1.89 tonnes of sulfur dioxide (SO₂) and approximately 17.9 tonnes of nitrogen oxides (NO_x).

4. Corporate Governance, Environment and Society

II. SOCIAL RESPONSIBILITY WORK

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

The Company's Social Responsibility Report and the Environmental, Social and Governance Report will be published on the websites of the SSE and the Stock Exchange by April 30, 2026 in tandem with this annual report.

- (II) Specific details for social responsibility work

Not applicable

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

Not applicable

I. PERFORMANCE OF COMMITMENT

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

Not applicable

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

Not applicable

- (III) Status of Performance Commitments

Not applicable

- (IV) Changes to performance commitments

Not applicable

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

Not applicable

III. GUARANTEES IN VIOLATION

Not applicable

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

Not applicable

5. Major Events

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

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

Not applicable

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

Not applicable

- (III) Communication with the Former Accounting Firm

Not applicable

- (IV) Approval Process and Other Explanations

Not applicable

VI. APPOINTMENT AND REMOVAL OF ACCOUNTING FIRMS

Unit: 0'000 Yuan Currency: RMB

		Present Appointment
Name of the domestic accounting firm		WUYIGE Certified Public Accountants LLP
Remuneration of the domestic accounting firm		257
Service years of the domestic accounting firm		1
Name of the certified public accountants of the domestic accounting firm		Shi Chenqi, Liu Yong, Xu Xinbo
The continuous period of audit service of the domestic accounting firm's certified public accountants		1
	Name	Fees
Accounting firm responsible for internal control audit	WUYIGE Certified Public Accountants LLP	52
Sponsor	CITIC Securities Company Limited	1,999.999998

During the reporting period, the Company did not change its appointed audit firm. The Company has appointed WUYIGE Certified Public Accountants LLP as its audit firm; as of the previous reporting period, this audit firm had provided audit services to the Company for one year.

On March 22 2024, the Board of Directors resolved to propose a change of auditors by recommending the appointment of WUYIGE Certified Public Accountants LLP as the Company's new auditors upon the retirement of PricewaterhouseCoopers Zhong Tian LLP, which was effected by the approval of the Company's shareholders at the 2023 Annual General Meeting. PricewaterhouseCoopers Zhong Tian LLP retired at the conclusion of the 2023 Annual General Meeting. The Company has thoroughly communicated the change of auditing firm with PricewaterhouseCoopers Zhong Tian LLP which raised no objections to the change. PricewaterhouseCoopers Zhong Tian LLP has confirmed that there are no matters related to the change of auditors that need to be brought to the attention of the Company's shareholders and investors. For details of the change of auditors, please refer to the relevant announcements of the Company dated 22 March 2024 and 5 June 2024 published on the website of the Stock Exchange.

5. Major Events

VII. RISK OF DELISTING

(I) Causes of Delisting

Not applicable

(II) Measures to be taken by the Company

Not applicable

(III) Situation and reasons for termination of Listing

Not applicable

VIII. MATTERS RELATING TO BANKRUPTCY AND RESTRUCTURING

Not applicable

IX. MATTERS RELATING TO MATERIAL LITIGATION AND ARBITRATION

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

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

Not applicable

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

Not applicable

XII. MATERIAL CONNECTED TRANSACTIONS

(I) Connected Transactions in Relation to Daily Operation

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

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

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

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

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

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

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

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

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

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

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

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

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

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

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

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

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

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

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

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

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

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

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

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

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

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

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (j) On 14 January 2025, Tianjin Chengze and Tianjin Jiayuankaichuang entered into a Heat Supply Agreement for the Houtai Lot H Project (Lot H), pursuant to which Tianjin Chengze commissioned Tianjin Jiayuankaichuang to carry out the construction of heat supply supporting facilities for the Houtai Lot H Project. Pursuant to the Heat Supply Agreement (Lot H), the heat supply construction cost is RMB6,738,817 (tax inclusive).

Connected relationship: Tianjin Chengze is an indirect subsidiary of Tianjin Investment Group, the Company's ultimate holding company; Tianjin Jiayuankaichuang is a wholly-owned subsidiary of the Company.

- (k) On 11 February 2025, Tianjin Chengze and Water Recycling Company entered into the Reclaimed Water Meters Agreement (Ground Meters) (Lot H), pursuant to which Tianjin Chengze commissioned Water Recycling Company to be responsible for the purchase, installation, and daily maintenance management of reclaimed water meters (ground meters) located outside the main building structures for Phases I, II, III (Zechen Park) of the Houtai Lot H Project and the H1 Lot Project. Pursuant to the Reclaimed Water Meters Agreement (Ground Meters), the contract price is RMB20,522 (tax inclusive), and Tianjin Chengze is required to make a lump sum payment to Water Recycling Company within 30 days after signing of the Reclaimed Water Meters Agreement (Ground Meters).

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

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (I) On 11 February 2025, Tianjin Chengze and Water Recycling Company entered into the Reclaimed Water Meters Agreement (Household Meters) (Lot H), pursuant to which Tianjin Chengze commissioned Water Recycling Company to be responsible for the purchase, installation, and daily maintenance management of reclaimed water meters (household meters) located inside the main building structures for Phases I, II, III (Zechen Park) of the Houtai Lot H Project and the H1 Lot Project. Pursuant to the Reclaimed Water Meters Agreement (Household Meters), the contract price is RMB293,370 (tax inclusive), and Tianjin Chengze is required to make a lump sum payment to Water Recycling Company within 30 days after signing the Reclaimed Water Meters Agreement (Household Meters).

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

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (m) On 24 March 2025, Tianjin Chengze and Water Recycling Company entered into the Reclaimed Water Pump House Agreement (Lot H), pursuant to which Tianjin Chengze commissioned Water Recycling Company to organize the design, supervision, and construction of the secondary reclaimed water supply facilities within the newly developed residential area for Phases I, II, III (Zechen Park) of Houtai Lot H Project and the Lot H1 Project. Pursuant to the Reclaimed Water Pump House Agreement (Lot H), the contract price is RMB2,438,559 (tax inclusive), and Tianjin Chengze is required to make a lump sum payment to the Water Recycling Company within 30 days after signing the Reclaimed Water Pump House Agreement (Lot H).

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

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (n) On 7 April 2025, Asset Management Company, Tianjin Municipal Institute, TORYO International Lighting Design (Beijing) Center Co., Ltd. (an independent third party of the Company), CABR Technology Co., Ltd. (an independent third party of the Company), and Tianchuang Environmental entered into an EPC general contracting agreement, pursuant to which the parties jointly carried out the construction project of the “Tientsin Eye” Ferris wheel. The total price under the EPC contract is RMB17,029,161 (tax inclusive), of which the design fee (tax inclusive) is RMB1,430,000, the stress analysis fee (tax inclusive) is RMB630,000, the construction fee (tax inclusive) is RMB14,239,161, and the provisional sum (tax inclusive) is RMB730,000.

Connected relationship: Asset Management Company is a wholly-owned subsidiary of Tianjin Investment Group, the Company’s ultimate holding company; Tianjin Municipal Institute is a 30%-controlled company indirectly held by Tianjin Investment Group, the Company’s ultimate holding company; Tianchuang Environmental is a wholly-owned subsidiary of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (o) On 7 April 2025, Liulin Urban Renewal and the Water Recycling Company entered into the Reclaimed Water Ground Meter Installation Agreement (Liu'an Jinyuan), pursuant to which Liulin Urban Renewal commissioned Water Recycling Company to be responsible for the installation of reclaimed water ground meters at Plot 67 (Liu'an Jinyuan) of Phase I of the Tianjin Liulin Urban Renewal Project. The installation fee (tax inclusive) is RMB9,923, and Liulin Urban Renewal shall make a lump sum payment to Water Recycling Company within 30 days after receiving the special VAT invoice which has been verified as legal and valid by the tax authorities through cross-checking.

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

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (p) On 7 April 2025, Liulin Urban Renewal and the Water Recycling Company entered into the Reclaimed Water Household Meter Installation Agreement (Liu'an Jinyuan), pursuant to which Liulin Urban Renewal commissioned the Water Recycling Company to be responsible for the installation of reclaimed water household meters at Plot 67 (Liu'an Jinyuan) of Phase I of the Tianjin Liulin Urban Renewal Project. The installation fee (tax inclusive) is RMB549,780, and Liulin Urban Renewal shall make a lump sum payment to Water Recycling Company within 30 days after receiving the special VAT invoice which has been verified as legal and valid by the tax authorities through cross-checking.

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

- (q) On 8 April 2025, Tianjin Chengze and Tianjin Jiayuankaichuang entered into the Heat Supply Secondary Network Agreement (Lot H), pursuant to which Tianjin Chengze commissioned Tianjin Jiayuankaichuang to organize the design and construction of the secondary heat supply network facilities within the newly developed residential area for Phases I, II, III (Zechen Park) of the Houtai Lot H Project and the H1 Lot Project. Pursuant to the Heat Supply Secondary Network Agreement (Lot H), the contract amount is RMB1,714,504.75 (tax inclusive).

Connected relationship: Tianjin Chengze is an indirect subsidiary of Tianjin Investment Group, the Company's ultimate holding company; Tianjin Jiayuankaichuang is a wholly-owned subsidiary of the Company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (r) On 29 July 2025, the Water Recycling Company and Liulin Urban Renewal entered into the Reclaimed Water Pipeline Network Supporting Services Entrustment Agreement (Liu'an Puyuan), pursuant to which Liulin Urban Renewal agreed to entrust, and the Water Recycling Company agreed to be responsible for, the construction of reclaimed water supporting facilities for the project plot. The supporting service fee (tax inclusive) is RMB1,319,445.37, and Liulin Urban Renewal shall make a lump sum payment to Water Recycling Company within 30 days after receiving the special VAT invoice which has been verified as legal and valid by the tax authorities through cross-checking.

Connected relationship: The Water Recycling Company is a wholly-owned subsidiary of the Company; Liulin Urban Renewal is an indirect wholly-owned subsidiary of Tianjin Investment Group, the Company's ultimate holding company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (s) On 3 September 2025, Water Recycling Company entered into EPC general contracting agreements with (i) Tianjin Chengtou Architectural Design Co., Ltd. (“Chengtou Architectural”) and Expressway Construction, and (ii) Huamiao Planning and Expressway Construction, respectively. Pursuant to these contracts, Water Recycling Company commissioned Chengtou Architectural and Expressway Construction to provide EPC general contracting services for the first tender section of the first batch of the 2025 Reclaimed Water Supporting Facilities Construction EPC Project, including the design and installation work for all works involved. The service period is planned to commence from the work commencement date (i.e., 11 September 2025) and continue until the completion date, which is expected to be no later than 31 December 2027. The service fee under the first tender section contract is RMB16,117,443 (tax inclusive), of which the design fee is RMB540,519 and the construction and installation fee is RMB15,576,924.

Connected relationship: The Water Recycling Company is a wholly-owned subsidiary of the Company; Expressway Construction is an indirect wholly-owned subsidiary of Tianjin Investment Group, the Company’s ultimate holding company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (t) On 3 September 2025, the Water Recycling Company entered into an EPC contract for the second tender section of the first batch of the 2025 Reclaimed Water Supporting Facilities Construction EPC Project with Huamiao Planning and Expressway Construction. Pursuant to which, Water Recycling Company commissioned Huamiao Planning and Expressway Construction to provide EPC services for the second tender section of the first batch of the project, including the design and installation work for all works involved. The service period is planned to commence from the work commencement date (i.e., 11 September 2025) and continue until the completion date, which is expected to be no later than 31 December 2027. The service fee under the second tender section contract is RMB1,492,355 (tax inclusive), of which the design fee is RMB50,048 and the construction and installation fee is RMB1,442,307.

Connected relationship: Expressway Construction is an indirect wholly-owned subsidiary of Tianjin Investment Group, the Company's ultimate holding company; Huamiao Planning is a subsidiary of a 30%-controlled company of Tianjin Investment Group, the Company's ultimate holding company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (u) On 29 September 2025, Tianjin Jiayuankaichuang and Tianjin Chengze entered into the Warranty Period Heat Supply and Usage Agreement (Zexi Park), pursuant to which Tianjin Chengze commissioned Tianjin Jiayuankaichuang to provide heat supply supporting services for Zexi Park residential community. Pursuant to the Heat Supply and Usage Agreement during Warranty Period (Zexi Park), there are two heat supply service periods, namely from 15 November 2025 to 15 March 2026 and from 15 November 2026 to 15 March 2027. The unit price for heat supply services is RMB25/m², and the chargeable area for heat supply services is 32,181.03 m². The total service fee for the heat supply services under the Heat Supply Contract during Warranty Period (Zexi Park) is RMB1,609,051.5 (tax inclusive), which is calculated based on the aforementioned unit price for heat supply services (i.e., RMB25/m²) multiplied by the aforementioned chargeable area for heat supply services (i.e., 32,181.03 m²) multiplied by two heat supply service periods. During the two heat supply service periods, Tianjin Jiayuankaichuang and Tianjin Chengze shall verify the unit price for heat supply services and the chargeable area for heat supply services before 15 November 2025 and 15 November 2026, respectively, and issue a confirmation form. Tianjin Chengze shall pay the heat supply service fee for each heat supply service period (i.e., RMB804,525.75) in full to Tianjin Jiayuankaichuang before 30 December 2025 and 30 December 2026, respectively, in accordance with the amounts stated in the confirmation forms.

Connected relationship: Tianjin Jiayuankaichuang is a wholly-owned subsidiary of the Company; Tianjin Chengze is an indirect subsidiary of Tianjin Investment Group, the Company's ultimate holding company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (v) On 24 October 2025, Water Recycling Company entered into an EPC contract for the first tender section of the second batch of the 2025 Reclaimed Water Supporting Facilities Construction EPC Project with Chengtou Architectural and Expressway Construction. Pursuant to which Water Recycling Company commissioned Chengtou Architectural and Expressway Construction to provide EPC general contracting services for the first tender section of the second batch of the project, including the design and installation work for all works involved. The service period is planned to commence from the work commencement date (i.e., 25 October 2025) and continue until the completion date, which is expected to be no later than 31 December 2027. The service fee under the first tender section, second batch agreement is RMB8,768,509 (tax inclusive), of which the design fee is RMB294,471 and the construction and installation fee is RMB8,474,038.

Connected relationship: The Water Recycling Company is a wholly-owned subsidiary of the Company; Expressway Construction is an indirect wholly-owned subsidiary of Tianjin Investment Group, the Company's ultimate holding company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (w) On 24 October 2025, Water Recycling Company entered into an EPC general contracting agreement for the second tender section of the second batch of the 2025 Reclaimed Water Supporting Facilities Construction EPC Project with Huamiao Planning and Expressway Construction. Pursuant to which, Water Recycling Company commissioned Huamiao Planning and Expressway Construction to provide EPC services for the second tender section of the second batch of the project, including the design and installation work for all works involved. The service period is planned to commence from the work commencement date (i.e., 25 October 2025) and continue until the completion date, which is expected to be no later than 31 December 2027. The service fee under the second tender section contract of the second batch is RMB908,350 (tax inclusive), of which the design fee is RMB30,505 and the construction and installation fee is RMB877,845.

Connected relationship: Expressway Construction is an indirect wholly-owned subsidiary of Tianjin Investment Group, the Company's ultimate holding company; Huamiao Planning is a subsidiary of a 30%-controlled company of Tianjin Investment Group, the Company's ultimate holding company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (x) On 17 November 2025, the Company (as lender) provided a loan of RMB40,000,000 to Hebei Guojin Tianchuang Sewage Treatment Co., Ltd. (as borrower) pursuant to the 2025 Loan Agreement, with an agreed term of loan of three years.

Connected relationship: HBGJTC is a non-wholly-owned subsidiary of the Company; Tianjin Investment Group, the Company's ultimate holding company, holds 40% equity interest in Hebei Guokong; Hebei Guokong holds 30% equity interest in HBGJTC.

- (y) On 26 November 2025, the Company entered into an Engineering Consulting Services Contract with Tianjin Infrastructure Consultant, pursuant to which the Company commissioned Tianjin Infrastructure Consultant to provide full-process engineering construction consulting services for the Phase II of the Relocation Project of Xianyang Road Sewage Treatment Plant. The service period shall commence from the date of signing of the Engineering Consulting Services Contract and continue until the completion of final account settlement of the project, which is expected to be no later than 31 December 2029. The total price under the Engineering Consulting Services Contract is RMB9,395,750 (tax inclusive).

Connected relationship: Tianjin Infrastructure Consultant is an indirect wholly-owned subsidiary of Tianjin Investment Group, the Company's ultimate holding company.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (z) On 4 December 2025, Tianjin Chengzhu and Water Recycling Company entered into the Reclaimed Water Pipeline Network Agreement (Lot C), pursuant to which Tianjin Chengzhu commissioned Water Recycling Company to carry out the construction of reclaimed water supporting facilities within the planning red line for Phases I and II (Yinxi Park) of Houtai Lot C Project. The cost for the primary reclaimed water supply facilities within the area is RMB2,250,852.22 (tax inclusive), and Tianjin Chengzhu is required to make a lump sum payment to Water Recycling Company within 30 days after signing the Reclaimed Water Pipeline Network Agreement (Lot C).

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

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Connected Transactions in Relation to Daily Operation (Continued)

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

- (aa) On 29 December 2025, Tianjin Jiayuanshengchuang and Tianjin Chengzhu entered into the Heat Supply Agreement (Lot C), pursuant to which Tianjin Chengzhu commissioned Tianjin Jiayuanshengchuang to provide heat supply supporting services for the Houtai Lot C (Phases I and II) Project. Pursuant to the Heat Supply Agreement (Lot C), Tianjin Jiayuanshengchuang is required to provide heat sources, primary pipeline networks, equipment and installation within the heat exchange station for the Houtai Lot C (Phases I and II) Project in Zhongbei Town, Xiqing District, Tianjin Municipality, and the heat supply construction cost is RMB10,306,120 (tax inclusive).

Connected relationship: Tianjin Jiayuanshengchuang is a wholly-owned subsidiary of the Company; Tianjin Chengzhu is an indirect subsidiary of Tianjin Investment Group, the Company's ultimate holding company.

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

On 10 February 2026, the Company amended the annual caps for the Second Tender Section (Second Batch) Agreement, the Third Tender Section (Second Batch) Agreement, the Fourth Tender Section (Second Batch) Agreement, and the Fifth Tender Section (Second Batch) Agreement to accommodate the contract fees to be paid by Water Recycling Company to the relevant related parties under the aforementioned agreements for the financial years 2026 and 2027. For the financial year ending 31 December 2026, the revised annual cap for the Second Tender Section (Second Batch) Agreement will be increased to RMB43.65 million; the revised annual cap for the Third Tender Section (Second Batch) Agreement will be increased to RMB35.71 million; the revised annual cap for the Fourth Tender Section (Second Batch) Agreement will be increased to RMB4.52 million; and the revised annual cap for the Fifth Tender Section (Second Batch) Agreement will be increased to RMB4.83 million. For the financial year ending 31 December 2027, the revised annual cap for the Fourth Tender Section (Second Batch) Agreement will be increased to RMB4.52 million; and the revised annual cap for the Fifth Tender Section (Second Batch) Agreement will be increased to RMB4.83 million.

3. *Events not disclosed in the announcements*

Not applicable

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

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

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

Not applicable

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

- (ab) On 21 December 2022, the Board considered and approved the "Proposal on the Acceptance of Transfer of Assets of Jinnan Sludge Treatment Plant" (the "Proposal"). In order to ensure the stability of the sludge disposal channels for the Company's four sewage treatment plants in downtown Tianjin, and at the same time expand the Company's sludge disposal business, extend the Company's industrial chain, and enhance the Company's market competitiveness in the environmental protection sector, the Company entered into the "Asset Transfer Agreement Subject to Conditions Precedent regarding the Jinnan Sludge Treatment Plant" (the "Asset Transfer Agreement") with Tianjin Investment Group, the Company's ultimate controlling shareholder. The Company proposed to accept the transfer of assets of Jinnan Sludge Treatment Plant (the "Assets") owned by Tianjin Investment Group, with an asset transfer price of RMB471.8259 million (the "Transfer Price"). On 1 March 2023, the Proposal was considered and approved at the Company's first extraordinary general meeting of 2023. Pursuant to the Asset Transfer Agreement: (i) within 15 days after signing the Asset Transfer Agreement, the Company shall pay a deposit to Tianjin Investment Group in the amount of 20% of the Transfer Price; (ii) within 15 days after the conditions precedent under the Asset Transfer Agreement were satisfied, the Company shall pay a second installment to Tianjin Investment Group in the amount of 70% of the Transfer Price; and (iii) the remaining payment (in the amount of 10% of the Transfer Price) shall be paid in full within 180 days after Tianjin Investment Group performed all its obligations under the Asset Transfer Agreement. As of March 2023, the Company had paid the aforementioned deposit and the second installment in accordance with the Asset Transfer Agreement, totaling RMB424,643,310 (90% of the Transfer Price), with the remaining RMB47,182,590 (10% of the Transfer Price) remaining unpaid.

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

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

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

(ab) (Continued)

For details regarding this connected transaction, please refer to the Company's announcement dated 21 December 2022 in relation to the acquisition of the assets of the Jinnan Sludge Plant, the supplemental announcement dated 28 December 2022 in relation to the acquisition of the assets of the Jinnan Sludge Plant, the circular dated 13 February 2023 in relation to the acquisition of the assets of the Jinnan Sludge Plant, the announcement dated 1 March 2023 in relation to the resolutions of the first extraordinary general meeting of 2023, and the further announcement dated 17 March 2023 in relation to the acquisition of the assets of the Jinnan Sludge Plant, all published on the website of the Stock Exchange.

During the current reporting period, the Company has paid the remaining consideration of RMB47,182,590 (10% of the Transfer Price) for the acceptance of the transfer of the Assets to Tianjin Investment Group, completing the full payment of the total transfer price for the Assets.

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

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

During the current reporting period, the Company has cumulatively paid Tianjin Investment Group the transfer price of RMB196,204,700 (representing 90% of the consideration).

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

5. Major Events

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

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

3. *Matters not disclosed in the Company's announcements*

Not applicable

4. *Where performance targets are involved, the achievement of performance during the reporting period shall be disclosed*

Not applicable

(III) Significant Connected Transactions in Joint External Investment

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

Not applicable

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

Not applicable

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

Not applicable

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

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

Not applicable

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

Not applicable

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

Not applicable

XII. MATERIAL CONNECTED TRANSACTIONS (Continued)

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

Not applicable

- (VI) Other

According to Chapter 14A of the Stock Exchange Listing Rules, the above-mentioned items (a), (b), (c), (d), (e), (f), (g), (s), (t), (v), (w) and (ab) constitute continuing connected transactions in 2025. The independent non-executive Directors of the Company have reviewed the above continuing connected transactions in accordance with Rule 14A.55 of the Listing Rules, and confirmed that:

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

The Board also confirmed that the auditors of the Company had confirmed the matters as set out in Rule 14A.56 of the Listing Rules regarding the above-mentioned continuing connected transactions matters occurred in 2025, namely items (a), (b), (c), (d), (e), (f), (g), (s), (t), (v), (w) and (ab).

Saved as disclosed above, there is no related party transaction or continuing related party transaction as set out in the Annual Report 2025 of the Company that falls under the definition of “connected transaction” or “continuing connected transaction” which requires disclosure in Chapter 14A of the Listing Rules. The Company confirms that it has complied with the relevant disclosure requirements in accordance with Chapter 14A of the Listing Rules.

5. Major Events

XIII. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

(I) Custody, Contracting and Leasing

1. Custody

Not applicable

2. Contracting

Not applicable

3. Leasing

Not applicable

(II) Guarantees

Unit: RMB0'000

Guarantees provided to external parties by the Company (excluding guarantees provided to subsidiaries)

Total amount of guarantees provided during the reporting period (excluding guarantees provided to subsidiaries)	0.00

Total balance of guarantees as at the end of the reporting period (A) (excluding guarantees provided to subsidiaries)	0.00

Guarantees provided to subsidiaries by the Company and its subsidiaries

Total amount of guarantees provided to subsidiaries during the reporting period	38,704.74

Total balance of guarantees provided to subsidiaries as at the end of the reporting period (B)	282,633.16

Total amount of guarantees provided by the Company (including guarantees provided to subsidiaries)

Total amount of guarantees (A+B)	282,633.16

Percentage of the total amount of guarantees to the net assets of the Company (%)	27.55

Of which:

Amount of guarantees provided to shareholders, de facto controllers, and their connected parties (C)	0.00

Amount of guarantees provided directly or indirectly to guaranteed entities with a gearing ratio of over 70% (D)	53,938.44

Total amount of guarantees exceeding 50% of net assets (E)	0.00

Total of the above three classes of guarantees (C+D+E)	53,938.44

Explanation on contingent joint liability for undue guarantees	Not applicable

Explanation on guarantees	None

XIII. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION (Continued)

(III) Details of Cash Asset Management Entrusted to Third Parties

1. *Details of Entrusted Investment Management*

(1). Overview of Entrusted Investment Management

Not applicable

(2). Details of individual entrusted investment management

Not applicable

(3). Provision for Impairment of Entrusted Asset Management

Not applicable

2. *Details of entrusted loans*

(1). Overall Status of Entrusted Loans

Not applicable

(2). Details of Individual Entrusted Loans

Not applicable

(3). Provision for impairment of entrusted loans

Not applicable

3. *Other circumstances*

Not applicable

(IV) Other Material Contracts

Not applicable

5. Major Events

XIV. PROGRESS ON THE USE OF PROCEEDS

(I) Overall utilisation of proceeds

Unit: RMB0'000

Source of proceeds	Time of receipt of proceeds	Total amount of proceeds	Net proceeds (1)	Total committed investment amount as stated in the prospectus or offering circular (2)	Total amount of excess raised funds (3) = (1) - (2)	Cumulative progress of investment as at the end of the reporting period (%) (4)	Including: cumulative total of excess proceeds invested as at the end of the reporting period (5)	Cumulative investment progress of proceeds as at the end of the reporting period (%) (6) = (4)/(1)	Cumulative investment progress of investment as at the end of the reporting period (%) (7) = (5)/(3)	Amount invested in the current year (8)	Amount invested in the current year Percentage (%) (9) = (8)/(1)	Total amount of proceeds with usage changed
Issuance of shares to specified targets	20 September 2022	83,050.00	81,075.66	81,075.66	0.00	67,787.39	N/A	83.61	N/A	7,547.59	9.31	20,900.00
Total	/	83,050.00	81,075.66	81,075.66	0.00	67,787.39	N/A	83.61	N/A	7,547.59	/	20,900.00

XIV. PROGRESS ON THE USE OF PROCEEDS (Continued)

(II) Project Details

1. Details of the use of proceeds

Unit: RMB0'000

Source of proceeds	Name	Nature	Whether it is a committed investment project in the prospectus or offering circular	Whether it involves a change of use	Total planned investment amount of proceeds (1)	Amount invested during the year	Total cumulative proceeds invested as at the end of the reporting period(2)	Progress of cumulative inputs as at the end of the reporting period (%) (3) =(2)/(1)	The date when the item reaches its intended useable condition	Closed	Closed or not	Whether the progress of inputs is in line with the progress of the programme	Specific reasons for not meeting the planned progress of inputs	Benefits realised during the year	Benefits realised or R&D results of the project	Has there been any significant change in the feasibility of the project, and if so, please specify?
Issuance of shares to specific parties	The construction project of the sewage processing plant at the Tianying Science and Technology Park in the Jieshou Hi-Tech District of Fuyang in Anhui	Production and Construction	Yes	No	14,800	562.88	13,957.9	94.31	1 July 2022	No	No	No	As the government's audit and final account settlement for this project have not yet been completed, a portion of the remaining project funds does not meet the conditions for payment.	1,078.79	4,588.93	No
Issuance of shares to specific parties	The newly-built and upgrade and supporting pipeline network (phase II) PPP project of Honghu township sewage processing plant	Production and Construction	Yes	Yes, this project has not been cancelled, and the total investment amount of the proceeds has been adjusted	11,150	1,427.75	8,768.35	78.64	1 August 2024	No	No	No	The project settlement process is not yet completed, a portion of the remaining project funds does not meet the necessary conditions for payment.	369.21	510.93	Yes, the Company convened the eighteenth Meeting of the Ninth Session of the Board of Directors and the Eighth Meeting of the Ninth Session of the Board of Supervisors on 7 August 2023 and the Second Extraordinary General Meeting of 2023 on 21 September 2023, both of which had deliberated on and passed the "Proposal on Changing the Purpose of Part of the Proceeds", agreeing to the Company's change of use of the proceeds of the Honghu Project of RMB103.00 million for the investment and construction expenditure of the concessionary project of the Karamay Nanjiao Sewage Treatment Plant.
Issuance of shares to specific parties	The first batch of projects of the recycled water pipe network connection project in the main districts of Tianjin Municipality	Production and Construction	Yes	Yes, this project has not been cancelled, and the total investment amount of the proceeds has been adjusted	16,600	1,426.19	12,182.93	73.39	27 March 2024	No	No	No	The project is currently in the settlement phase, settlement has not yet been completed, and a portion of the remaining project payments does not meet the payment conditions	5,990.13	7,597.75	Yes, through optimized project management, construction and installation costs were reduced by approximately RMB33.00 million. Additionally, the Company received a 2023 central budgetary investment subsidy of RMB20.00 million. As a result, it is estimated that approximately RMB53.00 million in proceeds will be saved. To enhance the efficiency of proceeds utilization, safeguard the Company's long-term interests and the utilization of proceeds, the Company convened the 48th Meeting of the 9th Session of the Board of Directors and the 19th Meeting of the 9th Session of the Board of Supervisors on 17 December 2024, and the 2025 First Extraordinary General Meeting on 14 January 2025, and considered and approved the "Proposal on Changing the Use of Part of the Proceeds", agreeing that the Company may reallocate RMB53,000,000.00 from the proceeds for the The first batch of projects of the recycled water pipe network connection project in the main districts of Tianjin Municipality to the Chibi City Lushui Industrial Park sewage treatment plant and supporting pipeline project special TOT project.

5. Major Events

XIV. PROGRESS ON THE USE OF PROCEEDS (Continued)

Unit: 0'000 Currency: Renminbi

Source of proceeds	Name	Nature	Whether it is a committed investment project in the prospectus or offering circular	Whether it involves a change of use	Total planned investment amount of proceeds (1)	Amount invested during the year	Total cumulative proceeds invested as at the end of the reporting period(2)	Progress of cumulative inputs as at the end of the reporting period (%) (3) =(2)/(1)	The date when the item reaches its intended useable condition	Closed	Closed or not	Whether the progress of inputs is in line with the progress of the programme	Specific reasons for not meeting the planned progress of inputs	Benefits realised during the year	Benefits realised or R&D results of the project	Has there been any significant change in the feasibility of the project, and if so, please specify?
Issuance of shares to specific parties	Karamay Nanjiao Water Treatment Plant concession project	Production and Construction	No	Yes, this is a new project	15,600	4,130.76	9,952.54	63.80	Estimated as June 2026	No	No	No	Due to delays in the sub-project, namely the drainage pipeline construction project, as well as constraints related to local road underground conditions, geological conditions and climatic factors, construction progress has been relatively slow.		N/A	No
Issuance of shares to specific parties	Chibi City Lushui Industrial Park sewage treatment plant and supporting pipeline project special TOT project	Production and construction	No	Yes, this is a new project	0	0	0	0.00	N/A	No	No	N/A			N/A	Yes, following communication and consultation between the Company and the Chibi Municipal Bureau of Housing and Urban-Rural Development, it was confirmed that the matters required for the implementation of the "Chibi Lushui Industrial Park Sewage Treatment Plant and Supporting Pipeline Network Concession TOT Project" which shall be approved or filed with the relevant administrative authorities could not be approved or filed within a reasonable timeframe due to reasons beyond the Company's control. Consequently, the conditions for project handover and operational transfer could not be met. In accordance with the relevant agreements mentioned above, on 14 November 2025, the Company negotiated with the Chibi Municipal Bureau of Housing and Urban-Rural Development to terminate the concession agreement for this project. At the 64th Meeting of the 9th Session of the Board of Directors held on 22 August 2025, and the 6th Meeting of the Audit and Risk Control Committee of the Board of Directors in 2025, the Company considered and approved the "Proposal on the Termination of Certain Proceeds Investment Projects and the Extension of Certain Proceeds Investment Projects", agreeing to terminate the implementation of the proceeds investment project of "Chibi City Lushui Industrial Park sewage treatment plant and supporting pipeline project special TOT project". On 16 December 2025, following consideration at the Company's 2025 Second Extraordinary General Meeting, the termination of the Chibi proceeds investment project was approved. The originally planned proceeds investment amount of RMB53 million was adjusted to improve the efficiency of proceeds utilization and enhance the returns of the proceeds investment projects and the Company as a whole. The Company convened the 73rd meeting of the 9th Session of the Board of Directors and the 8th meeting of the Audit and Risk Control Committee of the Board of Directors in 2025 on 26 December 2025, and considered and approved the "Proposal on Adjusting the Amount of Proceeds to be Invested in Proceeds Investment Projects". The Company agreed to reallocate the RMB53 million in proceeds originally intended for the Chibi project to cover investment and construction expenses for the Karamay Nanjiao Water Treatment Plant concession project.
Issuance of shares to specific parties	Repayment of interest-bearing liabilities and supplement of working capital	Working capital supplement and loan repayment	No	No	22,925.66	0	22,925.66	100.00	N/A	Yes	Yes	N/A			N/A	No
Total	/	/	/	/	81,075.66	7,547.59	67,787.39	/	/	/	/	/	/	/	/	/

XIV. PROGRESS ON THE USE OF PROCEEDS (Continued)

2. *Breakdown of the use of excess proceeds*

Not applicable

3. *Details of the re-evaluation of proceeds investment projects during the reporting period*

Not applicable

5. Major Events

XIV. PROGRESS ON THE USE OF PROCEEDS (Continued)

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

Unit: 0'000 Currency: Renminbi

Project name prior to change	Date of Change (Date of First Announcement)	Type of Change	Total Amount of Raised Funds Invested in the Project Prior to Change/ Termination	Total amount of raised funds invested in the project prior to the change/ termination	Project name after the change	Reason for Change/ Termination	Amount of raised funds to be used for working capital after the change/ termination	Explanation of Decision-Making Procedures and Disclosure of Information
The first batch of projects of the recycled water pipe network connection project in the main districts of Tianjin Municipality	15 January 2025	Reduction of proceeds investment amount	21,900	11,270.32	Chibi Lushui Industrial Park Sewage Treatment Plant and Supporting Pipeline Network Concession TOT Project	The first batch of the reclaimed water project has saved approximately RMB53 million through project management and the receipt of central budgetary investment subsidies. To enhance the efficiency of proceeds utilization, safeguard the long- term interests of the Company, and ensure the proper allocation of proceeds, the remaining funds will be reallocated to the Chibi project.	0	To enhance the efficiency of proceeds utilization, safeguard the Company's long- term interests and the utilization of proceeds, the Company convened the 48th Meeting of the 9th Session of the Board of Directors and the 19th Meeting of the 9th Session of the Board of Supervisors on 17 December 2024, and the 2025 First Extraordinary General Meeting on 14 January 2025, and considered and approved the "Proposal on Changing the Use of Part of the Proceeds", agreeing that the Company may reallocate RMB53,000,000.00 from the proceeds for the first batch of projects of the recycled water pipe network connection project in the main districts of Tianjin Municipality to the Chibi City Lushui Industrial Park sewage treatment plant and supporting pipeline project special TOT project.

XIV. PROGRESS ON THE USE OF PROCEEDS (Continued)

Unit: 0'000 Currency: Renminbi

Project name prior to change	Date of Change (Date of First Announcement)	Type of Change	Total Amount of Raised Funds Invested in the Project Prior to Change/ Termination	Total amount of raised funds invested in the project prior to the change/ termination	Project name after the change	Reason for Change/ Termination	Amount of raised funds to be used for working capital after the change/ termination	Explanation of Decision-Making Procedures and Disclosure of Information
Chibi Lushui Industrial Park Sewage Treatment Plant and Supporting Pipeline Network Concession TOT Project	17 December 2025	Project cancelled	5,300	0	–	Following communication and consultation between the Company and the Chibi Municipal Bureau of Housing and Urban- Rural Development, it was confirmed that the matters required for the implementation of the "Chibi Lushui Industrial Park Sewage Treatment Plant and Supporting Pipeline Network Concession TOT Project" which shall be approved or filed with the relevant administrative authorities could not be approved or filed within a reasonable timeframe due to reasons beyond the Company's control. Consequently, the conditions for project handover and operational transfer could not be met. In accordance with the relevant agreements mentioned above, on 14 November 2025, the Company negotiated with the Chibi Municipal Bureau of Housing and Urban- Rural Development to terminate the concession agreement for this project.	0	At the 64th Meeting of the 9th Session of the Board of Directors held on 22 August 2025, and the 6th Meeting of the Audit and Risk Control Committee of the Board of Directors in 2025, the Company considered and approved the "Proposal on the Termination of Certain Proceeds Investment Projects and the Extension of Certain Proceeds Investment Projects", agreeing to terminate the implementation of the proceeds investment project of "Chibi City Lushui Industrial Park sewage treatment plant and supporting pipeline project special TOT project". On 16 December 2025, following consideration at the Company's 2025 Second Extraordinary General Meeting, the termination of the Chibi proceeds investment project was approved.

5. Major Events

XIV. PROGRESS ON THE USE OF PROCEEDS (Continued)

Unit: 0'000 Currency: Renminbi

Project name prior to change	Date of Change (Date of First Announcement)	Type of Change	Total Amount of Raised Funds Invested in the Project Prior to Change/ Termination	Total amount of raised funds invested in the project prior to the change/ termination	Project name after the change	Reason for Change/ Termination	Amount of raised funds to be used for working capital after the change/ termination	Explanation of Decision-Making Procedures and Disclosure of Information
Chibi City Lushui Industrial Park sewage treatment plant and supporting pipeline project special TOT project	29 December 2025	Increase in proceeds investment amount	10,300	9,146.49	Karamay Nanjiao Water Treatment Plant concession project	Due to the termination of the "Chibi Lushui Industrial Park Sewage Treatment Plant and Supporting Pipeline Network Concession TOT Project" for reasons not attributable to the Company, and in order to improve the efficiency of proceeds utilization and enhance the returns of the investment projects and the Company as a whole, RMB53 million of the proceeds originally intended for the Chibi project are re-allocated to the investment and construction expenses of the Karamay Nanjiao Water Treatment Plant concession project.	0	The Company convened the 73rd meeting of the 9th Session of the Board of Directors and the 8th meeting of the Audit and Risk Control Committee of the Board of Directors in 2025 on 26 December 2025, and considered and approved the "Proposal on Adjusting the Amount of Proceeds to be Invested in Proceeds Investment Projects". The Company agreed to reallocate the RMB53 million in proceeds originally intended for the Chibi project to cover investment and construction expenses for the Karamay Nanjiao Water Treatment Plant concession project.

XIV. PROGRESS ON THE USE OF PROCEEDS (Continued)

(IV) Other use of proceeds during the Current reporting period

1. *Advance payments and replacement of proceeds for investment projects*

Not applicable

2. *Use of idle proceeds to temporarily supplement working capital*

Not applicable

3. *Cash management of idle proceeds and investment in related products*

Not applicable

4. *Other*

Not applicable

5. Major Events

XIV. PROGRESS ON THE USE OF PROCEEDS (Continued)

(V) Conclusive opinion of the intermediary on the special verification and attestation of the storage and use of raised funds

WUYIGE Certified Public Accountants LLP conducted assurance against the Company's deposit and actual usage of proceeds in 2025 and issued the Assurance Report on the Deposit and Actual Usage of Proceeds by Tianjin Capital Environmental Protection Group Company Limited, concluding that: the special report on the deposit and actual usage of proceeds prepared by the Company complies with relevant regulations and fairly presents, in all material respects, the actual deposit and usage of proceeds for 2025.

Upon verification, CITIC Securities Co., Ltd. is of the opinion that the holding and use of the Company's proceeds of the 2021 private placement in 2025 comply with China Securities Regulatory Commission Announcement [2022] No. 15, "Guideline No. 2 on the Supervision of Listed Companies – Regulatory Requirements for the Management and Use of Proceeds by Listed Companies (2022 Revision)", the "Self-Regulatory Supervision Guidelines for Listed Companies No. 1 - Standardized Operations (December 2023 Revision)" issued by Shanghai Stock Exchange and the "Announcement Format No. 1 for Self-Regulatory Supervision of Listed Companies (November 2024 Revision) - No. 13 Announcement on Proceeds by Listed Companies," as well as the "Proceeds Management System of Tianjin Capital Environmental Protection Group Company Limited". The proceeds were deposited in dedicated accounts and used for their designated purposes; there were no instances of disguised changes to the use of proceeds or harm to shareholders' interests, nor were there any instances of non-compliant use of proceeds.

Explanation of circumstances relating to audit anomalies

Not applicable

(VI) Status of Follow-up Rectification Regarding Unauthorised Changes to the Use of Raised Funds and Improper Appropriation of Raised Funds

Not applicable

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

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

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

(2) Corporate Governance Code

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

(3) Model Code for Securities Transactions by the Directors

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

(4) Public Float

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

(5) Pre-emptive Rights

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

(6) Tax Concession

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

5. Major Events

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

(7) Charge of Assets

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

(8) Audit and Risk Control Committee

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

6. Details of Changes in Shares and Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Changes in Shares

1. *Changes in Shares*

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

2. *Explanations on Changes in shares*

Not applicable

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

Not applicable

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

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

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

6. Details of Changes in Shares and Shareholders

I. CHANGES IN SHARE CAPITAL (Continued)

(I) Changes in Shares (Continued)

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

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

1. To follow the policy situation and seize market opportunities

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

2. Optimise capital structure to relieve working capital pressure

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

I. CHANGES IN SHARE CAPITAL (Continued)

(I) Changes in Shares (Continued)

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

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

Details of the use of proceeds from the Non-public Issuance of A Shares as of 31 December 2025 (including the expected timeline for the intended use of the proceeds not yet utilized) are as follows:

No.	Committed Investment Projects	Proposed investment amount of proceeds to be utilized <i>Approximately RMB0'000</i>	Change of investment amount of Proceeds <i>(Note 1)</i> <i>Approximately RMB0'000</i>	Proceeds utilized for the year <i>Approximately RMB0'000</i>	For the year ended 31 December 2025 Balance of unutilized proceeds <i>Approximately RMB0'000</i>	Estimated timetable for use of unutilized proceeds
1	The first batch of projects of the recycled water pipe network connection project in the main districts of Tianjin City	21,900.00	16,600.00	12,182.93	4,417.07	The balance of the proceeds is expected to be used up by 31 December 2026 (note 2)
2	The construction project of the sewage processing plant at the Tianying Science and Technology Park in the Jieshou Hi-Tech District of Fuyang in Anhui	14,800.00	14,800.00	13,957.90	842.10	The balance of the proceeds is expected to be used up by 31 December 2026 (note 2)
3	The newly-built and upgrade and supporting pipeline network (phase II) PPP project of Honghu township sewage processing plant	21,450.00	11,150.00	8,768.35	2,381.65	The balance of the proceeds is expected to be used up by 31 December 2026 (note 2)
4	Karamay Nanjiao Water Treatment Plant Concession Project	0.00	15,600.00	9,952.54	5,647.46	The balance of the proceeds is expected to be used up by 31 August 2026 (note 2)
5	The repayment of interest-bearing liabilities and supplement the working capital	22,925.66	22,925.66	22,925.66	0	–
Total		81,075.66	81,075.66	67,787.39	13,228.27	

6. Details of Changes in Shares and Shareholders

I. CHANGES IN SHARE CAPITAL (Continued)

(I) Changes in Shares (Continued)

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

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

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

Note 2: The delay in project usage is due to the fact that while such projects have completed the construction acceptance, however, the project is still in the stage of construction settlement and has not yet been completed, and part of the remaining construction payment has not yet fulfilled the conditions of payment.

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

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

I. CHANGES IN SHARE CAPITAL (Continued)

(II) Changes in Restricted Shares

Not applicable

II. ISSUE AND LISTING OF SECURITIES

(I) Issue of Securities as at the End of the Reporting Period

Not applicable

Explanation of securities issued during the reporting period (for bonds with varying interest rates during their term, please provide separate details):

Not applicable

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

Not applicable

(III) Existing Employee Shares

Not applicable

III. DETAILS OF SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Total number of shareholders

Total number of ordinary shareholders as at the end of the reporting period	52,569
Total number of ordinary shareholders as at the end of the previous month before the disclosure date of the annual report	51,485
Total number of shareholders of preferred shares whose voting rights have been restored as at the end of the reporting period	Not applicable
Total number of shareholders of preferred shares whose voting rights have been restored at the end of last month prior to the date on which the annual report shall be disclosed	Not applicable

Note: The total numbers of shareholders above represent the sum of holders of A Shares and H Shares. The total number of ordinary shareholders as at the end of the reporting period is 52,569, among which 60 are holders of H Shares. The total number of ordinary shareholders as at the end of the previous month before the disclosure date of the annual report is 51,485, among which 60 are holders of H Shares.

6. Details of Changes in Shares and Shareholders

III. DETAILS OF SHAREHOLDERS AND DE FACTO CONTROLLER (Continued)

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

Name of shareholder (Full name)	Shareholdings of the top ten shareholders (excluding shares lent through refinancing)						
	Increase/ decrease during the reporting period (shares)	Number of shares held at the end of the period (shares)	Percentage (%)	Number of restricted shares held (shares)	Pledged, marked or frozen		
					Status	Number (shares)	Nature of the Shareholder
Tianjin Municipal Investment Company Limited	0	715,565,186	45.57	0	Pledged	269,000,000	State-owned legal person
HKSCC NOMINEES LIMITED	59,800	337,948,610	21.52	0	None	–	Others
Central Huijin Asset Management Ltd.	0	13,868,294	0.88	0	None	–	State-owned legal person
Hong Kong Securities Clearing Company Limited	-106,705	12,423,965	0.79	0	None	–	Others
Zhejiang Jinxin Construction Engineering Co., Ltd. (浙江錦鑫建設工程有限公司)	1,611,500	8,300,000	0.53	0	None	–	Domestic non-state-owned legal person
Wang Caijin	363,000	7,496,638	0.48	0	None	-	Domestic natural person
Yan Gang	1,565,060	6,597,210	0.42	0	None	–	Domestic natural person
Wang Yuzhong	3,862,800	3,862,800	0.25	0	None	–	Domestic natural person
China National Gold Group Asset Management Co., Ltd.	2,980,000	2,980,000	0.19	0	None	–	State-owned legal person
Qiu Xinqiao	2,497,000	2,497,000	0.16	0	None	–	Domestic natural person

III. DETAILS OF SHAREHOLDERS AND DE FACTO CONTROLLER (Continued)

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

Shareholdings of the top ten shareholders of non-restricted circulating shares (excluding shares lent through refinancing)			
Name of shareholder (Full name)	Number of non-restricted circulating shares held (shares)	Type and number of shares	
		Type	Numbers (shares)
Tianjin Municipal Investment Company Limited	715,565,186	Ordinary RMB Shares	715,565,186
HKSCC NOMINEES LIMITED	337,948,610	Overseas listed Foreign Shares	337,888,810
Central Huijin Asset Management Ltd.	13,868,294	Ordinary RMB Shares	13,868,294
Hong Kong Securities Clearing Company Limited	12,423,965	Ordinary RMB Shares	12,423,965
Zhejiang Jinxin Construction Engineering Co., Ltd. (浙江錦鑫建設工程有限公司)	8,300,000	Ordinary RMB Shares	8,300,000
Wang Caijin	7,496,638	Ordinary RMB Shares	7,496,638
Yan Gang	6,597,210	Ordinary RMB Shares	6,597,210
Wang Yuzhong	3,862,800	Ordinary RMB Shares	3,862,800
China National Gold Group Asset Management Co., Ltd.	2,980,000	Ordinary RMB Shares	2,980,000
Qiu Xinqiao	2,497,000	Ordinary RMB Shares	2,497,000

6. Details of Changes in Shares and Shareholders

III. DETAILS OF SHAREHOLDERS AND DE FACTO CONTROLLER (Continued)

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

Description of the repurchase of special accounts among the top ten shareholders

Not applicable

Explanation of the above-mentioned shareholders' entrusted voting rights, and waiver of voting rights

Not applicable

Notes on the connected relationship or parties acting in concert among the above shareholders

(1) According to the register of members as provided by HKSCC Nominees Limited, those H shares held by it were held on behalf of various clients. As at the end of reporting period, Ningbo BSLS Trade Co., Ltd.* (寧波百思樂斯貿易有限公司) and its concert parties Ningbo Ningdian Investment Development Co., Ltd.* (寧波寧電投資發展有限公司) and LVNENG Investment & Development Co., Ltd. (Hong Kong)* (綠能投資發展有限公司(香港)) held a total of 156,956,000 H shares of the Company, representing 9.99% of the total share capital of the Company, and none of the shares were pledged.

(2) The top ten shareholders are not strategic investors of the Company.

Description of preferred shareholders with restored voting rights and the number of shares they hold

Not applicable

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

Not applicable

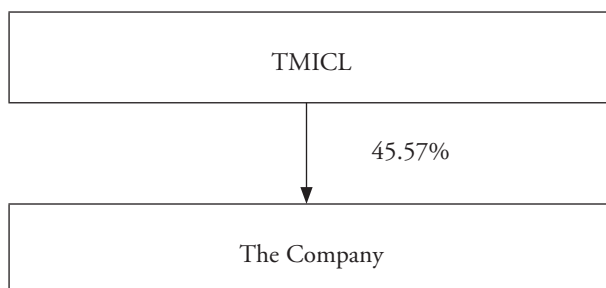
IV. THE CONTROLLING SHAREHOLDER AND THE DE FACTO CONTROLLER

(I) Controlling Shareholder

1. Legal person

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

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



6. Details of Changes in Shares and Shareholders

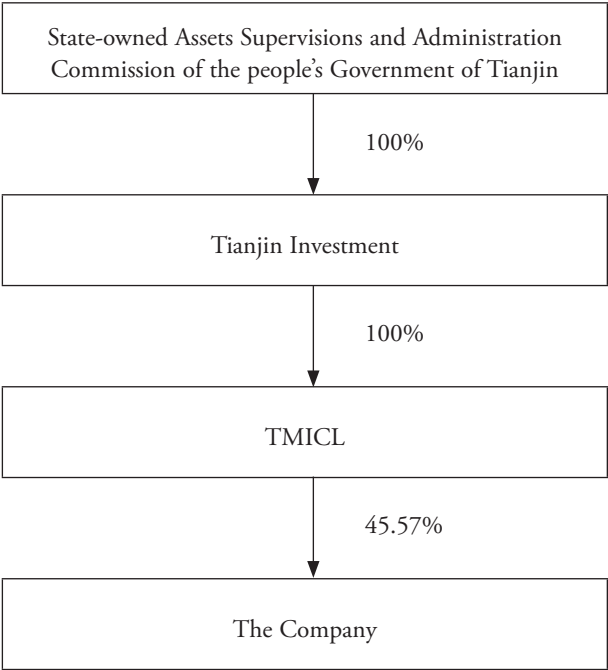
IV. THE CONTROLLING SHAREHOLDER AND THE DE FACTO CONTROLLER (Continued)

(II) Details of the De Facto Controller

1. Legal Person

Name	State-owned Assets Supervisions and Administration Commission of the people's Government of Tianjin

2. Chart of the equity and control relationship between the Company and its de facto controller



V. EXPLANATION OF RESTRICTIONS ON SHARE REDUCTION

Not applicable

VI. DESCRIPTION OF RESTRICTION ON DECREASE OF SHAREHOLDINGS

Not applicable

VII. DESCRIPTION OF PREFERRED SHARES

Not applicable

VIII. SUBSTANTIAL SHAREHOLDERS INTERESTS

- (a) As at 31 December 2025, so far as is known to or can be ascertained after reasonable enquiries by the Directors, Supervisors or chief executive of the Company, the following entities (other than the Directors, Supervisors or chief executive of the Company) had an interest or short position in the shares or underlying shares (including options) of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the “SFO”) or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

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

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

- (b) Save as disclosed above, there is no other person (other than the Directors, Supervisors or chief executive of the Company) so far as is known to the Directors, Supervisors or chief executives of the Company who, as at 31 December 2025, had an interest or short position in the shares or underlying shares (including options) of the Company which would fall to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

7. Relevant Details of Bonds

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

(I) Corporate Bonds (including enterprise bonds)

1. Basic Information on Corporate Bonds

Unit: Yuan Currency: Renminbi

Bond Name	Abbreviation	Code	Issue Date	Interest Commencement Date	The earliest redemption date after 30 April 2026	Maturity Date	Outstanding Bond Balance	Interest Rate (%)	Method of principal and interest repayment	Trading venue	Lead underwriter	Trustee	Investor suitability arrangements	Trading Mechanism	Is there a risk of delisting or termination of listing?
Tianjin Capital Environmental Protection Group Company Limited 2025 Public Offering of Science and Technology Innovation Green Corporate Bonds for Professional Investors (Series 1) (Type 1)	GK Jin Chuang 01	243568.SH	2025-09-11	2025-09-15	N/A	September 15, 2028	500,000,000.00	2.06	Interest paid annually; principal repaid in a single lump sum at maturity; the final interest payment is made together with the principal repayment	SSE	Ping An Securities Co., Ltd., CITIC Securities Co., Ltd., China International Capital Corporation Limited	Ping An Securities Co., Ltd.	Professional institutional investors	Click-to-trade, inquiry-based trading, auction-based trading, negotiated trading	No

The Company's measures to address the risk of delisting or deregistration of the bonds

Not applicable

Interest and principal payments on the bonds during the current reporting period

Not applicable

2. Triggering and Execution of Company or Investor Option Clauses and Investor Protection Clauses

Not applicable

3. *Intermediaries providing services for bond issuance and ongoing operations*

Name of Intermediary	Business Address	Name of Signing Accountant (if applicable)	Contact person	Telephone number
Ping An Securities Co., Ltd.	25th Floor, Tower B, Lize Ping An Financial Center, Building 1, No. 4 Jinzhe West Road, Fengtai District, Beijing	Not applicable	Cui Dongbo, Shi Qinghao	010-59734928
WUYIGE Certified Public Accountants LLP	22nd Floor, Xueyuan International Building, No. 1 Zhichun Road, Haidian District, Beijing	Shi Chenqi, Liu Yong, Xu Xinbo	Xie Mengjiao	022-23707388
PwC Zhongtian LLP	11th Floor, PwC Center, Tower 2, Link REIT Plaza, 202 Hubin Road, Huangpu District, Shanghai	Du Kai, Liu Lili	Liu Lili	021-23238888

Changes to the above intermediary

Not applicable

4. *Adjustments to credit rating results*

Not applicable

7. Relevant Details of Bonds

5. *Changes, developments and implementation status of guarantees, debt repayment plans and other debt repayment safeguards during the reporting period, and their impact*

Not applicable

(II) Particulars of proceeds of corporate bonds

During the reporting period, the corporate bonds were subject to the Use of Proceeds or rectification measures.

1. *Basic Information*

Unit: Yuan Currency: Renminbi

Bond Code	Bond Abbreviation	Whether a special-purpose bond	Specific type of special-purpose bond	Total funds raised	Balance of raised funds at the end of the reporting period	Balance in the special account for raised funds at the end of the reporting period
243568.SH	GK Jin Chuang 01	Yes	Science and Technology Innovation Green Corporate Bonds	500,000,000.00	0	0

2. *Adjustments to the Use of Proceeds*

Not applicable

3. Status of the use of proceeds

(1). Actual usage (excluding temporary working capital injections)

Unit: Yuan Currency: Renminbi

Bond Code	Bond Abbreviation	Actual amount of raised funds utilised during the reporting period	Amount of interest-bearing debt repaid (excluding corporate bonds)	Amount used to repay corporate bonds	Amount used to supplement working capital	Amounts involved in fixed asset investment projects	Amounts involved in equity investments, debt or asset acquisitions	Amount for other purposes
243568.SH	GK Jin Chuang 01	500,000,000.00	500,000,000.00	0	0	0	0	0

(2). Amount of raised funds to be used for the repayment of corporate bonds and other interest-bearing debts

Bond code	Bond Abbreviation	Details of the repayment of corporate bonds	Details of the repayment of other interest-bearing debt (excluding corporate bonds)
243568.SH	GK Jin Chuang 01	Not applicable	Repayment of bank loans for green projects

(3). Proceeds used to supplement working capital (excluding temporary working capital injections)

Not applicable

(4). Proceeds used for specific projects

Not applicable

7. Relevant Details of Bonds

(5). Use of Proceeds for other purposes

Not applicable

(6). Temporary working capital

Not applicable

4. Compliance of the Use of Proceeds

Bond code	Bond Abbreviation	Purpose of raised funds as stipulated in the prospectus	Actual Use of Proceeds as at the end of the reporting period (including actual use and temporary bridging)	Whether the actual use is consistent with the agreed use (including the use agreed in the prospectus and the use following compliant changes)	Was the Use of Proceeds and the management of the special raised funds account compliant during the reporting period?	Whether the Use of Proceeds complies with local government debt management regulations
243568.SH	GK Jin Chuang 01	Intended to be used entirely to repay interest-bearing debt of green projects	To be used entirely to repay interest-bearing debt associated with green projects	Yes	Yes	Yes

There have been instances of non-compliance regarding the Use of Proceeds and the management of the special account for raised funds

Not applicable

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

1. The Company is an issuer of exchangeable corporate bonds

Not applicable

2. The Company is an issuer of green corporate bonds

Unit: Yuan Currency: Renminbi

Bond code	243568.SH									
Bond Abbreviation	GK Jin Chuang 01									
Type of Special-Purpose Bond	Green Corporate Bond									
Total Amount Raised	500,000,000.00									
Amount Utilised	500,000,000.00									
Temporary working capital injection	0									
Unused Amount	0									
Number of Green Projects	6									
Names of green projects	Gaoyou Compro Solid Waste Disposal Project, Jiangsu Yonghui Solid Waste Disposal Project, Beicang Sewage Treatment Plant Project, Dongjiao Sewage Treatment Plant Project, Jingu Sewage Treatment Plant Project									
Is the Use of Proceeds consistent with the committed purpose or the most recently disclosed purpose?										
Has the Use of Proceeds been changed?										
Are the revised uses entirely for green projects?	Not applicable									
Procedures followed for the change	Does not subject to change									
Has the change been disclosed?	Not applicable									
Date of disclosure of the change announcement										
Amount of idle funds during the reporting period	Not applicable									
Plans for the deposit, management and use of idle funds	0									
	Prior to the scheduled repayment date of the interest-bearing debt to be repaid with the proceeds of this bond issuance, the issuer may, in accordance with the Company’s financial management system and without affecting the debt repayment plan, use idle bond proceeds to temporarily supplement working capital (with each such supplement lasting no longer than 12 months).									
Progress of green projects funded by the raised capital, including but not limited to an overview of each project, the relevant classification, the project location, and details regarding investment, construction, current status and operations	<table><tr><th>Project Category</th><th>Project Name</th><th>Catalog of Green Finance Support Projects (2025 Edition)</th></tr><tr><td>Sewage Treatment Projects</td><td>Beicang Sewage Treatment Plant, Dongjiao Sewage Treatment Plant, Jingu Sewage Treatment Plant, Xianyang Road Sewage Treatment Plant</td><td>6. Green Upgrading of Infrastructure - 6.4 Environmental Infrastructure - 6.4.7 Construction and Operation of Sewage and Sludge Treatment and Disposal Facilities (4620 Sewage Treatment and Reuse)</td></tr><tr><td>Hazardous Waste Treatment Projects</td><td>Gaoyou Compro Hazardous Waste Disposal Project, Jiangsu Yonghui Hazardous Waste Disposal Project</td><td>2. Environmental Protection Industry - 2.5 Other Pollution Control and Comprehensive Environmental Remediation - 2.5.2 Hazardous Waste Treatment and Disposal (7724 Hazardous Waste Management)</td></tr></table>	Project Category	Project Name	Catalog of Green Finance Support Projects (2025 Edition)	Sewage Treatment Projects	Beicang Sewage Treatment Plant, Dongjiao Sewage Treatment Plant, Jingu Sewage Treatment Plant, Xianyang Road Sewage Treatment Plant	6. Green Upgrading of Infrastructure - 6.4 Environmental Infrastructure - 6.4.7 Construction and Operation of Sewage and Sludge Treatment and Disposal Facilities (4620 Sewage Treatment and Reuse)	Hazardous Waste Treatment Projects	Gaoyou Compro Hazardous Waste Disposal Project, Jiangsu Yonghui Hazardous Waste Disposal Project	2. Environmental Protection Industry - 2.5 Other Pollution Control and Comprehensive Environmental Remediation - 2.5.2 Hazardous Waste Treatment and Disposal (7724 Hazardous Waste Management)
Project Category	Project Name	Catalog of Green Finance Support Projects (2025 Edition)								
Sewage Treatment Projects	Beicang Sewage Treatment Plant, Dongjiao Sewage Treatment Plant, Jingu Sewage Treatment Plant, Xianyang Road Sewage Treatment Plant	6. Green Upgrading of Infrastructure - 6.4 Environmental Infrastructure - 6.4.7 Construction and Operation of Sewage and Sludge Treatment and Disposal Facilities (4620 Sewage Treatment and Reuse)								
Hazardous Waste Treatment Projects	Gaoyou Compro Hazardous Waste Disposal Project, Jiangsu Yonghui Hazardous Waste Disposal Project	2. Environmental Protection Industry - 2.5 Other Pollution Control and Comprehensive Environmental Remediation - 2.5.2 Hazardous Waste Treatment and Disposal (7724 Hazardous Waste Management)								

7. Relevant Details of Bonds

(1) Beicang Sewage Treatment Plant

Beicang Sewage Treatment Plant is located on the southwest side of the intersection of Waihuan North Road and Tiedong North Road in Beichen District, Tianjin. Its service area extends eastward from Tiedong Road to the Outer Ring Road, southward to Jinba Highway, Jiaqing Road, the North Canal, Puji River, and Yibai Avenue, westward from the North Canal to the Outer Ring Road, and northward from Yanji Road to the Outer Ring Road, covering a total service area of 5,915 km². Construction of the sewage plant commenced in September 2003, with Phase I designed for a capacity of 100,000 m³/day. In 2009, Phase I underwent upgrades and renovations, and Phase II construction was implemented. In 2017, an expansion and upgrading project was implemented, adding 50,000 m³/day of sewage treatment capacity. The plant employs a treatment process consisting of "pretreatment + modified AO biological process + high-efficiency sedimentation tanks + deep-bed filters + ozone catalytic oxidation + sodium hypochlorite disinfection." The total treatment capacity is 150,000 m³/day, with effluent quality meeting the Class A standards specified in the "Emission Standards for Pollutants from Urban Sewage Treatment Plants" (DB12/599-2015).

(2) Dongjiao Sewage Treatment Plant

The Dongjiao Sewage Treatment Plant is located within the Nandian Suburban Park, west of the adjusted Outer Ring Road and north of the Jin-Jing-Tang Expressway in Dongli District. Its service area extends north to the Puji River, Taixing Road, and Xin Kai River; south to Chenglinzhuang Road and south of Weiguo Road; east to the Outer Ring Road; and west to the Ziya River and Hai River. The plant is designed to treat 600,000 cubic meters of sewage per day. The treatment process employs the "AAO process (using a multi-stage AO configuration) + deep-bed filtration + ozone oxidation + UV disinfection" technology, with effluent quality meeting the Class A standards specified in the "Emission Standards for Pollutants from Urban Sewage Treatment Plants" (DB12/599-2015).

(3) Jingu Sewage Treatment Plant

The Jingu Sewage Treatment Plant officially began operations in 2014. Located in Dasunzhuang, Jinnan District, Tianjin, the plant serves an area extending west to Beimennei Street, Nankai Sanma Road, Chongming Road, and Jinlai Highway; east to the boundary between Dagang and Jinnan; north to the Hai River; and south to the Duliu Jian River, covering a total service area of 283 km². In 2016, an expansion and upgrading project was implemented to upgrade the original sewage treatment plant's capacity of 550,000 m³/day. This added 100,000 m³/day of treatment capacity, bringing the total treatment capacity to 650,000 m³/day after the upgrade. The treated effluent meets Class A standards of the "Emission Standards for Pollutants from Urban Sewage Treatment Plants" (DB12/599—2015). Phase III of the project was implemented in 2022 and is currently operational. The construction scope comprises three components: sewage treatment, sludge treatment, and effluent pipeline works. The sewage treatment facility is designed to handle a flow rate of 280,000 m³/day (dry season) to 450,000 m³/day (rainy season). It employs a process comprising "pretreatment + AAO (Bardenpho) + high-efficiency sedimentation tanks + deep-bed filters + ozone-catalyzed advanced oxidation," with effluent meeting Class A standards of the "Urban Sewage Treatment Plant Pollutant Discharge Standards" (DB12/599—2015). The sludge treatment project is designed with a treatment capacity of 140 tons of dry solids (DS) per day (equivalent to a sludge treatment capacity of 700 tons per day based on 80% moisture content).

- (4) Xianyang Road Sewage Treatment Plant
- The service area of the Xianyang Road Sewage Treatment Plant includes the region within the Outer Ring Road, extending north to the North Canal and the Tizigou No. 3 Road residential area, south to Binshui Road, east to Beimennei Street, Nankai Sanma Road, Chongming Road, Jinyan Highway, and west to Huashan South Road, covering an area of 7,310 km²; and the catchment area outside the Outer Ring Road, extending north to the Ziya River, east to the Outer Ring Road, south to Jinyan Highway and the Duliu Diversion Channel, and west to the boundary of Xiqing District, covering an area of 14,537 km². In addition, a new area bounded by the Chentai Drainage Canal, Duliu Jian River, and Jinlai Highway has been added, with a catchment area of 28 km². The Xianyang Road Sewage Treatment Plant currently comprises a new plant and an old plant. Prior to the completion and commissioning of Phase II of the Xianyang Road Sewage Treatment Plant (New Plant), both the new and old plants jointly handle sewage treatment for the Xianyang Road sewage system. In 2017, the Xianyang Road Sewage Treatment Plant (Old Plant) underwent a relocation and upgrading project (Phase I). Following the relocation (i.e., the Xianyang Road Sewage Treatment Plant (New Plant)), the treatment capacity reached 450,000 m³/day, with effluent quality meeting Class A standards of the Urban Sewage Treatment Plant Pollutant Discharge Standard (DB12/599—2015). The planned Phase II relocation and upgrading project will add 150,000 m³/day of sewage treatment capacity. The project is currently under construction; upon completion and commissioning, the total capacity of the Xianyang Road Sewage Treatment Plant (New Plant) will reach 600,000 m³/day. Xianyang Road Sewage Treatment Plant (Old Plant)
- The Xianyang Road Sewage Treatment Plant (Old Plant) is located in Zhongbei Town, Xiqing District, Tianjin. In 2019, a temporary emergency project was implemented to reduce the existing treatment capacity from 450,000 m³/day to 150,000 m³/day and to upgrade the facility. Following the upgrade, the effluent quality meets the Class A standards of the Emission Standards for Pollutants from Urban Sewage Treatment Plants (DB12/599—2015). Xianyang Road Sewage Treatment Plant (Old Plant) will continue to operate until the Phase II relocation project of the Xianyang Road Sewage Treatment Plant is completed and put into operation.

- (5) Gaoyou Compro and Jiangsu Yonghui Hazardous Waste Disposal Merger Project
- On 8 January 2021, the Company signed a Share Transfer Agreement with the former shareholders of Gaoyou Compro Environmental Resources Co., Ltd. (hereinafter referred to as "Gaoyou Compro") and Jiangsu Yonghui Resource Utilisation Co., Ltd. (hereinafter referred to as "Jiangsu Yonghui"), and completed the business registration changes for Gaoyou Compro and Jiangsu Yonghui on January 26, 2021. The business scope of Gaoyou Compro and Jiangsu Yonghui includes the incineration and disposal of industrial solid waste, as well as the recycling and comprehensive utilization of general waste. They hold Hazardous Waste Operating Licenses issued by the Jiangsu Provincial Department of Ecology and Environment, valid from November 2020 to October 2025; both companies have a hazardous waste disposal capacity of 30,000 metric tons per year, for a combined total of 60,000 metric tons per year. The permitted disposal scope covers 16 major categories listed in the National Hazardous Waste Catalog, including pharmaceutical waste (HW02) and waste organic solvents (HW06). The specific operational projects are the Gaoyou Compro Hazardous Waste Disposal Project and the Jiangsu Yonghui Hazardous Waste Disposal Project.
- The Gaoyou Compro Hazardous Waste Disposal Project (filed name: Centralized Disposal Construction Project for Industrial Solid Waste) is located in Xingnan Village, Longqiu Town, Gaoyou City. It has a designed treatment capacity of 30,000 tons per year, and the disposal scope includes medical waste (HW02), waste drugs and pharmaceuticals (HW03), pesticide waste (HW04), wood preservative waste (HW05), waste organic solvents and waste containing organic solvents (HW06), waste mineral oils and waste containing mineral oils (HW08), oil/water, hydrocarbon/water mixtures, or waste emulsions (HW09), distillation residues (HW11), dye and paint wastes (HW12), organic resin wastes (HW13), photochemical wastes (HW16), organophosphorus compound wastes (HW37), phenol-containing wastes (HW39), ether-containing wastes (HW40), organic halogen-containing wastes (HW45), and other wastes (HW49, limited to 900-041-49, 900-046-49, 900-039-49, 900-047-49, 900-999-49). The construction scope includes a rotary kiln incineration system, a thermal energy recovery system, a flue gas purification system, and a residue treatment system, with a total investment of 200 million yuan. The project is currently in operation.
- The Jiangsu Yonghui Hazardous Waste Disposal Project (filed name: Centralized Disposal Project for Industrial Solid Waste) is located in the Longqiu Environmental Protection Industrial Park in Gaoyou City, Jiangsu Province. It covers an area of 63,365 m² with a total investment of 200 million yuan. The facility is designed to incinerate and dispose of 30,000 tons of industrial hazardous waste annually. The scope of disposal includes pharmaceutical waste (HW02), waste pharmaceuticals (HW03), pesticide waste (HW04), wood preservative waste (HW05), waste organic solvents and waste containing organic solvents (HW06), waste mineral oils and waste containing mineral oils (HW08), oil/water, hydrocarbon/water mixtures, or emulsions (HW09), distillation residues (HW11), dye and paint wastes (HW12), organic resin wastes (HW13), photochemical wastes (HW16), organophosphorus compound wastes (HW37), phenol-containing wastes (HW39), ether-containing wastes (HW40), organic halogen-containing wastes (HW45), other wastes (HW49, limited to 900-039-49, 900-040-49, 900-041-49, 900-042-49, 900-046-49, 900-047-49, 900-999-49). The construction scope includes storage and conveyance systems, pretreatment systems, feeding systems, incineration systems, waste heat recovery systems, flue gas purification systems, and ash handling systems. The project is currently operational.

7. Relevant Details of Bonds

Information on the green projects funded during the reporting period, including any major pollution liability incidents, administrative penalties due to environmental issues, and other environmental violations, as well as whether these matters may have a significant impact on debt repayment (if any)	Not involved
The environmental benefits of the green projects funded by the raised capital, and the standards, methods, basis and key assumptions used to calculate the environmental benefits of the selected green projects	The projects funded by this green corporate bond issuance consist of sewage treatment projects and hazardous waste treatment projects. The environmental benefits of the funded projects were calculated in accordance with the guidelines for measuring energy conservation and emission reduction of green credit projects set forth in the Green Financing Statistical System (2020 Edition) issued by the former China Banking and Insurance Regulatory Commission. The environmental benefits were adjusted based on the proportion of proceeds used for each project relative to the total project investment, combined with the bond's full-year maturity period. In 2025, the proceeds from this green corporate bond issuance are expected to achieve a reduction of 1,923.73 tons of COD, 253.78 tons of TN, 205.91 tons of NH ₃ -N, and 31.43 tons of TP, as well as the safe disposal of 0.33 million tons of hazardous waste.
The expected and/or actual environmental benefits of the green projects funded by the raised capital (specific environmental benefits should, in principle, be disclosed in accordance with the relevant requirements of the 'Guidelines for Information Disclosure During the Life Cycle of Green Bonds'; an explanation should be provided for any environmental benefit indicators that cannot be disclosed)	In accordance with the disclosure standards of the Green Bond Environmental Benefit Information Disclosure Indicator System (JR/T 0322—2024), the mandatory indicators to be disclosed for the funded projects include Chemical Oxygen Demand (COD), Ammonia Nitrogen (NH ₃ -N), and Total Phosphorus (TP) under water pollutant reduction benefits, as well as the volume of hazardous waste treated and disposed of under other core indicators. The optional indicator is Total Nitrogen (TN) under pollutant reduction benefits. The fundraising project has disclosed the mandatory indicators—reduction in COD, ammonia nitrogen, and total phosphorus, as well as the volume of hazardous waste treated or disposed of, the optional indicator, namely reduction in total nitrogen is also disclosed. This complies with the relevant requirements for environmental benefit disclosure.
For quantitative environmental benefits, if there is a significant change (exceeding 15%) in the environmental benefits during the life of the bond compared to those disclosed at the time of registration and issuance, the reasons must be disclosed	Due to changes in the market environment of the hazardous waste industry, there is a shortage of high-quality disposal feedstock, resulting in a decrease in hazardous waste treatment volume.
The method of managing the raised funds and specific arrangements	To ensure that the use of proceeds aligns with the purposes stated in the prospectus, mitigate market risks and safeguard the legitimate rights of bondholders, the Company has established a dedicated account for proceeds at a custodian bank. The bond proceeds deposited in this dedicated account must be used exclusively for the purposes disclosed in the Prospectus, and the account is supervised by the custodian bank. The Company will enter into a special account supervision agreement with the custodian bank, stipulating that the custodian bank shall oversee the deposit, use, and withdrawal of funds for debt repayment. Proceeds may only be used for the purposes disclosed in the Prospectus and shall not be used for any other purposes. The trustee for this bond issue will also inspect the use of funds in the special account in accordance with the provisions of the Bond Trustee Management Agreement.

The placement and utilisation of the raised funds	The issuer has established a special account for proceeds to hold the proceeds, and the actual implementation is consistent with the disclosures in the Prospectus.
Details regarding the appointment of assessment and certification bodies by the Company (if applicable), including but not limited to the basic details of the assessment and certification bodies, the scope of the assessment and certification, and the assessment conclusions	The issuer engaged Lianhe Equator Environmental Impact Assessment Co., Ltd. to conduct an assessment and certification of the current bond issue. The certification conclusion states that this green bond complies with certification requirements, with all proceeds allocated to green industry projects, and the green rating is G1. Based on the proportion of proceeds allocated to the sewage treatment project within the investment projects of this green corporate bond relative to the project's total cumulative investment, the proceeds are projected to achieve annual reductions of 7,314.62 tons of COD, 959.86 tons of TN, 779.90 tons of NH ₃ -N, and 119.07 tons of TP. Based on the proportion of the proposed proceeds for the hazardous waste treatment project within the investment projects of this green corporate bond relative to the total project investment, the corresponding proceeds are expected to facilitate the safe disposal of 29,300 metric tons of hazardous waste annually.
Corporate governance information relating to green development and transformation and upgrading (if any)	—
Other matters	—

3. The Company is an issuer of renewable corporate bonds

Not applicable

4. The Company is an issuer of poverty alleviation corporate bonds

Not applicable

5. The Company is an issuer of rural revitalisation corporate bonds

Not applicable

6. The Company is an issuer of Belt and Road corporate bonds

Not applicable

7. Relevant Details of Bonds

7. *The Company is an issuer of science and technology innovation corporate bonds or innovation and entrepreneurship corporate bonds*

Unit: Yuan Currency: Renminbi

Category of issuer applicable to these bonds	Science and Technology Innovation Enterprise
Bond code	243568.SH
Bond Abbreviation	GK Jin Chuang 01
Outstanding Bond Balance	500,000,000.00
Progress regarding the allocation of funds raised by science and technology innovation projects or financial institutions to the science and technology innovation sector	The issuer is a science and technology innovation entity. The proceeds from the issuance will be used to repay debt and support the development of the Company's science and technology innovation business. The proceeds from the current bond issuance are not allocated to any specific science and technology innovation project.
Impact on the promotion of scientific and technological innovation	Not applicable
Operation of fund products (if any)	Not applicable
Other Matters	None

8. *The Company is an issuer of low-carbon transition (linked) corporate bonds*

Not applicable

9. *The Company is an issuer of poverty relief corporate bonds*

Not applicable

10. *The Company is an issuer of supportive bonds for small, medium and micro enterprises*

Not applicable

11. Matters relating to other specific types of corporate bonds

Not applicable

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

1. Non-operating receivables and intercompany loans

(1). Balance of non-operating receivables and intercompany loans

At the beginning of the current reporting period, the Company's balance of receivables from other parties and intercompany loans not directly arising from production and operations (hereinafter referred to as 'non-operating receivables and intercompany loans') on a consolidated basis was: RMB0;

During the current reporting period, new additions to non-operating receivables and intercompany loans amounted to RMB0, while recoveries amounted to RMB0;

During the current reporting period, were there any instances where non-operating receivables or intercompany loans breached the relevant covenants or undertakings set out in the Prospectus

No

At the end of the current reporting period, the total outstanding non-operating receivables and intercompany loans amounted to: RMB0, of which the total amount owed by the controlling shareholder, de facto controller and other related parties amounted to: RMB0.

(2). Breakdown of non-operating receivables and intercompany loans

At the end of the current reporting period, the proportion of the Company's unrecovered non-operating receivables and intercompany loans on a consolidated basis to consolidated net assets was: 0%

Does this exceed 10% of consolidated net assets: No

(3). Status of repayment arrangements disclosed in previous reporting periods

Not applicable

7. Relevant Details of Bonds

2. Liabilities

(1). Interest-bearing debt and changes thereto

1.1 The Company's debt structure

At the beginning and end of the reporting period, the Company's (excluding entities within the scope of consolidation) interest-bearing debt stood at RMB6.23 billion and RMB6.296 billion respectively; the year-on-year change in interest-bearing debt during the reporting period was 1.06%.

Unit: 100 million Currency: Renminbi

Categories of interest-bearing debt	Time of maturity		Total amount	Percentage of interest-bearing debt (%)
	Within 1 year (inclusive)	Over 1 year (exclusive)		
Corporate credit bonds	0.13	15.00	15.13	24.03
Bank loans	8.91	37.86	46.77	74.29
Loans from non-bank financial institutions	0.00	0.00	0.00	
Other interest-bearing debt	0.11	0.94	1.06	1.68
Total	9.16	53.80	62.96	–

At the end of the reporting period, the Company's outstanding corporate credit bonds comprised corporate bonds with a balance of RMB0.5 billion, enterprise bonds with a balance of 0, and non-financial corporate debt financing instruments with a balance of RMB1 billion.

1.2 Structure of the Company's Interest-Bearing Debt on a Consolidated Basis

At the beginning and end of the reporting period, the Company's interest-bearing debt within the scope of the consolidated financial statements stood at RMB10.139 billion and RMB10.357 billion respectively; the year-on-year change in interest-bearing debt during the reporting period was 2.15%.

Unit: 100 million Currency: Renminbi

Categories of interest-bearing debt	Time of maturity		Total amount	Percentage of interest-bearing debt (%)
	Within 1 year (inclusive)	Over 1 year (exclusive)		
Corporate credit bonds	0.13	15.00	15.13	14.61
Bank loans	13.23	74.14	87.37	84.35
Loans from non-bank financial institutions	0.00	0.00	0.00	–
Other interest-bearing debt	0.11	0.96	1.08	1.04
Total	13.47	90.10	103.57	–

At the end of the reporting period, the Company's outstanding corporate credit bonds on a consolidated basis comprised corporate bonds with a balance of RMB0.5 billion, enterprise bonds with a balance of RMB0, and non-financial corporate debt financing instruments with a balance of RMB1 billion.

1.3 Overseas Bonds

As at the end of the reporting period, the outstanding balance of offshore bonds issued within the scope of the Company's consolidated financial statements was RMB0.

7. Relevant Details of Bonds

- (2). As at the end of the reporting period, the Company and its subsidiaries had no interest-bearing debt or corporate credit bonds in arrears exceeding RMB10 million

Not applicable

- (3). Liabilities with Priority over Third Parties

As at the end of the reporting period, there were liabilities with priority over third parties within the scope of the Company's consolidated financial statements:

Not applicable

3. *Changes to the Information Disclosure Management System during the current reporting period*

Without changes

(V) Non-financial corporate debt financing instruments in the interbank bond market

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

Unit: YUAN Currency: Renminbi

Bond Name	Abbreviation	Code	Issue Date	Interest Commencement Date	Maturity Date	Outstanding Bond Balance	Interest Rate (%)	Method of principal and interest repayment	Trading venue	Investor suitability arrangements (if any)	Trading mechanism	Risk of delisting
2022 First Tranche Green Medium-term Notes of Tianjin Capital Environmental Protection Group Company Limited	22 Jinchuanguanbao GN001* (22津創環保GN001)	102483682	July 26, 2022	July 28, 2022	July 28, 2025	0.00	3.94	Interest is payable annually, with the last installment paid together with the principal	Interbank Bond Market	None	Match-based trading, click-based trading, inquiry-based trading, auction-based trading, and negotiated trading	No
2024 Second Tranche Green Medium-Term Notes of Tianjin Capital Environmental Protection Group Company Limited (Rural Revitalisation) (Series 1)	24 Jinchuanguanbao MTN002A (Rural Revitalisation) (24津創環保MTN002A (鄉村振興))	102,483,682	August 21, 2024	August 23, 2024	August 23, 2027	300,000,000.00	2.50	Interest is payable annually, with the last installment paid together with the principal	Interbank Bond Market	None	Match trading, click trading, inquiry trading, auction trading, and negotiated trading	No
2024 Second Tranche Green Medium-Term Notes of Tianjin Capital Environmental Protection Group Company Limited (Rural Revitalisation) (Series 2)	24 Jinchuanguanbao MTN002B (Rural Revitalisation) (24津創環保MTN002B (鄉村振興))	102,483,683	August 21, 2024	August 23, 2024	August 23, 2027	200,000,000.00	3.05	Interest is payable annually, with the last installment paid together with the principal	Interbank Bond Market	None	Match trading, click trading, inquiry trading, auction trading, and negotiated trading	No
2025 First Tranche Green Medium-term Notes of Tianjin Capital Environmental Protection Group Company Limited	25 Jinchuanguanbao MTN001 (Green) (25津創環保MTN001 (綠色))	102,582,803	July 9, 2025	July 11, 2025	July 11, 2028	500,000,000.00	2.10	Interest is payable annually, with the last installment paid together with the principal	Interbank Bond Market	None	Match trading, click trading, inquiry trading, auction trading, and negotiated trading	No

The Company's measures to address the risk of delisting

Not applicable

Bonds in default

Not applicable

7. Relevant Details of Bonds

Interest and principal payments during the reporting period

Bond Name	Explanation of Interest and Principal Payments
2022 First Tranche Green Medium-term Notes of Tianjin Capital Environmental Protection Group Company Limited	Interest and principal were paid on schedule
2024 Second Tranche Green Medium-Term Notes of Tianjin Capital Environmental Protection Group Company Limited (Rural Revitalisation) (Series 1)	Interest has been paid on schedule
2024 Second Tranche Green Medium-Term Notes of Tianjin Capital Environmental Protection Group Com-pany Limited (Rural Revitalisation) (Series 2)	Interest has been paid on schedule
2025 First Tranche Green Medium-term Notes of Tianjin Capital Environmental Protection Group Company Limited	Interest/redemption dates not yet due as of the end of the reporting period

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

Not applicable

3. *Intermediaries providing services for bonds issuance and duration products*

Name of Intermediary	Business Address	Name of Signing Accountant (if applicable)	Contact person	Telephone number
Agricultural Bank of China, Ltd.	No. 69, Jianguomennei Street, Dongcheng District, Beijing	Not applicable	Zhao Cheng	022-83061710
China Construction Bank Corporation	Chang'an Xingrong Center, Naoshikou, Xicheng District, Beijing (Building 1, Compound 1, Naoshikou Street, Xicheng District, Beijing)	Not applicable	Cui Tong	022-58751897
China Merchants Bank Co., Ltd.	China Merchants Bank, No. 7088 Shennan Avenue, Futian District, Shenzhen	Not applicable	Guo Pengfei	0755-88026264
China CITIC Bank Corporation Limited	Building 1, No. 10 Guanghua Road, Chaoyang District, Beijing	Not applicable	Song Yu	010-66635905
Industrial and Commercial Bank of China Limited	No. 55, Fuxingmennei Street, Xicheng District, Beijing	Not applicable	Tian Boying	022-28400698

Changes to the above intermediary

Not applicable

7. Relevant Details of Bonds

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

Unit: Yuan Currency: Renminbi

Bond Name	Total Amount of Raised Funds	Amount Used	Amount Unused	Operation of the Special Account for Raised Funds (if applicable)	Remedial measures taken regarding the improper Use of Proceeds (if any)	Consistency with the intended use, utilisation plan and other agreements set out in the Prospectus
2022 First Tranche Green Medium-term Notes of Tianjin Capital Environmental Protection Group Company Limited	630,000,000.00	630,000,000.00	0.00	Normal	None	Yes
2024 Second Tranche Green Medium-Term Notes of Tianjin Capital Environmental Protection Group Company Limited (Rural Revitalisation) (Series 1)	300,000,000.00	300,000,000.00	0.00	Normal	None	Yes
2024 Second Tranche Green Medium-Term Notes of Tianjin Capital Environmental Protection Group Com-pany Limited (Rural Revitalisation) (Series 2)	200,000,000.00	200,000,000.00	0.00	Normal	None	Yes
2025 First Tranche Green Medium-term Notes of Tianjin Capital Environmental Protection Group Company Limited	500,000,000.00	500,000,000.00	0.00	Normal	None	Yes

Progress of construction projects funded by the raised capital and operational benefits

Not applicable

Explanation of any changes to the intended use of the bond proceeds during the reporting period

Not applicable

5. *Adjustment of credit rating results*

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

7. Relevant Details of Bonds

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

Unit: RMB0'000 Currency: Renminbi

Key Indicators	2025	2024	Change from the same period last year (%)	Reason for Change
Net profit attributable to shareholders of the Company, excluding non-recurring gains and losses	77,015.91	72,313.09	6.50	Our financial expenses decreased by RMB56.7 million, representing a 20% decrease from the previous period, while investment income increased by RMB21.25 million, representing a 93% increase from the previous period. As a result, net profit attributable to shareholders of the listed company, excluding non-recurring gains and losses, increased accordingly
Current ratio	2.64	1.49	43.60	Other receivables increased by RMB633 million, primarily due to receivables from the settlement of payment of the Enshi PPP project; monetary funds increased by RMB1.96 billion, primarily due to the recovery of sewage treatment service fees from the Water Affairs Bureau this year
Quick ratio	2.63	1.49	43.36	Other receivables increased by RMB633 million, primarily due to receivables from the settlement of the Enshi PPP project; cash and cash equivalents increased by RMB1.96 billion, primarily due to sewage treatment service fees recovered from the Water Affairs Bureau this year
Debt-to-equity ratio (%)	56.10	57.08	-1.75	No significant change
EBITDA-to-total-debt ratio	0.21	0.21	1.83	No significant change
Interest coverage ratio	4.69	3.74	20.32	Interest rates on new loans this year are lower than that of last year; interest expenses have been reduced by refinancing certain high-interest loans
Cash Interest Coverage Ratio	13.23	4.05	69.39	This year, we collected an additional RMB2 billion in accounts receivable from the Tianjin Water Affairs Bureau compared to last year, resulting in an increase in net operating cash flow and an increase in the cash interest coverage ratio
EBITDA interest coverage ratio	7.12	5.72	19.61	This year, bad debt provisions decreased due to the collection of accounts receivables, and interest rates on new loans were lower than that of the previous year, interest expenses have been reduced by refinancing certain higher-interest loans, leading to an increase in total profit; consequently, the interest coverage ratio increased
Loan Repayment Ratio (%)	100.00	100.00	—	
Interest coverage ratio (%)	100.00	100.00	—	

II. PARTICULARS OF CONVERTIBLE CORPORATE BONDS

Not applicable

8. Financial Report

For details, please refer to the Company's accounting statements and audit report for the year 2025.

9. Auditor's Report

Auditor's Report

Da Xin Shen Zi 2026 No. 1-01719

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

I. OPINION

We have audited the accompanying financial statements of Tianjin Capital Environmental Protection Group Company Limited (hereinafter the “Group”), which comprise the consolidated and company balance sheets as at 31 December 2025, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders’ equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company’s financial position of the Group as at 31 December 2025, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises (“CASs”).

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing (“CSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants (“CICPA Code”) and the China Standards on Independence for Public Interest Entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We have complied with the independence requirements applicable to audits of financial statements of public interest entities.

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

III. KEY AUDIT MATTERS

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

(I) Public-Private Partnership (“PPP”) Project Contracts

1. Description

Refer to notes III(14), III(20), III(24), III(26), III(31), V(8) “Non-current assets due within one year”, V(10) “Long-term receivables”, V(17) “Intangible assets”, V(36) “Accrued liabilities”, and V(43) “Operating income and operating cost” to the financial statements. The Group obtains concession rights for public infrastructure projects such as sewage treatment, heating and cooling supply, and tap water supply by entering into PPP project contracts with concession authorities. PPP project contracts typically include construction, operation, and transfer activities. Upon expiry of the concession period, the Group is required to transfer the relevant infrastructure to the concession authority. Management judgment is required in determining whether such arrangements fall within the scope of PPP project contracts under Interpretation No. 14 of Accounting Standards for Business Enterprises. At the same time, the Group recognises financial assets and intangible assets separately based on the conditions set out in the PPP project contracts regarding the right to receive a determinable amount of cash (or other financial assets) during the operation period.

During the construction phase of PPP projects, the Group reviews and adjusts the carrying amounts of financial assets and intangible assets based on estimates of budgeted costs and construction periods. The effective interest rate for financial assets is determined by taking into account the project term, the credit risk of the grantor, and the risk-free interest rate.

During the operation phase of PPP projects, the Group recognises accrued liabilities related to PPP project contracts based on future replacement expenditures necessary to maintain service capacity and major restoration obligations before the transfer date. Recognition of these accrued liabilities requires management to exercise significant judgment and estimates, and changes in such judgments and estimates may lead to adjustments in the amount of accrued liabilities.

III. KEY AUDIT MATTERS (Continued)

(I) Public-Private Partnership ("PPP") Project Contracts (Continued)

2. Auditor's Response

- (1) We evaluated management's judgments regarding the relevant arrangements by reviewing the terms of the Group's PPP project contracts.
- (2) We obtained the Group's PPP project contracts and the underlying schedules for the PPP accounting model, and reviewed the key information and parameters therein, such as availability service fee revenue, operation period, effective interest rate, and initial recognition amount of PPP project contract assets.
- (3) Additionally, we obtained understanding and tested the Group's business processes for the acceptance and accounting model determination of PPP projects, and the estimation and review of the effective interest rate and accrued liabilities during the construction and operation phases, and verified the future expenditure obligations by reviewing the amount of accrued liabilities recognised by the Group and the related estimates and judgments.

(II) Assessment of Expected Credit Losses for Accounts Receivable and Long-term Receivables

1. Description

Refer to notes III(11), III(12), III(31), V(3) "Accounts receivable", V(8) "Non-current assets due within one year", and V(10) "Long-term receivables" to the financial statements.

As at 31 December 2025, the Group's accounts receivable amounted to RMB4,357,750,901.28, and a loss allowance of RMB438,801,147.44 was recognised by the management. The balance of the Group's long-term receivables (including the current portion) amounted to RMB3,793,960,742.97, and a loss allowance of RMB44,404,142.24 was recognised by the management (accounts receivable and long-term receivables are hereafter collectively referred to as "Receivables"). The Receivables represented 29.53% of the consolidated total assets.

III. KEY AUDIT MATTERS (Continued)

(II) Assessment of Expected Credit Losses for Accounts Receivable and Long-term Receivables (Continued)

1. *Description* (Continued)

The balance of provision for loss allowance of the Receivables represented the management's best available estimates on the expected credit losses ("ECL") for the Receivables as of the balance sheet date. The management assessed the ECL on an individual basis for Receivables with material amounts and obviously low credit risk, as well as Receivables with credit risk significantly increased since initial recognition or with credit impairment having occurred. The remaining Receivables were grouped based on their shared credit risk characteristics and aging analysis to measure ECL. In determining the ECL, significant management judgment is involved in the selection of calculation models and the input data (after considering the historical aging profile of the Receivables, existing market conditions, and forward-looking adjustments for economic indicators).

Given that the measurement of ECL for the Receivables is subject to significant inherent risk and high estimation uncertainty, and the key assumptions and estimates adopted involve management's subjective judgment, and the balance of the Receivables is material, we focused on this area in our audit. Therefore, we have identified the assessment of ECL for Receivables as a key audit matter.

2. *Auditor's Response*

- (1) Obtained an understanding of and tested the design and operating effectiveness of key internal controls relating to the assessment of ECL for Receivables, and assessed the inherent risk of material misstatement.
- (2) Evaluated the outcome of prior period assessments of ECL for Receivables to assess the effectiveness of management's estimation process.
- (3) Considered the characteristics and nature of customers to evaluate the appropriateness of the ECL methodology and models adopted by management.
- (4) Evaluated the reasonableness of management's assessment of ECL, including the reasonableness of the classification of customers for individual or collective assessment, and tested the accuracy of the classification of Receivables into groups on a sample basis. Using sampling methods, we tested the accuracy of management's aging analysis of the Receivables.

9. Auditor's Report

IV. OTHER INFORMATION

Management of the Group (the “Management”) is responsible for the other information. The other information comprises the information included in the Group’s 2025 annual report, other than the financial statements and our auditor’s report thereon.

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

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

Based on the work we have performed, if we conclude that a material misstatement of this other information exists, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

VI. THE CERTIFIED PUBLIC ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

9. Auditor's Report

VI. THE CERTIFIED PUBLIC ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

(VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

WUYIGE

Certified Public Accountants LLP

Signing: _____
(Engagement Partner)

Beijing, the People's Republic of China

Signing: _____

Signing: _____

25 March 2026

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Consolidated Balance Sheet

31 December 2025

Prepared by: Tianjin Capital Environmental Protection Group Company Limited

		<i>Unit: Yuan Currency: RMB</i>	
Item	Notes	31 December 2025	31 December 2024
Current assets:			
Cash and cash equivalents	V(I)	4,717,706,916.89	2,756,992,021.69
Settlement reserve			
Loans to banks and other financial institutions			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	V(II)	31,343,964.58	34,433,958.06
Accounts receivable	V(III)	3,918,949,753.84	3,589,826,335.15
Receivables financing	V(IV)	11,277,067.24	7,024,347.00
Prepayments	V(V)	47,101,791.53	22,314,317.34
Insurance premium receivable			
Reinsurance receivables			
Receivables under reinsurance contracts			
Other receivables	V(VI)	730,865,249.95	97,353,300.68
Including: Interest receivable		0.00	0.00
Dividend receivable		0.00	0.00
Buy-back of financial assets sold under repurchase agreements			
Inventories	V(VII)	42,626,289.72	40,535,081.99
Including: Data resources		0.00	0.00
Contract assets			
Assets held for sale			
Non-current assets due within one year	V(VIII)	196,809,828.02	199,090,708.41
Other current assets	V(IX)	183,583,679.86	109,090,786.06
Total current assets		9,880,264,541.63	6,856,660,856.38
Non-current assets:			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables	V(X)	3,552,746,772.71	5,128,874,522.65
Long-term equity investments	V(XI)	211,866,236.74	190,200,882.52
Other equity instrument investments	V(XII)	2,000,000.00	2,000,000.00
Other non-current financial assets			
Investment properties	V(XIII)	13,907,696.27	7,657,173.00
Fixed assets	V(XIV)	1,668,141,164.51	1,489,568,498.08
Construction in progress	V(XV)	262,626,335.81	239,892,515.34
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V(XVI)	43,133,177.00	3,722,393.42
Intangible assets	V(XVII)	10,036,161,493.55	10,946,006,182.15
Including: Data resources		1,094,498.55	0.00
Development expenditures		1,652,761.39	454,099.24
Including: Data resources		0.00	454,099.24
Goodwill	V(XVIII)		
Long-term deferred expenses	V(XIX)	14,121,813.77	0.00
Deferred tax assets	V(XX)	109,864,336.97	71,988,345.01
Other non-current assets	V(XXI)	168,385,925.90	217,956,227.92
Total non-current assets		16,084,607,714.62	18,298,320,839.33
Total assets		25,964,872,256.25	25,154,981,695.71

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Consolidated Balance Sheet

31 December 2025

Item	Notes	Unit: Yuan	Currency: RMB
		31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings	V(XXIII)	95,663,213.80	29,228,819.26
Loans from central bank			
Funds borrowed			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	V(XXIV)	1,083,882,507.33	946,965,173.51
Advance receipts	V(XXV)	736,667.61	508,010.02
Contract liabilities	V(XXVI)	330,998,019.83	221,717,388.90
Financial assets sold under repurchase agreements			
Customer deposits and interbank deposits			
Mandatory funds for securities trading			
Underwriting fees payable			
Employee benefits payable	V(XXVII)	112,792,860.91	105,252,309.61
Taxes payable	V(XXVIII)	68,267,444.31	111,152,981.14
Other payables	V(XXIX)	763,541,710.44	1,060,257,870.64
Including: Interest payable		0.00	0.00
Dividends payable		3,258,719.29	7,986,980.00
Handling fees and commission payable			
Reinsurance payables			
Liabilities held for sale			
Non-current liabilities due within one year	V(XXX)	1,270,951,424.30	2,092,742,750.09
Other current liabilities	V(XXXI)	12,984,465.19	19,732,253.93
Total current liabilities		3,739,818,313.72	4,587,557,557.10
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings	V(XXXII)	7,413,911,544.68	7,414,407,322.97
Bonds payable	V(XXXIII)	1,500,000,000.00	499,632,500.00
Including: Preference shares		0.00	0.00
Perpetual bonds		0.00	0.00
Lease liabilities	V(XXXIV)	3,253,882.12	1,280,116.25
Long-term payables	V(XXXV)	94,240,236.55	102,593,539.92
Long-term employee benefits payable			
Accrued liabilities	V(XXXVI)	78,248,108.64	0.00
Deferred income	V(XXXVII)	1,599,979,448.85	1,637,976,137.69
Deferred tax liabilities	V(XX)	110,383,734.94	86,249,975.52
Other non-current liabilities	V(XXXVII)	25,990,000.00	27,990,000.00
Total non-current liabilities		10,826,006,955.78	9,770,129,592.35
Total liabilities		14,565,825,269.50	14,357,687,149.45

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Consolidated Balance Sheet

31 December 2025

		<i>Unit: Yuan</i>	<i>Currency: RMB</i>
Item	Notes	31 December 2025	31 December 2024
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)	V(XXXIX)	1,570,418,085.00	1,570,418,085.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	V(XL)	1,110,030,404.40	1,114,966,012.00
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	V(XLI)	938,668,079.24	850,018,726.34
General risk reserve			
Undistributed profits	V(XLII)	6,640,201,715.97	6,133,464,906.76
Total equity attributable to shareholders of the parent		10,259,318,284.61	9,668,867,730.10
Non-controlling interests		1,139,728,702.14	1,128,426,816.16
Total equity		<u>11,399,046,986.75</u>	<u>10,797,294,546.26</u>
TOTAL LIABILITIES AND EQUITY		<u>25,964,872,256.25</u>	<u>25,154,981,695.71</u>

Officer in charge of the Company:
Tang Fusheng

Officer in charge of accounting operations:
Nie Yanhong

Officer in charge of the
accounting department:
Liu Tao

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Balance Sheet of the Parent

31 December 2025

Prepared by: Tianjin Capital Environmental Protection Group Company Limited

Unit: Yuan Currency: RMB

Item	Notes	31 December 2025	31 December 2024
Current assets:			
Cash and cash equivalents		3,461,904,059.65	1,414,579,828.11
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	XVIII(I)	1,071,780,921.67	1,093,758,954.18
Receivables financing		3,000,000.00	0.00
Prepayments		8,487,280.17	445,801.65
Other receivables	XVIII(II)	127,591,195.84	101,295,806.46
Including: Interest receivable		0.00	0.00
Dividends receivable		36,782,471.57	4,000,000.00
Inventories		19,687,607.08	9,811,104.88
Including: Data resources		0.00	0.00
Contract assets			
Assets held for sale			
Non-current assets due within one year		41,593,407.83	56,250,459.60
Other current assets		566,652,494.73	511,399,347.87
Total current assets		5,300,696,966.97	3,187,541,302.75
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables		1,659,496,118.22	3,218,991,182.55
Long-term equity investments	XVIII(III)	5,707,739,347.02	5,686,216,183.46
Other equity instrument investments		2,000,000.00	2,000,000.00
Other non-current financial assets			
Investment properties			
Fixed assets		396,479,309.74	451,541,876.19
Construction in progress		17,957,470.11	15,094,509.62
Productive biological assets			
Oil and gas assets			
Right-of-use assets		961,975.98	1,379,191.69
Intangible assets		2,993,238,131.27	3,163,179,941.94
Including: Data resources		1,094,498.55	0.00
Development expenditures		0.00	454,099.24
Including: Data resources		0.00	454,099.24
Goodwill			
Long-term deferred expenses			
Deferred tax assets		54,379,798.18	29,152,088.36
Other non-current assets		1,317,645,411.44	1,082,923,240.38
Total non-current assets		12,149,897,561.96	13,650,932,313.43
Total assets		17,450,594,528.93	16,838,473,616.18

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Balance Sheet of the Parent

31 December 2025

		<i>Unit: Yuan</i>	<i>Currency: RMB</i>
Item	Notes	31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		194,694,485.64	136,359,803.49
Advance receipts			
Contract liabilities		73,878.40	73,878.40
Employee benefits payable		49,361,801.10	46,235,010.19
Taxes payable		724,548.74	15,138,179.04
Other payables		842,707,902.13	927,886,444.89
Including: Interest payable		0.00	0.00
Dividends payable		0.00	0.00
Liabilities held for sale			
Non-current liabilities due within one year		916,950,994.72	1,795,841,690.35
Other current liabilities			
Total current liabilities		2,004,513,610.73	2,921,535,006.36
Non-current liabilities:			
Long-term borrowings		3,786,235,201.05	3,833,031,110.87
Bonds payable		1,500,000,000.00	499,632,500.00
Including: Preference shares		0.00	0.00
Perpetual bonds		0.00	0.00
Lease liabilities		0.00	453,251.00
Long-term payables		94,240,236.55	102,593,539.92
Long-term employee benefits payable			
Accrued liabilities		37,344,700.00	0.00
Deferred income		1,188,079,118.96	1,255,247,033.12
Deferred tax liabilities			
Other non-current liabilities		470,000,000.00	470,000,000.00
Total non-current liabilities		7,075,899,256.56	6,160,957,434.91
Total liabilities		9,080,412,867.29	9,082,492,441.27
Equity (or shareholders' equity):			
Paid-in capital (or share capital)		1,570,418,085.00	1,570,418,085.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve		1,060,381,500.22	1,065,703,468.04
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		938,668,079.24	850,018,726.34
Undistributed profits		4,800,713,997.18	4,269,840,895.53
Total equity		8,370,181,661.64	7,755,981,174.91
TOTAL LIABILITIES AND EQUITY		17,450,594,528.93	16,838,473,616.18

Officer in charge of the Company:
Tang Fusheng

Officer in charge of accounting operations:
Nie Yanhong

Officer in charge of the
accounting department:
Liu Tao

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Consolidated Income Statement

January to December 2025
Unit: Yuan Currency: RMB

Item	Notes	2025	2024
I. Total operating income	V(XLIII)	4,760,071,027.44	4,827,453,005.80
Including: Operating income	V(XLIII)	4,760,071,027.44	4,827,453,005.80
Interest income			
Earned premiums			
Fee and commission income			
II. Operating costs and expenses		3,612,442,626.37	3,637,207,041.14
Including: Operating costs	V(XLIII)	2,938,127,308.67	2,906,884,803.82
Interest expenses			
Fee and commission expenses			
Surrender value			
Net payout of claims			
Net increase in insurance liability reserve			
Policy dividend expenses			
Reinsurance expenses			
Taxes and surcharges	V(XLIV)	69,138,606.97	61,262,655.84
Selling expenses	V(XLV)	16,864,947.59	10,072,934.71
General and administrative expenses	V(XLVI)	241,441,171.67	248,716,944.79
Research and development expenses	V(XLVII)	58,584,590.17	65,289,666.95
Finance expenses	V(XLVIII)	288,286,001.30	344,980,035.03
Including: Interest expenses		309,907,333.96	381,723,020.15
Interest income		17,851,917.67	21,685,451.68
Add: Other income	V(XLIX)	85,210,370.15	93,685,969.92
Investment income (losses marked with "-")	V(L)	22,795,332.57	1,550,409.92
Including: Investment income from associates and joint ventures		21,665,354.22	1,550,409.92
Gain on derecognition of financial assets measured at amortised cost		0.00	0.00
Exchange gain (losses marked with "-")			
Net exposure hedging gain (losses marked with "-")			
Gain on fair value changes (losses marked with "-")			
Credit impairment losses (losses marked with "-")	V(LI)	(59,384,746.91)	(94,040,256.92)
Asset impairment losses (losses marked with "-")	V(LII)	0.00	(148,160,626.04)
Gain on asset disposal (losses marked with "-")	V(LIII)	(17,538,532.14)	0.00
III. Operating profit (losses marked with "-")		1,178,710,824.74	1,043,281,461.54
Add: Non-operating income	V(LIV)	1,127,698.42	5,076,578.79
Less: Non-operating expenses	V(LV)	29,217,263.48	1,295,697.70
IV. Total profit (total losses marked with "-")		1,150,621,259.68	1,047,062,342.63
Less: Income tax expenses	V(LVI)	234,488,956.16	176,401,310.03

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Consolidated Income Statement

January to December 2025
Unit: Yuan Currency: RMB

Item	Notes	2025	2024
V. Net profit (net losses marked with “-”)		916,132,303.52	870,661,032.60
(I) By continuity of operations:			
1. Net profit from continuing operations (net losses marked with “-”)		916,132,303.52	870,661,032.60
2. Net profit from discontinued operations (net losses marked with “-”)			
(II) By ownership:			
1. Net profit attributable to shareholders of the parent (net losses marked with “-”)		862,357,236.56	807,210,626.05
2. Net profit attributable to non-controlling interests (net losses marked with “-”)		<u>53,775,066.96</u>	<u>63,450,406.55</u>
VI. Other comprehensive income, net of tax			
(I) Other comprehensive income attributable to shareholders of the parent, net of tax			
1. Other comprehensive income not to be reclassified to profit or loss			
(1) Remeasurement of defined benefit plan changes			
(2) Other comprehensive income under equity method that cannot be transferred to profit or loss			
(3) Fair value changes of other equity instrument investments			
(4) Fair value changes of the enterprise's own credit risk			
2. Other comprehensive income to be reclassified to profit or loss			
(1) Other comprehensive income under equity method that can be transferred to profit or loss			
(2) Fair value changes of other debt investments			
(3) Amount of financial assets reclassified to other comprehensive income			
(4) Credit impairment provisions for other debt investments			
(5) Cash flow hedge reserve			
(6) Foreign currency translation differences			
(7) Others			
(II) Other comprehensive income attributable to non-controlling interests, net of tax			
VII. Total comprehensive income		916,132,303.52	870,661,032.60
(I) Total comprehensive income attributable to shareholders of the parent		862,357,236.56	807,210,626.05
(II) Total comprehensive income attributable to non-controlling interests		<u>53,775,066.96</u>	<u>63,450,406.55</u>
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.55	0.51
(II) Diluted earnings per share (RMB/share)		<u>0.55</u>	<u>0.51</u>

Net profit realised by the acquiree before acquisition in business combinations under common control in the current period:
RMB0.00

Net profit realised by the acquiree before acquisition in the previous period: RMB0.00

Officer in charge of the Company:

Tang Fusheng

Officer in charge of accounting operations:

Nie Yanhong

Officer in charge of the

accounting department:

Liu Tao

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Income Statement of the Parent

January to December 2025
Unit: Yuan Currency: RMB

Item	Notes	2025	2024
I. Operating income	XVIII(IV)	1,784,417,942.09	1,651,764,871.69
Less: Operating costs	XVIII(IV)	930,955,901.75	805,853,759.42
Taxes and surcharges		30,117,342.60	28,602,188.58
Selling expenses			
General and administrative expenses		115,326,596.53	118,548,557.01
Research and development expenses		37,769,877.41	36,482,087.36
Finance expenses		188,011,523.42	205,480,843.25
Including: Interest expenses		203,210,462.95	239,024,966.72
Interest income		10,920,715.54	18,030,926.77
Add: Other income		67,259,214.16	67,427,221.25
Investment income (losses marked with "-")	XVIII(V)	427,877,737.98	342,556,438.20
Including: Investment income from associates and joint ventures		21,665,354.22	1,550,409.92
Gain on derecognition of financial assets measured at amortised cost		0.00	0.00
Net exposure hedging gain (losses marked with "-")			
Gain on fair value changes (losses marked with "-")			
Credit impairment losses (losses marked with "-")		45,673,299.38	6,342,454.14
Asset impairment losses (losses marked with "-")		0.00	(150,050,856.37)
Gain on asset disposal (losses marked with "-")			
II. Operating profit (losses marked with "-")		1,023,046,951.90	723,072,693.29
Add: Non-operating income		140,896.51	4,569,102.92
Less: Non-operating expenses		27,153,339.71	13,504.93
III. Total profit (total losses marked with "-")		996,034,508.70	727,628,291.28
Less: Income tax expenses		109,540,979.70	93,287,716.35
IV. Net profit (net losses marked with "-")		886,493,529.00	634,340,574.93
(I) Net profit from continuing operations (net losses marked with "-")		886,493,529.00	634,340,574.93
(II) Net profit from discontinued operations (net losses marked with "-")			
V. Other comprehensive income, net of tax			
(I) Other comprehensive income not to be reclassified to profit or loss			
1. Remeasurement of defined benefit plan changes			
2. Other comprehensive income under equity method that cannot be transferred to profit or loss			
3. Fair value changes of other equity instrument investments			
4. Fair value changes of the enterprise's own credit risk			
(II) Other comprehensive income to be reclassified to profit or loss			
1. Other comprehensive income under equity method that can be transferred to profit or loss			
2. Fair value changes of other debt investments			
3. Amount of financial assets reclassified to other comprehensive income			
4. Credit impairment provisions for other debt investments			
5. Cash flow hedge reserve			
6. Foreign currency translation differences			
7. Others			
VI. Total comprehensive income		886,493,529.00	634,340,574.93
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Officer in charge of the Company:
Tang Fusheng

Officer in charge of accounting operations:
Nie Yanhong

Officer in charge of the
accounting department:
Liu Tao

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Consolidated Cash Flow Statement

January to December 2025
Unit: Yuan Currency: RMB

Item	Notes	2025	2024
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		6,295,378,059.06	4,138,875,876.23
Net increase in customer deposits and interbank deposits			
Net increase in loans from central bank			
Net increase in funds borrowed from other financial institutions			
Cash received from original insurance contract premiums			
Net cash received from reinsurance business			
Net increase in policyholder deposits and investment funds			
Cash received from interest, fees and commissions			
Net increase in funds borrowed			
Net increase in repurchase business funds			
Net cash received from securities trading on behalf of others			
Refund of taxes and levies		3,881,016.46	3,311,909.06
Other cash received relating to operating activities	V(LVII)I	32,172,802.24	44,526,009.51
Subtotal of cash inflows from operating activities		6,331,431,877.76	4,186,713,794.80
Cash paid for goods purchased and services received		1,931,604,337.72	1,872,429,100.26
Net increase in customer loans and advances			
Net increase in deposits with central bank and interbank funds			
Cash paid for original insurance contract claims			
Net increase in funds lent			
Cash paid for interest, fees and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		496,774,085.66	482,066,981.10
Taxes and levies paid		413,862,593.74	318,248,452.62
Other cash paid relating to operating activities	V(LVII)I	186,867,846.32	131,952,539.86
Subtotal of cash outflows from operating activities		3,029,108,863.44	2,804,697,073.84
Net cash flows from operating activities	V(LVIII)I	3,302,323,014.32	1,382,016,720.96
II. Cash flows from investing activities:			
Cash received from disposal of investments			
Cash received from investment income		300,000.00	0.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		0.00	195,563.21
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities	V(LVII)II	16,960,270.43	0.00
Subtotal of cash inflows from investing activities	V(LVII)II	17,260,270.43	195,563.21

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Consolidated Cash Flow Statement

January to December 2025
Unit: Yuan Currency: RMB

Item	Notes	2025	2024
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		928,252,077.34	686,443,107.62
Cash paid for investments		0.00	8,893,947.34
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid relating to investing activities	V(LVII)II	281,849.85	50,232,634.28
Subtotal of cash outflows from investing activities	V(LVII)II	928,533,927.19	745,569,689.24
Net cash flows from investing activities		(911,273,656.76)	(745,374,126.03)
III. Cash flows from financing activities:			
Cash received from capital contributions		19,758,000.00	19,955,142.00
Including: Cash received from minority shareholders' capital contributions in subsidiaries		19,758,000.00	19,955,142.00
Cash received from borrowings		2,736,241,952.17	3,145,330,051.06
Other cash received relating to financing activities	V(LVII)III	0.00	500,000.00
Subtotal of cash inflows from financing activities		2,755,999,952.17	3,165,785,193.06
Cash paid for repayment of borrowings		2,521,082,021.42	2,977,171,287.47
Cash paid for distribution of dividends, profits or interest		593,252,352.39	690,406,852.01
Including: Dividends and profits paid by subsidiaries to minority shareholders		60,700,701.49	36,523,291.66
Other cash paid relating to financing activities	V(LVII)III	55,039,770.29	40,712,063.54
Subtotal of cash outflows from financing activities		3,169,374,144.10	3,708,290,203.02
Net cash flows from financing activities		(413,374,191.93)	(542,505,009.96)
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		1,977,675,165.63	94,137,584.97
Add: Cash and cash equivalents at beginning of the period	V(LVIII)III	2,665,499,259.40	2,571,361,674.43
VI. Cash and cash equivalents at end of the period	V(LVIII)III	4,643,174,425.03	2,665,499,259.40

Officer in charge of the Company:
Tang Fusheng

Officer in charge of accounting operations:
Nie Yanhong

Officer in charge of the
accounting department:
Liu Tao

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

Cash Flow Statement of the Parent

January to December 2025
Unit: Yuan Currency: RMB

Item	Notes	2025	2024
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		3,443,750,642.28	1,567,821,347.83
Refund of taxes and levies			
Other cash received relating to operating activities		<u>1,709,090,286.40</u>	<u>1,330,437,655.74</u>
Subtotal of cash inflows from operating activities		<u>5,152,840,928.68</u>	<u>2,898,259,003.57</u>
Cash paid for goods purchased and services received		542,880,019.43	483,474,123.29
Cash paid to and on behalf of employees		165,717,471.35	152,329,613.13
Taxes and levies paid		183,324,280.51	142,465,819.26
Other cash paid relating to operating activities		<u>1,788,749,075.55</u>	<u>1,719,492,780.85</u>
Subtotal of cash outflows from operating activities		<u>2,680,670,846.84</u>	<u>2,497,762,336.53</u>
Net cash flows from operating activities		<u>2,472,170,081.84</u>	<u>400,496,667.04</u>
II. Cash flows from investing activities:			
Cash received from disposal of investments			
Cash received from investment income		371,659,390.78	335,408,076.07
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		0.00	11,000.00
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities		<u>215,111,428.78</u>	<u>437,820,000.00</u>
Subtotal of cash inflows from investing activities		<u>586,770,819.56</u>	<u>773,239,076.07</u>
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		55,068,076.16	42,625,857.11
Cash paid for investments		41,931,000.00	214,993,705.34
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid relating to investing activities		<u>514,829,757.67</u>	<u>808,855,888.96</u>
Subtotal of cash outflows from investing activities		<u>611,828,833.83</u>	<u>1,066,475,451.41</u>
Net cash flows from investing activities		<u>(25,058,014.27)</u>	<u>(293,236,375.34)</u>

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises Cash Flow Statement of the Parent

January to December 2025
Unit: Yuan Currency: RMB

Item	Notes	2025	2024
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings		2,178,381,216.00	2,080,000,000.00
Other cash received relating to financing activities		0.00	320,100,000.00
Subtotal of cash inflows from financing activities		2,178,381,216.00	2,400,100,000.00
Cash paid for repayment of borrowings		2,085,607,661.54	1,698,939,000.00
Cash paid for distribution of dividends, profits or interest		455,564,326.98	468,472,987.32
Other cash paid relating to financing activities		36,997,063.51	320,000,000.00
Subtotal of cash outflows from financing activities		2,578,169,052.03	2,487,411,987.32
Net cash flows from financing activities		(399,787,836.03)	(87,311,987.32)
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		2,047,324,231.54	19,948,304.38
Add: Cash and cash equivalents at beginning of the period		1,414,579,828.11	1,394,631,523.73
VI. Cash and cash equivalents at end of the period		3,461,904,059.65	1,414,579,828.11

Officer in charge of the Company:
Tang Fusheng

Officer in charge of accounting operations:
Nie Yanhong

Officer in charge of the
accounting department:
Liu Tao

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

January to December 2025
Unit: Yuan Currency: RMB

2025															
Item	Equity attributable to owners of the parent														
	Paid-in capital (or share capital)	Preference shares	Other equity instruments Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserves	General risk provision	Undistributed profits	Others	Sub-total	Minority interests	Total owners' equity
I. Closing balance of the previous year	1,570,418,085.00				1,114,966,012.00				850,018,726.34		6,133,464,906.76		9,668,867,730.10	1,128,426,816.16	10,797,294,546.26
Add: Changes in accounting policies															
Correction of prior period errors															
Others															
II. Opening balance for the year	1,570,418,085.00				1,114,966,012.00				850,018,726.34		6,133,464,906.76		9,668,867,730.10	1,128,426,816.16	10,797,294,546.26
III. Changes during the period															
(decrease marked with a "-" sign)					(4,935,607.60)				88,649,352.90		506,736,809.21		590,450,554.51	11,301,885.98	601,752,440.49
(I) Total comprehensive income											862,357,236.56		862,357,236.56	53,775,066.96	916,132,303.52
(II) Owners' inputs and capital reduction					6,330,959.02								6,330,959.02	19,071,639.78	25,402,598.80
1. Ordinary shares invested by the owners					11,266,566.62								11,266,566.62	19,458,000.00	30,724,566.62
2. Capital contributions from holders of other equity instruments															
3. Amount of share-based payments credited to owners' equity					(4,935,607.60)								(4,935,607.60)	(386,360.22)	(5,321,967.82)
4. Others															
(III) Profit distribution									88,649,352.90		(355,620,427.35)		(266,971,074.45)	(61,544,820.76)	(328,515,895.21)
1. Withdrawal of surplus reserve									88,649,352.90		(88,649,352.90)				
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)											(266,971,074.45)		(266,971,074.45)	(61,544,820.76)	(328,515,895.21)
4. Others															
(IV) Internal transfer of owners' equity					(11,266,566.62)								(11,266,566.62)		(11,266,566.62)
1. Capitalization of capital reserves into capital (or share capital)															
2. Transfer of surplus reserves to capital (or share capital)															
3. Make up losses by surplus reserves															
4. Carry forward of retained earnings in respect of changes in defined benefit plans															
5. Other comprehensive income carried forward to retained earnings															
6. Others					(11,266,566.62)								(11,266,566.62)		(11,266,566.62)
(V) Special reserve															
1. Withdrawals during the period															
2. Utilization during the period															
(VI) Others															
IV. Closing balance of the Period	1,570,418,085.00				1,110,030,404.40				938,668,079.24		6,640,201,715.97		10,259,318,284.61	1,139,728,702.14	11,399,046,986.75

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

January to December 2025
Unit: Yuan Currency: RMB

Item	2024												
	Equity attributable to owners of the parent												
	Paid-in capital (or share capital)	Preference shares	Other equity instruments Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserves	General risk provision	Undistributed profits	Others	Sub-total
I. Closing balance of the previous year	1,570,418,085.00				1,114,793,085.31				786,584,668.85		5,650,377,740.31		9,122,173,579.47
Add: Changes in accounting policies													
Correction of prior period errors													
Others													
II. Opening balance for the year	1,570,418,085.00				1,114,793,085.31				786,584,668.85		5,650,377,740.31		9,122,173,579.47
III. Changes during the period (decrease marked with a "-" sign)					172,926.69				63,434,057.49		483,087,166.45		546,694,150.63
(I) Total comprehensive income											807,210,626.05		807,210,626.05
(II) Owners' inputs and capital reduction					172,926.69								172,926.69
1. Ordinary shares invested by the owners													
2. Capital contributions from holders of other equity instruments													
3. Amount of share-based payments credited to owners' equity													
4. Others					172,926.69								172,926.69
(III) Profit distribution									63,434,057.49		(324,123,459.60)		(260,689,402.11)
1. Withdrawal of surplus reserve									63,434,057.49		(63,434,057.49)		
2. Withdrawal of general risk provision													
3. Distribution to owners (or shareholders)											(260,689,402.11)		(260,689,402.11)
4. Others													
(IV) Internal transfer of owners' equity													
1. Capitalization of capital reserves into capital (or share capital)													
2. Transfer of surplus reserves to capital (or share capital)													
3. Make up losses by surplus reserves													
4. Carry forward of retained earnings in respect of changes in defined benefit plans													
5. Other comprehensive income carried forward to retained earnings													
6. Others													
(V) Special reserve													
1. Withdrawals during the period													
2. Utilization during the period													
(VI) Others													
IV. Closing balance of the Period	1,570,418,085.00				1,114,966,012.00				850,018,726.34		6,133,464,906.76		9,668,867,730.10

Officer in charge of the Company:
Tang Fusheng

Officer in charge of accounting operations:
Nie Yanhong

Officer in charge of the
accounting department:
Liu Tao

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

January to December 2025
Unit: Yuan Currency: RMB

	2025										
Item	Paid-in capital (or share capital)	Preference shares	Other equity instruments Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Total owners' equity
I. Closing balance of the previous year	1,570,418,085.00				1,065,703,468.04				850,018,726.34	4,269,840,895.53	7,755,981,174.91
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Opening balance for the year	1,570,418,085.00				1,065,703,468.04				850,018,726.34	4,269,840,895.53	7,755,981,174.91
III. Changes during the period (decrease marked with a "-" sign)					(5,321,967.82)				88,649,352.90	530,873,101.65	614,200,486.73
(I) Total comprehensive income										886,493,529.00	886,493,529.00
(II) Owners' inputs and capital reduction					6,704,568.64						6,704,568.64
1. Ordinary shares invested by the owners					12,026,536.46						12,026,536.46
2. Capital contributions from holders of other equity instruments											
3. Amount of share-based payments credited to owners' equity					(5,321,967.82)						(5,321,967.82)
4. Others											
(III) Profit distribution									88,649,352.90	(355,620,427.35)	(266,971,074.45)
1. Withdrawal of surplus reserve									88,649,352.90	(88,649,352.90)	
2. Distribution to owners (or shareholders)										(266,971,074.45)	(266,971,074.45)
3. Others											
(IV) Internal transfer of owners' equity					(12,026,536.46)						(12,026,536.46)
1. Capitalization of capital reserves into capital (or share capital)											
2. Transfer of surplus reserves to capital (or share capital)											
3. Make up losses by surplus reserves											
4. Carry forward of retained earnings in respect of changes in defined benefit plans											
5. Other comprehensive income carried forward to retained earnings											
6. Others					(12,026,536.46)						(12,026,536.46)
(V) Special reserve											
1. Withdrawals during the period											
2. Utilization during the period											
(VI) Others											
IV. Closing balance of the Period	1,570,418,085.00				1,060,381,500.22				938,668,079.24	4,800,713,997.18	8,370,181,661.64

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

January to December 2025
Unit: Yuan Currency: RMB

2024											
Item	Paid-in capital (or share capital)	Preference shares	Other equity instruments Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Total owners' equity
I. Closing balance of the previous year	1,570,418,085.00				1,065,703,468.04				786,584,668.85	3,959,623,780.20	7,382,330,002.09
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Opening balance for the year	1,570,418,085.00				1,065,703,468.04				786,584,668.85	3,959,623,780.20	7,382,330,002.09
III. Changes during the period (decrease marked with a "-" sign)									63,434,057.49	310,217,115.33	373,651,172.82
(I) Total comprehensive income										634,340,574.93	634,340,574.93
(II) Owners' inputs and capital reduction											
1. Ordinary shares invested by the owners											
2. Capital contributions from holders of other equity instruments											
3. Amount of share-based payments credited to owners' equity											
4. Others											
(III) Profit distribution									63,434,057.49	(324,123,459.60)	(260,689,402.11)
1. Withdrawal of surplus reserve									63,434,057.49	(63,434,057.49)	
2. Distribution to owners (or shareholders)										(260,689,402.11)	(260,689,402.11)
3. Others											
(IV) Internal transfer of owners' equity											
1. Capitalization of capital reserves into capital (or share capital)											
2. Transfer of surplus reserves to capital (or share capital)											
3. Make up losses by surplus reserves											
4. Carry forward of retained earnings in respect of changes in defined benefit plans											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawals during the period											
2. Utilization during the period											
(VI) Others											
IV. Closing balance of the Period	1,570,418,085.00				1,065,703,468.04				850,018,726.34	4,269,840,895.53	7,755,981,174.91

(All amounts in RMB unless otherwise stated)

I. GENERAL INFORMATION

(I) Company Information and Registered Address

Tianjin Capital Environmental Protection Group Company Limited (the “Group”) was formerly Tianjin Bohai Chemical Industry (Group) Company Limited (“Bohai Chemical Industry”). Bohai Chemical Industry was established on 8 June 1993 in Tianjin, the People's Republic of China (the “PRC”). Shares (“H Shares”) were issued to foreign investors and listed on The Stock Exchange of Hong Kong Limited in May 1994; then shares (“A Shares”) were listed on the Shanghai Stock Exchange in June 1995. Due to significant losses, Bohai Chemical Industry completed a major equity and assets reorganisation and became Tianjin Capital Environmental Protection Group Company Limited at the end of 2000. As at 31 December 2025, the total share capital of the Group was RMB1,570,000,000 with a par value of RMB1 per share.

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

(II) Principal Business Activities

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

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

(All amounts in RMB unless otherwise stated)

I. GENERAL INFORMATION (Continued)

(II) Principal Business Activities (Continued)

1. Sewage Treatment Services

In accordance with the concession agreements signed with relevant institutions affiliated with various governments in China (the “Service Concession Right Agreements”), the Group engages in the processing of sewage through the following listed sewage treatment plants, obtaining sewage treatment service revenue at agreed prices. The unit price of sewage treatment service is adjusted periodically based on the contract terms according to changes in factors affecting water price costs.

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

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

(All amounts in RMB unless otherwise stated)

I. GENERAL INFORMATION (Continued)

(II) Principal Business Activities (Continued)

1. Sewage Treatment Services (Continued)

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

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

(All amounts in RMB unless otherwise stated)

I. GENERAL INFORMATION (Continued)

(II) Principal Business Activities (Continued)

2. Tap Water Supply

Pursuant to Service Concession Right Agreements, the Group provides tap water supply services through the following water plants at initially agreed prices, and the unit price of water supply service is adjusted periodically based on contract terms according to changes in factors affecting water price costs.

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

3. Recycled Water Services

The Group's recycled water business mainly includes the development, construction and operation of recycled water projects, production and sales of recycled water, and research, development and technical consultation services for recycled water treatment processes and equipment.

4. Heating and Cooling Supply Services

Pursuant to Service Concession Right Agreements, the Group provides heating and cooling supply services in the following areas, including design, construction, operation and transfer of centralised heating and cooling infrastructure projects.

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

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

I. GENERAL INFORMATION (Continued)

(II) Principal Business Activities (Continued)

5. *Hazardous Waste Treatment Services*

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

(III) Authorisation of Financial Statements and Approval Date

The financial statements of Tianjin Capital Environmental Protection Group Company Limited were approved for issue by the 5th Meeting of the 10th Session of the Board of Directors on 25 March 2026.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(I) Basis of Preparation

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

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

(II) Going Concern

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

The financial statements prepared by the Group are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position as at 31 December 2025, the operating results and cash flows for the year then ended, and other relevant information.

(II) Accounting Period

The Group's accounting year is the calendar year, i.e., from 1 January to 31 December.

(III) Operating Cycle

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

(IV) Recording Currency

The Group's recording currency is Renminbi (RMB). The recording currency of each subsidiary of the Group is determined based on the primary economic environment in which the subsidiary operates. Except for Tianjin Capital Environmental Protection (Hong Kong) Limited, whose recording currency is Hong Kong Dollars, all other subsidiaries use RMB as their recording currency. The financial statements are presented in RMB.

(V) Methodology and Basis for Determining Materiality Thresholds

1. *Materiality of Financial Statement Items*

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

2. Materiality of Disaggregated Disclosures in Notes

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

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

(VI) Business Combinations

1. Business Combinations Under Common Control

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VI) Business Combinations (Continued)

2. *Business Combinations Not Under Common Control*

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

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

1. *Criteria for Control*

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

2. *Methods for Preparing Consolidated Financial Statements*

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

(2) Elimination of intercompany transactions in consolidated financial statements

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

(3) Accounting treatment for subsidiaries acquired through business combinations

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

(4) Accounting treatment for disposal of subsidiaries

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VIII) Classification of Joint Arrangements and Accounting Treatment for Joint Operations

1. *Classification of Joint Arrangements*

Joint arrangements are classified as either joint operations or joint ventures. A joint arrangement that is not structured through a separate vehicle is classified as a joint operation. A separate vehicle refers to a separately identifiable financial structure, including a separate legal entity or a legally recognised entity without legal personality. A joint arrangement structured through a separate vehicle is generally classified as a joint venture. When changes in relevant facts and circumstances result in a change in the rights and obligations of the joint venture participant in the joint arrangement, the participant reassesses the classification of the joint arrangement.

2. *Accounting Treatment for Joint Operations*

Where the Group is a participant in a joint operation, it recognises the following items related to its interest in the joint operation and accounts for them in accordance with relevant accounting standards: recognises assets and liabilities held solely, and recognises assets and liabilities jointly held in proportion to its interest; recognises its share of revenue from the sale of its output from the joint operation; recognises its share of revenue from the sale of output by the joint operation; recognises expenses incurred solely, and recognises expenses incurred by the joint operation in proportion to its interest.

Where the Group is a participant that does not have joint control over a joint operation, if it has rights to the assets and obligations for the liabilities of the joint operation, it accounts for its interest in the joint operation in accordance with the provisions for participants in a joint operation; otherwise, it accounts for its interest in accordance with relevant accounting standards.

3. *Accounting Treatment for Joint Ventures*

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(IX) Definition of Cash and Cash Equivalents

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

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

1. *Translation of Foreign Currency Transactions*

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

2. *Translation of Foreign Currency Financial Statements*

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XI) Financial Instruments

1. *Classification, Recognition and Measurement of Financial Instruments*

(1) Financial Assets

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

- ① Financial assets measured at amortised cost. The business model for managing such financial assets is to collect contractual cash flows, and the contractual cash flows of such financial assets represent solely payments of principal and interest on the principal amount outstanding. Such financial assets are subsequently measured using the effective interest method to recognise interest income.
- ② Financial assets measured at fair value through other comprehensive income. The business model for managing such financial assets is both to collect contractual cash flows and to sell the financial assets, and the contractual cash flows of such financial assets represent solely payments of principal and interest on the principal amount outstanding. Such financial assets are subsequently measured at fair value, with changes in fair value recognised in other comprehensive income, except for interest income calculated using the effective interest method, impairment losses or gains, and exchange differences, which are recognised in profit or loss.
- ③ Financial assets measured at fair value through profit or loss. Financial assets not classified as measured at amortised cost or at fair value through other comprehensive income are measured at fair value, with gains or losses (including interest and dividend income) recognised in profit or loss. At initial recognition, if doing so eliminates or significantly reduces an accounting mismatch, a financial asset may be irrevocably designated as measured at fair value through profit or loss. Once designated, this classification cannot be revoked.

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XI) Financial Instruments (Continued)

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

(2) Financial Liabilities

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

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

For financial instruments with active markets, their fair value is determined based on quoted prices in active markets. For financial instruments without active markets, valuation techniques are used to determine their fair value. In limited circumstances, where recent information to determine fair value is insufficient, or where the range of possible fair value estimates is wide and cost represents the best estimate of fair value within that range, cost may be used as an appropriate estimate of fair value. The Group uses all available information about the investee's performance and operations obtained after the initial recognition date to judge whether cost can represent fair value.

3. *Derecognition of Financial Instruments*

A financial asset is derecognised when one of the following conditions is met: (1) the contractual right to receive the cash flows of the financial asset expires; (2) the financial asset has been transferred, and the transfer meets the derecognition criteria.

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

1. *Scope of Expected Credit Losses*

The Group applies the expected credit loss model to account for impairment of financial assets (including receivables, including notes receivable and accounts receivable), receivables financing, other receivables, long-term receivables (including amounts due within one year), and contract assets measured at amortised cost, and recognises provisions for impairment.

2. *Methods for Determining Expected Credit Losses*

The general method for expected credit losses means that the Group assesses at each balance sheet date whether the credit risk of the relevant financial instrument has increased significantly since initial recognition. The process of credit impairment of financial instruments is divided into three stages, with different accounting treatments applied to impairment for financial instruments at different stages: (1) Stage 1: The credit risk of the financial instrument has not increased significantly since initial recognition. The Group measures the loss allowance at an amount equal to the 12-month expected credit losses, and calculates interest income based on the gross carrying amount (i.e., before deducting the loss allowance) using the effective interest rate. (2) Stage 2: The credit risk of the financial instrument has increased significantly since initial recognition but no credit impairment has occurred. The Group measures the loss allowance at an amount equal to the lifetime expected credit losses, and calculates interest income based on the gross carrying amount using the effective interest rate. (3) Stage 3: Credit impairment has occurred since initial recognition. The Group measures the loss allowance at an amount equal to the lifetime expected credit losses, and calculates interest income based on the amortised cost (gross carrying amount less the loss allowance) using the effective interest rate.

The simplified method for expected credit losses means that the Group always measures the loss allowance at an amount equal to the lifetime expected credit losses.

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

3. Accounting Treatment for Expected Credit Losses

To reflect the changes in the credit risk of financial instruments since initial recognition, the Group remeasures the expected credit losses at each balance sheet date. The resulting increase or reversal of the loss allowance is recognised as an impairment loss or gain in profit or loss and, depending on the type of financial instrument, is deducted from the carrying amount of the financial asset presented in the balance sheet.

4. Methods for Measuring Bad Debt Provisions for Receivables

For receivables arising from transactions governed by Accounting Standards for Business Enterprises No. 14 - Revenue (whether or not they contain a significant financing component), the Group always applies the simplified method, i.e., measures the loss allowance at an amount equal to the lifetime expected credit losses.

The Group classifies receivables into several groups based on their credit risk characteristics and calculates expected credit losses on a group basis.

Group Category		Basis for Determination
Group 1:	Related parties within the consolidation scope (for company financial statements only)	Receivables from related parties within the consolidation scope
Group 2:	Bank acceptance notes	Banks with lower credit risk
Group 3:	Government clients	Government clients other than those affiliated with franchising authorities in provincial capital cities and municipalities directly under the central government, using the initial recognition point as the starting point for aging calculation
Group 4:	Other clients	Receivables from other clients, using the initial recognition point as the starting point for aging calculation

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

4. *Methods for Measuring Bad Debt Provisions for Receivables* (Continued)

The Group assesses expected credit losses on an individual basis for financial assets that are significant in amount and with substantially low credit risk, as well as for financial assets whose credit risk has significantly increased since initial recognition or for which credit impairment has been recognized. The credit risk characteristics of financial assets for which expected credit losses are calculated on an individual basis differ significantly from those of other financial assets in the same category.

5. *Methods for Measuring Loss Allowances for Other Financial Assets*

In addition to the aforementioned notes receivable and accounts receivable, at each balance sheet date, the Group measures the expected credit losses of financial instruments at different stages. For financial instruments whose credit risk has not increased significantly since initial recognition, they are in Stage 1, and the Group measures the loss provision based on the expected credit losses over the next 12 months. For financial instruments whose credit risk has increased significantly since initial recognition but have not yet resulted in credit impairment, they are in Stage 2, and the Group measures the loss provision based on the expected credit losses over the entire life of the instrument. For financial instruments that have experienced credit impairment since initial recognition, they are in Stage 3, and the Group measures the loss provision based on the expected credit losses over the entire life of the instrument.

For financial instruments with low credit risk at the balance sheet date, the Group assumes that their credit risk has not increased significantly since initial recognition and classifies them as Stage 1 financial instruments, measuring the loss allowance at an amount equal to the 12-month expected credit losses.

For financial instruments in Stage 1 and Stage 2, and those with low credit risk, the Group calculates interest income by applying the effective interest rate to the gross carrying amount (before deducting the loss allowance). For financial instruments in Stage 3, interest income is calculated based on the amortized cost after deducting impairment provisions from the carrying amount and the effective interest rate.

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

5. *Methods for Measuring Loss Allowances for Other Financial Assets* (Continued)

The Group classifies receivables other than the aforementioned notes receivable and accounts receivable into several groups based on their credit risk characteristics and calculates expected credit losses on a group basis.

The basis for determining the groups and the method of provision are as follows:

Group Category		Basis for Determination
Group 5:	Project deposits	Receivables from project deposits
Group 6:	Others	Other receivables other than VAT refunds and project deposits
Group 7:	Government grants	Government grants such as VAT refunds

(XIII) Inventories

1. *Classification of Inventories*

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

2. *Pricing Method for Issuing Inventories*

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

3. *Inventory Counting System*

The perpetual inventory system is used.

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

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIII) Inventories (Continued)

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

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

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

(XIV) Contract Assets and Contract Liabilities

1. *Contract Assets*

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

2. *Contract Liabilities*

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XV) Long-term Equity Investments

1. *Criteria for Joint Control and Significant Influence*

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

2. *Determination of Initial Investment Cost*

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

3. *Subsequent Measurement and Recognition of Related Profit and Loss*

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVI) Investment Properties

The Group's investment properties include land use rights held for rental, buildings held for rental, and land use rights held for appreciation and transfer after preparation. Investment properties are initially measured at cost and subsequently measured using the cost model.

For buildings held for rental among the Group's investment properties, depreciation is calculated using the straight-line method.

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

(XVII) Fixed Assets

1. Recognition Criteria for Fixed Assets

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

2. Depreciation of Fixed Assets

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVIII) Construction in Progress

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

(XIX) Borrowing Costs

1. Principles for Capitalisation of Borrowing Costs

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIX) Borrowing Costs (Continued)

2. *Calculation of Capitalised Amount*

The capitalisation period refers to the period from the date when borrowing costs begin to be capitalised to the date when capitalisation ceases, excluding the period during which capitalisation of borrowing costs is suspended. If construction or production activities are interrupted abnormally for more than three consecutive months, capitalisation of borrowing costs shall be suspended.

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

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

(XX) Intangible Assets

1. *Measurement of Intangible Assets*

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XX) Intangible Assets (Continued)

2. *Useful Life and Its Determination Basis, Estimation Circumstances, Amortisation Method, or Review Procedures*

Intangible assets with finite useful lives are amortised as shown in the table below. At the end of each year, the useful lives and amortisation methods of intangible assets are reviewed, and adjustments are made if there are differences from previous estimates. Intangible assets with indefinite useful lives are not amortised, but their useful lives are reviewed at the end of each year. If there is conclusive evidence that their useful lives are finite, their useful lives are estimated.

The useful life of intangible assets with finite useful lives, the basis for their determination, and their amortization methods are as follows:

(1) Concession Rights

The Group engages in the development, financing, operation and maintenance of public service facilities (the “Concession Services”) for a specified period (the “Concession Period”) as authorised by the government or its authorised agencies. The Group receives compensation for providing concession services by operating these facilities on behalf of the government authority in accordance with the terms of the cooperation agreements and transfers the facilities to the government or its authorised agencies at the end of the concession period.

The Service Concession Right Agreements set out the implementation standards and price adjustment mechanisms for the concession services to be performed by the Group, which satisfy the dual control and dual characteristics of Interpretation No. 14 of Accounting Standards for Business Enterprises (“Interpretation No. 14”). Therefore, assets under the concession arrangement (“Concession Project Assets”) should be recognised as intangible assets or financial assets in accordance with the contract terms. According to the Service Concession Right Agreements, the Group has the right to charge fees from the recipients of services during the concession period, but the amount of fees charged is not certain. This right does not constitute an unconditional right to receive cash. When the Concession Project Assets reach their intended usable condition, the amount of consideration for the relevant Concession Project Assets or the recognised construction revenue amount is recognised as intangible assets. During the concession period, if the conditions for the right to receive a determinable amount of cash (or other financial assets) are met, the right is recognised as a receivable when the Group has the right to receive the consideration (a right that depends only on the passage of time). When the Concession Project Assets reach their intended usable condition, the Group recognises the amount by which the consideration for the relevant Concession Project Assets or the recognised construction revenue amount exceeds the amount entitled to receive as a determinable amount of cash as intangible assets. Amortisation is over 20 to 30 years on a straight-line basis during the concession period.

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XX) Intangible Assets (Continued)

2. *Useful Life and Its Determination Basis, Estimation Circumstances, Amortisation Method, or Review Procedures* (Continued)

(2) Land Use Rights

Land use rights are amortised on a straight-line basis over their approved useful lives of 25 and 50 years, respectively. If the cost of purchased land and buildings cannot be reasonably allocated between the land use rights and the buildings, the entire cost is recognised as fixed assets.

(3) Patented Technology and Software

Separately acquired patented technology and software are stated at historical cost. Patented technology and software have finite useful lives and are stated at cost less accumulated amortisation. The cost of patented technology and software is amortised on a straight-line basis over their estimated useful lives.

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XX) Intangible Assets (Continued)

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

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

Expenditures during the research phase of internal research and development projects are recognised as expenses when incurred. Expenditures during the development phase that meet the criteria for recognition as intangible assets are capitalised as intangible assets. Expenditures for the planned investigation, evaluation and selection phase for the study of environmental protection equipment production processes are research phase expenditures, which are recognised as expenses when incurred. Expenditures for the design and testing phase for the final application of environmental protection equipment production processes prior to mass production are development phase expenditures.

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

- (1) The development of the environmental protection equipment production process has been fully demonstrated by the technical team;
- (2) Management has approved the budget for environmental protection equipment production process development;
- (3) Preliminary market research analysis indicates that products produced by the environmental protection equipment production process have market promotion capability;
- (4) There is sufficient technical and financial support to carry out process development and large-scale production of environmental protection equipment;
- (5) Expenditures on environmental protection equipment production process development can be reliably accumulated.

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXI) Long-term deferred expenses

Long-term deferred expenses of the Group are expenses that have been paid but whose benefit period is more than one year (excluding one year). Long-term deferred expenses are amortized over the benefit period of the expense item. If a long-term deferred expense item cannot benefit future accounting periods, the remaining value of the item that has not yet been amortized will be transferred to the current period's profit or loss.

(XXII) Impairment of long-term assets

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

The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flows expected to be derived from the asset. Asset impairment provisions are determined and recognised on an individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs is determined. An asset group is the smallest group of assets that generates cash inflows independently.

Goodwill separately presented in the financial statements is tested for impairment at least annually, regardless of whether there is any indication of impairment. When testing for impairment, the carrying amount of goodwill is allocated to the asset groups or groups of asset groups expected to benefit from the synergies of the business combination. If the test result indicates that the recoverable amount of an asset group or group of asset groups containing allocated goodwill is lower than its carrying amount, a corresponding impairment loss is recognised. The impairment loss is first allocated to reduce the carrying amount of the goodwill allocated to the asset group or group of asset groups, and then to reduce the carrying amounts of other assets within the asset group or group of asset groups in proportion to their carrying amounts.

Once the above asset impairment losses are recognised, they are not reversed in subsequent periods if the value recovers.

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Employee Benefits

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

1. *Accounting Method for Short-term Employee Benefits*

In the accounting period in which employees provide services to the Group, the actual short-term employee benefits incurred are recognised as a liability and charged to profit or loss for the current period, unless accounting standards require or permit inclusion in asset costs. Employee welfare expenses incurred by the Group are recognised in profit or loss or asset costs at the actual amount incurred when incurred. If employee welfare expenses are non-monetary, they are measured at fair value. Social insurance contributions such as medical insurance, work injury insurance, and maternity insurance, as well as housing fund contributions made by the Group for employees, and trade union funds and employee education funds withdrawn in accordance with regulations, are determined based on the prescribed contribution bases and rates in the accounting period in which employees provide services. The corresponding employee compensation liabilities are recognised and charged to profit or loss or asset costs.

2. *Accounting Method for Post-employment Benefits*

In the accounting period in which employees provide services, the amount payable under defined contribution plans as calculated is recognised as a liability and charged to profit or loss or asset costs. The benefit obligation arising from a defined benefit plan is attributed to the periods in which employees provide services using the projected unit credit method and charged to profit or loss or asset costs. The Group's post-employment benefits mainly consist of basic pension insurance and unemployment insurance paid for by employees, both of which are defined contribution plans.

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Employee Benefits (Continued)

2. *Accounting Method for Post-employment Benefits* (Continued)

Retirement Benefit Schemes

In accordance with relevant PRC regulations, the Group's employees are members of government-administered retirement benefit schemes. Accordingly, the Group is required to make contributions to the schemes based on a certain percentage of employees' basic salaries to fund retirement benefits. Local municipal governments have committed to assuming the retirement benefit obligations for all current and future retired employees of the Group. The Group's sole responsibility regarding the scheme is to make the required contributions to the scheme on an ongoing basis. For the year ended 31 December 2025, the total expense recognized in the consolidated statement of profit or loss and other comprehensive income was approximately RMB59,282,620.44 (2024: RMB57,613,064.80).

3. *Accounting Method for Termination Benefits*

When the Group provides termination benefits to employees, the employee compensation liability arising from the termination benefits is recognised on the earlier of the following dates: when the Group cannot unilaterally withdraw the termination benefits offered under a redundancy plan or redundancy proposal; or when the Group recognises costs or expenses related to a restructuring involving the payment of termination benefits. The recognised amount is charged to profit or loss for the current period.

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIV) Prospective Liabilities

When an obligation related to a contingency is a present obligation of the Company, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably measured, the obligation is recognised as a prospective liability. The Group initially measures the prospective liability at the best estimate of the expenditure required to settle the present obligation. If a continuous range of possible expenditure exists and the probability of each possible outcome within that range is the same, the best estimate is the midpoint of the range. If the obligation involves multiple items, the best estimate is calculated based on the various possible outcomes and their related probabilities.

The carrying amount of prospective liabilities should be reviewed at each balance sheet date. If there is conclusive evidence that the carrying amount does not reflect the current best estimate, it should be adjusted to the current best estimate.

(XXV) Share-based Payments

The Group's share-based payments are transactions in which equity instruments are granted or liabilities based on equity instruments are incurred to obtain employee services. The Group's share-based payments are equity-settled share-based payments.

1. *Equity-settled Share-based Payments*

Equity-settled share-based payments granted to employees

For equity-settled share-based payments granted to employees in exchange for employee services, the Group measures the equity instruments granted at fair value at the grant date. If there is an active market, the fair value is determined based on quoted prices in the active market. If there is no active market, valuation techniques are used, including reference to recent market transactions between knowledgeable and willing parties, the current fair value of other substantially identical financial instruments, discounted cash flow methods, and option pricing models. The fair value amount is recognised in relevant costs or expenses on a straight-line basis over the vesting period based on the best estimate of the number of equity instruments expected to become exercisable. If the grant vests immediately, the fair value amount is recognised in costs or expenses at the grant date, with a corresponding increase in capital reserve.

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXV) Share-based Payments(Continued)

1. *Equity-settled Share-based Payments* (Continued)

Equity-settled share-based payments granted to employees (Continued)

At each balance sheet date during the vesting period, the Group revises the estimated number of equity instruments expected to become exercisable based on subsequent information such as changes in the number of employees eligible to exercise. The effect of the revised estimate is recognised in relevant costs or expenses for the current period, with a corresponding adjustment to capital reserve.

2. *Accounting Treatment for Modification, Revision, or Cancellation of Share-based Payment Plans*

When the Group modifies a share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in the fair value of the equity instruments is recognised as a corresponding increase in the cost of services received. If the modification increases the number of equity instruments granted, the fair value of the additional equity instruments is recognised as a corresponding increase in the cost of services received. The increase in fair value of the equity instruments is the difference between the fair value of the equity instruments before and after the modification at the modification date. If the modification reduces the total fair value of the share-based payment or modifies the terms and conditions of the share-based payment plan in a manner unfavourable to employees, the Group continues to account for the services received as if the modification had not occurred, unless the Group cancels some or all of the equity instruments granted.

During the vesting period, if granted equity instruments are cancelled, the Group accounts for the cancellation as an acceleration of vesting, recognising immediately the amount that would otherwise have been recognised over the remaining vesting period in profit or loss, with a corresponding adjustment to capital reserve. If employees or other parties can choose to meet non-vesting conditions but fail to do so during the vesting period, the Group accounts for the cancellation as a cancellation of granted equity instruments.

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVI) Revenue

The Group recognises revenue when it satisfies a performance obligation by transferring control of a promised good or service to a customer. Control of a good or service refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the good or service. A performance obligation is a promise in a contract with a customer to transfer a good or service that is distinct. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to customers.

Whether a performance obligation is satisfied over time or at a point in time depends on the contract terms and relevant laws and regulations. If the performance obligation is satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. Otherwise, the Group recognises revenue at the point in time when the customer obtains control of the good or service.

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

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

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

2. *Revenue from construction of the concession project assets*

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

3. *Revenue from supply of tap water and recycled water*

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVI) Revenue (Continued)

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

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

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVI) Revenue (Continued)

5. *Revenue from provision of environmental protection equipment customisation services*

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

6. *Revenue from hazardous waste treatment*

The Group provides incineration or landfill treatment services for hazardous waste and general solid waste. The service period for this business is relatively short, so the Group recognises revenue when the hazardous waste treatment service is completed, based on the actual waste treatment volume confirmed by both parties and the unit price agreed in the contract.

7. *Revenue from contract operation*

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

8. *Technical service income*

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Contract Costs

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

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

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

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

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Contract Costs (Continued)

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

(XXVIII) Government Grants

1. *Types and Accounting Treatment of Government Grants*

Government grants are monetary or non-monetary assets received by the Group from the government without consideration (excluding capital contributions from the government as an owner). Government grants measured as monetary assets are measured at the amount received or receivable. Government grants measured as non-monetary assets are measured at fair value. If fair value cannot be reliably obtained, they are measured at nominal amount.

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

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

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVIII) Government Grants (Continued)

1. *Types and Accounting Treatment of Government Grants* (Continued)

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

2. *Timing of Recognition of Government Grants*

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

(XXIX) Deferred Tax Assets and Deferred Tax Liabilities

1. *Recognition of Deferred Tax*

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

2. *Measurement of Deferred Tax*

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIX) Deferred Tax Assets and Deferred Tax Liabilities (Continued)

2. *Measurement of Deferred Tax* (Continued)

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

3. *Basis for netting of deferred tax assets and liabilities*

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

(XXX) Leases

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

1. *Lessee Accounting*

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXX) Leases (Continued)

1. Lessee Accounting (Continued)

(1) Right-of-Use Assets

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

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

(2) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments not paid at the lease commencement date. Lease payments include fixed payments and amounts payable if a purchase option or termination option is reasonably certain to be exercised. Variable lease payments not included in the measurement of lease liabilities are recognised in profit or loss when incurred.

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXX) Leases (Continued)

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

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

3. *Classification criteria and accounting method for leases as a lessor*

At the lease commencement date, the Group classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. Otherwise, the lease is classified as an operating lease.

(1) Accounting Treatment for Operating Leases

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

(2) Accounting Treatment for Finance Leases

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

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXI) Other Significant Accounting Policies and Accounting Estimates

1. *Key Judgements in Applying Accounting Policies*

(1) Judgement of Non-monetary Asset Exchanges Lacking Commercial Substance

A non-monetary asset exchange has commercial substance if it meets one of the following conditions: (a) the future cash flows of the asset received differ significantly from those of the asset given up in terms of risk, timing, or amount; or (b) the present value of estimated future cash flows from the use of the asset received differs from that from the continued use of the asset given up, and the difference is material relative to the fair value of the assets exchanged.

The relocation of the Group's Xianyang Road Sewage Treatment Plant in Xiqing District, Tianjin and Dongjiao Sewage Treatment Plant in Dongli District, Tianjin, and the associated recycled water plants, as well as the non-monetary asset exchange arrangements, were carried out under the instruction of the Tianjin Municipal Government. The assets received and given up are of the same type, and the risks and rewards assumed or obtained by the Group have not changed significantly. Therefore, the non-monetary asset exchange lacks commercial substance.

2. *Significant Accounting Estimates and Key Assumptions*

The following significant accounting estimates and key assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year:

(1) Measurement of ECL

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXI) Other Significant Accounting Policies and Accounting Estimates (Continued)

2. *Significant Accounting Estimates and Key Assumptions* (Continued)

(2) Income Tax and Deferred Income Tax

The Group is subject to enterprise income tax in numerous jurisdictions. In the normal course of business, the ultimate tax determination of some transactions and events is uncertain. In determining the income tax expense for each jurisdiction, the Group is required to make significant judgments. If the final determination of these tax matters differs from the amounts initially recorded, the difference will affect the income tax expense and deferred tax amounts in the period in which the final determination is made.

Some subsidiaries of the Group are recognised as High and New Technology Enterprises. The qualification as a High and New Technology Enterprise is valid for three years. Upon expiration, a new application must be submitted to the relevant government authorities for recognition. Based on historical experience of re-recognition after the expiration of High and New Technology Enterprise status in previous years and the actual circumstances of these subsidiaries, the Group believes that these subsidiaries will continue to obtain High and New Technology Enterprise status in future years and therefore calculates their deferred tax at the preferential tax rate of 15%. If some subsidiaries fail to obtain re-recognition after their High and New Technology Enterprise status expires, they will be subject to the statutory tax rate of 25%, which will affect the recognised deferred tax assets, deferred tax liabilities, and income tax expense.

For deductible losses that can be carried forward to future years, the Group recognises corresponding deferred tax assets to the extent that it is probable that future taxable profit will be available against which the deductible losses can be utilised. Future taxable profit includes taxable profit that can be generated through the Group's normal production and operating activities, as well as the increase in taxable profit from the reversal of taxable temporary differences arising in previous periods in future periods. The Group needs to apply estimates and judgements in determining the timing and amount of future taxable profits. If actual circumstances differ from estimates, adjustments may be made to the carrying amount of deferred tax assets.

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

(All amounts in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXI) Other Significant Accounting Policies and Accounting Estimates (Continued)

2. *Significant Accounting Estimates and Key Assumptions* (Continued)

(3) Impairment of Long-term Assets

The Group assesses at each balance sheet date whether there are any indications that an asset may be impaired. The Group considers an asset to have indications of impairment when the market price of the asset has declined significantly more than would be expected due to the passage of time or normal use, or when there have been significant adverse changes in the economic, technical, or legal environment in which the Group operates, or when market interest rates or other market rates of return have increased, affecting the discount rate used to calculate the present value of future cash flows, or when the asset has become obsolete or physically damaged or has become idle. At each balance sheet date, the Group evaluates the recoverable amount of long-term assets that have indications of impairment. The assessment of recoverable amount requires the Group to make estimates of future cash flows. When accounting estimates change, the carrying amount of long-term assets and the amount of asset impairment losses recognised also change. Once a long-term asset impairment loss is recognised, it cannot be reversed.

(XXXII) Changes in Significant Accounting Policies and Accounting Estimates

1. *Significant Changes in Accounting Policies*

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

2. *Significant Changes in Accounting Estimates*

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

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

IV. TAXATION

(1) Main Tax Categories and Rates

Category	Tax Base	Tax Rate
Enterprise income tax	Taxable income	15%, 20%, 25%
Value-added tax ("VAT")	The output tax amount calculated based on sales and applicable tax rates, net of deductible input tax	3%-13%
City maintenance and construction tax	Actual VAT paid	5%, 7%
Education fund surcharge	Actual VAT paid	3%
Local education surcharge	Actual VAT paid	2%

Entity	Enterprise Income Tax Rate (%)
Tianjin Capital Environmental Protection Group Company Limited	15.00
Tianjin Caring Technology Development Co., Ltd.	15.00
Hangzhou Tianchuang Capital Water Co., Ltd.	15.00
Karamay Tianchuang Water Co., Ltd.	15.00
Inner Mongolia Bayannur Capital Water Co., Ltd.	15.00
Dalian Oriental Chunliuhe Water Quality Purification Co., Ltd.	15.00
Jiuquan Capital Water Co., Ltd.	15.00
Honghu Capital Water Co., Ltd.	15.00
Chibi Capital Water Co., Ltd.	15.00
Xianning Capital Water Co., Ltd.	15.00
Hefei Capital Water Co., Ltd.	15.00
Linxia Capital Water Co., Ltd.	15.00
Honghu Tianchuang Water Co., Ltd.	15.00
Wendeng Capital Water Co., Ltd.	15.00
Fuyang Capital Water Co., Ltd.	15.00
Guizhou Capital Water Co., Ltd.	15.00
Xi'an Capital Water Co., Ltd.	15.00

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

(All amounts in RMB unless otherwise stated)

IV. TAXATION (Continued)

(2) Significant Tax Incentives and Approvals

1. Pursuant to the Enterprise Income Tax Law, income from investments in and operation of state-key-supported public infrastructure projects, and income from qualified environmental protection, energy and water conservation projects, is exempt from enterprise income tax for the first three years from the tax year in which the first operating income is derived, and is subject to a 50% reduction for the next three years. As at 31 December 2025, the following subsidiaries of the Group qualify for these enterprise income tax incentives:

Subsidiaries in the 1st year of the incentive period (exemption): Huoqiu Chuanghuan Water Co., Ltd.

Subsidiaries in the 2nd year of the incentive period (exemption): Tianjin Tianchuang Green New Energy Investment Management Co., Ltd., Honghu Tianchuang Environmental Protection Co., Ltd., Weng'an Capital Water Co., Ltd., Yingshang Capital Water Co., Ltd. (Phase II contract operation project), and Jieshou Capital Water Co., Ltd. (Ruiqi contract operation and Zhongsen contract operation projects)

Subsidiaries in the 3rd year of the incentive period (exemption): Shandong Capital Environmental Service Co., Ltd., Karamay Capital Water Co., Ltd., Enshi Capital Water Co., Ltd., and Hanshan Chuanghuan Water Co., Ltd. (upgrading project)

Subsidiaries in the 4th year of the incentive period (50% reduction): Huoqiu Capital Water Co., Ltd., Shibinggui Capital Water Co., Ltd., and Jieshou Capital Water Co., Ltd. (Yingnan sewage treatment and Tianying sewage treatment projects)

Subsidiaries in the 5th year of the incentive period (50% reduction): Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd., Huize Capital Water Co., Ltd., and Xi'an Capital Water Co., Ltd. (sewage business upgrading project)

Subsidiaries in the 6th year of the incentive period (50% reduction): Hebei Guojin Tianchuang Sewage Treatment Co., Ltd., Jieshou Capital Water Co., Ltd. (township sewage treatment and Jinzhai sewage treatment projects), Chibi Capital Water Co., Ltd. (upgrading project), and Shandong Tanchuang Environmental Protection Technology Development Co., Ltd.

(All amounts in RMB unless otherwise stated)

IV. TAXATION (Continued)

(2) Significant Tax Incentives and Approvals (Continued)

2. Tianjin Caring Technology Development Co., Ltd., a subsidiary of the Group, obtained the High and New Technology Enterprise Certificate (Certificate No. GR202412000519) issued by the Tianjin Science and Technology Bureau, Tianjin Finance Bureau, and the Tianjin Municipal Tax Service of the State Taxation Administration in 2024. The certificate is valid for three years, and therefore the applicable enterprise income tax rate for the current year is 15%.
3. From 1 January 2019 to 31 December 2021, according to the Policy on Enterprise income tax for Third-party Enterprises Engaged in Pollution Prevention and Control (Announcement No. 60 of 2019 by the Ministry of Finance, State Taxation Administration, National Development and Reform Commission, and Ministry of Ecology and Environment), enterprises filing required documents are subject to enterprise income tax at a reduced rate of 15%. On 24 August 2023, the State Taxation Administration issued the Announcement on Extending the Implementation Period of the Preferential Tax Policy for Third-party Enterprises Engaged in Pollution Prevention and Control (Announcement No. 38 of 2023 by the Ministry of Finance, State Taxation Administration, National Development and Reform Commission, and Ministry of Ecology and Environment), extending the implementation period of the tax incentive policy specified in Announcement No. 60 of 2019 to 31 December 2027. The following entities under the Group meet the relevant requirements and are subject to a enterprise income tax rate of 15% for the current year: Tianjin Capital Environmental Protection Group Company Limited, Hangzhou Tianchuang Capital Water Co., Ltd., Dalian Oriental Chunliuhe Water Quality Purification Co., Ltd., Honghu Capital Water Co., Ltd., Chibi Capital Water Co., Ltd., Xianning Capital Water Co., Ltd., Honghu Tianchuang Water Co., Ltd., Hefei Capital Water Co., Ltd., Wendeng Capital Water Co., Ltd., and Fuyang Capital Water Co., Ltd.
4. According to the Announcement on Continuing the Enterprise Income Tax Policy for the Western Development (Announcement No. 23 of 2020 by the Ministry of Finance, State Taxation Administration, and National Development and Reform Commission), from 1 January 2021 to 31 December 2030, enterprises engaged in encouraged industries in the western region are subject to enterprise income tax at a reduced rate of 15%. The following subsidiaries of the Group meet the relevant requirements and are subject to a enterprise income tax rate of 15% for the current year: Karamay Tianchuang Water Co., Ltd., Inner Mongolia Bayannur Capital Water Co., Ltd., Jiuquan Capital Water Co., Ltd., Guizhou Capital Water Co., Ltd., Xi'an Capital Water Co., Ltd. (excluding the sewage business upgrading project), and Linxia Capital Water Co., Ltd.

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

(All amounts in RMB unless otherwise stated)

IV. TAXATION (Continued)

(2) Significant Tax Incentives and Approvals (Continued)

5. According to Article 3 of the Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households with Tax Policies (Announcement No. 12 of 2023 by the Ministry of Finance and State Taxation Administration), small and micro enterprises are subject to enterprise income tax at a reduced rate of 20% based on 25% of their taxable income. This policy is extended to 31 December 2027. The following subsidiaries of the Group qualify as small and micro enterprises and are eligible for this tax incentive: Tianjin Capital New Materials Co., Ltd., Hanshan Capital Water Co., Ltd., Xi'an Capital Environmental Testing Co., Ltd., and Huize Chuanghuan Water Co., Ltd.
6. According to the Announcement on Improving the VAT Policy for Comprehensive Utilisation of Resources (Announcement No. 40 of 2021 by the Ministry of Finance and State Taxation Administration) and related regulations, enterprises engaged in “sewage treatment services” and “recycled water business” projects listed in the Catalogue of Preferential VAT Products and Services for Comprehensive Utilisation of Resources are eligible for either a 70% VAT refund (i.e., refund of 70% of VAT paid) or an exemption from VAT. Once selected, the policy cannot be changed for 36 months. Pursuant to the above, the following entities of the Group enjoy the VAT exemption policy: Tianjin Capital Environmental Protection Group Company Limited, Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd., Hebei Guojin Tianchuang Sewage Treatment Co., Ltd., Hefei Capital Water Co., Ltd., Anhui Tianchuang Water Co., Ltd., Hangzhou Tianchuang Capital Water Co., Ltd., Deqing Chuanghuan Water Co., Ltd., Qujing Capital Water Co., Ltd., Guizhou Capital Water Co., Ltd., Inner Mongolia Bayannur Capital Water Co., Ltd., Karamay Capital Water Co., Ltd., Huoqiu Capital Water Co., Ltd., Huoqiu Chuanghuan Water Co., Ltd., Hanshan Capital Water Co., Ltd., Hanshan Chuanghuan Water Co., Ltd., Weng'an Capital Water Co., Ltd., Huize Capital Water Co., Ltd., and Huize Chuanghuan Water Co., Ltd. Other subsidiaries pay VAT and receive a 70% immediate refund.
7. According to the Announcement on Continuing the Preferential Tax Policies for Rural Drinking Water Safety Projects (Announcement No. 58 of 2023 by the Ministry of Finance and State Taxation Administration), sales revenue from tap water provided to rural residents by drinking water project operating entities is exempt from VAT. This tax incentive policy is effective until 31 December 2027. Hanshou Tianchuang Water Co., Ltd., a subsidiary of the Group, qualifies for this tax incentive for sales revenue from tap water provided to rural residents as part of its tap water supply business.

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

IV. TAXATION (Continued)

(2) Significant Tax Incentives and Approvals (Continued)

8. According to Cai Shui [2008] No. 47, from 1 January 2008, revenue from products that meet national or industry standards is reduced by 10% when calculating taxable income (i.e., 90% of revenue is included in taxable income). The recycled water business revenue of Tianjin Water Recycling Co., Ltd., a subsidiary of the Group, and the recycled water business revenue of Inner Mongolia Bayannur Capital Water Co., Ltd. are calculated at 90% for taxable income.
9. According to the Announcement on Extending the Implementation Period of Preferential Tax Policies for Heating Enterprises (Announcement No. 56 of 2023 by the Ministry of Finance and State Taxation Administration), heating fees collected from residents are exempt from VAT, while heating fees from commercial buildings are subject to VAT at a rate of 9%. The Junliangcheng Branch of Tianjin Tianchuang Shengcheng New Energy Co., Ltd., a subsidiary of the Group, qualifies for this tax incentive.

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(I) Cash at bank and on hand

Item	Closing Balance	Opening Balance
Cash at bank	4,643,174,425.03	2,665,499,259.40
Other cash balances	74,532,491.86	91,492,762.29
Total	<u>4,717,706,916.89</u>	<u>2,756,992,021.69</u>
Including: Total overseas bank deposits		<u>8,684,249.85</u>

Cash presented in the cash flow statement includes:

Item	Closing Balance	Opening Balance
Cash at bank and on hand	4,717,706,916.89	2,756,992,021.69
Less: Restricted cash at bank	<u>74,532,491.86</u>	<u>91,492,762.29</u>
Cash in the cash flow statement	<u>4,643,174,425.03</u>	<u>2,665,499,259.40</u>

Note: The restricted cash at bank represents the deposit for the purpose of applying for unconditional, irrevocable bank letters of guarantee.

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(II) Notes Receivable

1. Classification of Notes Receivable

Item	Closing Balance	Opening Balance
Bank acceptance notes	30,743,964.58	34,433,958.06
Commercial acceptance notes	600,000.00	
Subtotal	31,343,964.58	34,433,958.06
Less: Provision for bad debts		
Total	31,343,964.58	34,433,958.06

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

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance notes	5,743,895.58	21,723,762.04
Commercial acceptance notes		
Total	5,743,895.58	21,723,762.04

(III) Accounts Receivable

1. Aging analysis by the date of record

Aging	Closing Balance	Opening Balance
Within 1 year (inclusive)	2,654,231,039.87	2,876,855,205.22
1 to 2 years	1,080,435,935.19	524,529,137.11
2 to 3 years	272,823,256.05	320,554,753.89
3 to 4 years	213,766,061.52	154,525,776.44
4 to 5 years	94,165,099.46	67,267,660.04
Over 5 years	42,329,509.19	40,946,976.94
Subtotal	4,357,750,901.28	3,984,679,509.64
Less: Provision for bad debts	438,801,147.44	394,853,174.49
Total	3,918,949,753.84	3,589,826,335.15

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts Receivable (Continued)

2. Disclosure by category of bad debt provision method

Category	Gross carrying amount		Closing Balance Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable individually assessed for bad debt provisions	1,657,473,398.03	38.04	208,014,836.46	12.55	1,449,458,561.57
Accounts receivable assessed for bad debt provisions in groups	2,700,277,503.25	61.96	230,786,310.98	8.55	2,469,491,192.27
Including: Group 3: Government clients	2,179,137,627.13	50.01	196,127,965.83	9.00	1,983,009,661.30
Group 4: Other clients	521,139,876.12	11.95	34,658,345.15	6.65	486,481,530.97
Total	4,357,750,901.28	100.00	438,801,147.44	10.07	3,918,949,753.84

Category	Gross carrying amount		Opening Balance Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable individually assessed for bad debt provisions	1,659,206,468.20	41.64	235,241,053.00	14.18	1,423,965,415.20
Accounts receivable assessed for bad debt provisions in groups	2,325,473,041.44	58.36	159,612,121.49	6.86	2,165,860,919.95
Including: Group 3: Government clients	1,795,727,584.06	45.07	139,375,430.99	7.76	1,656,352,153.07
Group 4: Other clients	529,745,457.38	13.29	20,236,690.50	3.82	509,508,766.88
Total	3,984,679,509.64	100.00	394,853,174.49	9.91	3,589,826,335.15

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts Receivable (Continued)

2. Disclosure by category of bad debt provision method (Continued)

(1) Significant provision for bad debts on an individual basis

Name of entities	Gross carrying amount	Closing balance		Basis
		Provision for bad debts	Provision Percentage (%)	
Tianjin Water Affairs Bureau	984,860,090.20	1,772,748.16	0.18	Note 1
Xi'an Water Affairs Bureau	253,282,284.73	455,908.11	0.18	Note 1
Guiyang Water Affairs Bureau	37,504,556.30	251,280.53	0.67	Note 1
Hangzhou City Water Facilities and River Protection Management Centre	30,575,919.21	12,230.36	0.04	Note 1
Qijing Sewage Company	236,873,232.67	105,215,812.29	44.42	Note 2
Jinghai Development Area Management Committee	50,898,467.84	43,569,088.47	85.60	Note 3
Tianjin City Appearance Sanitation Construction Development Co., Ltd.	18,539,819.98	11,798,741.44	63.64	Note 4
Tianjin Ziya Environmental Protection Industrial Park Co., Ltd.	16,246,967.98	16,246,967.98	100.00	Note 5
Tianjin Shuangkou Municipal Solid Waste Landfill	4,510,390.57	4,510,390.57	100.00	Note 5
Urad Front Banner Finance Bureau	10,927,820.80	10,927,820.80	100.00	Note 6
Urad Rear Banner Finance Bureau	10,391,803.00	10,391,803.00	100.00	Note 6
Bayannur Zijin Non-ferrous Metal Co., Ltd.	1,314,448.75	1,314,448.75	100.00	Note 7
Tianjin Goldin International Club Co., Ltd.	1,547,596.00	1,547,596.00	100.00	Note 8
Total	1,657,473,398.03	208,014,836.46	12.55	

Description:

Note 1: The Group's receivables from Tianjin Water Affairs Bureau, Xi'an Water Affairs Bureau, Guiyang Water Affairs Bureau, and Hangzhou City Water Facilities and River Protection Management Centre have a lower credit risk because these customers are provincial or municipal governments. Even if there are adverse changes in the economic situation and operating environment over a relatively long period, their ability to perform their contractual obligations may not necessarily be impaired. Based on historical experience, the Group has maintained continuous collection and has never actually incurred any bad debt losses. The Group estimates that the lifetime expected credit loss rate for these receivables is between 0.04% and 0.67%.

Note 2: The Group's receivables from Qijing Sewage Company consist of sewage treatment fees and tap water supply fees. The repayment period for these receivables is longer than that for general government clients, indicating higher credit risk. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime expected credit loss rate is 44.42%.

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts Receivable (Continued)

2. Disclosure by category of bad debt provision method (Continued)

(1) Significant provision for bad debts on an individual basis (Continued)

Description: (Continued)

Note 3: The receivables of the Group's subsidiary, Jinghai Capital Water Co., Ltd., from the Jinghai Development Area Management Committee are sewage treatment fees. Their repayment period is far longer than that for general government clients, indicating higher credit risk. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime expected credit loss rate is 85.60%.

Note 4: The Group's receivables from Tianjin City Appearance Sanitation Construction Development Co., Ltd. are technical service fees. Their repayment period is longer than that for general government clients, indicating higher credit risk. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime expected credit loss rate is 63.64%.

Note 5: The Group's receivables from Tianjin Ziya Environmental Protection Industrial Park Co., Ltd. are contract operation fees, and its receivables from Tianjin Shuangkou Municipal Solid Waste Landfill are technical service fees. These entities had no transactions with the Group during the year, and the receivables from them are under higher credit risk. Considering factors such as the debtors' actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime expected credit loss rate is 100%.

Note 6: The Group's receivables from Urad Front Banner Finance Bureau and Urad Rear Banner Finance Bureau are sewage treatment service income receivables. Their repayment period is far longer than that for general government clients, indicating higher credit risk. Considering factors such as the debtors' actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime expected credit loss rate is 100%.

Note 7: The Group's receivables from Bayannur Zijin Non-ferrous Metals Co., Ltd. are tap water supply fees. Considering that there have been litigation disputes with the debtor in the past, and the repayment period is longer than that for general clients, the credit risk is higher. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime expected credit loss rate is 100%.

Note 8: The Group's receivables from Tianjin Goldin International Club Co., Ltd. are recycled water supply fees. This entity had no transactions with the Group's subsidiary, Tianjin Water Recycling Co., Ltd., during the year. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime expected credit loss rate is 100%.

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts Receivable (Continued)

2. Disclosure by category of bad debt provision method (Continued)

(1) Significant provision for bad debts on an individual basis (Continued)

Name of entities	Gross carrying amount	Opening balance		Basis
		Provision for bad debts	Provision Percentage (%)	
Tianjin Water Affairs Bureau	977,863,262.25	1,760,191.29	0.18	Note 1
Xi'an Water Affairs Bureau	175,312,156.86	315,561.88	0.18	Note 1
Guiyang Water Affairs Bureau	27,068,285.55	181,357.51	0.67	Note 1
Hangzhou City Water Facilities and River Protection Management Centre	25,182,519.23	10,073.01	0.04	Note 1
Hangzhou Drainage Co., Ltd.	10,383,118.33	4,153.25	0.04	Note 1
Qijing Sewage Company	228,995,499.72	72,496,331.63	31.66	Note 2
Tianjin City Infrastructure Construction and Investment Group Co., Ltd.	93,396,885.54	53,253,772.88	57.02	Note 3
Jinghai Development Area Management Committee	48,462,518.24	41,483,915.61	85.60	Note 4
Tianjin City Appearance Sanitation Construction Development Co., Ltd.	18,719,819.98	11,913,293.44	63.64	Note 5
Tianjin Ziya Environmental Protection Industrial Park Co., Ltd.	16,746,967.98	16,746,967.98	100.00	Note 6
Tianjin Shuangkou Municipal Solid Waste Landfill	14,208,214.72	14,208,214.72	100.00	Note 6
Urad Front Banner Finance Bureau	10,927,820.80	10,927,820.80	100.00	Note 7
Urad Rear Banner Finance Bureau	10,391,803.00	10,391,803.00	100.00	Note 7
Tianjin Goldin International Club Co., Ltd.	1,547,596.00	1,547,596.00	100.00	Note 8
Total	1,659,206,468.20	235,241,053.00	14.18	

Description:

Note 1: The Group's receivables from Tianjin Water Affairs Bureau, Xi'an Water Affairs Bureau, Guiyang Water Affairs Bureau, and Hangzhou City Water Facilities and River Protection Management Centre have a lower credit risk because these customers are provincial or municipal governments. Even if there are adverse changes in the economic situation and operating environment over a relatively long period, their ability to perform their contractual obligations may not necessarily be impaired. Based on historical experience, the Group has maintained continuous collection and has never actually incurred any bad debt losses. The Group estimates that the lifetime expected credit loss rate for these receivables is between 0.04% and 0.67%.

Note 2: The Group's receivables from Qijing Sewage Company consist of sewage treatment fees and tap water supply fees. The repayment period for these receivables is longer than that for general government clients, indicating higher credit risk. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime expected credit loss rate is 31.66%.

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts Receivable (Continued)

2. Disclosure by category of bad debt provision method (Continued)

(1) Significant provision for bad debts on an individual basis (Continued)

Description: (Continued)

Note 3: The Group's receivables from Tianjin City Infrastructure Construction and Investment Group Co., Ltd. for entrusted operation service fees is scheduled to be recovered in 2025. Taking into account the debtor's actual ability to perform, historical repayment experience, and aging of the receivable, the expected credit loss rate over the entire life of the receivable is estimated to be 57.02%.

Note 4: The receivables of the Group's subsidiary, Jinghai Capital Water Co., Ltd., from the Jinghai Development Area Management Committee are sewage treatment fees. Their repayment period is far longer than that for general government clients, indicating higher credit risk. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime expected credit loss rate is 85.60%.

Note 5: The Group's receivables from Tianjin City Appearance Sanitation Construction Development Co., Ltd. are technical service fees. Their repayment period is longer than that for general government clients, indicating higher credit risk. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime expected credit loss rate is 63.64%.

Note 6: The Group's receivables from Tianjin Ziya Environmental Protection Industrial Park Co., Ltd. are contract operation fees, and its receivables from Tianjin Shuangkou Municipal Solid Waste Landfill are technical service fees. These entities had no transactions with the Group during the year, and the receivables from them are under higher credit risk. Considering factors such as the debtors' actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime expected credit loss rate is 100%.

Note 7: The Group's receivables from Urad Front Banner Finance Bureau and Urad Rear Banner Finance Bureau are sewage treatment service income receivables. Their repayment period is far longer than that for general government clients, indicating higher credit risk. Considering factors such as the debtors' actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime expected credit loss rate is 100%.

Note 8: The Group's receivables from Tianjin Goldin International Club Co., Ltd. are recycled water supply fees. This entity had no transactions with the Group's subsidiary, Tianjin Water Recycling Co., Ltd., during the year. Considering factors such as the debtor's actual performance ability, historical repayment experience, and ageing, the Group estimates that the lifetime expected credit loss rate is 100%.

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts Receivable (Continued)

2. Disclosure by category of bad debt provision method (Continued)

(2) Accounts receivable assessed for bad debt provisions based on credit risk characteristics in groups

① Group 3: Receivables from government clients

Ageing	Closing balance			Opening balance		
	Gross carrying amount	Provision for bad debts	Provision Percentage (%)	Gross carrying amount	Provision for bad debts	Provision Percentage (%)
Within 1 year	1,029,412,011.60	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	2,179,137,627.13	196,127,965.83	9.00	1,795,727,584.06	139,375,430.99	7.76

② Group 2: Receivables from other clients

Ageing	Closing balance			Opening balance		
	Gross carrying amount	Provision for bad debts	Provision Percentage (%)	Gross carrying amount	Provision for bad debts	Provision Percentage (%)
Within 1 year	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	521,139,876.12	34,658,345.15	6.65	529,745,457.38	20,236,690.50	3.82

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts Receivable (Continued)

3. Provision for bad debts

Category	Opening balance	Provided	Amount of changes in the current period			Closing balance
			Recovered or reversed	Written off	Other changes	
Provision for bad debts on an individual basis	235,241,053.00	36,344,085.74	63,570,302.28			208,014,836.46
Provision for bad debts by group	159,612,121.49	71,174,189.49				230,786,310.98
Total	394,853,174.49	107,518,275.23	63,570,302.28			438,801,147.44

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

Name of entity	Amount	Reason for reversal	Means of recovery	Basis for determining the original provision ratio of bad debts and its rationality
Tianjin City Infrastructure Construction and Investment Group Co., Ltd.	53,253,772.88	Funds recovered	Cash	Taking into account the debtor's actual repayment ability, historical repayment experience, and the age of the debt, the lifetime expected credit loss rate is estimated to be 57.02%.
Tianjin Shuangkou Municipal Solid Waste Landfill	9,697,824.15	Funds recovered	Cash	The Group's receivables from Tianjin Shuangkou Municipal Solid Waste Landfill are technical service fees. This company has not had any transactions with the Group within the past year, and therefore carries a high credit risk. Considering the debtor's actual repayment ability, historical collection experience, and the aging of the receivables, the Group estimates the lifetime expected credit loss rate to be 100%.
Total	62,951,597.03	—	—	—

4. Actual Write-offs of Accounts Receivable

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

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts Receivable (Continued)

5. Top five accounts receivable and contract assets by debtor at the end of the period

Name of entity	Accounts receivable closing balance	Closing balance of contract assets	Total end-of-period balance	Proportion of the closing balance of accounts receivable and contract assets of the total (%)	Closing balance of provision for bad debts
Tianjin Water Affairs Bureau	984,860,090.20		984,860,090.20	22.60	1,772,748.16
Jieshou Drainage Management Centre	345,117,242.55		345,117,242.55	7.92	24,881,352.55
People's Government of Suzhou District, Jiuquan City	269,636,329.73		269,636,329.73	6.19	17,849,727.44
Xi'an Water Affairs Bureau	253,282,284.73		253,282,284.73	5.81	455,908.11
Qijing Sewage Company	236,873,232.67		236,873,232.67	5.44	105,215,812.29
Total	<u>2,089,769,179.88</u>		<u>2,089,769,179.88</u>	<u>47.96</u>	<u>150,175,548.55</u>

(IV) Receivables financing

1. Classification of receivables financing

Item	Closing balance	Opening balance
Bank acceptance notes	<u>11,277,067.24</u>	<u>7,024,347.00</u>
Total	<u>11,277,067.24</u>	<u>7,024,347.00</u>

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(V) Prepayments

1. Prepayments by age

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	45,361,196.04	96.31	20,037,923.11	89.80
1 to 2 years	840,333.94	1.78	1,443,415.27	6.47
2 to 3 years	244,301.34	0.52	521,879.52	2.34
3 years or more	655,960.21	1.39	311,099.44	1.39
Total	47,101,791.53	100.00	22,314,317.34	100.00

2. Top five entities by closing balance of prepayments

Name of entity	Closing balance	Proportion of total closing balance of prepayments (%)
Tianjin Dongli District Heating and Gas Management Service Centre	19,517,678.09	41.44
Zhejiang Zhu'an Construction Group Co., Ltd.	3,135,270.00	6.66
Tianjin Jinbin Veolia Water Co., Ltd.	2,216,390.57	4.71
Jiangsu Siyi Energy Conservation and Environmental Protection Co., Ltd.	1,996,600.00	4.24
Inspur General Software Co., Ltd.	979,000.00	2.08
Total	27,844,938.66	59.13

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	730,865,249.95	97,353,300.68
Total	730,865,249.95	97,353,300.68

1. Other receivables

(1) Disclosed by age

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	661,523,942.98	88,306,241.65
1 to 2 years	76,691,183.32	3,456,441.79
2 to 3 years	1,392,895.64	889,331.50
Over 3 years	2,998,833.77	6,060,390.46
Subtotal	742,606,855.71	98,712,405.40
Less: Provision for bad debts	11,741,605.76	1,359,104.72
Total	730,865,249.95	97,353,300.68

(2) Disclosure by nature of funds

Nature of funds	Closing balance	Opening balance
VAT refund	5,000.00	260,580.41
Project deposit	74,975,727.59	85,062,284.85
Receivables from land reclamation	22,015,800.00	
Receivables from PPP project recovery	620,912,496.81	
Others	24,697,831.31	13,389,540.14
Subtotal	742,606,855.71	98,712,405.40
Less: Provision for bad debts	11,741,605.76	1,359,104.72
Total	730,865,249.95	97,353,300.68

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. Other receivables (Continued)

(3) Disclosure by method of provision for bad debts

Category	Closing balance				
	Carrying amount		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	percentage (%)	
Other receivables for which bad debt provisions are made on a collective basis	742,606,855.71	100.00	11,741,605.76	1.58	730,865,249.95
Of which: Group 3: Government clients	620,912,496.81	83.61	9,934,599.95	1.60	610,977,896.86
Group 5: Deposits	74,975,727.59	10.10	1,237,099.51	1.65	73,738,628.08
Group 6: Others	46,713,631.31	6.29	569,906.30	1.22	46,143,725.01
Group 7: Government grants	5,000.00	<0.01			5,000.00
Total	742,606,855.71	100.00	11,741,605.76	1.58	730,865,249.95
Category	Opening balance				
	Carrying amount		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	percentage (%)	
Other receivables for which bad debt provisions are made on a collective basis	98,712,405.40	100.00	1,359,104.72	1.38	97,353,300.68
Of which: Group 5: Deposits	85,062,284.85	86.18	1,059,401.54	1.25	84,002,883.31
Group 6: Others	13,389,540.14	13.56	299,703.18	2.24	13,089,836.96
Group 7: Government grants	260,580.41	0.26			260,580.41
Total	98,712,405.40	100.00	1,359,104.72	1.38	97,353,300.68

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. Other receivables (Continued)

(3) Disclosure by method of provision for bad debts (Continued)

① Other receivables for which significant individual provisions for bad debts have been made

The amount of other receivables for which specific provisions for bad debts were made during the current period is RMB0.00.

② Other receivables for which bad debt provisions are made on a collective basis

Name	Closing balance		
	Carrying Amount	Provision for bad debts	Provision percentage (%)
Group 3: Government clients	620,912,496.81	9,934,599.95	1.60
Group 5: Deposits	74,975,727.59	1,237,099.51	1.65
Group 6: Others	46,713,631.31	569,906.30	1.22
Group 7: Government grants	5,000.00		
Total	<u>742,606,855.71</u>	<u>11,741,605.76</u>	<u>1.58</u>
Name	Opening balance		
	Carrying amount	Provision for bad debts	Provision percentage (%)
Group 5: Deposits	85,062,284.85	1,059,401.54	1.25
Group 6: Other	13,389,540.14	299,703.18	2.24
Group 7: Government grants	260,580.41		
Total	<u>98,712,405.40</u>	<u>1,359,104.72</u>	<u>1.38</u>

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. Other receivables (Continued)

- (4) Other receivables for which a provision for bad debts has been provided using the general expected credit loss model

	Stage 1 Next 12 months ECL	Stage 2 ECL over the entire life of the loan (no credit impairment incurred)	Stage 3 ECL over the entire life of the loan (with credit impairment recognised)	Total
Provision for bad debts				
Balance as at 1 January 2025	1,359,104.72			1,359,104.72
Balance at 1 January 2025				
During the period	1,359,104.72			1,359,104.72
– Transferred to Stage 2				
– Transferred to Stage 3				
– Return to Stage 2				
– Reversed to Stage 1				
Provision for the period	10,382,501.04			10,382,501.04
Reversal for the period				
Write-offs for the period				
Write-offs for the period				
Other movements				
Balance at 31 December 2025	11,741,605.76			11,741,605.76

- (5) Provision for Bad Debts

Category	Opening balance	Provision	Movements during the period Write off or reverse	Write-off or cancellation	Other movements	Closing Balance
Other receivables for which bad debt provisions have been made on a group basis	1,359,104.72	10,382,501.04				11,741,605.76
Total	1,359,104.72	10,382,501.04				11,741,605.76

Note: VAT subject to immediate collection and refund refers to VAT receivable from various local State Tax Bureaus under the immediate collection and refund scheme. This amount is classified as a government grant and no provision for bad debts is made.

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. Other receivables (Continued)

(6) Details of other receivables actually written off during the current period

The amount of other receivables actually written off during the current period was RMB0.00.

(7) Top Five Closing Balance of Other Receivables by Counterparty

Name of entity	Nature of payment	Closing balance	Aging	Percentage of total closing balance of other receivables (%)	Closing balance of provision for bad debts
Enshi Housing and Urban-Rural Construction Bureau	Recovered funds from PPP projects	620,912,496.81	Within 1 year	83.61	9,934,599.95
Tianjin Dongli District Heating and Gas Management Center	Project deposit; others	50,083,000.00	1-2 years	6.74	826,012.60
Tancheng County Bureau of Natural Resources and Planning	Receivables from land reclamation	22,015,800.00	Within 1 year	2.96	268,592.76
Wuhu Public Resources Trading Centre	Project deposit	20,000,000.00	1-2 years	2.69	330,000.00
Chibi Housing and Urban-Rural Construction Bureau	Receivables from land reclamation; others	3,882,102.96	Within 1 year 2,571,201.21 1-2 years 1,310,901.75	0.52	47,361.66
Total		716,893,399.77		96.52	11,406,566.97

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VII) Inventory

1. Classification of inventories

Item	Closing balance		Opening balance	
	Carrying Amount	Provision for Impairment/ Impairment provision for contract performance costs	Carrying amount	Provision for impairment/ Provision for impairment of contract performance costs
Raw materials	29,030,902.59		26,665,869.36	
Goods in stock	13,377,997.78		13,540,304.83	
Spare parts and low-value consumables	217,389.35		328,907.80	
Total	42,626,289.72		40,535,081.99	

(VIII) Non-current assets due within one year

Item	Closing balance	Opening balance
Long-term receivables due within one year	196,809,828.02	199,090,708.41
Total	196,809,828.02	199,090,708.41

(IX) Other current assets

Item	Closing balance	Opening balance
Uncredited input VAT	148,954,068.90	90,487,059.89
Unverified input VAT	20,482,362.70	4,569,537.53
Prepaid income tax	14,147,248.26	14,034,188.64
Assets of the Anguo Sewage Treatment Plant Project	33,065,000.00	33,065,000.00
Subtotal	216,648,679.86	142,155,786.06
Less: Provision for impairment of other current assets	33,065,000.00	33,065,000.00
Total	183,583,679.86	109,090,786.06

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables

1. Long-term receivables

Item	Closing balance			Opening balance		
	Carrying Balance	Bad debts Provision	Carrying Book	Carrying Balance	Bad Provision	Carrying Value
Receivables from Tianjin Water Affairs Bureau	1,582,242,955.61	2,882,852.43	1,579,360,103.18	3,113,391,886.79	5,689,035.86	3,107,702,850.93
Receivables from the Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans	111,246,202.92	159,046.83	111,087,156.09	139,128,577.05	198,909.79	138,929,667.26
Receivables under concession arrangements	1,870,925,904.05	29,889,955.13	1,841,035,948.92	1,944,011,537.53	28,023,432.19	1,915,988,105.34
Receivables from Bayannur Finance Bureau	207,788,152.99	11,459,362.07	196,328,790.92	161,886,582.11	5,049,110.95	156,837,471.16
Sales of goods on instalment terms	21,757,527.40	12,925.78	21,744,601.62	8,896,516.90	389,380.53	8,507,136.37
Subtotal	3,793,960,742.97	44,404,142.24	3,749,556,600.73	5,367,315,100.38	39,349,869.32	5,327,965,231.06
Less: Long-term receivables due within one year	196,809,828.02		196,809,828.02	199,090,708.41		199,090,708.41
Total	3,597,150,914.95	44,404,142.24	3,552,746,772.71	5,168,224,391.97	39,349,869.32	5,128,874,522.65

2. Provision for bad debts on long-term receivables

Category	Closing balance				
	Carrying amount		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Long-term trade receivables for which bad debt provisions are made on an individual basis	1,693,489,158.53	44.63	3,041,899.26	0.18	1,690,447,259.27
Of which: Receivables from Tianjin Water Affairs Bureau	1,582,242,955.61	41.70	2,882,852.43	0.18	1,579,360,103.18
Receivables from the Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans	111,246,202.92	2.93	159,046.83	0.14	111,087,156.09
Trade receivables for which bad debt provisions have been made on a collective basis	2,100,471,584.44	55.37	41,362,242.98	1.97	2,059,109,341.46
Of which: Receivables from concession arrangements	1,870,925,904.05	49.31	29,889,955.13	1.60	1,841,035,948.92
Receivables from Bayannur Finance Bureau	207,788,152.99	5.48	11,459,362.07	5.51	196,328,790.92
Sales of goods on instalment terms	21,757,527.40	0.58	12,925.78	0.06	21,744,601.62
Total	3,793,960,742.97	100.00	44,404,142.24	1.17	3,749,556,600.73

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

2. Provision for bad debts on long-term receivables (Continued)

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

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

2. Provision for bad debts on long-term receivables (Continued)

(1) Significant long-term trade receivables for which individual provisions for bad debts have been made

Name of entity	Closing balance			Basis
	Carrying amount	Provision for bad debts	Provision percentage (%)	
Receivables from Tianjin Water Affairs Bureau	1,582,242,955.61	2,882,852.43	0.18	Based on the historical collection experience and the expectation of future payment scheme, the Group has reclassified the present value of accounts receivable of which collection is expected to be exceeding 12 months as "longterm receivables". The ECL rate for the aforesaid long-term receivables during the lifetime is 0.18%. The balance of loss provision is RMB2,882,852.43.
Receivables from the Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans	111,246,202.92	159,046.83	0.14	Receivables from toll road concession represent the amortised cost, using effective interest method, calculated with reference to a guaranteed minimum future traffic flow over the concession period. Tianjin Vehicle Toll Collection Office for Roads Constructed Using Loans is a public institution under the Tianjin municipal government, which has low credit risk. According to historical experience, the Group can collect the receivables within the agreed period. Therefore, the Group estimates that the ECL rate of this receivable item is 0.14%. The balance of loss provision is RMB159,046.83.
Total	1,693,489,158.53	3,041,899.26	0.18	

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

2. Provision for bad debts on long-term receivables (Continued)

(1) Significant long-term trade receivables for which individual provisions for bad debts have been made (Continued)

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

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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

2. Provision for bad debts on long-term receivables (Continued)

(2) Long-term receivables for which provisions for bad debts are made based on credit risk characteristics

Name	Closing balance			Opening balance		
	Carrying amount	Provision for bad debts	Provision percentage (%)	Carrying amount	Provision for bad debts	Provision percentage (%)
Receivables under concession arrangements	1,870,925,904.05	29,889,955.13	1.60	1,944,011,537.53	28,023,432.19	1.44
Receivables from Bayannur Finance Bureau	207,788,152.99	11,459,362.07	5.51	161,886,582.11	5,049,110.95	3.12
Sales of goods on instalment terms	21,757,527.40	12,925.78	0.06	8,896,516.90	389,380.53	4.38
Total	2,100,471,584.44	41,362,242.98	1.97	2,114,794,636.54	33,461,923.67	1.58

Notes:

- (1) Pursuant to the provisions of the Service Concession Right Agreements, during the concession service period, the Group is entitled to collect a determinable amount of cash from the service recipients. In accordance with Interpretation No. 14, the Group recognises the right to receive such consideration as a long-term receivable upon completion of the construction of the concession project assets. The collection period for this long-term receivable ranges from 10 to 30 years, and its amortised cost is determined using the effective interest method. Customers are primarily government entities other than those in provincial capitals and municipalities directly under the central government. The expected credit loss rate over the entire term is 1.60%, and the closing balance of the provision for bad debts is RMB29,889,955.12.
- (2) The Group classifies the present value of trade receivables with expected repayment periods exceeding 12 months as long-term receivables, based on the historical repayment records of the Bayannur Finance Bureau in Inner Mongolia, and the Finance Bureau of Linhe District, Bayannur City, as well as expectations regarding future repayments. Customers are government clients other than those in provincial capitals and municipalities directly under the central government; the expected credit loss rate over the entire life of the receivables is 5.38%, and the closing balance of the provision for bad debts is RMB11,459,362.07.

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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

3. Changes in the provision for bad debts on long-term receivables

Category	Opening balance	Provision	Movements during the period		Other movements	Closing balance
			Recovered or reversed	Write-off or cancellation		
Long-term trade receivables for which bad debt provisions are made on an individual basis	5,887,945.65		2,846,046.39			3,041,899.26
Provision for bad debts on long-term receivables provided for by credit risk groups	33,461,923.67	7,900,319.31				41,362,242.98
Total	39,349,869.32	7,900,319.31	2,846,046.39			44,404,142.24

4. Details of long-term receivables actually written off during the current period

The amount of long-term receivables actually written off during the current period was RMB0.00.

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XI) Long-term equity investments

1. Details of long-term equity investments

Investee	Opening balance (carrying amount)	Additional investment	Decrease in investment	Movements during the period						Closing balance (carrying amount)	Balance of impairment provision at end of period
				Gains and losses recognised under the equity method Investment gains and losses	Adjustments to other comprehensive income	Other changes in equity	Declaration of cash dividends or distribution of profits	Provision for impairment	Other		
I. Associates											
Tianjin International Machinery Co., Ltd.				21,665,354.22						211,866,236.74	22,356,908.58
Tianjin Bihai Sponge City Co., Ltd.	190,200,882.52										
Total	190,200,882.52			21,665,354.22						211,866,236.74	22,356,908.58

Note 1: Tianjin International Machinery Co., Ltd. is a limited company registered in Tianjin, the PRC. The businesses of International Machinery include research and development, production, sales and installation of valve and actuating device, heater exchanger and the whole set, environment protection equipment, and general mechanical equipment. As at 31 December 2025, the carrying amount of the investment had been reduced to zero.

Note 2: Tianjin Bihai Sponge City Co., Ltd. is a limited liability company registered in Tianjin. The businesses of Tianjin Bihai include constructions and operations of water treatment projects, procurement and maintenance of water treatment equipment, ecological maintenance, tourism development, ecological management, construction, operation and management of sponge city project, and construction and operation of municipal engineering. The Group, together with Origin Water Technology Co., Ltd. and Jiu'an Investment Group Co., Ltd., formed a consortium to win the bid for the construction PPP project of the sponge city in Jefang South Road area, Tianjin. After that, Tianjin Bihai was established on 30 July 2018. The Group invested RMB195,000,000.00 and holds 30% equity interest. As of 31 December 2025, the entity has been put into operation.

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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XII) Investments in Other Equity Instruments

1. Details of Investments in Other Equity Instruments

Item	Opening Balance	Additional investment	Reduction in investment	Changes during the period		Other	Closing balance
				Gains recognised in other comprehensive income for the period	Loss recognised in other comprehensive income for the period		
Tianjin Beifang Rencaigang Co., Ltd.	2,000,000.00						2,000,000.00
Total	2,000,000.00						2,000,000.00

Item	Dividend income recognised in the current period	Accumulated in other gains recognised in other	Losses accumulated in other comprehensive income	Gains recognised in other and whose reasons for recognition in other other comprehensive income
Tianjin Beifang Rencaigang Co., Ltd.	300,000.00			
Total	300,000.00			

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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIII) Investment property

1. Investment property measured at cost

Item	Land and buildings	Total
I. Original carrying amount		
1. Opening balance	11,099,915.88	11,099,915.88
2. Additions during the period	10,329,344.34	10,329,344.34
(1) Transfers from inventory, fixed assets and construction in progress	10,329,344.34	10,329,344.34
3. Decrease for the period		
4. Closing balance	21,429,260.22	21,429,260.22
II. Accumulated depreciation and amortisation		
1. Opening balance	3,442,742.88	3,442,742.88
2. Additions during the period	4,078,821.07	4,078,821.07
(1) Accruals or amortisation	639,861.90	639,861.90
(2) Transfer to fixed assets	3,438,959.17	3,438,959.17
3. Decrease for the period		
4. Closing balance	7,521,563.95	7,521,563.95
III. Carrying amount		
1. Carrying amount at the end of the period	13,907,696.27	13,907,696.27
2. Opening carrying amount	7,657,173.00	7,657,173.00

(XIV) Fixed Assets

Category	Closing balance	Opening balance
Fixed Assets	1,666,871,987.41	1,489,139,924.16
Disposal of fixed assets	1,269,177.10	428,573.92
Total	1,668,141,164.51	1,489,568,498.08

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIV) Fixed Assets (Continued)

1. Fixed Assets

(1) Fixed Assets

Item	Buildings and Structures	Machinery and equipment	Vehicles and other equipment	Total
I. Carrying Amount				
1. Opening balance	1,070,161,807.36	1,162,363,955.75	122,682,182.71	2,355,207,945.82
2. Additions for the period	188,368,353.83	119,635,372.96	26,498,949.19	334,502,675.98
(1) Acquisitions	175,552,784.28	86,451,220.00	26,498,949.19	288,502,953.47
(2) Transfer from construction in progress	12,815,569.55	33,184,152.96		45,999,722.51
3. Decrease for the period	10,329,344.34		1,274,068.12	11,603,412.46
(1) Disposal or write-off			1,274,068.12	1,274,068.12
(2) Transfer to investment property	10,329,344.34			10,329,344.34
4. Closing balance	1,248,200,816.85	1,281,999,328.71	147,907,063.78	2,678,107,209.34
II. Accumulated depreciation				
1. Opening balance	272,879,055.70	506,745,323.69	86,443,642.27	866,068,021.66
2. Additions for the period	43,826,291.67	97,700,078.16	8,036,193.22	149,562,563.05
(1) Accrued	43,826,291.67	97,700,078.16	8,036,193.22	149,562,563.05
3. Decrease for the period	4,239,953.24		155,409.54	4,395,362.78
(1) Disposal or write-off	800,994.07		155,409.54	956,403.61
(2) Transfer to investment property	3,438,959.17			3,438,959.17
4. Closing balance	312,465,394.13	604,445,401.85	94,324,425.95	1,011,235,221.93
III. Carrying Amount				
1. Closing Book Value	935,735,422.72	677,553,926.86	53,582,637.83	1,666,871,987.41
2. Opening book value	797,282,751.66	655,618,632.06	36,238,540.44	1,489,139,924.16

2. Clean up of fixed assets

Item	Closing balance	Opening Balance
Clean up of Fixed Assets	1,269,177.10	428,573.92
Total	1,269,177.10	428,573.92

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XV) Construction in progress

Category	Closing balance	Opening balance
Construction in progress	<u>262,626,335.81</u>	<u>239,892,515.34</u>
Total	<u>262,626,335.81</u>	<u>239,892,515.34</u>

1. Construction in progress

(1) Basic Information on Construction-in-Progress Projects

Project	Carrying Amount	Closing balance Provision for impairment	Carrying amount	Carrying amount	Opening balance Impairment provision	Carrying value
Recycled Water Pipeline Connection Project in Tianjin Municipality (including First and Second Batch)	242,611,422.87		242,611,422.87	208,116,625.58		208,116,625.58
Energy Storage Project for Sewage Treatment Plants Outside the City	9,474,378.95		9,474,378.95			
Other Projects	<u>10,540,533.99</u>		<u>10,540,533.99</u>	<u>31,775,889.76</u>		<u>31,775,889.76</u>
Total	<u>262,626,335.81</u>		<u>262,626,335.81</u>	<u>239,892,515.34</u>		<u>239,892,515.34</u>

(2) Changes in major construction-in-progress projects

Project Name	Budget	Opening Balance	Increase for the Period	Transfers into the current period Fixed Assets	Other items for the period Decreases	Closing balance
Recycled Water Pipeline Connection Project in Tianjin Municipality (including First and Second Batch)	<u>641,000,000.00</u>	<u>208,116,625.58</u>	<u>48,598,298.70</u>	<u>13,979,494.10</u>	<u>124,007.31</u>	<u>242,611,422.87</u>
Total	<u>641,000,000.00</u>	<u>208,116,625.58</u>	<u>48,598,298.70</u>	<u>13,979,494.10</u>	<u>124,007.31</u>	<u>242,611,422.87</u>

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XV) Construction in progress (Continued)

1. Construction in progress (Continued)

(2) Changes in major construction-in-progress projects (Continued)

Project Name	Cumulative investment in the project as a percentage of budget (%)	Progress of the project (%)	Accumulated amount of interest capitalisation	Including: Amount of interest capitalisation for the current period	Interest capitalisation rate for the current period (%)	Source of funds
Recycled Water Pipeline Connection Project in Tianjin Municipality (including First and Second Batch)	72.43	72.43	9,908,364.43	4,296,280.67	2.20	Funds raised and own funds
Total	/	/	9,908,364.43	4,296,280.67	/	/

(XVI) Right-of-use assets

1. Status of right-of-use assets

Item	Land Use Rights	Buildings and Structures	Machinery and equipment	Total
I. Carrying Amount				
1. Opening balance		4,783,845.80	14,072,860.71	18,856,706.51
2. Additions during the period	34,710,747.80	6,941,118.74	1,403,133.82	43,055,000.36
(1) New leases	34,710,747.80	6,941,118.74	1,403,133.82	43,055,000.36
3. Decrease for the period				
4. Closing balance	34,710,747.80	11,724,964.54	15,475,994.53	61,911,706.87
II. Accumulated depreciation				
1. Opening balance		2,440,644.06	12,693,669.03	15,134,313.09
2. Additions for the period	206,611.60	1,617,255.66	1,820,349.52	3,644,216.78
(1) Accrued	206,611.60	1,617,255.66	1,820,349.52	3,644,216.78
3. Decrease for the period				
4. Closing balance	206,611.60	4,057,899.72	14,514,018.55	18,778,529.87
III. Carrying Amount				
1. Closing book value	34,504,136.20	7,667,064.82	961,975.98	43,133,177.00
2. Opening book value		2,343,201.74	1,379,191.68	3,722,393.42

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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVII) Intangible assets

1. Intangible Assets

Item	Concession rights	Land use rights	Proprietary technology and software	Total
I. Original carrying amount				
1. Opening balance	16,034,103,149.91	166,581,793.18	27,812,753.39	16,228,497,696.48
2. Additions for the period	312,178,729.71		15,581,011.22	327,759,740.93
(1) Acquisitions	312,178,729.71		14,455,241.28	326,633,970.99
(2) In-house R&D			1,125,769.94	1,125,769.94
3. Decrease for the period	631,509,657.11	30,046,656.66	1,189,295.55	662,745,609.32
(1) Disposal	631,509,657.11	30,046,656.66	1,189,295.55	662,745,609.32
4. Closing balance	15,714,772,222.51	136,535,136.52	42,204,469.06	15,893,511,828.09
II. Accumulated Amortisation				
1. Opening balance	5,058,069,522.08	59,483,204.30	13,238,504.57	5,130,791,230.95
2. Additions for the period	596,352,457.36	3,123,625.05	4,810,109.20	604,286,191.61
(1) Accrued	596,352,457.36	3,123,625.05	4,810,109.20	604,286,191.61
3. Decrease for the period	28,101,280.01	1,218,755.88	107,335.51	29,427,371.40
(1) Disposal	28,101,280.01	1,218,755.88	107,335.51	29,427,371.40
4. Closing balance	5,626,320,699.43	61,388,073.47	17,941,278.26	5,705,650,051.16
III. Impairment provision				
1. Opening balance	151,700,283.38			151,700,283.38
2. Closing balance	151,700,283.38			151,700,283.38
IV. Carrying amount				
1. Closing book value	9,936,751,239.70	75,147,063.05	24,263,190.80	10,036,161,493.55
2. Opening book value	10,824,333,344.45	107,098,588.88	14,574,248.82	10,946,006,182.15

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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVII) Intangible assets (Continued)

1. Intangible Assets (Continued)

Note: The main items contributing to the change in the historical cost of the concession rights are as follows:

Item	Opening balance	Increases during the year	Closing balance	Opening balance of capitalised borrowing costs	Additions to capitalised interest for the year	Cumulative amount of borrowing costs capitalised at the end of the period
Wuhu Binjiang Sewage Treatment Plant Stage II Concession Project		101,549,656.86	101,549,656.86			
Baoying Xianhe Sewage Treatment Plant Upgrading and Renovation Project		57,474,391.17	57,474,391.17		341,668.69	341,668.69
Huoqiu County North Sewage Treatment Plant (including South City, Binhe Road and East City sewage pumping stations) Project	9,900,000.00	41,952,500.00	51,852,500.00		1,568,545.15	1,568,545.15
Karamay Nanjiao Sewage Treatment Plant Concession Project	108,672,137.45	39,030,668.64	147,702,806.09	314,556.62	813,173.17	1,127,729.79
Reclaimed Water Quality Upgrading and Odour Control Project for Xi'an Beishiqu and Dengjiacun Sewage Treatment Plants	428,400,401.57	18,375,597.14	446,775,998.71	2,313,213.75		2,313,213.75
Concession Project for Energy Station No. 1 at Houtai Park, Tianjin	201,192,573.99	18,031,974.07	219,224,548.06	4,736,065.81	3,212,161.43	7,948,227.24
Stage II Upgrade Project of Wendeng Sewage Treatment Plant		10,698,109.98	10,698,109.98			
Stage III of the Huize County Town Sewage Treatment Project	40,337,142.17	8,567,634.79	48,904,776.96		3,174.59	3,174.59
Stage II of the Weng'an County Stage III Sewage Treatment Plant Construction Project	133,062,341.22	8,555,891.96	141,618,233.18	72,328.77	75,173.26	147,502.03
Total	921,564,596.40	304,236,424.61	1,225,801,021.01	7,436,164.95	6,013,896.29	13,450,061.24

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVII) Intangible assets (Continued)

2. Data resources recognised as intangible assets

Item	Self-developed data resources (intangible assets)	Total
I. Carrying amount		
1. Opening balance		
2. Additions during the period	1,125,769.94	1,125,769.94
Of which: Purchases		
In-house R&D	1,125,769.94	1,125,769.94
3. Decrease for the period		
Of which: Disposals		
4. Closing balance	1,125,769.94	1,125,769.94
II. Accumulated amortisation		
1. Opening balance		
2. Additions during the period	31,271.39	31,271.39
3. Decrease for the period		
Of which: Disposals		
4. Closing balance	31,271.39	31,271.39
III. Carrying amount		
1. Closing carrying amount	1,094,498.55	1,094,498.55
2. Opening Book Value		

(XVIII) Goodwill

1. Original carrying amount of goodwill

Item	Opening balance	Increases during the period	Decreases for the period	Closing balance
Jiangsu Yonghui	270,395,723.07			270,395,723.07
Gaoyou Compro	234,724,653.02			234,724,653.02
Total	505,120,376.09			505,120,376.09

2. Provision for impairment of goodwill

Item	Opening balance	Increases during the period	Decreases for the period	Closing Balance
Jiangsu Yonghui	270,395,723.07			270,395,723.07
Gaoyou Compro	234,724,653.02			234,724,653.02
Total	505,120,376.09			505,120,376.09

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVIII) Goodwill (Continued)

3. Information regarding the asset group or group of asset groups to which the goodwill relates

Name	Asset group to which it belongs or Composition and basis of the group	Operating segment to which it belongs and the basis for this	Consistency with previous years
Jiangsu Yonghui	Comprising primarily buildings, land use rights and machinery and equipment related to hazardous waste treatment; the cash inflows generated are largely independent of those generated by other assets or asset groups	For internal management purposes, this asset group is allocated to the hazardous waste treatment business segment	Yes
Gaoyou Compro	Comprising primarily of buildings, land use rights and machinery and equipment related to hazardous waste treatment, the cash inflows generated are largely independent of those generated by other assets or asset groups	For internal management purposes, this asset group is classified within the hazardous waste treatment business segment	Yes
Total	—	—	—

(XIX) Long-term unamortized expenses

Category	Opening balance	Increase for the period	Amortisation for the period	Other decreases	Closing balance
Fitting-out costs		11,388,089.39	1,076,380.52		10,311,708.87
Expenditure on improvements to fixed assets		3,797,514.26	533,321.39		3,264,192.87
Other		904,282.38	358,370.35		545,912.03
Total		16,089,886.03	1,968,072.26		14,121,813.77

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XX) Deferred tax assets and deferred tax liabilities

1. Unoffset deferred tax assets and deferred tax liabilities

Item	Closing balance		Opening balance	
	Deferred tax assets/liabilities	Deductible/ taxable temporary differences	Deferred tax assets/liabilities	Deductible/ taxable temporary differences
Deferred tax assets:	141,782,513.52	811,019,824.88	168,082,933.27	710,898,951.00
Provision for impairment of assets	51,876,053.11	392,728,604.41	90,849,874.75	395,111,530.61
Installment payments for the provision of sewage treatment services	21,924,137.30	119,059,445.52	63,082,560.51	252,330,242.05
Estimated costs	18,176,606.38	84,226,489.51	6,733,904.05	28,125,763.31
Deductible losses	602,806.66	4,018,711.07	5,410,095.58	21,640,382.33
Recognition of concession income under the financial assets model	10,661,994.16	56,784,688.59	1,506,106.63	10,518,217.45
Lease liabilities	10,263,074.56	41,090,520.37	500,391.75	3,172,815.25
Deferred income	28,277,841.35	113,111,365.41		
Subtotal	141,782,513.52	811,019,824.88	168,082,933.27	710,898,951.00
Deferred tax liabilities:	142,301,911.49	597,684,971.33	182,344,563.78	736,947,535.73
Amortisation of intangible assets	60,919,907.00	239,168,326.63	131,997,898.70	527,991,594.80
Recognition of concession income under the financial assets model	49,229,549.72	229,906,825.56	26,740,906.92	113,078,121.74
Valuation surplus on assets from business combinations under non-common control	21,935,747.68	87,742,990.76	23,028,453.85	92,113,815.39
Right-of-use assets	10,216,707.09	40,866,828.38	577,304.31	3,764,003.80
Subtotal	142,301,911.49	597,684,971.33	182,344,563.78	736,947,535.73

2. Deferred tax assets and deferred tax liabilities are presented at their net amounts after offsetting

Item	Closing balance		Opening balance	
	Amount of deferred tax assets and liabilities offset	Balance of deferred tax assets or liabilities after offsetting	Amount of deferred tax assets and liabilities offset	Balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	31,918,176.55	109,864,336.97	96,094,588.26	71,988,345.01
Deferred tax liabilities	31,918,176.55	110,383,734.94	96,094,588.26	86,249,975.52

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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Breakdown of unrecognised deferred tax assets

Item	Closing balance	Opening balance
Deductible temporary differences	778,231,384.11	753,130,919.21
Deductible losses	158,354,155.45	133,608,718.76
Share-based payments		17,348,504.29
Total	<u>936,585,539.56</u>	<u>904,088,142.26</u>

4. Expiry of unrecognised deferred tax assets relating to tax losses in the following years

Year	Closing balance	Opening balance
2025		4,198,987.58
2026	21,004,767.86	5,990,068.00
2027	2,618,942.56	48,979,456.04
2028	13,053,286.14	14,391,846.61
2029	61,965,531.73	60,048,360.53
2030	<u>59,711,627.16</u>	
Total	<u>158,354,155.45</u>	<u>133,608,718.76</u>

(XXI) Other non-current assets

Item	Carrying amount	Closing balance Provision for impairment	Carrying amount	Carrying amount	Opening balance Impairment provision	Carrying amount
Input VAT to be offset	61,655,616.82		61,655,616.82	154,235,490.85		154,235,490.85
Contract assets	59,597,408.75		59,597,408.75			
Advance payments for construction	31,140,697.51		31,140,697.51	57,609,335.99		57,609,335.99
Prepayments for equipment	9,732,810.39		9,732,810.39	6,111,401.08		6,111,401.08
Energy management project assets	<u>6,259,392.43</u>		<u>6,259,392.43</u>			
Total	<u>168,385,925.90</u>		<u>168,385,925.90</u>	<u>217,956,227.92</u>		<u>217,956,227.92</u>

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXII) Assets with restricted ownership or use

Item	Carrying amount	Closing balance		Restriction status	Opening balance	Opening balance		Restriction status
		Carrying amount	Type of restriction			Carrying value	Type of restriction	
Cash and cash equivalents	74,532,491.86	74,532,491.86	Margin	Restricted	91,492,762.29	91,492,762.29	Margin	Restricted
Fixed assets	152,014,733.75	127,382,276.93	Mortgaged	Restricted	224,194,890.37	171,335,194.57	Mortgaged	Restricted
Intangible assets	7,202,519,099.72	4,945,788,787.87	Pledged	Restricted	3,864,810,690.71	3,799,014,308.30	Pledged	Restricted
Long-term receivables (including those due within one year)	614,361,169.46	603,499,845.03	Pledged	Restricted	635,604,511.27	625,745,506.06	Pledged	Restricted
Total	8,043,427,494.79	5,751,203,401.69			4,816,102,854.64	4,687,587,771.22		

(XXIII) Short-term borrowings

1. Classification of short-term borrowings

Terms of the loans	Closing Balance	Opening Balance
Secured loans	10,008,555.58	
Guaranteed loans	65,590,783.15	11,021,075.25
Unsecured loans	20,063,875.07	18,207,744.01
Total	95,663,213.80	29,228,819.26

2. Short-term loans past due and outstanding

As at 31 December 2025, the Group had no overdue short-term borrowings.

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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIV) Trade payables

1. Classification by age by the date of record

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	864,515,799.48	707,568,919.06
1-2 years	109,231,947.43	188,411,987.34
2-3 years	67,557,835.03	32,777,696.80
Over 3 years	42,576,925.39	18,206,570.31
Total	<u>1,083,882,507.33</u>	<u>946,965,173.51</u>

2. Significant accounts payable aged over one year or past due

Name of creditor	Closing balance	Reason for non-repayment or non-carryover
Qijing Water Conservancy and Hydropower Development Investment Co., Ltd.	90,382,706.43	Qijing Capital Water Co., Ltd. typically arranges payments in accordance with the instructions of Qijing Water Conservancy and Hydropower Development Investment Co., Ltd.
Beijing Municipal Construction Group Co., Ltd.	17,718,558.89	Settlement date as stipulated in the contract is not yet reached
Zhonghuan Lechuang (Tianjin) Environmental Technology Co., Ltd.	13,773,867.14	Settlement date as stipulated in the contract is not yet reached
Tianjin Fenghai Mechanical and Electrical Equipment Installation Co., Ltd.	9,678,060.74	Settlement date as stipulated in the contract is not yet reached
Tianjin Yueqirui Thermal Energy Co., Ltd.	7,190,543.92	Settlement date as stipulated in the contract is not yet reached
Total	<u>138,743,737.12</u>	

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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXV) Advance payments

1. By age

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	313,582.21	508,010.02
Over 1 year	423,085.40	
Total	736,667.61	508,010.02

(XXVI) Contract liabilities

1. Classification of contract liabilities

Item	Closing balance	Opening balance
Advance payments for ancillary fees relating to cooling and heating projects	86,872,441.87	74,117,947.90
Prepaid fees for cooling and heating services	46,803,818.12	50,670,952.85
Prepaid reclaimed water pipeline connection fees	179,252,183.06	77,082,139.96
Pre-received hazardous waste treatment fees	8,278,194.43	11,460,666.51
Advance payments for EPC contracts	1,382,150.45	
Other	8,409,231.90	8,385,681.68
Total	330,998,019.83	221,717,388.90

(XXVII) Accrued employee benefits

1. Classification of employee benefits payable

Item	Opening balance	Increases during the period	Decreases for the period	Closing Balance
Short-term remuneration	104,814,164.67	434,814,567.29	427,376,107.73	112,252,624.23
Post-employment benefits – defined contribution scheme	438,144.94	60,845,758.25	60,743,666.51	540,236.68
Total	105,252,309.61	495,660,325.54	488,119,774.24	112,792,860.91

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVII) Accrued employee benefits (Continued)

2. Short-term employee remuneration

Item	Opening balance	Increases for the period	Decreases for the period	Closing balance
Wages, bonuses, allowances and subsidies	91,257,050.15	313,089,870.36	306,170,945.41	98,175,975.10
Employee welfare expenses	289,573.11	25,727,281.92	25,858,858.34	157,996.69
Social insurance contributions	521,650.47	28,510,964.47	28,720,275.33	312,339.61
Of which: Health insurance contributions	510,844.26	25,990,769.55	26,211,939.77	289,674.04
Workers' compensation insurance contributions	10,806.21	1,410,628.75	1,417,814.39	3,620.57
Maternity insurance contributions		1,109,566.17	1,090,521.17	19,045.00
Housing Provident Fund	140,847.07	58,747,671.09	58,848,358.16	40,160.00
Trade union and staff training funds	12,605,043.87	8,738,779.45	7,777,670.49	13,566,152.83
Total	104,814,164.67	434,814,567.29	427,376,107.73	112,252,624.23

3. Status of the provisioning plan

Item	Opening Balance	Increase for the period	Decreases for the Period	Closing Balance
Basic Pension Insurance	322,146.45	45,175,943.85	45,020,875.12	477,215.18
Unemployment insurance contributions	9,083.02	1,563,137.81	1,561,726.13	10,494.70
Corporate pension contributions	106,915.47	14,106,676.59	14,161,065.26	52,526.80
Total	438,144.94	60,845,758.25	60,743,666.51	540,236.68

Note: The Group and its subsidiaries each pay pension insurance and unemployment insurance contributions monthly to the relevant administrative bodies in accordance with the contribution bases and rates stipulated by the local labour and social security authorities in their respective locations; furthermore, such payments cannot be used to offset amounts that the Group is required to pay on behalf of its employees in future periods.

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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVIII) Taxes and duties payable

Item	Closing balance	Opening balance
Corporate Income Tax	40,903,261.34	59,602,842.69
Value Added Tax	18,229,992.55	35,873,952.18
Land Use Tax	5,284,487.60	5,322,626.15
Property tax	1,759,308.65	2,765,668.30
Income tax	754,326.28	565,995.36
Urban Maintenance and Construction Tax	193,460.74	266,378.71
Education Surcharge	144,826.88	304,638.36
Other taxes and charges	997,780.27	6,450,879.39
Total	<u>68,267,444.31</u>	<u>111,152,981.14</u>

(XXIX) Other payables

Item	Closing balance	Opening balance
Interest payable		
Dividends payable	3,258,719.29	7,986,980.00
Other payables	<u>760,282,991.15</u>	<u>1,052,270,890.64</u>
Total	<u>763,541,710.44</u>	<u>1,060,257,870.64</u>

1. Dividends payable

Item	Closing balance	Opening balance
Dividends on ordinary shares		
Dividends payable to minority shareholders	<u>3,258,719.29</u>	<u>7,986,980.00</u>
Total	<u>3,258,719.29</u>	<u>7,986,980.00</u>

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIX) Other payables (Continued)

2. Other payables

(1) Classified by nature of payment

Item	Closing balance	Opening balance
Construction work payables	545,535,869.34	721,209,499.80
Payables for the purchase of fixed assets and intangible assets	16,394,007.66	116,882,401.92
Receivables on behalf of the transfer of assets from the old plant at the East Suburb Project	43,447,848.49	66,987,858.80
Warranty deposits payable	35,681,630.07	39,265,561.38
Other	119,223,635.59	107,925,568.74
Total	760,282,991.15	1,052,270,890.64

Note: In accordance with the obligations stipulated in the compensation contract for the Tianjin Land Reclamation and Reserve Project, the Group has collected funds on behalf of the Dongjiao Sewage Treatment Plant (Old Plant) during the land levelling process; these funds will subsequently be used to pay for various expenses related to this project.

2. Other payables (Continued)

(2) Significant other payables aged over one year or past due

Name of entity	Closing balance	Reason for non-repayment or non-settlement
Tianjin No. 2 Municipal Highway Engineering Co., Ltd.	26,357,628.27	The project is still under construction; payment will be made upon final settlement
Wuhan Municipal Construction Group Co., Ltd.	24,225,824.06	The project has not yet been settled
CCCC Tianjin Dredging Bureau Co., Ltd.	19,739,017.13	The project has not yet been settled
Beijing Municipal Construction Group Co., Ltd.	18,763,647.60	The project has not yet been settled
Total	89,086,117.06	

(XXX) Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	1,227,245,577.58	1,414,132,953.46
Bonds payable due within one year		630,000,000.00
Interest on bonds payable due within one year	13,047,123.29	15,625,961.83
Long-term payables due within one year	11,295,690.57	30,992,045.28
Lease liabilities due within one year	19,262,987.66	1,892,699.11
Loans from minority shareholders due within one year	100,045.20	99,090.41
Total	1,270,951,424.30	2,092,742,750.09

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXI) Other current liabilities

Item	Closing balance	Opening balance
Input tax to be reversed	8,239,685.00	15,018,048.68
Discounts on notes receivable not yet recognised	4,743,780.19	4,714,205.25
Other	1,000.00	
Total	12,984,465.19	19,732,253.93

(XXXII) Long-term loans

Item	Closing balance	Opening balance
Pledged loans	3,320,244,423.80	3,602,611,428.42
Mortgage loans	22,201,824.57	18,787,365.85
Guaranteed loans	2,156,607,837.71	2,272,944,921.85
Unsecured loans	3,142,103,036.18	2,934,196,560.31
Subtotal	8,641,157,122.26	8,828,540,276.43
Less: Long-term loans due within one year	1,227,245,577.58	1,414,132,953.46
Total	7,413,911,544.68	7,414,407,322.97

Note 1: As at 31 December 2025, guaranteed loans totalling RMB1,933,549,451.52 were guaranteed by the Group; guaranteed loans totalling RMB223,058,386.19 were guaranteed by the Group and Karamay Urban Construction Investment and Development Co., Ltd. Interest on the guaranteed loans is paid monthly or quarterly, and the principal will be repaid between 2026 and 2045.

Note 2: As at 31 December 2025, secured loans totalling RMB1,635,337,583.67 were secured by the Group's receivables, including sewage treatment charges and receivables from PPP projects; secured loans totalling RMB1,563,839,204.88 were secured by the Group's long-term equity investments; a pledged loan of RMB121,067,635.25 was secured by the future revenue rights of certain photovoltaic power generation projects of the Group. Interest on the pledged loans is paid quarterly, and the principal is to be repaid between 2026 and 2043.

Note 3: As at 31 December 2025, mortgage loans totalling RMB22,201,824.57 were secured by the Group's certain state-owned land use rights, buildings and machinery and equipment. Interest on the mortgage loans is paid quarterly, and the principal is due for repayment between 2026 and 2028.

Note 4: As at 31 December 2025, the Group had no overdue long-term loans, with interest rates ranging from 2.00% to 4.50%.

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIII) Bonds Payable

Item	Closing balance	Opening Balance
Principal	1,500,000,000.00	1,130,000,000.00
Accrued interest	13,047,123.29	15,625,961.83
Issue costs		(367,500.00)
Subtotal	1,513,047,123.29	1,145,258,461.83
Less: Bonds payable due within one year		630,000,000.00
Less: Accrued interest due within one year	13,047,123.29	15,625,961.83
Total	1,500,000,000.00	499,632,500.00

1. Changes in bonds payable

Bond Name	Nominal Value	Coupon Rate (%)	Issue Date	Maturity	Issue Amount
Medium-term notes	100.00	3.94	26 July 2022	3 years	630,000,000.00
Medium-term notes	100.00	2.50	23 August 2024	3 years	300,000,000.00
Medium-term notes	100.00	3.05	23 August 2024	5 years	200,000,000.00
Medium-term notes	100.00	2.10	11 July 2025	3 years	500,000,000.00
Corporate bond	100.00	2.06	11 September 2025	3 years	500,000,000.00
Total					2,130,000,000.00

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIII) Bonds Payable (Continued)

1. Changes in bonds payable (Continued)

Bond Name	Opening balance	Issuance for the period	Interest accrued at par	Amortisation of Premium/Discount	Repayments during the period	Closing balance	Default
Medium-term notes	640,377,365.94		14,444,634.06		654,822,000.00		No
Medium-term notes	302,691,780.82		7,500,000.00		7,500,000.00	302,691,780.82	No
Medium-term notes	202,189,315.07		6,100,000.00		6,100,000.00	202,189,315.07	No
Medium-term notes		500,000,000.00	5,005,479.45			505,005,479.45	No
Corporate bonds		500,000,000.00	3,160,547.95			503,160,547.95	No
Total	1,145,258,461.83	1,000,000,000.00	36,210,661.46		668,422,000.00	1,513,047,123.29	

(XXXIV) Lease liabilities

Item	Closing balance	Opening balance
Lease payments	23,092,751.83	3,256,982.66
Less: Unrecognised finance costs	575,882.05	84,167.30
Less: Lease liabilities due within one year	19,262,987.66	1,892,699.11
Total	3,253,882.12	1,280,116.25

The lease liabilities analysed by the maturity of the undiscounted remaining contractual obligations are as follows:

Item	Closing balance	Opening balance
Within 1 year	19,328,465.83	1,971,931.77
1 to 2 years		1,285,050.89
2 to 3 years	2,823,214.50	
5 years or more	941,071.50	
Total	23,092,751.83	3,256,982.66

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXV) Long-term payables

Item	Closing balance	Opening balance
Long-term payables	94,240,236.55	102,593,539.92
Payables for specific projects		
Total	<u>94,240,236.55</u>	<u>102,593,539.92</u>

1. Classification of long-term payables

Item	Closing balance	Opening balance
Payable for asset acquisition	164,877,927.16	204,094,530.16
Of which: Unrecognised financing costs	<u>59,342,000.04</u>	<u>70,508,944.96</u>
Subtotal	105,535,927.12	133,585,585.20
Less: Long-term payables due within one year	<u>11,295,690.57</u>	<u>30,992,045.28</u>
Total	<u>94,240,236.55</u>	<u>102,593,539.92</u>

Information regarding long-term payables is as follows:

Creditor	Maturity date	Effective annual interest rate	Long-term payables Closing balance	Less: Amount due within one year	Long-term payables closing balance
Tianjin Drainage Company	20 March 2041	5.94%	<u>105,535,927.12</u>	<u>11,295,690.57</u>	<u>94,240,236.55</u>

Note 1: The amount payable to Tianjin Drainage Company ("Drainage Company") relates to the Group's acquisition of its sewage treatment assets. As at 31 December 2025, the balance of the amount outstanding, net of unrecognised financing costs, is included in long-term payables. Pursuant to the "Agreement on the Transfer of Assets Formed from Foreign Bank Loans for the Tianjin Sewage Treatment Project in the Haihe River Basin and the Beicang Sewage Treatment Project" ("Transfer Agreement") entered into between the Group and the Drainage Company, the Drainage Company has transferred to the Group the assets formed from foreign bank loans. The initial payment for the transfer consideration was RMB261,578,056.76, with the balance to be paid to the Drainage Company over the next 17 years in RMB equivalent amounts, converted at the exchange rate prevailing at the time of actual repayment, in accordance with the repayment schedule stipulated in the foreign currency loan agreement. The fair value of long-term payables upon initial recognition was RMB430,314,460.59, calculated by discounting cash flows at an effective annual interest rate of 5.94%.

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXV) Long-term payables (Continued)

1. Classification of longterm payables (Continued)

Note 2: The balance of long-term payables comprises the following currencies:

Currency	Closing Balance	Opening Balance
Japanese Yen	105,535,927.12	114,360,471.97
US dollars		19,225,113.23
Total	<u>105,535,927.12</u>	<u>133,585,585.20</u>

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

Currency	Closing balance	Opening balance
Japanese Yen	164,877,927.16	182,972,850.74
US dollars		21,121,679.42
Total	<u>164,877,927.16</u>	<u>204,094,530.16</u>

The interest rate on long-term payables denominated in US dollars is 6-month LIBOR plus 0.6%; the interest rate on long-term payables denominated in Japanese yen is a fixed rate of 1% and 1.55% per annum, respectively.

Note 4: The maturity analysis of long-term payables is shown in the table below. As at 31 December 2025, the portion of long-term payables due within one year, namely RMB11,295,690.57 (31 December 2024: RMB30,992,045.28), is presented as current liability:

Currency	Closing balance	Opening balance
Within 1 year	11,295,690.57	30,992,045.28
1 to 2 years	10,562,517.24	11,004,136.34
2 to 5 years	27,741,091.18	28,906,058.27
5 years or more	<u>55,936,628.13</u>	<u>62,683,345.31</u>
Total	<u>105,535,927.12</u>	<u>133,585,585.20</u>

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVI) Prospective liabilities

Item	Closing balance	Opening balance	Causes
Subsequent expenditure on PPP projects (Note 1)	78,248,108.64		Subsequent expenditure for PPP Projects
Total	78,248,108.64		

Note 1: Subsequent expenditure on PPP projects refers to expenditure that the Group expects to incur in order to maintain a certain level of service capacity for the contract assets of the PPP projects it operates during the operational period, or to maintain a certain condition of use prior to handover to the contract grantor.

(XXXVII) Deferred revenue

Item	Opening balance	Increase for the period	Decreases for the period	Closing balance	Reason for Formation
Government grants relating to assets	1,633,487,630.31	45,329,779.82	82,542,186.68	1,596,275,223.45	Government grants relating to assets
Government grants relating to revenue	4,488,507.38		784,281.98	3,704,225.40	Government grants relating to revenue
Total	1,637,976,137.69	45,329,779.82	83,326,468.66	1,599,979,448.85	

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V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVII) Deferred revenue (Continued)

The breakdown of deferred income is as follows:

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Government grants relating to assets	1,633,487,630.31	45,329,779.82	82,542,186.68	1,596,275,223.45
– Sewage treatment project	1,288,466,194.55	35,049,779.82	68,731,395.36	1,254,784,579.01
Tianjin Jingu Sewage Treatment Plant	950,834,898.25		51,285,139.48	899,549,758.77
Tianjin Jingu Sewage Treatment Plant Upgrading Project	123,880,000.00		6,520,000.00	117,360,000.00
Tianjin Beichen Sewage Treatment Plant Upgrading Project	68,400,000.00		3,600,000.00	64,800,000.00
Tianjin Xianyang Road Sewage Treatment Plant Upgrade and Renovation Project	44,899,625.00		2,363,125.00	42,536,500.00
Tianjin Dongjiao Sewage Treatment Plant Upgrade and Renovation Project	31,505,799.85		1,658,208.76	29,847,591.09
Gaocheng Project, Shijiazhuang	29,043,522.47		1,037,268.72	28,006,253.75
Ningxiang Economic Development Zone Sewage Treatment Plant Upgrading Project	19,613,679.75		931,034.52	18,682,645.23
Linxia City Sewage Treatment Plant Renovation and Expansion Project	7,786,606.36		320,000.00	7,466,606.36
Beishiqiao Sewage Treatment Plant Upgrade and Renovation Project	6,043,729.42		718,542.00	5,325,187.42
Chibi Sewage Treatment Plant Upgrading and Expansion Project	6,458,333.45		298,076.88	6,160,256.57
Baoying County Xianhe Sewage Treatment Plant Upgrading and Renovation Project		12,114,000.00		12,114,000.00
Wuhu City Binjiang Sewage Treatment Plant Stage II Concession Project		22,935,779.82		22,935,779.82
– Reclaimed water project	233,935,431.68		7,159,572.13	226,775,859.55
Tianjin Jin'gu Reclaimed Water Plant	171,738,255.30		5,544,885.30	166,193,370.00
Tianjin Dongjiao Reclaimed Water Project	17,031,000.00		675,000.00	16,356,000.00
Beichen Reclaimed Water Project	14,962,000.00		525,000.00	14,437,000.00
Xianyang Road Reclaimed Water Project	10,204,176.38		414,686.83	9,789,489.55
Recycled Water Pipeline Connection Project in Tianjin City	20,000,000.00			20,000,000.00
– Cooling and Heating Supply Project	111,086,004.08	10,280,000.00	6,651,219.19	114,714,784.89
Government grants related to revenue	4,488,507.38		784,281.98	3,704,225.40
Total	1,637,976,137.69	45,329,779.82	83,326,468.66	1,599,979,448.85

(XXXVIII) Other non-current liabilities

Item	Closing balance	Opening balance
Compensation for the Tianjin Cultural Centre Energy Station Project	24,000,000.00	26,000,000.00
Loans payable to shareholders by subsidiaries	1,990,000.00	1,990,000.00
Total	25,990,000.00	27,990,000.00

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIX) Share capital

Item	Opening balance	Changes during the period (+, -)				Other	Subtotal	Closing balance
		Issue of new shares	Bonus shares	Capital reserve Conversion				
Total number of shares	1,570,418,085.00							1,570,418,085.00

(XL) Capital reserve

Item	Opening balance	Increase for the period	Decreases for the period	Closing balance
Share premium (Note)	1,098,763,837.78	11,266,566.62		1,110,030,404.40
Other capital reserves (Note)	16,202,174.22		16,202,174.22	
Total	1,114,966,012.00	11,266,566.62	16,202,174.22	1,110,030,404.40

Note: As at 31 December 2025, the Group's equity-settled share-based payments granted to employees that had not yet vested resulted in the reversal of the related costs and expenses, leading to a decrease in capital reserves of RMB4,935,607.60. The expiry of the Group's equity-settled share-based payments granted to employees without being exercised resulted in an increase of RMB11,266,566.62 in share premium under capital reserves, and a decrease of RMB11,266,566.62 in other capital reserves.

(XLI) Surplus reserves

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	850,018,726.34	88,649,352.90		938,668,079.24
Discretionary reserve				
Total	850,018,726.34	88,649,352.90		938,668,079.24

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

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLII) Undistributed profits

Item	Incurred during the period	Incurred during the previous period
Undistributed profits at the end of the previous period before adjustments	6,133,464,906.76	5,650,377,740.31
Undistributed profits at the beginning of the period after adjustment	6,133,464,906.76	5,650,377,740.31
Plus: Net profit for the period attributable to owners of the parent	862,357,236.56	807,210,626.05
Less: Allocation to statutory surplus reserve	88,649,352.90	63,434,057.49
Dividends payable on ordinary shares	266,971,074.45	260,689,402.11
	<u>6,640,201,715.97</u>	<u>6,133,464,906.76</u>
Undistributed profits at end of period	6,640,201,715.97	6,133,464,906.76

(XLIII) Operating income and operating cost

1. Information on operating income and operating cost

Item	Incurred during the period		Incurred during the previous period	
	Revenue	Cost	Revenue	Cost
Principal businesses	4,416,235,132.00	2,626,577,751.36	4,565,925,937.01	2,703,374,394.18
Other businesses	<u>343,835,895.44</u>	<u>311,549,557.31</u>	<u>261,527,068.79</u>	<u>203,510,409.64</u>
Total	<u>4,760,071,027.44</u>	<u>2,938,127,308.67</u>	<u>4,827,453,005.80</u>	<u>2,906,884,803.82</u>

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIII) Operating income and operating cost (Continued)

2. Breakdown of operating income and operating cost

(1) Analysis by income type

Item	Incurred during the period		Incurred during the previous period	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal business	4,416,235,132.00	2,626,577,751.36	4,565,925,937.01	2,703,374,394.18
Construction of sewage treatment and water treatment plants	3,458,050,079.09	1,997,436,408.01	3,579,852,587.15	2,075,711,159.06
Heating, cooling and relevant facility construction services	194,605,175.29	167,436,452.68	162,311,778.73	134,797,174.75
Tap water supply and waterworks construction	75,193,374.95	50,058,397.45	63,504,058.13	49,299,434.54
Interest income from PPP projects	135,364,358.22		126,180,636.73	
Reclaimed water treatment and associated works	250,324,094.83	160,573,411.09	381,845,702.28	240,107,309.25
Hazardous waste treatment	110,662,789.76	130,605,920.40	149,620,768.30	169,339,974.40
Customised Environmental Equipment	33,609,567.92	26,774,265.02	23,671,931.76	18,146,575.67
Others	158,425,691.94	93,692,896.71	78,938,473.93	15,972,766.51
Other operations	343,835,895.44	311,549,557.31	261,527,068.79	203,510,409.64
Contract operation	173,380,543.10	162,008,337.39	171,548,908.00	142,166,063.39
Technical services	116,390,189.70	104,358,347.34	26,329,761.46	14,205,270.01
Sales of equipment	32,190,021.72	26,060,543.68	33,372,417.42	23,492,229.77
Others	21,875,140.92	19,122,328.90	30,275,981.91	23,646,846.47
Total	<u>4,760,071,027.44</u>	<u>2,938,127,308.67</u>	<u>4,827,453,005.80</u>	<u>2,906,884,803.82</u>

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIII) Operating income and operating cost (Continued)

2. Breakdown of operating income and operating cost (Continued)

(2) Analysis by region

Item	Incurred during the period		Incurred during the previous period	
	Revenue	Cost of sales	Revenue	Cost of sales
Tianjin	2,487,795,389.02	1,353,431,966.44	2,341,018,465.53	1,261,688,441.35
Hangzhou	306,170,679.40	163,519,459.42	307,221,873.53	163,136,964.82
Xi'an	234,737,697.66	170,119,890.05	222,571,384.94	145,016,251.03
Fuyang	124,938,832.98	60,802,145.66	95,430,349.83	46,280,077.74
Other	1,606,428,428.38	1,190,253,847.10	1,861,210,931.97	1,290,763,068.88
Total	<u>4,760,071,027.44</u>	<u>2,938,127,308.67</u>	<u>4,827,453,005.80</u>	<u>2,906,884,803.82</u>

(3) Analysis by date of transfer of goods

Item	Recognised within a specific period		Recognised at a specific point in time	
	Revenue	Cost of sales	Revenue	Cost of sales
Interest income from the PPP project for sewage treatment and waterworks facility construction	3,593,414,437.31	1,997,436,408.01		
Heating, cooling and relevant facility construction services	194,605,175.29	167,436,452.68		
Tap water supply and waterworks facility construction	75,193,374.95	50,058,397.45		
Reclaimed water treatment and associated works	250,324,094.83	160,573,411.09		
Hazardous waste treatment	110,662,789.76	130,605,920.40		
Customised environmental protection equipment	33,609,567.92	26,774,265.02		
Other	<u>469,296,355.23</u>	<u>372,254,942.24</u>	<u>32,965,232.15</u>	<u>32,987,511.78</u>
Total	<u>4,727,105,795.29</u>	<u>2,905,139,796.89</u>	<u>32,965,232.15</u>	<u>32,987,511.78</u>

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIII) Operating income and operating cost (Continued)

3. Explanation of performance obligations

Item	Timing of satisfaction of performance obligations	Key payment terms	Nature of the goods to be transferred	Whether the entity is the principal	Amounts expected to be refunded to the customer	Type of warranty and relevant obligations
Sewage treatment and water plant facilities construction and interest income from PPP projects	Performance of contractual obligations during the provision of construction and services	Contract price is typically settled based on treatment volume	Construction of sewage treatment and treatment plant facilities	Yes	Not applicable	Assurance-type
Reclaimed water treatment and associated works	Performance of contractual obligations during the provision of construction and services	Contract price for reclaimed water treatment are typically settled based on treatment volume, whilst revenue from associated reclaimed water infrastructure works is generally recognised based on the stage of completion	Construction of reclaimed water treatment and supporting infrastructure such as distribution networks	Yes	Not applicable	Assurance-type
Heating, cooling and relevant facility construction services	Performance of contractual obligations during the provision of construction and services	Contract price is typically settled based on treatment volume	Heating, cooling and related facility construction services	Yes	Not applicable	Assurance-type
Hazardous waste treatment	Performance of contractual obligations during the provision of construction and services	Contract price is typically settled based on treatment volume	Solid waste treatment; air pollution prevention services; air pollution control; wastewater treatment and recycling; water pollution control; water environment protection services	Yes	Not applicable	None
Tap water supply and water treatment plant construction	Performance of contractual obligations during the provision of construction and services	Contract price is typically settled based on treatment volume	Tap water supply and water treatment plant facilities construction	Yes	Not applicable	Assurance-type
Customised environmental protection equipment	Performance of contractual obligations during the provision of construction and services	The contract price is usually paid in accordance with the method specified in the contract	Customisation and sale of environmental protection equipment	Yes	Not applicable	Assurance-type

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIV) Taxes and surcharges

Item	Incurred during the period	Incurred during the previous period
Property tax	34,848,403.74	26,882,509.35
Land Use Tax	24,329,502.84	22,637,026.01
Urban Maintenance and Construction Tax	3,180,308.23	2,571,723.39
Education Surcharge	2,328,931.14	1,122,939.36
Environmental Protection Tax	1,668,457.45	1,050,445.76
Stamp Duty	1,533,175.54	1,027,141.10
Resource tax	798,548.39	5,997.50
Water Resources Fund	346,837.72	339,802.28
Vehicle and Vessel Tax	96,254.88	108,645.00
Deed Duty		4,613,887.26
Other	8,187.04	902,538.83
Total	<u>69,138,606.97</u>	<u>61,262,655.84</u>

(XLV) Selling expenses

Item	Incurred during the period	Incurred during the previous period
Staff remuneration	5,225,630.28	7,243,777.09
Service fees	9,502,862.63	715,515.38
Travel, meetings, transport and business entertainment expenses	341,244.46	493,034.28
Depreciation of fixed assets	253,094.37	262,421.96
Office expenses	111,476.08	281,706.01
Other	1,430,639.77	1,076,479.99
Total	<u>16,864,947.59</u>	<u>10,072,934.71</u>

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIV) General and administrative expenses

Item	Incurring during the period	Incurring during the previous period
Staff remuneration	188,840,940.23	185,226,784.37
Consultancy fees	13,689,575.44	18,186,882.22
Depreciation of fixed assets	8,873,573.77	9,007,899.87
Repair and maintenance costs	8,160,164.58	6,194,964.50
Office expenses	5,394,374.17	6,397,399.44
Travel, meetings, transport and business entertainment expenses	5,221,485.37	5,206,539.54
Amortisation of intangible assets	1,841,398.44	2,413,415.52
Audit fees	3,268,396.21	3,090,000.00
Power and gas charges	2,466,325.49	2,356,282.82
Other taxes and charges	3,033,780.23	2,969,399.02
Other	651,157.74	7,667,377.49
Total	<u>241,441,171.67</u>	<u>248,716,944.79</u>

(XIV) Research and development expenses

Item	Incurring during the period	Incurring during the previous period
Employee remuneration	26,414,622.24	29,193,686.23
Raw materials consumed	9,054,849.93	13,915,605.34
Research and development expenses	12,318,924.23	10,222,340.51
Repair and maintenance costs	2,243,741.82	4,082,062.64
Depreciation and amortisation	3,797,282.66	3,034,473.02
Travel, meetings, transport and business entertainment expenses	103,264.94	170,651.24
Gas costs		401,250.50
Other	4,651,904.35	4,269,597.47
Total	<u>58,584,590.17</u>	<u>65,289,666.95</u>

(XIV) Finance costs

Item	Incurring during the period	Incurring during the previous period
Interest expense	309,907,333.96	381,723,020.15
Less: Interest income	17,851,917.67	21,685,451.68
Less: Exchange gains	5,506,625.34	15,806,619.00
Other expenses	1,737,210.35	749,085.56
Total	<u>288,286,001.30</u>	<u>344,980,035.03</u>

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIX) Other income

Item	Incurred during the period	Incurred during the previous period	Asset related/ Income related
Government grants	85,581,310.80	90,113,785.21	Related to assets/ income
VAT refunds	(602,839.77)	3,412,947.07	Income-related
Refund of personal income tax withheld at source	231,899.12	159,237.64	
Total	<u>85,210,370.15</u>	<u>93,685,969.92</u>	

Breakdown of government grants:

Item	Incurred during the period	Incurred during the previous period	Asset related/ Income related
Sewage Treatment Project	68,731,395.36	68,731,395.36	
Jingu Sewage Treatment Plant	51,285,139.48	51,285,139.48	Asset related
Jingu Sewage Treatment Plant Upgrading Project	6,520,000.00	6,520,000.00	Asset related
Beichen Sewage Treatment Plant Upgrading Project	3,600,000.00	3,600,000.00	Asset related
Xianyang Road Sewage Treatment Plant Upgrade and Renovation Project	2,363,125.00	2,363,125.00	Asset related
Dongjiao Sewage Treatment Plant Upgrade and Renovation Project	1,658,208.76	1,658,208.76	Asset related
Other	3,304,922.12	3,304,922.12	Asset related
Reclaimed water project	7,159,572.13	7,159,572.13	
Jingu Reclaimed Water Treatment Plant	5,544,885.30	5,544,885.30	Asset related
Other	1,614,686.83	1,614,686.83	Asset related
Cooling and heating projects	6,235,283.41	6,020,463.90	Asset related
Others	<u>734,281.98</u>	<u>618,224.28</u>	Income-related
Subtotal	82,860,532.88	82,529,655.67	
Government grants – recognised as a one-off item	2,720,777.92	7,584,129.54	
Tax subsidies	459,794.39	631,982.76	Income-related
Other	<u>2,260,983.53</u>	<u>6,952,146.78</u>	Income-related
Subtotal	<u>2,720,777.92</u>	<u>7,584,129.54</u>	
Total	<u>85,581,310.80</u>	<u>90,113,785.21</u>	

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(L) Investment income

Item	Incurring during the period	Incurring during the previous period
Income from long-term equity investments accounted for using the equity method	21,665,354.22	1,550,409.92
Investment gains arising from the disposal of long-term equity investments	829,978.35	
Dividend income from investments in other equity instruments during the holding period	300,000.00	
Total	22,795,332.57	1,550,409.92

(LI) Credit impairment losses

Item	Incurring during the period	Incurring during the previous period
Credit impairment loss on trade receivables	(43,947,972.95)	(88,380,998.48)
Credit impairment loss on other receivables	(10,382,501.04)	(1,059,357.24)
Credit impairment loss on long-term receivables	(5,054,272.92)	(4,599,901.20)
Total	(59,384,746.91)	(94,040,256.92)

(LII) Asset impairment losses

Item	Incurring during the period	Incurring during the previous period
Impairment loss on contract assets		1,890,230.33
Impairment loss on goodwill		(150,050,856.37)
Total		(148,160,626.04)

(LIII) Gain on disposal of assets

Item	Incurring during the period	Incurring during the previous period
Gain on disposal of intangible assets	(17,538,532.14)	
Total	(17,538,532.14)	

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LIV) Non-operating income

Item	Incurred during the period	Incurred during the previous period	Amount included in non-recurring profit or loss for the period
Gains on the destruction or scrapping of non-current assets	20,873.79	20,547.74	20,873.79
Of which: Gains on the destruction or scrapping of fixed assets	20,873.79	20,547.74	20,873.79
Government grants not related to ordinary activities	10,000.00	28,149.12	10,000.00
Receipt of compensation	307,782.02	4,659,416.18	307,782.02
Other	789,042.61	368,465.75	789,042.61
Total	1,127,698.42	5,076,578.79	1,127,698.42

(LV) Non-operating expenses

Item	Incurred during the period	Incurred during the previous period	Amount included in non-recurring profit or loss for the period
Late payment penalties	28,350,228.32		28,350,228.32
Loss on disposal of non-current assets	98,051.79	646,121.72	98,051.79
Of which: Loss on scrapping of fixed assets	98,051.79	646,121.72	98,051.79
Other	768,983.37	649,575.98	768,983.37
Total	29,217,263.48	1,295,697.70	29,217,263.48

(LVI) Income tax expense

1. Breakdown of income tax expense

Item	Incurred during the period	Incurred during the previous period
Current income tax expense	247,472,013.39	217,347,024.86
Deferred income tax expense	(12,983,057.23)	(40,945,714.83)
Total	234,488,956.16	176,401,310.03

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(IVI) Income tax expense (Continued)

2. Adjustment process for accounting profit and income tax expenses

Item	Amount
Total profit	1,150,621,259.68
Income tax expense calculated at the statutory rate	287,655,314.92
Impact of applying different tax rates	(67,081,312.66)
Adjustment for the effect of income tax in previous periods	4,491,780.81
Effect of non-taxable income	(16,203,211.58)
Profit or loss of joint ventures and associates accounted for using the equity method	(3,249,803.13)
Effect of non-deductible costs, expenses and losses	17,450,160.85
Effect of utilising deductible temporary differences or tax losses from previous periods for which deferred tax assets had not been recognised	(3,103,691.84)
Effect of deductible temporary differences or tax losses for which deferred tax assets were not recognised in the current period	15,717,272.45
Effect of additional tax deduction for research and development expenses	(1,187,553.66)
Income tax expense	<u>234,488,956.16</u>

(LVII) Cash Flow Statement

1. Cash relating to operating activities

(1) Other cash received relating to operating activities

Item	Incurred during the period	Incurred during the previous period
Interest on bank deposits	12,755,157.75	26,031,914.73
Government grants received	2,486,741.26	14,123,617.81
Tender deposits recovered	11,037,708.89	
Other	<u>5,893,194.34</u>	<u>4,370,476.97</u>
Total	<u>32,172,802.24</u>	<u>44,526,009.51</u>

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVII) Cash Flow Statement (Continued)

1. Cash relating to operating activities (Continued)

(2) Other cash payments relating to operating activities

Item	Incurred during the period	Incurred during the previous period
Office expenses	5,789,946.74	6,679,105.45
Finance costs	749,946.20	749,085.56
Repairs and maintenance	10,362,138.65	10,277,027.14
Project retention money paid	69,727,093.02	71,277,800.75
Consultancy fees	38,475,028.00	32,421,942.73
Travel, meetings and hospitality	4,791,537.15	5,861,133.65
Tax late payment charges	28,350,228.32	
Payment for the transfer of assets from the old factory at the Dongjiao project	23,439,560.31	
Other	5,182,367.93	4,686,444.58
Total	186,867,846.32	131,952,539.86

2. Cash relating to investment activities

(1) Cash received in connection with significant investing activities

Item	Incurred during the period	Incurred during the previous period
Receipt of restricted security deposits	16,960,270.43	
Cash received from investment returns	300,000.00	
Net cash inflow from disposal of fixed assets, intangible assets and other long- term assets		195,563.21
Total	17,260,270.43	195,563.21

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVII) Cash Flow Statement (Continued)

2. Cash relating to investment activities (Continued)

(2) Cash paid in connection with significant investing activities

Item	Incurring during the period	Incurring during the previous period
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	928,252,077.34	686,443,107.62
Net cash received from the disposal of subsidiaries and other business units	281,849.85	
Restricted project deposits paid		50,232,634.28
Cash paid for investments		8,893,947.34
Total	<u>928,533,927.19</u>	<u>745,569,689.24</u>

(3) Other cash received relating to investing activities

Item	Incurring during the period	Incurring during the previous period
Receipt of restricted security deposits	<u>16,960,270.43</u>	
Total	<u>16,960,270.43</u>	

(4) Other cash paid relating to investing activities

Item	Incurring during the period	Incurring during the previous period
Net cash received from disposal of subsidiaries and other business units	281,849.85	
Payment of restricted security deposits		50,232,634.28
Total	<u>281,849.85</u>	<u>50,232,634.28</u>

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVII) Cash Flow Statement (Continued)

3. Cash relating to financing activities

(1) Other cash received relating to financing activities

Item	Incurring during the period	Incurring during the previous period
Receipt of loan from minority shareholders		500,000.00
Total		500,000.00

(2) Other cash paid relating to financing activities

Item	Incurring during the period	Incurring during the previous period's balance
Payments for asset acquisitions	35,941,255.46	35,951,065.24
Repayment of lease liabilities	17,776,014.83	4,760,998.30
Payment of bond underwriting fees	1,322,500.00	
Total	55,039,770.29	40,712,063.54

(3) Changes in liabilities arising from financing activities

Item	Opening balance	Increases during the period		Decreases during the period		Closing balance
		Cash movements	Non-cash movements	Cash movements	Non-cash movements	
Bank borrowings (including those due within one year)	8,857,769,095.69	1,736,241,952.17	262,273,295.66	2,119,464,007.46		8,736,820,336.06
Bonds payable (including those maturing within one year)	1,145,258,461.83	1,000,000,000.00	36,210,661.46	668,422,000.00		1,513,047,123.29
Lease liabilities (including those due within one year)	3,172,815.36		37,120,069.25	17,776,014.83		22,516,869.78
Long-term payables (including those due within one year)	133,585,585.20		13,398,222.72	35,941,255.46	5,506,625.34	105,535,927.12
Other payables (dividends payable)	7,986,980.00		266,971,074.45	266,971,074.45	4,728,260.71	3,258,719.29
Minority interests	1,128,426,816.16	19,758,000.00	53,775,066.96	60,700,701.49	1,530,479.49	1,139,728,702.14
Loans from minority shareholders (including those due within one year)	2,089,090.41		100,045.20	99,090.41		2,090,045.20
Total	11,278,288,844.65	2,755,999,952.17	669,848,435.70	3,169,374,144.10	11,765,365.54	11,522,997,722.88

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVIII) Supplementary Information to the Cash Flow Statement

1. Supplementary Information to the Cash Flow Statement

Item	Incurred during the period	Incurred during the previous period
1. Adjusting net profit to cash flow from operating activities		
Net Profit	916,132,303.52	870,661,032.60
Add: Provision for impairment of assets		148,160,626.04
Credit impairment loss	59,384,746.91	94,040,256.92
Depreciation of fixed assets and investment property	150,202,424.95	183,900,304.99
Depreciation of right-of-use assets	3,644,216.78	3,798,287.51
Amortisation of intangible assets	604,286,191.61	569,276,645.32
Amortisation of deferred expenses	1,968,072.26	
Loss (gain) on disposal of fixed assets, intangible assets and other long-term assets (gains marked with a “-” sign)	17,538,532.14	
Loss (gains marked with a “-” sign) on the scrapping of fixed assets	77,178.00	625,573.98
Finance costs (gains marked with a “-” sign)	305,387,972.77	365,916,401.15
Investment losses (gains marked with a “-” sign)	(22,795,332.57)	(1,550,409.92)
Decrease (increase marked with a “-” sign) in deferred tax assets	(37,875,991.96)	(39,907,170.30)
Increase in deferred tax liabilities (decrease marked with a “-” sign)	24,133,759.42	(1,038,544.53)
Decrease in inventories (increase marked with a “-” sign)	(2,091,207.73)	(4,849,941.15)
Decrease in trade receivables (increase marked with a “-” sign)	1,079,588,127.42	(537,414,270.56)
Increase in trade payables (decrease marked with a “-” sign)	202,742,020.80	(269,602,071.09)
Others		
Net cash flow from operating activities	3,302,323,014.32	1,382,016,720.96
2. Net movement in cash and cash equivalents		
Closing balance of cash	4,643,174,425.03	2,665,499,259.40
Less: Opening balance of cash	2,665,499,259.40	2,571,361,674.43
Net increase in cash and cash equivalents	1,977,675,165.63	94,137,584.97

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

Item	Amount
Cash or cash equivalents received by the subsidiary during the period	8,402,400.00
Of which: Tianjin Capital Environmental Protection (Hong Kong) Limited	8,402,400.00
Less: Cash and cash equivalents held by the subsidiary as at the date of loss of control	8,684,249.85
Of which: Tianjin Capital Environmental Protection (Hong Kong) Limited	8,684,249.85
Net cash received from disposal of subsidiaries	(281,849.85)

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVIII) Supplementary Information to the Cash Flow Statement (Continued)

3. Cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	4,643,174,425.03	2,665,499,259.40
Of which: Bank deposits available for immediate use	4,643,174,425.03	2,665,499,259.40
II. Closing balance of cash and cash equivalents	4,643,174,425.03	2,665,499,259.40
Of which: Restricted cash and cash equivalents held by the parent or subsidiaries within the Group		

4. Monetary funds not classified as cash and cash equivalents

Item	Closing balance	Opening balance	Reason
Restricted cash and cash equivalents	74,532,491.86	91,492,762.29	Margin
Total	74,532,491.86	91,492,762.29	—

(LIX) Monetary items denominated in foreign currencies

1. Monetary items denominated in foreign currencies

Item	Closing balance in foreign currency	Conversion Rate	Closing balance in RMB
Long-term payables (including those due within one year)			
Of which: Japanese yen	2,355,870,418.11	0.044797	105,535,927.12

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

(All amounts in RMB unless otherwise stated)

V. SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LX) Leases

1. As lessee

Item	Amount
Short-term lease expenses accounted for using the simplified method, charged to the cost of the relevant assets or to profit or loss for the period	13,423,722.12
Lease expenses for low-value assets accounted for using the simplified method (excluding short-term lease expenses for low-value assets)	586,991.53
Total cash outflows relating to leases	<u>31,786,728.48</u>

2. As lessor

(1) Operating leases

Item	Lease revenue	Of which: Revenue relating to variable lease payments not included in lease receipts
Buildings	1,352,423.82	
Land use rights	<u>305,496.05</u>	
Total	<u>1,657,919.87</u>	

(LXI) Data resources

Please refer to Note VI, Research and development expenditure, (II) Development expenditure on R&D projects meeting the criteria for capitalisation.

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

(All amounts in RMB unless otherwise stated)

VI. RESEARCH AND DEVELOPMENT EXPENSES

(i) Presented by nature of expense

Item	Current Period	Incurred during the previous period
Employee remuneration	26,731,738.62	29,569,823.09
Raw materials consumed	10,461,131.32	13,915,605.34
Research and development expenses	12,563,924.23	10,222,340.51
Repair and maintenance costs	2,243,741.82	4,082,062.64
Depreciation and amortisation	3,906,836.98	3,112,435.40
Travel, meetings, transport and business hospitality expenses	103,264.94	170,651.24
Gas and power fees		401,250.50
Other	4,898,384.35	4,269,597.47
Total	60,909,022.26	65,743,766.19
Of which: R&D expenditure recognised as an expense	58,584,590.17	65,289,666.95
Capitalised R&D expenditure	2,324,432.09	454,099.24

(2) Development expenditure on R&D projects meeting the criteria for capitalisation

Project	Opening balance	Increase for the period		Decrease for the period		Closing Balance
		In-house development expenditure	Others	Recognised as intangible assets	Transferred to profit or loss for the period	
Data resources	454,099.24	671,670.70		1,125,769.94		
Smart energy integrated management platform		1,652,761.39				1,652,761.39
Total	454,099.24	2,324,432.09		1,125,769.94		1,652,761.39

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

VII. CHANGES IN THE SCOPE OF CONSOLIDATION

(i) Disposal of equity interests in subsidiaries

1. Transactions or events resulting in the loss of control over a subsidiary

Name of Subsidiary	Date of loss of control	Consideration at the Date of Loss of Control	Disposal percentage at the time of loss of control (%)	Disposal method at the time of loss of control	Basis for determining the date of loss of control	The difference between the disposal consideration and the share of the subsidiary's net assets at the consolidated financial statement level corresponding to the investment being disposed of	Percentage of remaining equity at the date of loss of control (%)	Carrying amount of the remaining equity interest at the consolidated financial statement level on the date of loss of control	The fair value of the remaining equity interest at the consolidated financial statement level as at the date of loss of control	Gains or losses arising from the remeasurement of the remaining equity interest at fair value	The method used to determine the fair value of the remaining equity interest at the consolidated financial statement level on the date of loss of control, and the key assumptions	The amount of other comprehensive income relating to the equity investment in the subsidiary transferred to investment gains or losses or retained earnings
Tianjin Capital Environmental Protection (Hong Kong) Limited	2025/2/18	29,973,500.00	100.00	Transfer of equity	Withdrawal of appointed director from the board	829,978.35						

(ii) Other reasons for changes in the scope of consolidation

Name	Method of addition	Date
Ningguo Jingkai Chuanghuan Water Co., Ltd.	Newly established	30 December 2025

VIII. INTERESTS IN OTHER ENTITIES

(I) Interests in subsidiaries

1. Composition of the Group

Name of subsidiary	Principal place of business	Registered capital	Place of registration	Nature of business	Shareholding percentage (%)		Method of acquisition
					Direct	Indirect	
Tianjin Jiayuanxing Innovative Energy Technology Co., Ltd.	Tianjin	212,950,520	Tianjin	Energy conservation and environmental protection, development, consultancy, services and transfer of new energy technologies, property management services	100.00	0.00	Established through capital contribution
Tianjin Jinghai Capital Water Co., Ltd.	Tianjin	37,553,000	Tianjin	Sewage treatment	100.00	0.00	Established through capital contribution
Fuyang Capital Water Co., Ltd.	Fuyang	455,688,700	Fuyang	Sewage treatment	100.00	0.00	Established through capital contribution
Yingshang Capital Water Co., Ltd.	Yingshang	53,000,000	Yingshang	Sewage treatment	100.00	0.00	Established through capital contribution
Wendeng Capital Water Co., Ltd.	Wendeng	68,527,400	Wendeng	Sewage treatment	100.00	0.00	Established through capital contribution
Linxia Capital Water Co., Ltd.	Linxia	65,910,000	Linxia	Sewage treatment	100.00	0.00	Established through capital contribution
Guizhou Capital Water Co., Ltd.	Guizhou	120,000,000	Guizhou	Sewage treatment	100.00	0.00	Established through capital contribution
Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd.	Tianjin	62,106,000	Tianjin	Sewage treatment	100.00	0.00	Established through capital contribution
Jiangsu Yonghui Resources Utilisation Co., Ltd.	Gaoyou	50,000,000	Gaoyou	Incineration and disposal of industrial solid waste; recycling and comprehensive utilisation of general waste	100.00	0.00	Business combinations involving entities not under common control
Gaoyou Compro Environmental Resources Co., Ltd.	Gaoyou	100,000,000	Gaoyou	Incineration and disposal of industrial solid waste; recycling and comprehensive utilisation of general waste	100.00	0.00	Business combinations involving entities not under common control

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

(All amounts in RMB unless otherwise stated)

VIII. INTERESTS IN OTHER ENTITIES (Continued)

(I) Interests in subsidiaries (Continued)

1. Composition of the Group (Continued)

Name of subsidiary	Principal place of business	Registered capital	Place of registration	Nature of business	Shareholding percentage (%)		Method of acquisition
					Direct	Indirect	
Wuhan Tianchuang Capital Environmental Protection Co., Ltd.	Wuhan	201,968,900	Wuhan	Sewage treatment and tap water supply	100.00	0.00	Established through capital contribution
Anhui Tianchuang Capital Water Co., Ltd.	Hefei	63,670,000	Hefei	Sewage treatment	100.00	0.00	Established through capital contribution
Anguo Capital Water Co., Ltd.	Anguo	41,000,000	Anguo	Sewage treatment	100.00	0.00	Established through capital contribution
Tianjin Water Recycling Co., Ltd.	Tianjin	100,000,000	Tianjin	Production and sale of reclaimed water, development and construction of reclaimed water facilities, technical consultancy on reclaimed water	100.00	0.00	Established through capital contribution
Tianjin Tianchuang Environmental Technology Co., Ltd.	Tianjin	45,000,000	Tianjin	Technical services, development, consultancy, transfer and promotion of technologies	100.00	0.00	Established through capital contribution
Tianjin Jiuyuan Kaichuang New Energy Technology Co., Ltd.	Tianjin	80,000,000	Tianjin	Energy conservation and environmental protection, development, consultancy, services and transfer of new energy technologies, property management services	100.00	0.00	Established through capital contribution
Tianjin Jinning Chuanghuan Water Co., Ltd.	Tianjin	22,560,000	Tianjin	Sewage treatment	100.00	0.00	Established through capital contribution
Karamay Capital Water Co., Ltd.	Karamay	113,873,200	Karamay	Sewage treatment	100.00	0.00	Established through capital contribution
Hefei Capital Water Co., Ltd.	Hefei	205,956,800	Hefei	Sewage treatment	100.00	0.00	Established through capital contribution
Tianjin Tianchuang Green Energy New Energy Technology Co., Ltd.	Tianjin	84,590,000	Tianjin	Investment management, power generation, transmission and distribution, heating services	100.00	0.00	Established through capital contribution
Xi'an Capital Water Co., Ltd.	Xi'an	476,170,000	Xi'an	Sewage treatment	100.00	0.00	Established through capital contribution
Hanshan Capital Water Co., Ltd.	Ma'anshan	14,880,000	Ma'anshan	Sewage treatment	100.00	0.00	Established through capital contribution
Weng'an Capital Water Co., Ltd.	Weng'an	53,595,000	Weng'an	Sewage treatment	97.00	0.00	Established through capital contribution
Enshi Capital Water Co., Ltd.	Enshi	170,860,900	Enshi	Sewage treatment	95.00	0.00	Established through capital contribution
Karamay Capital Water Co., Ltd.	Karamay	120,000,000	Karamay	Sewage treatment	90.00	0.00	Established through capital contribution
Huoqiu Capital Water Co., Ltd.	Huoqiu	41,283,000	Huoqiu	Sewage treatment	90.00	0.00	Established through capital contribution
Deqing Chuanghuan Water Co., Ltd.	Deqing	60,000,000	Deqing	Sewage treatment	90.00	0.00	Established through capital contribution
Honghu Tianchuang Environmental Protection Co., Ltd.	Honghu	60,000,000	Honghu	Sewage treatment	89.00	0.00	Established through capital contribution
Jiuquan Capital Water Co., Ltd.	Jiuquan	178,237,900	Jiuquan	Sewage treatment	89.00	0.00	Established through capital contribution
Jieshou Capital Water Co., Ltd.	Jieshou	345,928,000	Jieshou	Sewage treatment	87.00	0.00	Established through capital contribution
Honghu Tianchuang Water Co., Ltd.	Honghu	131,330,800	Honghu	Sewage treatment	85.00	0.00	Established through capital contribution
Changsha Tianchuang Environmental Protection Co., Ltd.	Changsha	46,015,400	Changsha	Sewage treatment	81.00	0.00	Established through capital contribution
Changsha Tianchuang Water Co., Ltd.	Changsha	21,252,200	Changsha	Sewage treatment	80.00	0.00	Established through capital contribution
Huize Capital Water Co., Ltd.	Huize	41,236,800	Huize	Centralised water supply, sewage treatment	79.00	0.00	Established through capital contribution
Hanshou Tianchuang Water Co., Ltd.	Hanshou	45,000,000	Hanshou	Tap water supply	75.00	0.00	Established through capital contribution
Hangzhou Tianchuang Capital Water Co., Ltd.	Hangzhou	377,445,000	Hangzhou	Sewage treatment	70.00	0.00	Established through capital contribution
Baoying Capital Water Co., Ltd.	Baoying	83,000,000	Baoying	Sewage treatment	70.00	0.00	Established through capital contribution

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

VIII. INTERESTS IN OTHER ENTITIES (Continued)

(I) Interests in subsidiaries (Continued)

1. Composition of the Group (Continued)

Name of subsidiary	Principal place of business	Registered capital	Place of registration	Nature of business	Shareholding percentage (%)		Method of acquisition
					Direct	Indirect	
Inner Mongolia Bayannur Capital Water Co., Ltd.	Bayannur	1,067,577,900	Bayannur	Sewage treatment, production and sale of reclaimed water, tap water supply	70.00	0.00	Business combinations involving entities not under common control
Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.	Gaocheng	217,496,900	Gaocheng	Sewage treatment, production and sale of reclaimed water	59.00	0.00	Established through capital contribution
Shandong Capital Environmental Protection Technology Co., Ltd.	Shandong	82,000,000	Shandong	Collection, storage and transfer of hazardous waste	55.00	0.00	Established through capital contribution
Shandong Tianchuang Environmental Protection Technology Development Co., Ltd.	Tiancheng	110,000,000	Tiancheng	Hazardous waste treatment and disposal	55.00	0.00	Established through capital contribution
Dalian Oriental Chunliuhe Water Quality Purification Co., Ltd.	Dalian	94,079,340	Dalian	Sewage treatment	64.00	0.00	Established through capital contribution
Dongying Tianchi Environmental Technology Co., Ltd.	Dongying	136,300,000	Dongying	Solid waste management	51.00	0.00	Established through capital contribution
Hanshan Chuanghuan Water Co., Ltd.	Ma'anshan	91,224,400	Ma'anshan	Sewage treatment	51.00	0.00	Established through capital contribution
Tianjin Caring Technology Development Co., Ltd.	Tianjin	33,333,333	Tianjin	Environmental engineering remediation, technical consultancy, etc.	48.00	12.00	Established through capital contribution
Qujing Capital Water Co., Ltd.	Qujing	178,983,082	Qujing	Sewage treatment, tap water supply	87.00	0.00	Established through capital contribution
Tianjin Capital New Materials Co., Ltd.	Tianjin	37,500,000	Tianjin	Manufacture and sales of new building materials	71.00	0.00	Established through capital contribution
Chibi Chuanghuan Water Co., Ltd.	Chibi	60,200,000	Chibi	Sewage treatment	100.00	0.00	Established through capital contribution
Wuhu Chuanghuan Water Co., Ltd.	Wuhu	55,400,000	Wuhu	Sewage treatment	55.00	0.00	Established through capital contribution
Huize Chuanghuan Water Co., Ltd.	Huize	20,096,900	Huize	Sewage treatment	97.00	0.00	Established through capital contribution
Huoqiu Chuanghuan Water Co., Ltd.	Huoqiu	10,200,000	Huoqiu	Sewage treatment	100.00	0.00	Established through capital contribution
Ningguo Jingkai Chuanghuan Water Co., Ltd.	Xuancheng	20,000,000	Xuancheng	Sewage treatment	60.00	0.00	Established through capital contribution

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

(All amounts in RMB unless otherwise stated)

VIII. INTERESTS IN OTHER ENTITIES (Continued)

(I) Interests in subsidiaries (Continued)

2. Details of significant non-wholly-owned subsidiaries

No.	Name of entity	Percentage of shareholding of minority shareholders	Profit or loss for the period attributable to minority shareholders	Dividends declared to minority shareholders during the period	Accumulated minority interest at the end of the period
1	Inner Mongolia Bayannur Capital Water Co., Ltd.	30%	7,003,856.83		341,586,123.11
2	Hangzhou Tianchuang Capital Water Co., Ltd.	30%	32,335,897.18	54,981,146.32	188,331,810.86
3	Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.	41%	7,362,831.93		116,733,333.64
4	Shandong Capital Environmental Protection Technology Development Co., Ltd.	45%	(6,792,945.50)		51,473,682.85
5	Tianjin Caring Technology Development Co., Ltd.	40%	1,419,308.27	2,799,999.93	53,194,586.57

3. Key financial information of significant non-wholly-owned subsidiaries

Name of Subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Inner Mongolia Bayannur Capital Water Co., Ltd.	123,873,337.35	1,044,698,314.19	1,168,571,651.54	22,277,980.66	10,590,015.11	32,867,995.77	105,961,942.01	997,157,695.58	1,103,119,637.59	21,904,660.30		21,904,660.30
Hangzhou Tianchuang Capital Water Co., Ltd.	312,198,880.38	313,558,058.05	625,756,938.43	32,167,919.52	13,189,179.68	45,357,099.20	331,026,302.38	401,713,187.96	732,739,490.34	36,753,856.72	19,945,492.54	56,699,349.26
Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.	218,199,113.14	285,089,322.66	503,288,435.80	128,016,652.28	90,513,978.12	218,530,630.40	153,056,083.34	293,016,718.10	446,072,801.44	89,900,163.76	89,372,958.94	179,273,122.70
Shandong Capital Environmental Protection Technology Development Co., Ltd.	127,413,175.77	207,798,287.14	335,211,462.91	32,619,963.33	188,490,000.00	221,109,963.33	121,382,261.02	218,003,879.40	339,386,140.42	30,389,023.27	179,490,000.00	209,879,023.27
Tianjin Caring Technology Development Co., Ltd.	199,031,399.29	28,365,633.27	227,397,032.56	94,303,584.31	52,881.00	94,356,465.31	222,834,859.64	20,081,321.42	242,916,181.06	106,337,209.78	86,674.77	106,423,884.55

Name of subsidiary	Incurred during the period				Incurred during the previous period			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Inner Mongolia Bayannur Capital Water Co., Ltd.	95,743,454.44	21,881,891.00	21,881,891.00	(14,215,237.30)	135,682,909.42	50,716,792.96	50,716,792.96	41,397,360.76
Hangzhou Tianchuang Capital Water Co., Ltd.	306,170,679.40	107,786,323.92	107,786,323.92	171,565,585.01	307,221,873.53	116,786,269.02	116,786,269.02	165,797,379.34
Hebei Guojin Tianchuang Sewage Treatment Co., Ltd.	72,674,846.38	17,958,126.66	17,958,126.66	(18,853,454.80)	72,174,101.95	15,391,369.89	15,391,369.89	(10,627,725.71)
Shandong Capital Environmental Protection Technology Development Co., Ltd.	46,307,571.66	(15,405,617.57)	(15,405,617.57)	3,293,040.75	67,624,516.39	66,783.43	66,783.43	41,430,562.87
Tianjin Caring Technology Development Co., Ltd.	184,094,810.92	3,548,270.67	3,548,270.67	(18,401,279.02)	173,217,839.53	3,390,400.99	3,390,400.99	110,568,032.76

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

(All amounts in RMB unless otherwise stated)

VIII. INTERESTS IN OTHER ENTITIES (Continued)

(II) Interests in joint ventures or associates

1. Combined financial information for immaterial joint ventures and associates

Item	Closing balance/ Transactions for the period	Opening balance/ Incurred during the previous period's transactions
I. Joint Ventures		
Total carrying amount of investments		
The total of the following items by percentage of shareholding:		
Net profit		
Other comprehensive income		
Total comprehensive income		
II. Associates		
Total carrying amount of investments	211,866,236.74	190,200,882.52
The total of the following items by percentage of shareholding:		
Net profit	21,665,354.22	1,550,409.92
Other comprehensive income		
Total comprehensive income	21,665,354.22	1,550,409.92

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

(All amounts in RMB unless otherwise stated)

IX. GOVERNMENT GRANTS

(I) Government grants recognised at the amount receivable

Item	Closing balance of receivables	Reasons for failure to receive the expected amount of government grants by the anticipated date
VAT refund	5,000.00	See Note V(VI)
Total	5,000.00	—

(II) Liabilities relating to government grants

Financial statement item	Opening balance	New subsidies for the period	Amount recognised as non-operating income for the period	Amount transferred to other income for the period	Other movements during the period	Closing balance	Relating to assets/ income
Deferred income	1,633,487,630.31	45,329,779.82		82,126,250.90	(415,935.78)	1,596,275,223.45	Related to assets
Deferred income	4,488,507.38			734,281.98	(50,000.00)	3,704,225.40	Related to income
Total	1,637,976,137.69	45,329,779.82		82,860,532.88	(465,935.78)	1,599,979,448.85	—

(III) Government grants recognised in profit or loss

Type	Incurred during the period	Amount for the previous period
Related to assets	82,126,250.90	81,911,431.39
Related to income	3,455,059.90	8,202,353.82
Total	85,581,310.80	90,113,785.21

(All amounts in RMB unless otherwise stated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

(i) Risks associated with financial instruments

The Group's business operations are exposed to various financial risks, primarily comprising market risk (mainly foreign exchange risk, interest rate risk and other price risks), credit risk and liquidity risk. The aforementioned financial risks and the risk management policies adopted by the Group to mitigate these risks are described below:

The Board of Directors is responsible for planning and establishing the Group's risk management framework, formulating the Group's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyse the risks it faces; these policies clearly define specific risks and cover various aspects, including market risk, credit risk and liquidity risk management. The Group regularly assesses changes in the market environment and its business operations to determine whether to update its risk management policies and systems. The Group's risk management is conducted by the Risk Management Committee in accordance with policies approved by the Board. The Risk Management Committee identifies, evaluates and mitigates relevant risks through close collaboration with other business departments within the Group. The Group's internal audit department conducts regular reviews of risk management controls and procedures, and reports the results of these reviews to the Audit Committee of the Group.

1. *Market Risk*

(1) Foreign Exchange Risk

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

As at 31 December 2025, if the RMB appreciates or depreciates by 5% against JPY, with all other factors remaining constant, the Group's net profit would increase or decrease by RMB7,007,311.90 (31 December 2024: RMB7,776,346.16).

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

(All amounts in RMB unless otherwise stated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(i) Risks associated with financial instruments (Continued)

1. *Market Risk* (Continued)

(2) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing liabilities such as long-term bank borrowings, long-term payables and bonds payable. Financial liabilities with floating interest rates expose the Group to cash flow interest rate risk, whilst financial liabilities with fixed interest rates expose the Group to fair value interest rate risk. The Group determines the relative proportion of fixed-rate and floating-rate contracts based on prevailing market conditions. As at 31 December 2025, the replacement of reference interest rates had not yet been completed.

The Group continuously monitors interest rate levels. Rising interest rates would increase the cost of new interest-bearing debt and the interest expense on the Group's outstanding interest-bearing debt bearing interest at floating rates, and could have a material adverse effect on the Group's financial performance. Management will make timely adjustments in accordance with the latest market conditions; such adjustments may involve entering into interest rate swap arrangements to mitigate interest rate risk. The Group had no interest rate swap arrangements in place in 2025 and 2024.

The table below reflects the Group's interest rate risk associated with interest-bearing liabilities. The liabilities included in the table are stated at their carrying amounts and classified by maturity date.

As at: 31 December 2025

Item	Fixed interest rate	Floating interest rate	Total
Short-term borrowings	81,654,658.22	14,008,555.58	95,663,213.80
Non-current liabilities due within one year:	40,811,038.16	1,210,877,398.48	1,251,688,436.64
Long-term loans due within one year	16,368,179.10	1,210,877,398.48	1,227,245,577.58
Long-term payables due within one year	11,295,690.57		11,295,690.57
Bonds payable and interest due within one year	13,047,123.29		13,047,123.29
Interest on minority shareholder loans due within one year	100,045.20		100,045.20
Long-term loans	613,795,100.00	6,800,116,444.68	7,413,911,544.68
Long-term payables	94,240,236.55		94,240,236.55
Bonds payable	1,500,000,000.00		1,500,000,000.00
Other non-current liabilities	1,990,000.00		1,990,000.00
Total	2,332,491,032.93	8,025,002,398.74	10,357,493,431.67

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(i) Risks associated with financial instruments (Continued)

1. Market Risk (Continued)

(2) Interest rate risk (Continued)

As at: 31 December 2024

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

As at 31 December 2025, assuming the borrowing interest rate increases/decreases by 1%, with all other factors remaining constant, the Group's net profit for the year would decrease/increase by RMB74,357,214.75 (31 December 2024: RMB75,675,565.23).

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

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

(All amounts in RMB unless otherwise stated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(i) Risks associated with financial instruments (Continued)

2. Credit Risk

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

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

In addition, the Group has set related policies to limit the credit exposure on accounts receivable, other receivables, contract assets and long-term receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will chase settlement by using written payment reminders, or shorten/cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 31 December 2025, the Group had no significant collateral held against debtors or other credit enhancements (31 December 2024: None).

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(i) Risks associated with financial instruments (Continued)

3. Liquidity Risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department at headquarters level. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs; continuously monitors whether the covenant terms in borrowing agreements are complied; and maintains sufficient headroom on the Group's committed undrawn banking facilities from major financial institutions so as to meet the short-term and long-term liquidity requirements.

(1) Contractual cash flows of financial liabilities analysed by their maturity dates

As at the balance sheet date, the undiscounted contractual cash flows of the Group's financial liabilities, analysed by their maturity dates, are as below:

As at: 31 December 2025

Item	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Short-term borrowings	96,969,747.16				96,969,747.16	95,663,213.80
Long-term borrowings	1,457,419,281.20	2,021,913,258.65	3,447,139,019.95	2,925,163,018.01	9,851,634,577.81	8,641,157,122.25
Long-term payables	12,296,639.42	12,181,503.96	35,853,699.15	104,546,084.63	164,877,927.16	105,535,927.12
Accounts payable	1,083,882,507.33				1,083,882,507.33	1,083,882,507.33
Other payables	763,541,710.44				763,541,710.44	763,541,710.44
Bonds payable	34,400,000.00	331,728,767.12	1,222,792,054.79		1,588,920,821.91	1,513,047,123.29
Lease liabilities	19,328,465.83		2,823,215.50	941,071.50	23,092,752.83	22,516,869.78
Other non-current liabilities	99,500.00	99,500.00	2,089,500.00		2,288,500.00	2,090,045.20
Total	3,467,937,851.38	2,365,923,029.73	4,710,697,489.39	3,030,650,174.14	13,575,208,544.64	12,227,434,519.21

As at: 31 December 2024

Item	Within one year	One to two years	Two to five years	Five years or more	Total	Carrying amount
Short-term borrowings	29,521,595.00				29,521,595.00	29,228,819.26
Long-term borrowings	1,672,739,436.59	1,720,241,505.08	3,793,321,296.24	2,990,770,697.13	10,177,072,935.04	8,828,540,276.43
Long-term payables	33,931,322.65	12,690,817.03	37,359,493.84	120,112,896.64	204,094,530.16	133,585,585.20
Accounts payable	946,965,173.51				946,965,173.51	946,965,173.51
Other payables	1,060,257,870.64				1,060,257,870.64	1,060,257,870.64
Bonds payable	657,872,650.00	13,600,000.00	508,877,777.78		1,180,350,427.78	1,145,625,961.83
Lease liabilities	1,971,931.77	1,285,050.89			3,256,982.66	3,172,815.36
Other non-current liabilities	99,500.00	99,500.00	2,089,500.00		2,288,500.00	2,089,090.41
Total	4,403,359,480.16	1,747,916,873.00	4,341,648,067.86	3,110,883,593.77	13,603,808,014.79	12,149,465,592.64

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

(All amounts in RMB unless otherwise stated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(i) Risks associated with financial instruments (Continued)

3. *Liquidity Risk* (Continued)

(2) Repayment period for bank loans and other borrowings

Repayment Period	31 December 2025		31 December 2024	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	1,322,908,791.38	24,442,859.06	1,443,361,772.72	676,717,097.52
1 to 2 years	1,830,751,930.17	310,562,517.24	1,505,552,806.53	11,004,136.34
2 to 5 years	3,090,814,701.65	1,229,731,091.18	3,385,705,846.17	530,896,058.27
Over five years	2,492,344,912.86	55,936,628.13	2,523,148,670.27	62,216,754.90
Total	8,736,820,336.06	1,620,673,095.61	8,857,769,095.69	1,280,834,047.03

XI. FAIR VALUE

(I) Analysis of assets and liabilities measured at fair value by fair value hierarchy

Item	Fair value measured at level 1	Fair value measured at level 2	Fair value measured at level 3	Total
I. Fair value measurement on an ongoing basis				
(1) Other debt investments			11,277,067.24	11,277,067.24
(2) Investments in other equity instruments			2,000,000.00	2,000,000.00
Of which: Unlisted equity instruments of Tianjin Beifang Rencaigang Co., Ltd.			2,000,000.00	2,000,000.00

(All amounts in RMB unless otherwise stated)

XI. FAIR VALUE (Continued)

(I) Analysis of assets and liabilities measured at fair value by fair value hierarchy (Continued)

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Unobservable inputs for the asset or liability.

For financial instruments traded in active markets, the Group determines their fair value using active market quotations; for financial instruments not traded in active markets, the Group determines their fair value using valuation techniques. The valuation model primarily used is the market comparable company model. Inputs to the valuation techniques mainly include illiquidity discounts.

The amount of financial instruments traded by the Group on active markets is not substantial.

(II) Fair value of financial assets and financial liabilities not measured at fair value

The Group's financial assets and financial liabilities measured at amortised cost primarily include notes receivable, trade receivables, other receivables, long-term receivables (including those due within one year), trade payables, short-term borrowings, long-term borrowings (including those due within one year), bonds payable (including those due within one year) and long-term payables (including those due within one year). The difference between the carrying amounts and fair values of the Group's financial assets and financial liabilities not measured at fair value is immaterial.

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

(All amounts in RMB unless otherwise stated)

XII. CAPITAL MANAGEMENT

The objective of the Group's capital management policy is to ensure the Group's ability to continue as a going concern, thereby providing returns to shareholders and benefiting other stakeholders, whilst maintaining an optimal capital structure to minimise the cost of capital.

In order to maintain or adjust its capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors its capital by the debt-to-capital ratio. This ratio is calculated by taking net debt and dividing it by the total capital. Net debt represents total borrowings (including short-term borrowings, long-term borrowings, debentures payable and long-term payables of the Group) less cash and cash equivalents. Total capital is equity (as shown on the consolidated balance sheet) plus net debt.

The Group's strategy is to maintain a gearing ratio below 50%. The gearing ratio of the Group is as follows:

Item	31 December 2025	31 December 2024
Total borrowings	10,362,237,211.86	10,138,702,233.13
Including: Short-term borrowings	95,663,213.80	29,228,819.26
Other current liabilities	4,743,780.19	
Long-term borrowings	8,641,157,122.26	8,828,540,276.43
Bonds payable	1,513,047,123.29	1,145,258,461.83
Long-term payables	105,535,927.12	133,585,585.20
Other non-current liabilities	2,090,045.20	2,089,090.41
Less: Cash and cash equivalents	4,643,174,425.03	2,665,499,259.40
Net debt	5,719,062,786.83	7,473,202,973.73
Total equity	11,399,046,986.75	10,797,294,546.26
Total capital	22,256,972,119.09	18,270,497,519.99
Gearing ratio	26%	41%

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(I) The Group's parent company

Name of parent company	Place of incorporation	Nature of business	Registered capital	Parent company's shareholding in the Group (%)	Parent company's voting rights in the Group (%)
TMICL	Tianjin, China	Development, construction and operation of municipal infrastructure	182,000,000	45.57	45.57

The ultimate controlling party of the Group is Tianjin Investment Group.

(II) Information on the Group's subsidiaries

For details, please refer to note "VIII. Equity in other entities".

(III) Information on the Group's joint ventures and associates

For details of significant joint ventures or associates, please refer to note "VIII. Equity in other entities". Details of other joint ventures or associates that have entered into related-party transactions with the Group during the current period, or that have balances arising from related-party transactions with the Group in previous periods, are as follows:

Name of joint venture or associate	Relationship with the Group
Tianjin International Machinery Co., Ltd.	Joint venture
Bihai Sponge City Co., Ltd.	Joint venture

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB unless otherwise stated)

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(IV) Details of other related parties

Names of other related parties	Relationship with the Group
Tianjin Expressway Construction Engineering Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Huantou Landscaping Engineering Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Eco-City Environmental Testing Centre Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Financial City Property Management Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Urban Investment Construction Project Management Consulting Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Taihuan Renewable Resources Utilisation Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Chengze Real Estate Development Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Fuyuan Real Estate Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Rail Transit Operation Group Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Jinzhong Urban Renewal Construction and Development Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Liulin District Urban Renewal Industrial Operations Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Haihe Lingyi Real Estate Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Jinzhu Real Estate Development Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Environmental Construction Investment Co., Ltd.	Controlled by the same ultimate controlling party

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

(All amounts in RMB unless otherwise stated)

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(IV) Details of other related parties(Continued)

Names of other related parties	Relationship with the Group
Tianjin Eco-City Environmental Protection Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Chengzhu Real Estate Development Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Haihe Jin'an Investment, Construction and Development Co., Ltd.	An associate of the ultimate controlling party
Tianjin Lecheng Property Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Liantou Real Estate Development Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Metro Group Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Rail Transit Group Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Metro Resources Investment Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Beicheng Construction and Development Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Jinnuo Real Estate Development Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Tianfang Xinhe Real Estate Development Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Jinju Property Development Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Tianfang Lishan Property Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Xinyi Real Estate Investment Co., Ltd.	A joint venture of the ultimate controlling party

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(All amounts in RMB unless otherwise stated)

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(IV) Details of other related parties(Continued)

Names of other related parties	Relationship with the Group
Tianjin Urban Planning and Design Research Institute Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Surveying and Mapping Institute Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin International Engineering Consulting Group Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Technology Property Rights Exchange Co., Ltd.	A joint venture of the ultimate controlling party
Great Wall (Tianjin) Quality Assurance Centre Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Zhengdong Real Estate Development Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Municipal Engineering Design and Research Institute Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Saiying Engineering Construction Consulting Management Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Water Group Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Pipeline Engineering Group Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Huashui Tap Water Construction Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Municipal Pipeline and Tap Water Engineering Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Huadi Public Utilities Construction Supervision Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Water Group Huamiao Planning, Survey and Design Research Institute Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Zhonghuan System Engineering Co., Ltd.	A joint venture of the ultimate controlling party

(All amounts in RMB unless otherwise stated)

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(IV) Details of other related parties(Continued)

Names of other related parties	Relationship with the Group
Tianjin Institute of Electronic Computers Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Chentang Thermal Power Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Cheng'an Thermal Power Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Changlu Real Estate Development Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Haijing Chenyang Property Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Building Materials Research Institute Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Zhonglong Fengtai Real Estate Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Xianxing Multimedia Network Technology Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Jinyu Jinchun Real Estate Development Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Eco-City Water Investment and Construction Co., Ltd.	A joint venture of the ultimate controlling party
Tianjin Eco-City Energy Investment and Construction Co., Ltd.	A joint venture of the ultimate controlling party
Hangzhou Water Group Co., Ltd.	Minority shareholder of a subsidiary
Dongying Runli Landscape and Municipal Engineering Co., Ltd.	Minority shareholder of a subsidiary
Beijing E20 Environment Co., Ltd.	Companies in which our director serves

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB unless otherwise stated)

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(V) Related Party Transactions

1. *Related party transactions involving the purchase and sale of goods, and the provision and receipt of services*

(1) Procurement of goods/receipt of services

Name of related party	Details of related party transactions	Incurred during the period	Incurred during the previous period
Tianjin Investment Group	Property management fees, service fees	7,705,581.46	111,613,648.86
Tianjin Haihe Jin'an Investment, Construction and Development Co., Ltd.	Exhibition set-up service fees		317,075.47
Hangzhou Water Group Co., Ltd.	Water charges	433,018.80	310,042.40
Tianjin Water Supply Group Co., Ltd.	Water charges	1,285,047.29	
Beijing E20 Environment Co., Ltd.	Service fees	283,018.87	
Tianjin Surveying and Mapping Institute Co., Ltd.	Service fees	141,886.79	
Tianjin Technology Property Rights Exchange Co., Ltd.	Service fees	1,000.00	
Great Wall (Tianjin) Quality Assurance Centre Co., Ltd.	Service fees	20,754.72	
Tianjin Xianxing Multimedia Network Technology Co., Ltd.	Service fees	89,481.13	
Tianjin Urban Planning and Design Research Institute Co., Ltd.	Purchase of assets	233,962.26	
Tianjin Huashui Tap Water Construction Co., Ltd.	Construction works	602,970.37	

Note: The Group's purchases of goods and services from related parties are priced at market rates and are executed in accordance with the terms and agreements entered into between the Group and the related parties.

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(V) Related Party Transactions (Continued)

1. Related party transactions involving the purchase and sale of goods, and the provision and receipt of services (Continued)

(2) Details of sales of goods/provision of services

Name of related party	Details of related party transactions	Incurred during the period	Incurred during the previous period
Tianjin Environmental Construction Investment Co., Ltd.	Revenue from reclaimed water supporting projects	156,861.47	
Tianjin Eco-City Environmental Protection Co., Ltd.	Revenue from hazardous waste treatment	24,528.30	
Tianjin Chengzhu Real Estate Development Co., Ltd.	Revenue from reclaimed water supporting projects	34,875.23	
Tianjin Tianfang Xinhe Real Estate Development Co., Ltd.	Revenue from reclaimed water supporting projects	28,246.41	
Tianjin Municipal Engineering Design and Research General Institute Co., Ltd.	Revenue from construction works	12,018,374.43	
Tianjin Pipeline Engineering Group Co., Ltd.	Revenue from reclaimed water supporting projects	2,853,211.01	
Tianjin Jinyu Jincheng Real Estate Development Co., Ltd.	Revenue from reclaimed water supporting projects	3,209,649.39	
Tianjin Lecheng Property Co., Ltd.	Revenue from heating/cooling services	25,743,740.10	25,786,157.41
Tianjin Taihuan Renewable Resources Utilisation Co., Ltd.	Revenue from reclaimed water sales and technical services		976,084.46
Tianjin Chengze Real Estate Development Co., Ltd.	Revenue from cooling and heating supply, engineering revenue, revenue from recycled water supporting projects	4,570,669.16	1,277,081.94
Tianjin Fuyuan Real Estate Co., Ltd.	Revenue from reclaimed water supporting projects	655,559.63	5,236,928.23
Tianjin Rail Transit Operation Group Co., Ltd.	Revenue from heating and cooling services, revenue from reclaimed water supporting works	540,422.23	496,031.40
Tianjin Jinzhong Urban Renewal Construction and Development Co., Ltd.	Revenue from heating and cooling services, revenue from reclaimed water supporting projects	60,357,584.21	1,392,576.14
Tianjin Liantou Real Estate Development Co., Ltd.	Revenue from reclaimed water supporting projects	301,270.46	178,502.75
Tianjin Liulin District Urban Renewal Industrial Operations Co., Ltd.	Revenue from reclaimed water supporting projects	1,261,976.19	3,444,819.68
Tianjin Metro Group Co., Ltd.	Revenue from heating and cooling services, revenue from reclaimed water supporting projects	3,362,190.37	3,114,420.15
Tianjin Haihe Lingyi Real Estate Co., Ltd.	Revenue from reclaimed water supporting projects	122,385.31	611,926.61
Tianjin Jinzhu Real Estate Development Co., Ltd.	Revenue from reclaimed water supporting projects		2,365,634.15
Tianjin Bihai Sponge City Co., Ltd.	Revenue from reclaimed water supporting projects		549,039.45
Tianjin International Engineering Consulting Group Co., Ltd.	Revenue from heating and cooling services	732,858.78	

Note: The Group prices goods sold to and services provided to related parties at market rates, and such transactions are implemented in accordance with the terms and agreements entered into between the Group and the related parties.

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

(All amounts in RMB unless otherwise stated)

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(V) Related Party Transactions (Continued)

2. *Related party leases*

(1) Transactions where the Group acts as lessor

Name of Lessee	Type of leased asset	Lease revenue recognised in the period	Lease revenue recognised in the previous period
Tianjin Huantou Landscaping Engineering Co., Ltd.	Property leasing	37,140.14	37,140.14
Tianjin Expressway Construction Engineering Co., Ltd.	Property leasing	631,278.62	631,278.58

Note: The Group leases premises to related parties at market rates, in accordance with the terms and agreements entered into between the Group and the related parties.

3. *Remuneration of Key Management Personnel*

Item	Incurred during the period	Incurred during the previous period
Remuneration of key management personnel	6,839,650.64	7,205,581.52

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(V) Related Party Transactions (Continued)

4. Directors' Remuneration

The remuneration of directors for January to December 2025 is as follows:

Item	Remuneration	Salaries and allowances	Pension scheme contributions	Bonuses	Other allowances and benefits	Share incentive expenses	Total	Number of share incentive
Chairman								
Tang Fusheng								
Executive Director								
Fu Xinghai		219,240.00	88,489.73	16,082.06	141,191.97		465,003.76	
Nie Yanhong		325,356.00	104,255.40	259,440.00	141,191.97		830,243.37	
Li Xiaoguang								
Liu Tao								
Pan Guangwen								
An Pindong								
Independent Director								
Liu Fei	100,800.00						100,800.00	
Xue Tao	100,800.00						100,800.00	
Wang Shanggan	100,800.00						100,800.00	
Total	302,400.00	544,596.00	192,745.13	275,522.06	282,383.94		1,597,647.13	

The remuneration of directors for January to December 2024 is as follows:

Item	Remuneration	Salaries and allowances	Pension scheme contributions	Bonuses	Other allowances and benefits	Share incentive expenses	Total	Number of share incentive
Chairman								
Tang Fusheng		101,500.00	41,643.60		55,954.22		199,097.82	
Executive Director								
Pan Guangwen		199,350.00	81,308.72	361,454.48	133,920.83		776,034.03	
Nie Yanhong		325,356.00	97,675.20	360,323.75	136,815.85		920,170.80	
An Pindong								
Independent Director								
Liu Fei	100,800.00						100,800.00	
Xue Tao	100,800.00						100,800.00	
Wang Shanggan	100,800.00						100,800.00	
Total	302,400.00	626,206.00	220,627.52	721,778.23	326,690.90		2,197,702.65	

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

(All amounts in RMB unless otherwise stated)

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(V) Related Party Transactions (Continued)

5. *Top five highest-paid individuals*

The top five highest-paid individuals in the Group for January to December 2025 (excluding share-based payments) included 1 director (January to December 2024: 1 director), whose remuneration is reflected in Note XIII(V) below; the aggregate remuneration of the other 4 individuals (January to December 2024: 4 individuals) is set out as follows:

Item	January to December 2025	January to December 2024
Basic salary, housing allowance and other allowances	1,313,756.80	1,124,080.00
Bonuses	965,528.00	2,029,534.26
Social security costs	564,767.88	500,451.32
Pension costs – defined contribution scheme	371,025.48	359,787.84
Total	<u>3,215,078.16</u>	<u>4,013,853.42</u>
Number of individuals	January to December 2025	January to December 2024
Salary range:		
RMB100,000.00-500,000.00		
RMB500,000.00-1,000,000.00	<u>4</u>	<u>4</u>

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(VI) Information on unsettled items such as receivables from and payables to related parties

1. Receivables

Name of item	Related party	Closing balance		Opening balance	
		Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Receivables for entrusted operating fees	Tianjin Urban Infrastructure Construction Investment Group Co., Ltd.			94,969,385.54	53,263,039.05
Receivables from cooling and heating services	Tianjin Lecheng Real Estate Co., Ltd.	5,640,652.56	85,737.92	5,640,652.56	64,758.62
Receivables for technical service fees	Tianjin Taihuan Renewable Resources Utilisation Co., Ltd.	656,529.88	43,134.01	976,084.46	10,085.52
Receivables for cooling and heating services, receivables for ancillary works	Tianjin Metro Group Co., Ltd.	5,760,201.64	87,555.06	4,902,412.84	129,622.94
Receivables for cooling and heating services	Tianjin Jinzhong Urban Renewal Construction and Development Co., Ltd.	101,202.95	1,538.28		
Waste disposal fees receivable	Tianjin Eco-City Environmental Protection Co., Ltd.	7,728,240.00	506,432.37		
Receivables for cooling and heating services	Tianjin Chengze Real Estate Development Co., Ltd.	155,150.36	2,358.29		
Receivables for cooling and heating services	Tianjin International Engineering Consulting Group Co., Ltd.	149,534.43	2,272.92		
Receivable for construction works	Tianjin Municipal Engineering Design and Research General Institute Co., Ltd.	748,695.10	11,380.17		
Receivables from recycled water business	Tianjin Chentang Thermal Power Co., Ltd.	923,372.50	14,035.26		
Receivables from entrusted operation fees	Tianjin Eco-City Water Investment and Construction Co., Ltd.	5,718,895.30	797,490.43		
Other receivables	Tianjin Urban Investment Construction Project Management Consulting Co., Ltd.	1,000.00	16.50		
Other receivables	Tianjin Water Group Co., Ltd.	58,839.20	717.84		
Notes receivable	Tianjin Pipeline Engineering Group Co., Ltd.	900,000.00			
Total		28,542,313.92	1,552,669.05	106,488,535.40	53,467,506.13

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

(All amounts in RMB unless otherwise stated)

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(VI) Information on unsettled items such as receivables from and payables to related parties (Continued)

2. *Payables*

Item name	Related party	Closing balance	Opening balance
Accounts payable	Tianjin Investment Group	100,200,439.28	91,830,599.68
Accounts payable	Hangzhou Water Group Co., Ltd.	50,000.00	40,000.00
Accounts payable	Tianjin Urban Planning and Design Research Institute Co., Ltd.	248,000.00	
Accounts Payable	Tianjin Saiying Engineering Construction Consulting Management Co., Ltd.	361,582.00	
Accounts payable	Tianjin Water Group Co., Ltd.	1,418,703.24	
Accounts payable	Tianjin Pipeline Engineering Group Co., Ltd.	1,063,238.57	
Accounts payable	Tianjin Huashui Water Supply Construction Co., Ltd.	902,103.07	
Accounts payable	Tianjin Pipeline Water Supply Engineering Co., Ltd.	3,021,483.59	
Accounts payable	Tianjin Huadi Public Utilities Construction Supervision Co., Ltd.	5,015,656.84	
Accounts payable	Tianjin Water Group Huamiao Planning, Survey and Design Research Institute Co., Ltd.	127,879.07	
Accounts payable	Tianjin Zhonghuan System Engineering Co., Ltd.	209,586.60	
Accounts payable	Tianjin Institute of Electronic Computers Co., Ltd.	28,000.00	
Accounts payable	Tianjin Cheng'an Thermal Power Co., Ltd.	981,000.00	
Accounts payable	Tianjin Xianxing Multimedia Network Technology Co., Ltd.	94,850.00	
Accounts payable	Tianjin Eco-City Energy Investment and Construction Co., Ltd.	26,880.55	
Other payables	Tianjin Eco-City Environmental Testing Centre Co., Ltd.		2,000.00
Other payables	Tianjin Urban Infrastructure Construction Investment Group Co., Ltd.	1,675,386.32	64,824,388.01
Other payables	Tianjin Financial City Property Management Co., Ltd.	138,781.10	138,781.10
Other payables	Tianjin Huantou Landscaping Engineering Co., Ltd.	93,634.47	160,634.47
Other payables	Tianjin City Investment Construction Project Management Consulting Co., Ltd.		93,568.24
Other payables	Tianjin Expressway Construction Engineering Co., Ltd.	263,032.69	263,032.74
Other payables	Tianjin Surveying and Mapping Institute Co., Ltd.	291,967.81	
Other payables	Tianjin Municipal Engineering Design and Research General Institute Co., Ltd.	23,250.00	
Other payables	Tianjin Zhonghuan System Engineering Co., Ltd.	7,000.00	
Other payables	Tianjin International Machinery Co., Ltd.	175,133.80	

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(VI) Information on unsettled items such as receivables from and payables to related parties (Continued)

3. Other items

Item name	Related party	Closing balance	Opening balance
Contract liabilities	Tianjin Investment Group	37,772,660.82	17,536,889.41
Contract liabilities	Tianjin Bihai Sponge City Co., Ltd.		694,445.87
Contract liabilities	Tianjin Liantou Real Estate Development Co., Ltd.		1,004,234.86
Contract liabilities	Tianjin Metro Group Co., Ltd.	1,116,679.80	858,528.44
Contract liabilities	Tianjin Rail Transit Group Co., Ltd.	877,112.84	877,112.84
Contract liabilities	Tianjin Metro Resources Investment Co., Ltd.	5,067.96	
Contract liabilities	Tianjin Beicheng Construction and Development Co., Ltd.	3,509,902.97	
Contract liabilities	Tianjin Jinnuo Real Estate Development Co., Ltd.	297,522.94	
Contract liabilities	Tianjin Tianfang Xinhe Real Estate Development Co., Ltd.	53,196.69	
Contract liabilities	Tianjin Jinju Real Estate Development Co., Ltd.	68,306.30	
Contract liabilities	Tianjin Tianfang Lishan Real Estate Co., Ltd.	65,124.25	
Contract liabilities	Tianjin Xinyi Real Estate Investment Co., Ltd.	2,438.35	
Contract liabilities	Tianjin Zhengdong Real Estate Development Co., Ltd.	152,988.57	
Contract liabilities	Tianjin Water Group Co., Ltd.	4,909.09	
Contract liabilities	Tianjin Pipeline Engineering Group Co., Ltd.	1,660,416.52	
Contract liabilities	Tianjin Pipeline and Tap Water Engineering Co., Ltd.	99,103.67	
Contract liabilities	Tianjin Changlu Real Estate Development Co., Ltd.	79,825.69	
Contract liabilities	Tianjin Haijing Chenyang Property Co., Ltd.	6,747.57	
Contract liabilities	Tianjin Building Materials Research Institute Co., Ltd.	62,990.64	
Contract liabilities	Tianjin Zhonglong Fengtai Real Estate Co., Ltd.	69,872.47	
Contract liabilities	Tianjin Jinyu Jinchun Real Estate Development Co., Ltd.	2,654,394.12	
Contract liabilities	Tianjin Eco-City Water Investment and Construction Co., Ltd.	700,878.55	

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

(All amounts in RMB unless otherwise stated)

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(VI) Information on unsettled items such as receivables from and payables to related parties (Continued)

3. Other items

Item name	Related party	Closing balance	Opening balance
Other non-current assets	Tianjin Huantou Landscaping Engineering Co., Ltd.	2,624,119.66	6,420,995.74
Other non-current assets	Tianjin Expressway Construction Engineering Co., Ltd.	3,215,720.67	6,217,402.29
Other non-current liabilities	Dongying Runli Landscape and Municipal Engineering Co., Ltd.	1,990,000.00	1,990,000.00
Non-current liabilities due within one year	Dongying Runli Landscape and Municipal Engineering Co., Ltd.	100,045.20	
Prepayments	Tianjin Jinzhong Urban Renewal Construction and Development Co., Ltd.		6,972,477.06
Prepayments	Tianjin Investment Construction Project Management Consulting Co., Ltd.	2,000.00	
Advances received	Tianjin Huantou Landscaping Engineering Co., Ltd.	18,570.08	

Note: Receivables and payables from related parties, excluding short-term and long-term loans, are non-interest-bearing and unsecured.

(VII) Transactions and outstanding balances with other Chinese state-owned entities

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled by the PRC government (hereinafter collectively referred to as “state-owned entities”). The Group is also a state-owned entity.

During the year, the Group’s significant transactions with these state-controlled entities include sewage treatment and construction and management of related facility, contract operation services of sewage treatment plant and recycled water plant, supply of tap water and recycled water, and supply of heating and cooling supply services. At the end of the year, the majority of the Group’s cash and cash equivalents and borrowings were saved at or obtained from state-owned banks.

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

XIV. SHARE-BASED PAYMENTS

(I) Equity instruments

1. Details

Category of grantees	Granted during the period		Exercised in the period		Unlocked in the period		Expired in the period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Senior management							680,000.00	1,132,431.40
General staff							9,887,000.00	16,216,072.88
Total							10,567,000.00	17,348,504.28

(II) Equity-settled share-based payments

Recipients of equity-settled share-based payments	Senior management, general staff
Method used to determine the fair value of equity instruments at the grant date	Valuation by a third-party intermediary
Key parameters for determining the fair value of equity instruments at the grant date	Expected turnover rate, dividend yield, share price volatility and risk-free interest rate
Basis for determining the number of exercisable equity instruments	Best estimate of the number of exercisable equity instruments
Reasons for significant differences between the current and previous period estimates	None
Cumulative amount of equity-settled share-based payments recognised in capital reserves	11,266,566.62
Total expense recognised for equity-settled share-based payments for the period	(5,321,967.82)

(III) Share-based payment expenses for the period

Category of grantees	Equity-settled share-based payment expense
Senior management	(360,117.81)
General staff	(4,961,850.01)
Total	(5,321,967.82)

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

(All amounts in RMB unless otherwise stated)

XV. COMMITMENTS AND CONTINGENCIES

(I) Commitments

1. Capital commitments

As at 31 December 2025, the Group's capital commitments were as follows:

(Unit: RMB)

Item	Contracted but not provisioned		Approved but not contracted	
	Closing balance	Opening balance	Closing balance	Opening balance
Intangible assets – Concession rights	443,455,530.00	439,476,181.70		
Sewage treatment projects	349,811,287.00	352,273,548.36		
Heating and cooling projects	93,644,243.00	87,202,633.34		
Fixed assets projects	174,594,767.94	226,465,392.22		
Total	618,050,297.94	665,941,573.92		

XVI. EVENTS AFTER THE BALANCE SHEET DATE

(I) Profit distribution

Proposed profit or dividend distribution	328,217,379.77
Profits or dividends declared following deliberation and approval	328,217,379.77

Note: On 25 March 2026, the Group's 10th session of the Board of Directors convened its fifth meeting to consider and approve the 2025 profit distribution proposal, which involves the distribution of a cash dividend of RMB328,217,379.77 (i.e. a cash dividend of RMB2.09 per 10 shares), and the Group's remaining undistributed profits amount to RMB6,311,984,336.20, which will be carried forward for distribution in subsequent years.

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

XVII. OTHER IMPORTANT MATTERS

(1) Segment Reporting

1. Basis of determination and accounting policies for segment reporting

The reportable segments of the Group are the business units that provide different products or services, or operate in the different areas. Different businesses or areas require different technologies and marketing strategies and the Group, therefore, separately manages the production and operation activities of each reportable segment and evaluates their respective operating results for resources allocation and performance assessment. The Group considers its operations from the perspective of providing services and regions. As the perspective of providing services, management assesses the performance sewage treatment, recycled water, pipeline connection, heating and cooling supply services, sales of tap water and sales of environmental protection equipment. Sewage treatment is further evaluated on a geographical basis (Tianjin plants, Hangzhou plant and other plants). The environmental protection equipment sold by the Group is mainly the result of the scientific research and transformation of environmental protection patent technology. Other services, including contract operation services, rental income and technical services, are not separately presented within the reportable operating segments, but are included in the “all other segments” column. The assets are allocated based on the operations of the segments and the physical locations of the assets. The liabilities are allocated based on the operations of the segments. Expenses indirectly attributable to the segments are allocated based on the proportion of each segment’s revenue.

2. Financial information for segment reporting

Item	Sewage processing and sewage treatment plant construction - Tianjin	Sewage processing and sewage treatment plant construction - Hangzhou	Sewage processing and sewage treatment plant construction - Others	Reclaimed water and pipeline connection	Heating and cooling supply services	Tap water and water plant facilities construction	Sales of environmental protection equipment	Other segments	Inter-segment eliminations	Total
I. Revenue from external transactions	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
II. Operating cost	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
III. 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
IV. Interest Expense	177,034,520.97	204,487.76	98,735,545.16	1,714,037.43	2,476,769.46	87,865.07		29,654,108.11		309,907,333.96
V. 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
VI. Total 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
VII. Income tax expense	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
VIII. 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
IX. 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
X. Depreciation	72,857,602.83		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
XI. Amortisation expenses	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
XII. 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
XIII. Long-term equity investments in joint ventures										211,866,236.74
XIV. Total assets										25,964,872,256.25
XV. Total liabilities	7,109,547,660.78	44,324,188.08	3,991,874,061.24	983,363,121.69	605,639,861.84	38,132,906.38	17,142,022.12	1,775,801,447.37		14,565,825,269.50
XVI. Increase in non-current assets	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

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

(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT

(I) Trade receivables

1. *Aging analysis by the date of record*

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	1,025,192,754.30	1,089,990,285.90
1 to 2 years	76,798,470.51	2,699,527.25
2 to 3 years	2,699,527.25	7,739,270.32
3 to 4 years	7,739,270.32	47,707,159.48
4 to 5 years	411,300.30	46,481,488.36
5 years or more	657,700.00	657,700.00
Subtotal	1,113,499,022.68	1,195,275,431.31
Less: Provision for bad debts	41,718,101.01	101,516,477.13
Total	1,071,780,921.67	1,093,758,954.18

2. *Disclosure by category of bad debt provision method*

Category	Carrying amount		Closing balance	
	Amount	Percentage (%)	Amount	Provision percentage (%)
Trade receivables for which bad debt provisions are assessed on an individual basis	1,024,157,268.73	91.98	34,328,848.15	3.35
Trade receivables for which bad debt provisions are made on a collective basis	89,341,753.95	8.02	7,389,252.86	8.27
Of which: Group 3: Receivables from government clients	11,295,974.32	1.01	3,318,086.66	29.37
Group 4: Receivables from other customers	78,045,779.63	7.01	4,071,166.20	5.22
Total	1,113,499,022.68	100.00	41,718,101.01	3.75

Category	Carrying amount		Opening balance	
	Amount	Percentage (%)	Amount	Provision percentage (%)
Trade receivables for which bad debt provisions are calculated on an individual basis	1,120,935,150.47	93.78	97,882,440.31	8.73
Trade receivables for which bad debt provisions are made on a collective basis	74,340,280.84	6.22	3,634,036.82	4.89
Of which: Group 3: Receivables from government clients	6,846,436.32	0.57	2,210,800.46	32.29
Group 4: Receivables from other customers	67,493,844.52	5.65	1,423,236.36	2.11
Total	1,195,275,431.31	100.00	101,516,477.13	8.49

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

(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(I) Trade receivables (Continued)

2. Disclosure by category of bad debt provision method (Continued)

(1) Significant accounts receivables for which specific provisions for bad debts have been made

Name of entity	Carrying amount	Bad debt provision	Closing balance	
			Provision percentage (%)	Basis
Tianjin Water Affairs Bureau	984,860,090.20	1,772,748.16	0.18	As the customer for the Company's receivables from the Tianjin Municipal Water Affairs Bureau is a municipal government of a directly administered municipality, its ability to fulfil its contractual obligations is unlikely to be impaired even in the event of adverse changes in the economic climate and operating environment over an extended period. Consequently, the credit risk is low. Based on historical experience, the Company has consistently received payments and has never actually incurred any bad debt losses. The Company estimates the expected credit loss rate for this receivable over its entire lifetime to be 0.18%.
Tianjin Urban Environment and Sanitation Construction and Development Co., Ltd.	18,539,819.98	11,798,741.44	63.64	The Company's receivables from Tianjin Urban Environment and Sanitation Construction and Development Co., Ltd. relate to technical service fees; as the repayment period exceeds that of typical government clients, the credit risk is relatively high. Taking into account the debtor's actual ability to fulfil obligations, historical repayment experience and Aging of accounts, the Company estimates the expected credit loss rate for the entire life of the receivable to be 63.64%.
Tianjin Shuangkou Domestic Waste Sanitary Landfill	4,510,390.57	4,510,390.57	100.00	The amounts receivable by the Company from the Tianjin Shuangkou Municipal Solid Waste Sanitary Landfill relate to technical service fees. As the aforementioned entity has not transacted with the Company within the past year, the credit risk is relatively high. Taking into account the debtor's actual ability to fulfil obligations, historical repayment experience and the age of the receivables, the Company estimates the expected credit loss rate for the entire duration of the receivables to be 100%.
Tianjin Ziya Environmental Protection Industrial Park Co., Ltd.	16,246,967.98	16,246,967.98	100.00	The amount receivable by the Company from Tianjin Ziya Environmental Protection Industrial Park Co., Ltd. represents entrusted operation fees. The aforementioned company has not conducted any transactions with the Company within the past year, and the credit risk is relatively high. Taking into account the debtor's actual ability to fulfil obligations, historical repayment experience and the age of the receivable, the Company estimates the expected credit loss rate for the entire duration of the receivable to be 100%.
Total	1,024,157,268.73	34,328,848.15	3.35	

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(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(I) Trade receivables (Continued)

2. Disclosure by category of bad debt provision method (Continued)

(1) Significant accounts receivables for which specific provisions for bad debts have been made (Continued)

Name of entity	Carrying amount	Provision for bad debts	Opening balance	
			Provision percentage (%)	Basis
Tianjin Water Affairs Bureau	977,863,262.25	1,760,191.29	0.18	As the customer for the Company's receivables from the Tianjin Municipal Water Affairs Bureau is a municipal government of a directly administered municipality, its ability to fulfil its contractual obligations is unlikely to be impaired even in the event of adverse changes in the economic climate and operating environment over an extended period. Consequently, the credit risk is low. Based on historical experience, the Company has consistently received payments and has never actually incurred any bad debt losses. The Company estimates the expected credit loss rate for this receivable over its entire lifetime to be 0.18%.
Tianjin City Infrastructure Construction and Investment Group Co., Ltd.	18,719,819.98	11,913,293.44	63.64	The amounts receivable by the Company from Tianjin City Infrastructure Construction and Investment Group Co., Ltd. represent fees for entrusted operational services, which are scheduled for recovery in 2025. Taking into account the debtor's actual performance capacity, historical repayment experience and Aging of receivables, the expected credit loss rate over the entire lifetime of the receivables is estimated at 63.64%.
Tianjin Ziya Environmental Protection Industrial Park Co., Ltd.	16,746,967.98	16,746,967.98	100.00	The amount receivable by the Company from Tianjin Ziya Environmental Protection Industrial Park Co., Ltd. represents entrusted operation fees. As the aforementioned company has not transacted with the Company within the past year, the credit risk is relatively high. Taking into account the debtor's actual ability to fulfil obligations, historical repayment experience and the age of the receivable, the Company estimates the expected credit loss rate for the entire duration of the receivable to be 100%.
Tianjin Shuangkou Municipal Solid Waste Sanitary Landfill	14,208,214.72	14,208,214.72	100.00	The Company's receivables from the Tianjin Shuangkou Municipal Solid Waste Sanitary Landfill relate to technical service fees. As the aforementioned entity has not transacted with the Company within the past year, the credit risk is relatively high. Taking into account the debtor's actual ability to fulfil obligations, historical repayment experience and the age of the receivables, the Company estimates the expected credit loss rate over the entire life of the receivable to be 100%.
Tianjin City Infrastructure Construction and Investment Group Co., Ltd.	93,396,885.54	53,253,772.88	57.02	The amounts receivable by the Company from Tianjin City Infrastructure Construction and Investment Group Co., Ltd. represent fees for entrusted operational services, which are scheduled for recovery in 2025. Taking into account the debtor's actual performance capacity, historical repayment experience and Aging of receivables, the expected credit loss rate over the entire lifetime of the receivables is estimated at 57.02%.
Total	1,120,935,150.47	97,882,440.31	8.73	

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

(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(I) Trade receivables (Continued)

2. Disclosure by category of bad debt provision method (Continued)

(2) Accounts receivable assessed for bad debt provisions based on credit risk characteristics in groups

① Group 3: Accounts receivable from government customers

Aging	Carrying amount	Closing balance Provision for bad debts	Provision percentage (%)	Carrying amount	Opening balance Provision for bad debts	Provision percentage (%)
Within 1 year	4,630,000.00	73,918.73	1.60	-	-	-
1 to 2 years				-	-	-
2 to 3 years				6,228,333.32	1,726,774.53	27.72
3 to 4 years	6,228,333.32	2,806,526.93	45.06	332,403.00	198,325.93	59.66
4 to 5 years	151,941.00	151,941.00	100.00			
5 years or more	285,700.00	285,700.00	100.00	285,700.00	285,700.00	100.00
Total	11,295,974.32	3,318,086.66	29.37	6,846,436.32	2,210,800.46	32.29

② Group 4: Receivables from other customers

Aging	Carrying amount	Closing balance Provision for bad debts	Provision percentage (%)	Carrying amount	Opening balance Provision for bad debts	Provision percentage (%)
Within 1 year	35,702,664.10	541,956.11	1.52	62,452,020.97	716,992.70	1.15
1 to 2 years	37,501,291.98	2,463,195.62	6.57	2,699,527.25	122,920.36	4.55
2 to 3 years	2,699,527.25	273,542.35	10.13	1,510,937.00	131,424.73	8.70
3 to 4 years	1,510,937.00	302,269.70	20.01	459,359.30	79,898.57	17.39
4 to 5 years	259,359.30	118,202.42	45.57			
5 years or more	372,000.00	372,000.00	100.00	372,000.00	372,000.00	100.00
Total	78,045,779.63	4,071,166.20	5.22	67,493,844.52	1,423,236.36	2.11

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(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(I) Trade receivables (Continued)

3. Provision for bad debts

Category	Opening balance	Provision	Movements during the period			Closing Balance
			Recovered or reversed	Write-off	Other movements	
Specific provision for bad debts	97,882,440.31	12,556.87	63,566,149.03			34,328,848.15
Collective provision for bad debts	3,634,036.82	3,755,216.04				7,389,252.86
Total	101,516,477.13	3,767,772.91	63,566,149.03			41,718,101.01

Significant reversals or recoveries of provisions for bad debts on trade receivables during the period

Name of entity	Amount	Reason for reversal	Method of recovery	Basis for determining the original provision for bad debts and its reasonableness
Tianjin City Infrastructure Construction and Investment Group Co., Ltd.	53,253,772.88	Recovery of funds	Cash	The amounts receivable by the Company from Tianjin Investment Group represent fees for entrusted operational services, with recovery planned for 2025. Taking into account the debtor's actual ability to perform, historical repayment experience and Aging of receivables, the expected credit loss rate over the entire life of the receivables is estimated at 57.02%.
Tianjin Shuangkou Municipal Solid Waste Sanitary Landfill	9,697,824.15	Recovery of Funds	Cash	The amount receivable by the Company from the Tianjin Shuangkou Municipal Solid Waste Sanitary Landfill represents technical service fees. As the aforementioned entity has not transacted with the Company within the past year, the credit risk is relatively high. Taking into account the debtor's actual ability to perform, historical repayment experience and Aging of the receivable, the Company estimates the expected credit loss rate for the entire duration of the receivable to be 100%.
Tianjin Ziya Environmental Protection Industrial Park Co., Ltd.	500,000.00	Recovery of funds	Cash	The amount receivable by the Company from Tianjin Ziya Environmental Protection Industrial Park Co., Ltd. represents entrusted operation fees. The aforementioned company has not conducted any transactions with the Company within the past year, and the credit risk is relatively high. Taking into account the debtor's actual ability to fulfil obligations, historical repayment experience and Aging of the receivable, the Company estimates the expected credit loss rate over the entire life of the receivable to be 100%.
Total	63,451,597.03			

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(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(I) Trade receivables (Continued)

4. Details of Accounts Receivable Written Off During the Current Period

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

5. Top five accounts receivable and contract assets by outstanding balance at the end of the period, grouped by debtor

Name of entity	Accounts receivable closing balance	Closing balance of contract assets	Total accounts receivable and contract assets at closing balance	Percentage of the total closing balance of trade receivables and contract assets (%)	Closing balance of provision for bad debts
Tianjin Water Affairs Bureau	984,860,090.20		984,860,090.20	88.45	1,772,748.16
Tianjin Hanbin Investment Group Co., Ltd.	21,733,989.32		21,733,989.32	1.95	4,347,981.69
China Energy Engineering Group Port and Waterway Construction Co., Ltd.	18,861,724.80		18,861,724.80	1.69	286,315.53
Tianjin Urban Environment and Sanitation Construction and Development Co., Ltd.	18,539,819.98		18,539,819.98	1.67	11,798,741.44
Tianjin Ziya Environmental Protection Industrial Park Co., Ltd.	16,246,967.98		16,246,967.98	1.46	16,246,967.98
Total	1,060,242,592.28		1,060,242,592.28	95.22	34,452,754.80

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(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(II) Other receivables

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable	36,782,471.57	4,000,000.00
Other receivables	<u>90,808,724.27</u>	<u>97,295,806.46</u>
Total	<u>127,591,195.84</u>	<u>101,295,806.46</u>

1. Dividends receivable

(1) Classification of dividends receivable

Investee	Closing balance	Opening balance
Wuhan Tianchuang Capital Environmental Protection Co., Ltd.	19,038,639.00	
Qujing Capital Water Co., Ltd.	8,655,000.00	
Wendeng Capital Water Co., Ltd.	4,000,000.00	4,000,000.00
Honghu Tianchuang Water Co., Ltd.	3,128,889.79	
Changsha Tianchuang Environmental Protection Co., Ltd.	<u>1,959,942.78</u>	
Total	<u>36,782,471.57</u>	<u>4,000,000.00</u>

2. Other receivables

(1) Disclosure by age

Aging	Closing balance	Opening balance
Within 1 year (include 1 year)	1,789,962.93	88,049,748.95
1 to 2 years	80,606,133.34	143,365.18
2 to 3 years	1,338.24	8,679,554.00
3 years or more	<u>9,595,799.57</u>	<u>1,374,542.31</u>
Subtotal	91,993,234.08	98,247,210.44
Less: Provision for bad debts	<u>1,184,509.81</u>	<u>951,403.98</u>
Total	<u>90,808,724.27</u>	<u>97,295,806.46</u>

10. Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises
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(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(II) Other receivables (Continued)

2. Other receivables (Continued)

(2) Classified by nature of funds

Nature of funds	Closing balance	Opening balance
Receivables from subsidiaries	19,601,294.05	21,619,901.05
Project retentions	70,076,313.00	74,511,100.00
Other	2,315,627.03	2,116,209.39
Subtotal	91,993,234.08	98,247,210.44
Less: Provision for bad debts	1,184,509.81	951,403.98
Total	90,808,724.27	97,295,806.46

(3) Disclosure by bad debt provisioning method

Category	Carrying amount		Closing balance Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Other receivables for which bad debt provisions are made on a group basis	91,993,234.08	100.00	1,184,509.81	1.29	90,808,724.27
Of which: Group 1: Related parties within the scope of consolidation	19,601,294.05	21.31			19,601,294.05
Group 5: Deposits	70,076,313.00	76.18	1,156,259.16	1.65	68,920,053.84
Group 6: Others	2,315,627.03	2.51	28,250.65	1.22	2,287,376.38
Total	91,993,234.08	100.00	1,184,509.81	1.29	90,808,724.27

Category	Carrying amount		Opening balance Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Other receivables for which bad debt provisions are made on a collective basis	98,247,210.44	100.00	951,403.98	0.97	97,295,806.46
Of which: Group 1: Related parties within the scope of consolidation	21,619,901.05	22.01			21,619,901.05
Group 5: Deposits	74,511,100.00	75.84	916,486.53	1.23	73,594,613.47
Group 6: Others	2,116,209.39	2.15	34,917.45	1.65	2,081,291.94
Total	98,247,210.44	100.00	951,403.98	0.97	97,295,806.46

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

(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(II) Other receivables (Continued)

2. Other receivables (Continued)

(3) Disclosure by bad debt provisioning method (Continued)

① Other receivables for which significant individual provisions for bad debts have been made

The amount of other receivables for which specific provisions for bad debts were made during the current period is RMB0.00.

② Other receivables for which bad debt provisions are made on a collective basis

Description	Carrying amount	Closing balance Provision for bad debts	Provision percentage (%)
Group 1: Related parties within the scope of consolidation	19,601,294.05		
Group 5: Deposits	70,076,313.00	1,156,259.16	1.65
Group 6: Others	2,315,627.03	28,250.65	1.22
Total	91,993,234.08	1,184,509.81	1.29

Aging	Carrying amount	Opening balance Provision for bad debts	Provision percentage (%)
Group 1: Related parties within the scope of consolidation	21,619,901.05		
Group 5: Deposits	74,511,100.00	916,486.53	1.23
Group 6: Others	13,389,540.14	34,917.45	1.65
Total	98,247,210.44	951,403.98	0.97

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

(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(II) Other receivables (Continued)

2. Other receivables (Continued)

- (4) Other receivables for which an Provision for bad debts has been provided using the general expected credit loss model

	Stage 1 Next 12 months ECL	Stage 2 ECL over the entire life of the loan (no credit impairment incurred)	Stage 3 ECL over the entire life of the loan (with credit impairment recognised)	Total
Provision for bad debts				
Balance as at 1 January 2025	951,403.98			951,403.98
Balance at 1 January 2025	951,403.98			951,403.98
– Transferred to Stage 2				
– Transferred to Stage 3				
– Transferred back to Stage 2				
– Reversed to Stage 1				
Accrued for the period	233,105.83			233,105.83
Reversal for the period				
Write-off for the period				
Write-offs for the period				
Other movements				
Balance at 31 December 2025	1,184,509.81			1,184,509.81

- (5) Provision for bad debts

Category	Opening balance	Provision	Movements during the period		Other movements	Closing balance
			Recovered or reversed	Write-off or reversal		
Other receivables for which a provision for bad debts has been provided on a collective basis	951,403.98	233,105.83				1,184,509.81
Total	951,403.98	233,105.83				1,184,509.81

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(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(II) Other receivables (Continued)

2. Other receivables (Continued)

(6) Details of other receivables actually written off during the current period

The amount of other receivables actually written off during the current period was RMB0.00.

(7) Details of the top five other receivables by debtor at the end of the period

Name of entity	Nature of the amount	Closing balance	Aging	Percentage of Total Other Receivables at End of Period (%)	Closing balance of provision for bad debts
Tianjin Dongli District Heating and Gas Management Centre	Deposits	50,000,000.00	1-2 years	54.35	825,000.00
Wuhu Public Resources Trading Centre	Deposits	20,000,000.00	1-2 years	21.74	330,000.00
Tianjin Water Recycling Co., Ltd.	Internal transactions	17,510,592.00	Over 5 years: 8,680,064 yuan; 1-2 years: 8,830,528 yuan	19.03	
Tianjin Capital Building Materials Co., Ltd.	Internal transactions	1,743,937.84	Within 1 year	1.90	
Tianjin Jinghai Capital Water Co., Ltd.	Internal transactions	779,391.63	Within 1 year	0.85	
Total	/	90,033,921.47	/	97.87	1,155,000.00

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(III) Long-term equity investments

Item	Carrying amount	Closing balance	Carrying amount	Carrying amount	Opening balance	Carrying amount
		Impairment provision			Impairment provision	
Investment in subsidiaries	6,184,716,108.37	688,842,998.09	5,495,873,110.28	6,235,139,008.03	739,123,707.09	5,496,015,300.94
Investments in associates and joint ventures	234,223,145.32	22,356,908.58	211,866,236.74	212,557,791.10	22,356,908.58	190,200,882.52
Total	6,418,939,253.69	711,199,906.67	5,707,739,347.02	6,447,696,799.13	761,480,615.67	5,686,216,183.46

1. Details of long-term equity investments

(1) Investments in subsidiaries

Investee units	Opening carrying amount	Opening balance of provision for impairment	Changes during the period				Closing balance	Closing balance of impairment provision
			Further increase of investments	Reduction of investments	Accrual of provision for impairment	Others		
Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd.	12,705,851.00	50,280,709.00		62,986,560.00	(50,280,709.00)			
Karamay Capital Water Co., Ltd.	113,873,200.00						113,873,200.00	
Tianjin Tiandhuang Linceng New Energy Technology Co., Ltd.	92,340,000.00						92,340,000.00	
Enshi Capital Water Co., Ltd.	162,317,855.00						162,317,855.00	
Hanshan Chuanghuan Water Co., Ltd.	34,278,615.00						34,278,615.00	
Tianjin Capital New Materials Co., Ltd.	89,779.93	26,499,622.00				(31,635.59)	58,144.34	26,499,622.00
Tianjin Jiayuanxing Innovative Energy Technology Co., Ltd.	213,198,532.85					(210,904.11)	212,987,628.74	
Tianjin Jiayuan Kaichuang New Energy Technology Co., Ltd.	80,000,000.00						80,000,000.00	
Tianjin Caring Technology Development Co., Ltd.	16,625,328.89					(213,263.45)	16,412,065.44	
Shandong Capital Environmental Protection Technology Co., Ltd.	45,238,053.57					(31,635.62)	45,206,417.75	
Shandong Tiandhuang Environmental Protection Technology Development Co., Ltd.	60,500,000.00						60,500,000.00	
Gaoyou Compro Environmental Resources Co., Ltd.	148,709,484.39	234,724,653.02				(25,809.08)	148,683,675.31	234,724,653.02
Jiangsu Yonghui Resources Utilisation Co., Ltd.	79,283,584.86	270,395,723.07					79,283,584.86	270,395,723.07
Tianjin Water Recycling Co., Ltd.	135,200,294.65					(217,571.46)	134,982,723.19	
Karamay Tiandhuang Water Co., Ltd.	108,209,486.50					(73,816.44)	108,135,670.06	
Inner Mongolia Bayannur Capital Water Co., Ltd.	777,076,306.57					(42,180.82)	777,034,125.75	
Jiuquan Capital Water Co., Ltd.	158,357,606.57					(42,180.82)	158,315,425.75	
Xi'an Capital Water Co., Ltd.	476,525,989.10					(118,356.60)	476,407,632.50	
Linxia Capital Water Co., Ltd.	65,999,779.93					(31,635.62)	65,968,144.31	
Hangzhou Tiandhuang Capital Water Co., Ltd.	264,324,945.35					(25,809.08)	264,299,136.27	
Dejing Capital Water Co., Ltd.	54,299,266.43					(105,452.06)	54,193,814.37	
Hefei Capital Water Co., Ltd.	206,148,916.73					(42,180.82)	206,106,735.91	
Anhui Tiandhuang Water Co., Ltd.	0.00	63,670,000.00					0.00	63,670,000.00
Baoying Capital Water Co., Ltd.	58,309,486.50		11,200,000.00			(73,816.44)	69,435,670.06	
Huochang Capital Water Co., Ltd.	37,364,186.50					(73,816.44)	37,290,370.06	

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XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(III) Long-term equity investments (Continued)

1. Details of long-term equity investments (Continued)

(1) Investments in subsidiaries (Continued)

Investee units	Opening carrying amount	Opening balance of provision for impairment	Changes during the period			Others	Closing balance	Closing balance of impairment provision
			Further increase of investments	Reduction of investments	Accrual of provision for impairment			
Yingshang Capital Water Co., Ltd.	53,209,486.50					(73,816.44)	53,135,670.06	
Fuyang Capital Water Co., Ltd.	456,379,331.74					(127,320.02)	456,252,011.72	
Hanshan Capital Water Co., Ltd.	17,781,940.88						17,781,940.88	
Jieshou Capital Water Co., Ltd.	308,566,386.74						308,566,386.74	
Hebei Guojin Tianchuang Sewage Water Processing Co., Ltd.	128,772,099.64					(158,178.09)	128,613,921.55	
Anguo Capital Water Co., Ltd.	0.00	41,000,000.00					0.00	41,000,000.00
Tianjin Jinning Capital Water Co., Ltd.	7,560,000.00	15,000,000.00					7,560,000.00	15,000,000.00
Tianjin Jinghai Capital Water Co., Ltd.	0.00	37,553,000.00					0.00	37,553,000.00
Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd.	62,106,000.00						62,106,000.00	
Wendeng Capital Water Co., Ltd.	68,826,666.43		12,449,000.00			(105,452.06)	81,170,214.37	
Dalian Oriental Chunliuhe Water Quality Purification Co., Ltd.	48,339,989.71					(126,542.47)	48,213,447.24	
Wuhan Tianchuang Capital Environmental Protection Co., Ltd.	197,432,125.28					(57,444.70)	197,374,680.58	
Honghu Tianchuang Water Co., Ltd.	111,897,409.17					(86,720.98)	111,810,688.19	
Honghu Tianchuang Environmental Protection Co., Ltd.	53,400,000.00			26,700,000.00			26,700,000.00	
Changsha Tianchuang Environmental Protection Co., Ltd.	37,769,541.43					(105,452.06)	37,664,089.37	
Changsha Tianchuang Capital Water Co., Ltd.	17,001,780.00						17,001,780.00	
Hanshou Tianchuang Water Co., Ltd.	34,046,135.82					(97,266.19)	33,948,869.63	
Guizhou Capital Water Co., Ltd.	123,462,553.55					(200,358.91)	123,262,194.64	
Huize Capital Water Co., Ltd.	32,839,059.86					(63,271.23)	32,775,788.63	
Qijing Capital Water Co., Ltd.	155,217,101.07					(105,452.06)	155,111,649.01	
Dongying Tianchi Environmental Technology Co., Ltd.	2,550,000.00						2,550,000.00	
Tianjin Tianchuang Environmental Technology Co., Ltd.	45,000,000.00						45,000,000.00	
Weng'an Capital Water Co., Ltd.	51,987,150.00						51,987,150.00	
Huoqiu Chuanghuan Water Co., Ltd.	10,200,000.00						10,200,000.00	
Huize Chuanghuan Water Co., Ltd.			18,282,000.00				18,282,000.00	
Chibi Chuanghuan Water Co., Ltd.	19,493,993.00						19,493,993.00	
	51,200,000.00						51,200,000.00	
Total	5,496,015,300.94	739,123,707.09	41,931,000.00	89,686,560.00	(50,280,709.66)	(2,667,339.66)	5,495,873,110.28	688,842,998.09

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

(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(III) Long-term equity investments (Continued)

1. Details of long-term equity investments (Continued)

(2) Investments in associates and joint ventures

Investing entity	Opening carrying amount	Additional investment	Reduction in investment	Changes during the period					Other	Declaration of cash dividends or profits	Provision for impairment	Other	Closing carrying amount	Impairment provision Closing balance
				Investment gains and losses recognized under the equity method	comprehensive income adjustments	Other changes in equity								
I. Associates														
Tianjin International Machinery Co., Ltd.														22,356,908.58
Tianjin Bihai Sponge City Co., Ltd.	190,200,882.52			21,665,354.22									211,866,236.74	
Subtotal	190,200,882.52			21,665,354.22									211,866,236.74	22,356,908.58
Total	190,200,882.52			21,665,354.22									211,866,236.74	22,356,908.58

(IV) Operating income and operating cost

1. Information on operating income and operating cost

Item	Incurred during the period		Incurred during the previous period	
	Revenue	Cost	Revenue	Cost
Principal businesses	1,679,475,335.30	836,824,244.65	1,632,303,889.73	795,997,889.17
Other businesses	104,942,606.79	94,131,657.10	19,460,981.96	9,855,870.25
Total	1,784,417,942.09	930,955,901.75	1,651,764,871.69	805,853,759.42

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

(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(IV) Operating income and operating cost (Continued)

2. Breakdown of operating revenue and operating costs

Revenue Category	Sewage treatment and waterworks facility construction		Other businesses		Total	
	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales
By business type	1,617,179,997.59	829,704,244.65	167,237,944.50	101,251,657.10	1,784,417,942.09	930,955,901.75
Principal business	1,617,179,997.59	829,704,244.65	62,295,337.71	7,120,000.00	1,679,475,335.30	836,824,244.65
Revenue from sewage treatment	1,617,179,997.59	829,704,244.65			1,617,179,997.59	829,704,244.65
Road maintenance revenue			62,295,337.71	7,120,000.00	62,295,337.71	7,120,000.00
Other businesses			104,942,606.79	94,131,657.10	104,942,606.79	94,131,657.10
Entrusted operation			10,638,932.46	9,724,405.43	10,638,932.46	9,724,405.43
Technical services			92,821,047.35	84,402,232.40	92,821,047.35	84,402,232.40
Others			1,482,626.98	5,019.27	1,482,626.98	5,019.27
By operating region	1,617,179,997.59	829,704,244.65	167,237,944.50	101,251,657.10	1,784,417,942.09	930,955,901.75
Tianjin	1,617,179,997.59	829,704,244.65	167,237,944.50	101,251,657.10	1,784,417,942.09	930,955,901.75
By date of transfer	1,617,179,997.59	829,704,244.65	167,237,944.50	101,251,657.10	1,784,417,942.09	930,955,901.75
Recognised during a specific period	1,617,179,997.59	829,704,244.65	167,237,944.50	101,251,657.10	1,784,417,942.09	930,955,901.75
Recognised at a specific point in time						
Total	1,617,179,997.59	829,704,244.65	167,237,944.50	101,251,657.10	1,784,417,942.09	930,955,901.75

3. Explanation of performance obligations

Item	Timing of performance of obligations	Key payment terms	Nature of the goods to be transferred	Whether the entity is the principal	Amounts expected to be refunded to the customer	The type of quality guarantee provided and related obligations
Interest income from construction of sewage treatment and waterworks facilities and PPP projects	Performance of contractual obligations during the provision of construction and services	Contract price is typically settled based on treatment volume	Construction of sewage treatment and treatment plant facilities	Yes	None	Guarantee-based

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

(All amounts in RMB unless otherwise stated)

XVIII. NOTES ON SIGNIFICANT ITEMS OF FINANCIAL STATEMENTS OF THE PARENT (Continued)

(IV) Operating income and operating cost (Continued)

4. Explanation of allocation to remaining performance obligations

- (1) As at 31 December 2025, service bills of the Company's sewage treatment service are regularly issued to customers, based on the agreed unit price in contract, and actual wastewater treatment capacity. And the amount of bills represents the value of the Company's cumulative portion of performance to date transferred to customers. And there is no consideration amount which is not included in the transaction price; thus, it's not included in the required information to be disclosed for the transaction price allocated to the remaining performance obligation.
- (2) As at 31 December 2025, the contract amount of the uncompleted service relating to the contract operation contract of the Company was approximately RMB7,450,000.00 (31 December 2024: RMB9,080,000.00), of which RMB7,450,000.00 will be recognised as revenue in 2026. The contract amount of the uncompleted services relating to the road tolls of the Company was approximately RMB199,000,000.00 (31 December 2024: RMB261,000,000.00) of which RMB62,000,000.00 will be recognised as revenue annually between 2025 to 2028 and RMB13,000,000.00 will be recognised as revenue in 2029.

(V) Investment income

Item	Incurred during the period	Incurred during the previous period
Gain from long-term equity investments accounted for under the cost method	319,448,134.06	279,780,900.00
Interest income from debt investments held	69,196,600.70	61,225,128.28
Gain from long-term equity investments accounted for under the equity method	21,665,354.22	1,550,409.92
Investment gains arising from the disposal of long-term equity investments	17,267,649.00	
Dividend income from investments in other equity instruments held	300,000.00	
Total	<u>427,877,737.98</u>	<u>342,556,438.20</u>

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

(All amounts in RMB unless otherwise stated)

XIX. SUPPLEMENTARY INFORMATION

(I) Statement of non-recurring profit or loss for the period

Item	Amount for the current period	Amount for the previous period	
		Before adjustment	After adjustment
1. Gain or loss on disposal of non-current assets (including the part of provision for asset impairment being written off)	(17,272,893.41)	(625,573.98)	(625,573.98)
2. Government grants recognized in current profit and loss, except for those closely related to normal business operation, in compliance with requirements of national policies, and settled in certain amount which are constantly granted by government	85,581,310.80	90,113,785.21	90,113,785.21
3. Gains or losses arising from changes in the fair value of financial assets and liabilities held by non-financial enterprises, as well as gains or losses from the disposal of such assets and liabilities, excluding effective hedging activities related to the Company's normal business operations.			
4. Interest income charged to non-financial enterprises recognised in profit or loss for the current period			
5. Gains or losses from entrusting others to invest or manage assets			
6. Gains or losses from external entrusted loans			
6. Losses on assets due to force majeure, such as natural disasters			
8. Reversal of impairment provisions for receivables individually tested for impairment	66,416,348.67	8,063,573.58	8,063,573.58
9. Gains arising when the investment cost in acquiring a subsidiary, associate, or joint venture is less than the investor's share of the identifiable net assets' fair value at the acquisition date			
10. Net profit or loss of a subsidiary from the beginning of the period to the merger date under a business combination involving entities under common control			
11. Gains or losses from non-monetary asset exchanges			
12. Gains or losses from debt restructuring			
13. One-off expenses incurred due to the discontinuation of related business activities, such as employee severance costs			
14. One-off impact on current period profit or loss due to adjustments in tax, accounting, or other laws and regulations			
15. One-off recognition of share-based payment expenses due to the cancellation or modification of equity incentive plans			
16. For cash-settled share-based payments, gains or losses arising from changes in the fair value of compensation payable to employees after the vesting date			
17. Gains or losses arising from changes in the fair value of investment properties subsequently measured at fair value			
18. Gains arising from transactions with significantly unfair pricing			
19. Gains or losses from contingent events unrelated to the Company's normal business operations.			
20. Trustee income from entrusted management operations			
21. Other non-operating income and expenses other than the foregoing items	(28,564,203.11)	3,934,385.50	3,934,385.50
22. Other profit or loss items that meet the definition of non-recurring gains or losses			
Less: Effect of income tax	15,543,385.38	16,406,983.47	16,406,983.47
Effect of minority interests (after tax)	(1,580,958.64)	999,439.02	999,439.02
Total	92,198,136.21	84,079,747.82	84,079,747.82

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

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

XIX. SUPPLEMENTARY INFORMATION (Continued)

(II) Return on equity and earnings per share

Profit for the reporting period	Weighted average return on net assets (%)		Earnings per share			
	For the		Basic earnings per share		Diluted earnings per share	
	For the period	For the previous period	For the period	For the previous period	For the period	For the previous period
Net profit attributable to ordinary shareholders of the Company	8.65	8.35	0.55	0.51	0.55	0.51
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	7.73	7.48	0.49	0.46	0.49	0.46

(III) Differences in Accounting Data Under Domestic and Foreign Accounting Standards

There is no difference between the financial statements of the Group issued inside and outside the Chinese mainland.

Tianjin Capital Environmental Protection Group Co., Ltd.
25 March 2026

The notes to the financial statements on pages 221 to 381 have been signed by the following persons in charge:

Officer in charge of the Company	Principal in charge of accounting	Head of accounting department

Signature:	Signature:	Signature:

Date:	Date:	Date:

11. List of Documents Available for Inspection

1. Financial statements with the signatures and seals of the officer in charge of the Company, the officer in charge of the accounting function, and the officer in charge of the accounting department (the accounting management officer)
2. Original of the audit report with the seal of the accounting firm and the signatures and seals of certified public accountants
3. Originals of all documents and announcements of the Company publicly disclosed on the website designated by the China Securities Regulatory Commission during the reporting period
4. Annual report published in other securities markets