2024 Annual Report

Shenzhen Water and Environment Group Co., Ltd

深圳市环境水务集团有限公司

SHENZHEN WATER AND ENVIRONMENT GROUP CO., LTD.

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Important Notice

BOARD OF DIRECTORS, BOARD OF SUPERVISORS, AND ALL DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF SHENZHEN WATER AND ENVIRONMENT GROUP CO., LTD. (HEREINAFTER REFERRED TO AS "THE GROUP") HEREBY WARRANT NO FALSE REPRESENTATIONS, MISLEADING STATEMENTS OR MATERIAL OMISSIONS IN THIS REPORT, AND JOINTLY AND SEVERALLY ACCEPT FULL RESPONSIBILITY FOR THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THE CONTENT OF THIS REPORT.
ALL DIRECTORS OF THE GROUP ATTENDED THE BOARD MEETING AND EXPRESSED NO OBJECTION TO THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THIS REPORT.
RSM CHINA (SPECIAL GENERAL PARTNERSHIP) ISSUED A QUALIFIED AUDIT REPORT FOR THE GROUP.

Company Profile

BASIC INFORMATION

TABLE OF BASIC INFORMATION

LEGAL NAME OF ENTERPRISE	SHENZHEN WATER AND ENVIRONMENT GROUP CO., LTD.
REGISTERED CAPITAL	RMB 5 BILLION
BUSINESS SCOPE	Supply of raw water; production and sales of tap water; collection, treatment, discharge, and utilization of rainwater and sewage, production and sales of recycled water, treatment and services of industrial water, seawater desalination; treatment, disposal and resource utilization of sludge, treatment and services of solid wastes, medical wastes, and other hazardous wastes; soil management and remediation; air pollution prevention and control: comprehensive management of water environment in river basin, sponge city and other aspects of ecological environment; survey, design, engineering, supervision, technical consultation, investment, construction operation and management relating to environment and water businesses; testing and inspection services; manufacturing, transportation, and sales of devices, facilities and materials; equity investment; investment fund management; investment and financing services, computer system integration; computer technology service and consultation, and computer network engineering.
REGISTERED ADDRESS	ROOM 2802, 28F, WANDE BUILDING, NO. 1019, SHENNAN MIDDLE ROAD, DONGYUANCOMMUNITY, NANYUAN SUB-DISTRICT, FUTIAN DISTRICT, SHENZHEN, GUANGDONG, P. R. CHINA
OFFICE ADDRESS	ROOM 2802, 28F, WANDE BUILDING, NO. 1019, SHENNAN MIDDLE ROAD, DONGYUAN COMMUNITY, NANYUAN SUB-DISTRICT, FUTIAN DISTRICT, SHENZHEN, GUANGDONG, P. R. CHINA
LEGAL REPRESENTATIVE	GONG LIMIN
POSTAL CODE	518031
WEBSITE	https://www.sz-water.com.cn/
WEBSITE DESIGNATED FOR RELEASING ANNUAL REPORTS	http://gzw.sz.gov.cn/;www.sz-water.com.cn/
NAME OF ACCOUNTING FIRM	RSM CHINA (SPECIAL GENERAL PARTNERSHIP)
OFFICE ADDRESS OF ACCOUNTING FIRM	15F, WAIJINGMAO BUILDING, NO. 22, FUCHENGMENWAI STREET, XICHENG DISTRICT, BEIJING, P. R. CHINA

CONTACT INFORMATION OF THE PERSON IN CHARGE OF INFORMATION DISCLOSURE

NAME	POSITION	CONTACT ADDRESS	TEL.	FAX	E-MAIL ADDRESS
WAN RUYI	Head of Strategic Development Department (Office of the Board of Directors)	Wande Building, No. 1019, Shennan Middle Road, Dongyuan Community, Nanyuan Sub-district, Futian District, Shenzhen, Guangdong	0755-25911072	0755-25911072	rywater@139.com

EQUITY STRUCTURE

NAME OF SHAREHOLDER	SHAREHOLDING PROPORTION
State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People' s Government	100%

BRIEF HISTORY

IN 1961, BAOAN WATER SUPPLY CO., LTD., THE PREDECESSOR OF SHENZHEN WATER AND ENVIRONMENT GROUP CO., LTD. ("THE GROUP" FOR SHORT), WAS FOUNDED. IN 1962, UPON THE COMPLETION, SHENZHEN WATER PLANT WAS PUT INTO OPERATION (DAILY WATER SUPPLY CAPACITY: 2,500 TONS/DAY). IN 1979, SHENZHEN WATER PLANT WAS RENAMED AS SHENZHEN WATER SUPPLY CO., LTD. IN 1996, SHENZHEN WATER SUPPLY CO., LTD. WAS RESTRUCTURED INTO A SOLELY STATE-OWNED LIMITED LIABILITY COMPANY AND RENAMED AS SHENZHEN WATER SUPPLY (GROUP) CO., LTD., AND TOOK THE LEAD IN ISSUING THE "WATER SUPPLY SERVICE COMMITMENT". AT THE END OF 2001, SHENZHEN WATER SUPPLY (GROUP) CO., LTD. AND SHENZHEN DRAINAGE MANAGEMENT OFFICE WERE MERGED TO BECOME SHENZHEN WATER (GROUP) CO., LTD., PIONEERING THE INTEGRATED WATER SUPPLY AND DRAINAGE MODEL. AT THE END OF 2003, BY INTRODUCING THE STRATEGIC INVESTORS, THE GROUP WAS RESTRUCTURED FROM A SOLELY STATE-OWNED ENTERPRISE INTO A SINO-FOREIGN JOINT VENTURE, OF WHICH THE STATE-OWNED ASSETS SUPERVISION AND MANAGEMENT COMMISSION OF SHENZHEN MUNICIPAL PEOPLE' S GOVERNMENT, TONGYONG SHOUCHANG WATER INVESTMENT CO., LTD. AND VEOLIA GROUP HELD 55%, 40% AND 5% OF THE SHARES RESPECTIVELY. IN 2005, THE GROUP AND TAGEN GROUP JOINTLY FOUNDED SHENZHEN WATER INVESTMENT CO., LTD. (WHICH WAS LATER RENAMED SHENZHEN HUANSHUI INVESTMENT GROUP CO., LTD.; IN 2008, ITS SHARES HELD BY TAGEN GROUP WERE TRANSFERRED TO SHENZHEN YUANZHI INVESTMENT CO., LTD., WHICH WAS LATER RENAMED AS SHENZHEN CAPITAL OPERATION GROUP CO., LTD.) FOR BUSINESS EXPANSION. IN 2007, THE GROUP FOUNDED SHENZHEN SHENSHUI BAOAN WATER GROUP CO., LTD. AND SHENZHEN SHENSHUI LONGGANG WATER GROUP BY MEANS OF SHAREHOLDING, THUS COMPLETING THE INTEGRATION OF WATER SUPPLY MARKETS IN BAO' AN DISTRICT AND LONGGANG DISTRICT OF SHENZHEN. IN THE SAME YEAR, THE GROUP INTEGRATED THE WATER SUPPLY MARKETS IN YANTIAN PORT AND MEISHA AREA OF SHENZHEN. IN 2008, THE GROUP FOUNDED SHENZHEN SHENSHUI GUANGMING WATER CO., LTD. BY MEANS OF SHAREHOLDING, THUS TAKING OVER GONGMING SUB-DISTRICT WATER SUPPLY CO., LTD. AND GUANGMING WATER SUPPLY CO., LTD. IN 2009, THE GROUP ACQUIRED SHENZHEN LIANTANG WATER SUPPLY SERVICE CO., LTD. BY MEANS OF SHAREHOLDING, THUS COMPLETING THE INTEGRATION OF WATER SUPPLY MARKET IN LIANTANG AREA. IN 2010, THE GROUP FOUNDED SHEKOU BRANCH, TAKING OVER THE WATER SUPPLY AND DRAINAGE BUSINESSES IN SHEKOU AREA. AFTER THAT, THE WATER SUPPLY BUSINESS OF THE GROUP COVERED ALL AREAS OF SHENZHEN. WATER SUPPLY OPERATION AND SERVICES FOR BUSINESSES IN LONGHUA NEW AREA. SHENZHEN SHENSHUI ECOLOGICAL & ENVIRONMENTAL TECHNOLOGY CO., LTD. WAS ESTABLISHED IN 2014 TO EXPAND ENVIRONMENTAL MANAGEMENT BUSINESSES SUCH AS SLUDGE TREATMENT AND DISPOSAL. IN APRIL 2015, SHENZHEN SHENSHAN SPECIAL COOPERATION ZONE SHENSHUI WATER SUPPLY CO., LTD. WAS ESTABLISHED. ACHIEVING INTEGRATED MANAGEMENT OF ALL WATER-RELATED ELEMENTS WITHIN THE SHENSHAN SPECIAL COOPERATION ZONE. IN 2017, BY INTEGRATING THE CUSTOMER SERVICES, PIPELINE NETWORKS, AND PUMP STATION SERVICES IN FORMER SHENZHEN SPECIAL ECONOMIC ZONE, THE GROUP FOUNDED 6 BRANCHES INCLUDING LUOHU BRANCH, FUTIAN BRANCH, NANSHAN BRANCH, YANTIAN BRANCH, QIANHAI BRANCH (FOUR OF WHICH WERE LATER CANCELED; THE BUSINESSES OF THESE FIVE BRANCHES WERE MERGED BY NANSHAN BRANCH), AND PUMP STATION COMPANY. IN 2019, FOR THE PURPOSE OF PUSHING FORWARD THE OVERALL MANAGEMENT OF WATER-RELATED BUSINESSES, THE GROUP FOUNDED DAPENG NEW AREA BRANCH AND BUSHA BRANCH.

IN 2019, IN ORDER TO REALIZE THE OVERALL OPTIMIZATION OF ENVIRONMENT AND WATER RESOURCES IN SHENZHEN, SHENZHEN WATER AND ENVIRONMENT GROUP CO., LTD. ("THE GROUP" FOR SHORT) WAS FOUNDED ACCORDING TO THE ARRANGEMENTS OF CPC SHENZHEN MUNICIPAL COMMITTEE AND SHENZHEN MUNICIPAL PEOPLE' S GOVERNMENT, IN DECEMBER 2020. THE GROUP SIGNED AN AGREEMENT ON ACQUIRING 45% EQUITY OF SHENZHEN WATER(GROUP) CO., LTD. HELD BY VEOLIA GROUP AND TONGYONG SHOUCHUAN WATER INVESTMENT CO., LTD, WHICH SIGNED A SUCCESSFUL COMPLETION OF THE TRIPARTITE EQUITY COOPERATION OVER THE PAST 17 YEARS. IN THE MEANTIME, THE GROUP ACQUIRED ANOTHER 55% STATE-OWNED EQUITY OF SHENZHENWATER (GROUP) CO., LTD., THUS REALIZING ITS FULL CONTROL OF SHENZHEN WATER (GROUP) CO.. LTD.。IN SEPTEMBER 2022, THE GROUP FOUNDED SHENZHEN RAW WATER CO., LTD., THUS TAPPING INTO THE FIELD OF RAW WATER. IN 2024, THE GROUP WAS INVITED TO JOIN THE GLOBAL LEADING WATER COMPANY ALLIANCE (THE ONLY WATER COMPANY IN MAINLAND CHINA).

OVER THE YEARS, THE GROUP HAS SUCCESSIVELY FOUNDED SHENZHEN LIYUAN WATER DESIGN & CONSULTING CO., LTD., SHENZHEN QINGYUAN WATER PURIFICATION EQUIPMENT CO., LTD., SHENZHEN WATER TECHNOLOGY CO., LTD., AND SHENZHEN WATER ENGINEERING CO., LTD. WITH A VIEW TO EXPLORING DIVERSIFIED BUSINESSES IN WATER INDUSTRY CHAIN, SUCH AS DESIGN CONSULTATION, PROJECT CONSTRUCTION, INFORMATION TECHNOLOGIES, AND PRODUCTION OF WATER TREATMENT CHEMICALS. MOREOVER, THE GROUP HAS TAKEN THE INITIATIVE TO DEVELOP THE EMERGING BUSINESSES, INCLUDING WATER ENVIRONMENT TREATMENT AND SLUDGE TREATMENT AND DISPOSAL.

Production, Operation and Management

WATER OPERATION

SUPPLY OF RAW WATER

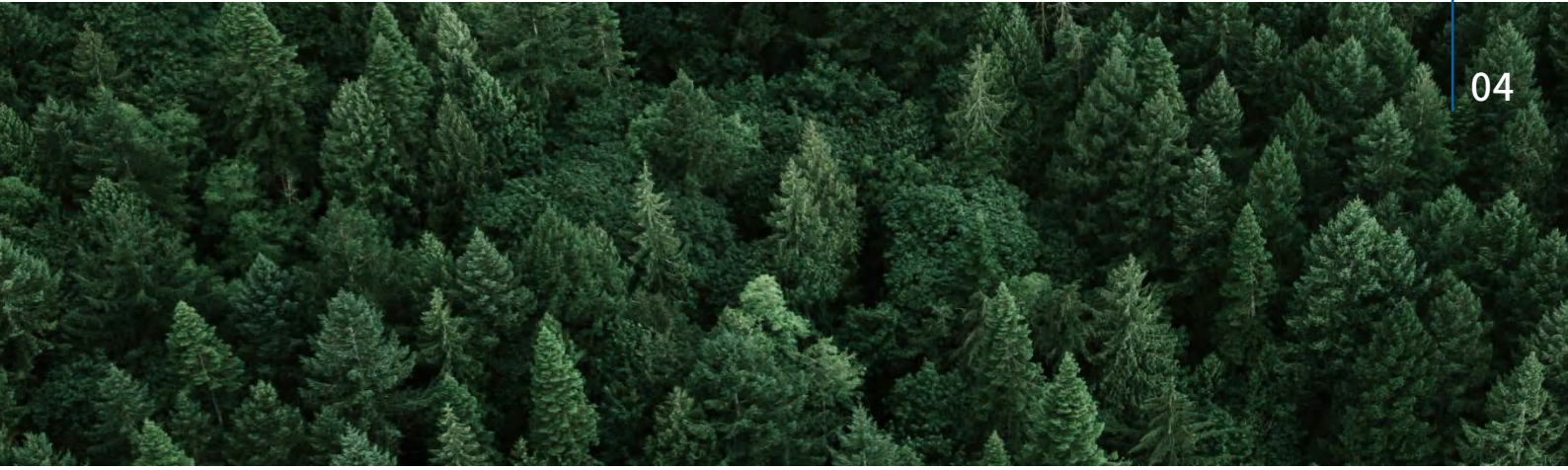
IN SEPTEMBER 2022, SHENZHEN RAW WATER CO., LTD., A SUBSIDIARY FULLY CONTROLLED BY THE GROUP, WAS FOUNDED TO UNDERTAKE THE TASKS RELATING TO THE INVESTMENT, CONSTRUCTION AND OPERATION OF SEVERAL RAW WATER PROJECTS (WITH A TOTAL INVESTMENT OF APPROXIMATELY RMB 22 BILLION), INCLUDING THE GONGMING RESERVOIR-QINGLINJING RESERVOIR CONNECTION PROJECT, THE LUOTIAN RESERVOIR-TIEGANG RESERVOIR WATER DIVERSION TUNNEL PROJECT, THE XILI RESERVOIR TO NANSHAN WATER PLANT RAW WATER PIPE PROJECT, THE BEIKENG RESERVOIR AND ITS SUPPORTING WATER DIVERSION PROJECT, THE SHENSHAN WESTERN WATER SOURCE AND WATER SUPPLY PROJECT, THE SHAWAN SECOND WATER PLANT RAW WATER RECONSTRUCTION PROJECT, THE MINGREHE WATER DIVERSION PROJECT AND OTHER 7 RAW WATER PROJECTS.

DURING THE REPORTING PERIOD (JANUARY 1, 2024 - DECEMBER 31, 2024), THE GROUP ACCELERATED THE CONSTRUCTION PROGRESS OF MAJOR RAW WATER PROJECTS, THE CONSTRUCTION OF RAW WATER PROJECTS CONTINUED TO ACCELERATE, MULTIPLE KEY PROJECTS WERE STEADILY ADVANCED, AND THE WATER DELIVERY CAPACITY WAS SIGNIFICANTLY ENHANCED. THE “DAILY INVENTORY, WEEKLY SCHEDULING, AND MONTHLY SUMMARY” MECHANISM WAS FULLY IMPLEMENTED, AND MULTIPLE MEASURES WERE TAKEN TO BREAK THROUGH THE BOTTLENECKS AND IMPROVE CONSTRUCTION EFFICIENCY AND NODE COMPLETION RATE. THE TBM EXCAVATION TASK OF THE MAIN TUNNEL OF THE SOUTHWEST WATER SOURCE PROJECT WAS SUCCESSFULLY COMPLETED, AND THE SHALLOW BURIED TUNNEL WAS CONNECTED AT THE END OF NOVEMBER; THE FOUR TBMS OF THE LUOTIAN RESERVOIR-TIEGANG RESERVOIR RAW WATER TUNNEL PROJECT WERE ALL STARTED AHEAD OF SCHEDULE, COMPLETING THE “9.30” PHASED GOAL; THE THREE SHAFTS OF THE KEY LINE OF THE GONGMING RESERVOIR-QINGLINJING RESERVOIR CONNECTION PROJECT HAVE ALL ENTERED THE SHAFT EXCAVATION STAGE, AND THE DIVERSION BRANCH TUNNEL OF THE BEIKENG RESERVOIR AND THE SUPPORTING WATER DELIVERY PROJECT WAS CONNECTED IN NOVEMBER, MARKING THAT THE MAIN TUNNEL HAS ENTERED THE FULL EXCAVATION STAGE; THE DIVERSION TUNNEL OF THE WESTERN WATER SOURCE PROJECT WAS CONNECTED IN NOVEMBER, AND THE MINGREHE WATER DIVERSION PROJECT, AS AN IMPORTANT DROUGHT RELIEF AND SUPPLY GUARANTEE PROJECT, WAS PUT INTO OPERATION AHEAD OF SCHEDULE. AMONG THEM, THE PUBLIC CLEANING PROJECT WON THE FIRST PRIZE IN THE INFRASTRUCTURE CONSTRUCTION CASE GROUP OF THE 4TH “XINJIANBEI CUP” CHINA INTELLIGENT CONSTRUCTION & BIM APPLICATION COMPETITION, THE FIRST PRIZE IN THE 3RD “XINCHENGJIAN CUP” INTERNATIONAL BIM/CIM APPLICATION COMPETITION AND MANY OTHER AWARDS. THE PROJECT CONSTRUCTION RESULTS HAVE ATTRACTED ATTENTION AND REPORTS FROM NATIONAL MEDIA SUCH AS CCTV NEWS, CHINA WATER RESOURCES NEWS, AND PEOPLE’ S DAILY CLIENT.

PRODUCTION AND SUPPLY OF TAP WATER

BY DECEMBER 31, 2024, THE GROUP HAS A TOTAL OF 78 WATER PLANTS NATIONWIDE, WITH WATER SUPPLY SCALE OF 9.799 MILLION TONS/-DAY. AMONG THEM, SHENZHEN IS RESPONSIBLE FOR 99.9% OF THE CITY’ S WATER SUPPLY BUSINESS, WITH A TOTAL OF 54 WATER PLANTS AND WATER SUPPLY SCALE OF 7.764 MILLION TONS/DAY; THERE ARE 24 WATER PLANTS IN OTHER PLACES, WITH A WATER SUPPLY SCALE OF 2.035 MILLION TONS/DAY. IN 2024, THE GROUP’ S ANNUAL LOCAL WATER SUPPLY WILL REACH 1.94 BILLION TONS, A YEAR-ON-YEAR INCREASE OF 3.5%; THE OFF-SITE WATER SUPPLY WILL REACH 410 MILLION TONS, A YEAR-ON-YEAR INCREASE OF 5.7%. THE TOTAL WATER SUPPLY WILL INCREASE STEADILY AND CONTINUE TO PROVIDE SOLID WATER RESOURCES FOR URBAN DEVELOPMENT. THE COMPREHENSIVE QUALIFIED RATE OF WATER SUPPLY QUALITY REACHED 99.99%. BY PROMOTING INTELLIGENT WATER DISPATCHING AND REFINED LEAKAGE CONTROL, THE ANNUAL LEAKAGE RATE OF THE PUBLIC WATER SUPPLY NETWORK HAS DROPPED TO 4.6%, THE AVERAGE HOUSEHOLD WATER OUTAGE TIME HAS DROPPED TO 1.05 HOURS, AND THE OPERATING EFFICIENCY HAS BEEN SIGNIFICANTLY IMPROVED.

DURING THE REPORTING PERIOD, THE GROUP CONTINUOUSLY ADVANCED THE CONSTRUCTION OF AN OPERATION AND MAINTENANCE SYSTEM FOR SECONDARY WATER SUPPLY FACILITIES, COMPLETING THE HANDOVER AND TAKEOVER TASKS FOR 1511 SUCH FACILITIES THROUGHOUT THE YEAR. THIS PROGRESS ELEVATED SYSTEMATIC SAFETY MANAGEMENT TO A NEW LEVEL. SIMULTANEOUSLY, THE GROUP IMPLEMENTED THE “WATER STEWARD FOR THOUSANDS OF HOUSEHOLDS” SERVICE IN 240 RESIDENTIAL COMMUNITIES, DEEPLY EMBEDDING IT INTO RESIDENTS’ LIVING SCENARIOS AND PROPELLING WATER SUPPLY SERVICES FROM “STANDARDIZATION” TOWARDS “REFINEMENT,” ELEVATING THE USER SATISFACTION RATE TO 96.2%. THE GROUP ACCELERATED THE ESTABLISHMENT OF A “DIGITAL TWINS + INTELLIGENT DISPATCHING” SYSTEM. PIONEERING REGIONS LIKE LONGHUA AND BAOAN ACHIEVED FULL CLOSED-LOOP OPERATION OF INTELLIGENT WATER SUPPLY DISPATCHING AGENTS. LEVERAGING MULTIDIMENSIONAL SENSING SYSTEMS—INCLUDING BIG DATA ON WATER USAGE, PRESSURE ANALYSIS, AND EQUIPMENT OPERATING STATUS—ENABLED SCIENTIFIC, PRECISE WATER ALLOCATION AND RAPID, ROBUST EMERGENCY RESPONSE CAPABILITIES. FURTHERMORE, THE SERVICE MECHANISM OF “ACTING BEFORE COMPLAINTS OCCUR AND RESOLVING ISSUES IMMEDIATELY UPON RECEIVING THEM” GAINED WIDESPREAD PUBLIC ACCEPTANCE, GREATLY ENHANCING USERS’ SENSE OF FULFILLMENT AND SATISFACTION AND ESTABLISHING A NEW BENCHMARK FOR HIGH-QUALITY URBAN WATER SUPPLY SERVICES.



SEWAGE TREATMENT AND SERVICES

BY DECEMBER 31, 2024, THE GROUP OPERATED 57 WATER PURIFICATION PLANTS NATIONWIDE, WITH A TOTAL DRAINAGE CAPACITY OF 5.5517 MILLION TONS/DAY. AMONG THESE, 23 PLANTS LOCATED IN SHENZHEN HANDLED 55% OF THE CITY' S WASTEWATER TREATMENT BUSINESS, BOASTING A DRAINAGE CAPACITY OF 4.206 MILLION TONS/DAY. THE GROUP MANAGED 7,351 KILOMETERS OF MUNICIPAL DRAINAGE PIPELINES, 20,108 KILOMETERS OF RESIDENTIAL DRAINAGE PIPELINES, 1,056,200 DRAINAGE INSPECTION CHAMBERS, AND 593,215 STORMWATER INLETS. ADDITIONALLY, IT OPERATED 34 WATER PURIFICATION PLANTS OUTSIDE SHENZHEN, WITH A WATER SUPPLY AND DRAINAGE CAPACITY OF 3.3807 MILLION TONS/DAY.

DURING THE REPORTING PERIOD, THE GROUP ADVANCED REFINED MANAGEMENT AND DIGITAL TRANSFORMATION OF THE DRAINAGE SYSTEM, STRENGTHENED POLLUTION LOAD REDUCTION AND SMART DISPATCHING CAPABILITIES, AND EFFECTIVELY IMPROVED WASTEWATER COLLECTION EFFICIENCY AND WATER QUALITY. ANNUAL WASTEWATER TREATMENT VOLUME IN SHENZHEN REACHED 1.15 BILLION TONS, A 5.38% YEAR-ON-YEAR INCREASE, WHILE TREATMENT VOLUME OUTSIDE SHENZHEN TOTALED 410 MILLION TONS, UP 4.82%. WATER QUALITY COMPLIANCE RATES IN SHENZHEN REMAINED STABLE AT 99.99%, AND RATES OUTSIDE SHENZHEN MAINTAINED 100%. THE GROUP VIGOROUSLY ADVANCES THE CONSTRUCTION OF "ZERO DIRECT DISCHARGE COMMUNITIES," HAVING CUMULATIVELY BUILT 8,143 SUCH COMMUNITIES WITH A CREATION RATE OF 90%. IT HAS RECTIFIED 6,072 INSTANCES OF MIXED FLOW AND POTENTIAL HAZARDS, WITH DEMONSTRATION AREAS PROGRESSIVELY EXPANDING COVERAGE AND IMPROVING QUALITY. CONTINUOUS EFFORTS IN MUNICIPAL STORM AND SEWAGE DIVERSION HAVE RAISED THE CLEAN OUTFALL RATE TO 83%, AND 8 HIGH-RISK OUTFALLS HAVE BEEN REMEDIATED. A DEDICATED CAMPAIGN TO REDUCE AND ENHANCE THE EFFICIENCY OF RIVERSIDE INTERCEPTION SYSTEMS ACHIEVED A DAILY REDUCTION OF 43,000 M^3/DAY IN THE YEAR, WITH A CUMULATIVE REDUCTION REACHING 301,000 M^3/DAY—THE REDUCTION PROPORTION RISING TO 72%. THE ANNUAL REDUCTION IN BOD AND AMMONIA NITROGEN POLLUTION LOADS REACHED 21.3 TONS/DAY AND 2.6 TONS/DAY, RESPECTIVELY. MEANWHILE, THE GROUP ACTIVELY PROMOTES HIGH WATER LEVEL INVESTIGATION AND REMEDIATION, COMPLETING 95.5 KM OF INVESTIGATION THROUGHOUT THE YEAR AND ADVANCING THE ELIMINATION OF 28.6 KM, RESULTING IN SIGNIFICANT IMPROVEMENT IN WET-WEATHER OVERFLOW CONDITIONS. THE YEAR SAW THE IMPLEMENTATION OF 42.7 KM OF NEW AND REHABILITATED SEWAGE PIPELINES, CONTINUOUSLY ENHANCING THE SAFETY, RESILIENCE, AND STABILITY OF THE PIPELINE NETWORK SYSTEM. STRENGTHEN THE "UNDERWATER" FOUNDATION TO SUPPORT SHENZHEN' S HIGH-QUALITY DEVELOPMENT.

ENVIRONMENTAL GOVERNANCE

MANAGEMENT OF WATER ENVIRONMENT

ADHERING TO SYSTEMATIC GOVERNANCE AND TARGETED MEASURES, THE GROUP CONTINUOUSLY ADVANCED COMPREHENSIVE WATER ENVIRONMENT REMEDIATION AND ECOSYSTEM RESTORATION, STRIVING TO BUILD A BEAUTIFUL SHENZHEN WATER ECOLOGY MODEL FEATURING "CLEAR WATERS AND LUSH BANKS, WHERE FISH GLIDE BENEATH THE SURFACE." THROUGHOUT THE YEAR, ACHIEVEMENTS IN WATER ECOLOGY MANAGEMENT WERE CONSISTENTLY CONSOLIDATED, WITH RESULTS GAINING BROAD RECOGNITION DOMESTICALLY AND INTERNATIONALLY.

DURING THE REPORTING PERIOD, THE GROUP ADVANCED FIVE SYSTEMATIC INITIATIVES: COMPREHENSIVE GRID-BASED MANAGEMENT, KEY SMALL WATERSHED REMEDIATION, PRECISE REAL-TIME DISPATCHING, PEAK-PERIOD INSPECTIONS, AND A FIVE-MAP WATER ENVIRONMENT CONTROL SYSTEM. FOR THE FIRST TIME, WATER QUALITY AT THE SHENZHEN RIVER ESTUARY MET CLASS III STANDARDS WITHOUT EXCLUDING IMPACTS FROM THE HONG KONG SIDE, WITH AMMONIA NITROGEN AND TOTAL PHOSPHORUS DECREASING BY 22.3% AND 20% RESPECTIVELY, WHICH SETS A NEW RECORD IN WATER MANAGEMENT HISTORY. WATER QUALITY AT THE YANCHUAN SECTION OF THE MAOZHOU RIVER REMAINED STABLE AT CLASS III, WITH AMMONIA NITROGEN AND TOTAL PHOSPHORUS DROPPING BY 21.7% AND 11.6% RESPECTIVELY. MEANWHILE, THE SHENZHEN RIVER REMEDIATION PROJECT RECEIVED THE BRONZE MEDAL IN THE "PROJECT INNOVATION AWARD" AT THE IWA WORLD WATER CONGRESS AND A NATIONAL THIRD PRIZE IN THE "DATA ELEMENTS ×" COMPETITION, BECOMING THE ONLY WATER COMPANY IN THE COUNTRY TO RECEIVE AWARDS. THE GROUP RANKED FIRST IN SHENZHEN' S ANNUAL ECOLOGICAL CIVILIZATION ASSESSMENT FOR THREE CONSECUTIVE YEARS, STEADILY ADVANCING WATER ECOLOGY GOVERNANCE FROM "DEMONSTRATING EFFECTIVENESS" TO "ENSURING SUSTAINABILITY," WITH ITS EXEMPLARY IMPACT INCREASINGLY PROMINENT. BUILD A "SMART OPERATION AND MAINTENANCE + SYSTEMATIC GOVERNANCE + STANDARD CONSTRUCTION" TRINITY DRAINAGE MANAGEMENT SYSTEM, INITIALLY FORMING THE "FIVE SCHEMATIC DIAGRAMS" OF FACILITIES, WATER QUALITY, LIQUID LEVELS, SMALL WATERSHEDS, AND DISPATCH SCHEDULING, ACHIEVING FULL-ELEMENT AND FULL-PROCESS DIGITAL COLLABORATIVE MANAGEMENT.

RAINY-DAY BOD CONCENTRATION ENTERING THE PLANT INCREASED BY 10%, DRY-DAY INTERCEPTION CULVERT REDUCTION RATE ALONG THE RIVER ROSE TO 75%, INTEGRATED SEWAGE AND WATERLOGGING CONTROL EFFICACY SIGNIFICANTLY ENHANCED.

SLUDGE TREATMENT AND DISPOSAL

IN JUNE 2014, SHENZHEN SHENSHUI ECOLOGICAL & ENVIRONMENTAL TECHNOLOGY CO., LTD., A SUBSIDIARY WHOLLY OWNED BY THE GROUP, WAS FOUNDED. VIGOROUSLY EXPANDED BUSINESSES INVOLVING SEWAGE TREATMENT PLANT SLUDGE, WATERWORKS RESIDUAL SLUDGE, WATER PIPE DREDGED SLUDGE, AND HIGH-CONCENTRATION WASTEWATER, WHILE EXTENDING OPERATIONS TO OTHER SOLID WASTE STREAMS SUCH AS FOOD WASTE. TREATMENT CAPACITY FOR SEWAGE SLUDGE REACHED 4,180 TONNES/DAY (CALCULATED AT 80% MOISTURE CONTENT), ACCOUNTING FOR 55% OF THE CITY' S TOTAL TREATMENT VOLUME. DURING THE REPORTING PERIOD, HANDLED 1.22 MILLION TONNES OF VARIOUS SLUDGE TYPES, SPECIFICALLY 1.04 MILLION TONNES OF SEWAGE SLUDGE, 70,000 TONNES OF WATERWORKS SLUDGE, AND 99,000 TONNES OF PIPE DREDGED SLUDGE. CONCURRENTLY, TREATED 960,000 CM3 OF HIGH-CONCENTRATION WASTEWATER ALONG WITH 7,000 TONNES OF FOOD WASTE AND FECAL RESIDUE. SECURED THE DONGGUAN SLUDGE DEWATERING AND REDUCTION OPERATION PROJECT AND THE PINGZHEN ZHONGXIN INTERNATIONAL SLUDGE PROJECT, ACHIEVING DUAL EXPANSION IN BOTH GEOGRAPHICAL COVERAGE AND OPERATIONAL DOMAINS FOR SLUDGE MANAGEMENT.

TREATMENT OF INDUSTRIAL WASTEWATER

ALIGNED WITH THE DEVELOPMENT TRAJECTORY OF THE "20+8" STRATEGIC EMERGING INDUSTRIAL CLUSTERS, THE GROUP PRIMARILY LEVERAGED ITS WATER ENVIRONMENT DIVISION TO EXPAND INDUSTRIAL WASTEWATER BUSINESSES. UNDERTOOK THE INVESTMENT, CONSTRUCTION, AND OPERATION MANAGEMENT OF 7 PROJECTS VIA MODES LIKE BOO, EPCO, AND O&M, INCLUDING THE PINGSHAN NATIONAL BIOMEDICAL WASTEWATER PROJECT, PINGSHAN INTEGRATED CIRCUIT WASTEWATER RECYCLING DEMONSTRATION PROJECT, SHENSHAN XIAOMO PORT WATER QUALITY PURIFICATION PLANT (PHASE I) INDUSTRIAL WASTEWATER PROJECT, AND OTHERS. TOTAL COMMISSIONED AND UNDER-CONSTRUCTION TREATMENT CAPACITY REACHED 132,100 TONNES/DAY, ACCOUNTING FOR 69% OF THE CITY' S CENTRALIZED DEEP TREATMENT CAPACITY FOR INDUSTRIAL WASTEWATER WITHIN CLUSTERS. SUCCESSFULLY COMMISSIONED THE PINGSHAN PHARMACEUTICALS AND PINGSHAN INTEGRATED CIRCUIT BASE INDUSTRIAL WASTEWATER PROJECTS DURING THE REPORTING PERIOD.

ODOR CONTROL

THE GROUP IS DEDICATED TO FULLY RESOLVING ODOR PROBLEMS AROUND THE PEOPLE, LEVERAGING ITS SUBSIDIARY SHENZHEN LIYUAN WATER DESIGN & CONSULTING CO., LTD. TO UNDERTAKE ODOR TREATMENT BUSINESS ACTIVELY. SHENZHEN LIYUAN WATER DESIGN & CONSULTING CO., LTD. HAS ESTABLISHED A FULL-CHAIN, FULL-PROCESS DEODORIZATION TECHNOLOGY SYSTEM INTEGRATING R&D, MANUFACTURING, DESIGN, CONSTRUCTION, COMMISSIONING, AND OPERATION AND MAINTENANCE. HAS UNDERTAKEN OVER 60 DEODORIZATION PROJECTS THROUGHOUT THE CITY, INCLUDING BINHE, GUSU, AND HONGHU WATER PURIFICATION PLANTS. POSSESSES ODOR TREATMENT CAPACITY OF 10 MILLION CUBIC METERS PER HOUR, ACCOUNTING FOR 70% OF THE ODOR TREATMENT SCALE OF THE CITY' S WATER PURIFICATION PLANTS. PROCESSED 87.6 BILLION CUBIC METERS OF ODOROUS GAS DURING THE REPORTING PERIOD.

INVESTMENT FOR DEVELOPMENT

THE GROUP IS THE EARLIEST LOCAL STATE-OWNED WATER ENTERPRISE TO "EXPAND BEYOND ITS HOME REGION". FOR YEARS, THE ENTERPRISE HAS PURSUED STABLE BUSINESS EXPANSION AND A DIVERSIFIED STRATEGIC LAYOUT IN CROSS-REGIONAL INVESTMENTS. IT CONTINUES TO DEEPEN ITS PRESENCE IN THE WATER SECTOR WHILE SEEKING BROADER COOPERATION AND DEVELOPMENT. FULLY LEVERAGING DIVERSE INVESTMENT MODELS, THE GROUP VIGOROUSLY EXPANDS ITS NATIONAL WATER MARKET FOOTPRINT, EXTENDING THE "SHENZHEN QUALITY" AND "SHENZHEN STANDARDS" NATIONWIDE. AS OF DECEMBER 31, 2024, THE GROUP HAD INVESTED RMB 8.9 BILLION EXTERNALLY, WITH NET ASSETS OF RMB 4.4 BILLION. IT INVESTED IN AND OPERATED 39 WATER PROJECTS ACROSS SEVEN PROVINCES, ACHIEVING A WATER SUPPLY AND SEWAGE TREATMENT CAPACITY OF 3.38 MILLION TONS PER DAY.

DURING THE REPORTING PERIOD, THE GROUP STEADILY ADVANCED CROSS-REGIONAL PROJECT EXPANSION. IT SUCCESSFULLY SIGNED SEVEN PROJECTS: THE ACQUISITION AND FRANCHISE PERIOD EXTENSION OF NINGGUO WATER CO., LTD.; UPGRADING OF TENGZHOU' S THIRD WASTEWATER TREATMENT PLANT; PHASE III EXPANSION OF CHUZHOU' S THIRD WATER PLANT; INTEGRATED URBAN-RURAL WATER SUPPLY MANAGEMENT SERVICES IN ZAOZHUANG' S CENTRAL URBAN AREA; WASTEWATER TREATMENT FACILITY MANAGEMENT SERVICES IN CHAO' AN DISTRICT; INTEGRATED WATER-RELATED REFORM CONSULTING AND MANAGEMENT SERVICES IN CHAOZHOU; AND TAILWATER RESOURCE UTILIZATION AT YANGKOU CHEMICAL PARK WASTEWATER TREATMENT PLANT IN RUDONG COUNTY. THE CUMULATIVE INVESTMENT REACHED RMB 340 MILLION. THE GROUP SUCCESSFULLY IMPLEMENTED VALUE-ADDED PROJECTS: TECHNICAL SUPPORT FOR HUAIAN' S JINYUE PAPER WASTEWATER TREATMENT STATION; ANHUI EMISSION RIGHTS TRADING; DISTRIBUTED PV POWER GENERATION AT CHIZHOU SEWERAGE CO., LTD.; MUNICIPAL DRAINAGE NETWORK AND DRAINAGE USER VERIFICATION IN CHIZHOU ECONOMIC DEVELOPMENT ZONE; INTEGRATED URBAN-RURAL WATER SUPPLY IN KAIPING; DRAINAGE SUPERVISION FOR UPSTREAM ENTERPRISES OF ZHOUZHUANG WASTEWATER TREATMENT PLANT; DELEGATED OPERATION OF JIANGSU WOMEN' S COMPULSORY ISOLATION DETOXIFICATION CENTER' S WASTEWATER TREATMENT PLANT; PV AND CHARGING STATION COLLABORATION AT KAIPING' S ZHENHUA WATER PLANT; AND OPERATION/MAINTENANCE OF HEBI FENGHUA POWER PLANT' S MEDIUM-WATER PUMP STATIONS. THESE PROJECTS INVOLVED RMB 0.21 BILLION.

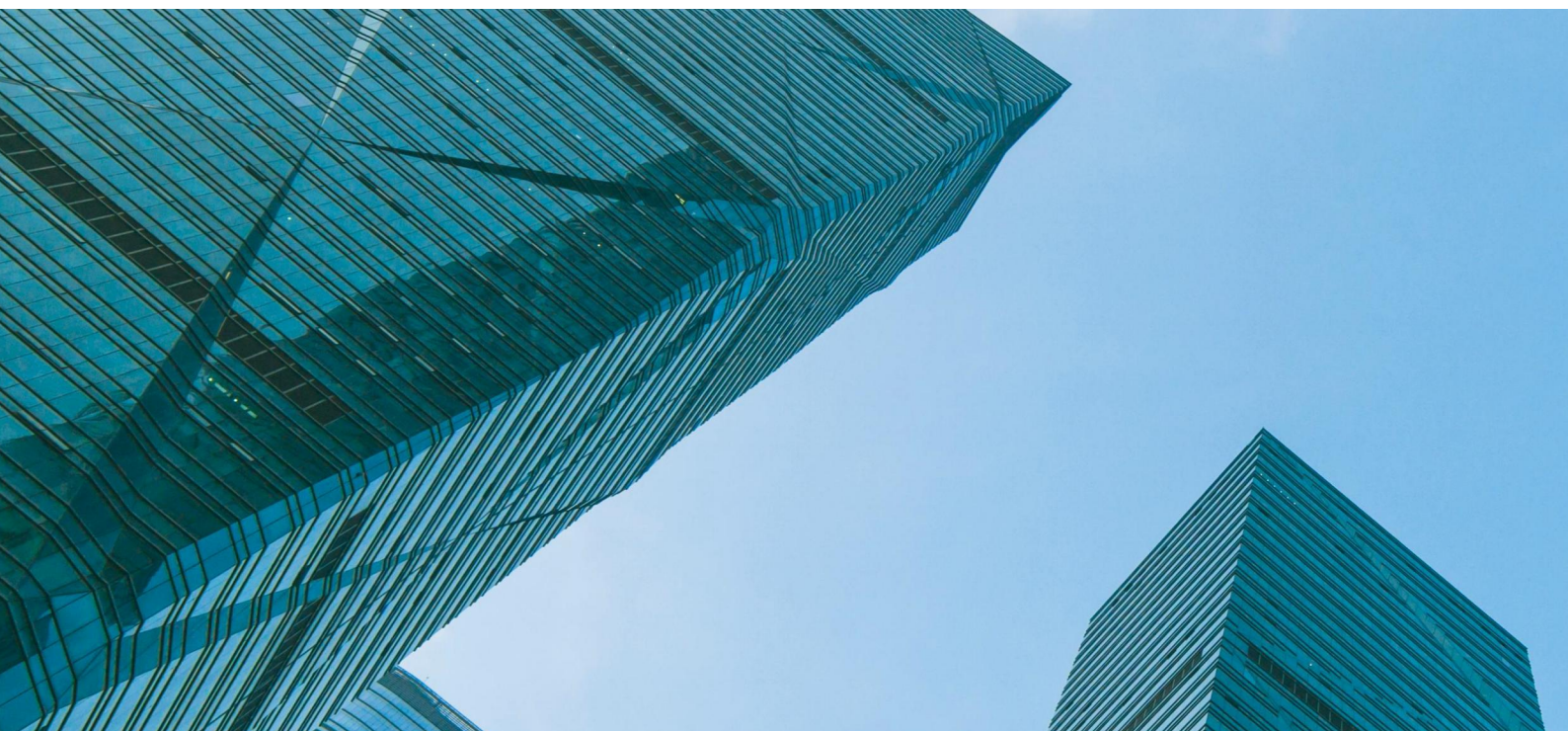
TECHNOLOGICAL INNOVATION

THE GROUP EXTENDS ITS ENVIRONMENTAL WATER INDUSTRY CHAIN VERTICALLY UPSTREAM/DOWNSTREAM AND HORIZONTALLY ACROSS ADJACENT SECTORS. BUSINESS COVERS WATER TECHNOLOGY, DESIGN CONSULTING, ENGINEERING CONSTRUCTION, EQUIPMENT MANUFACTURING, RAW MATERIAL SUPPLY, INFORMATION TECHNOLOGY, AND OTHER FIELDS, CONTINUOUSLY EXPANDING WATER-RELATED INDUSTRY CHAIN OPERATIONS. INTERNALLY LEVERAGES BUSINESS SYNERGIES; EXTERNALLY ADVANCES SCIENTIFIC INNOVATION AND DEVELOPMENT OF THE DESIGN-CONSTRUCTION INDUSTRY CHAIN SECTOR, CULTIVATING NEW PROFIT GROWTH POINTS.

DURING THE REPORTING PERIOD, SHENZHEN WATER TECHNOLOGY CO., LTD. INTENSIFIED R&D EFFORTS. COMPLETED HARDWARE DEVELOPMENT FOR THE ALGAE ONLINE MONITOR, RESOLVING REAL-TIME ALGAE MONITORING CHALLENGES IN RAW WATER. LAUNCHED THE OPERATION OF THE MULTI-AGENT INTELLIGENT DOSING CONTROL INTEGRATED MACHINE. NEWLY ADDED 4 PATENTS AND 8 SOFTWARE COPYRIGHTS. PARTICIPATED IN CONSTRUCTING THE “HONGHU WATER QUALITY PURIFICATION PLANT LOTUS WATER CULTURE SCIENCE EDUCATION BASE”, AWARDED THE IPMA INTERNATIONAL PROJECT MANAGEMENT GLOBAL EXCELLENCE AWARD SILVER PRIZE. “ZHU AO WATER PLANT NEXT-GENERATION SMART WATER PLANT SOLUTION” AND “DONGHU WATER PLANT BIM-BASED DIGITAL TWIN WATER PLANT INTEGRATED SOLUTION” WON THE 2024 WATER DIGITALIZATION EXCELLENCE SOLUTION AWARDS. “APPLICATION OF SMART WATER OPERATION SYSTEM IN DONGHU WATER PLANT CAPACITY EXPANSION PROJECT” WAS SELECTED AS A TYPICAL CASE AMONG SHENZHEN’ S FIRST BATCH OF INTELLIGENT CONSTRUCTION NEW TECHNOLOGY PRODUCT INNOVATION SERVICE.

SHENZHEN LIYUAN WATER DESIGN & CONSULTING CO., LTD. ANCHORED ITS TRANSFORMATION GOALS TOWARD A HIGH-TECH ENTERPRISE FEATURING GREENING, INTELLIGENCE, AND INTEGRATION. FOCUSED ON BUILDING A CORE TECHNOLOGY BRAND SYSTEM. OFFICIALLY RELEASED THE SHENWATER SMART-NITROGEN™ AOA LOW-CARBON INNOVATIVE TECHNOLOGY AND FULL-PROCESS DEODORIZATION TECHNOLOGY BRANDS. APPLIED THE WATER PURIFICATION PLANT ATMOSPHERIC ENVIRONMENT ENHANCEMENT TECHNOLOGY SYSTEM IN PHASE I OF HONGHU WATER QUALITY PURIFICATION PLANT. NEWLY OBTAINED 8 PATENTS AND 3 SOFTWARE COPYRIGHTS. PARTICIPATED IN FORMULATING 7 LOCAL AND GROUP STANDARDS. ADVANCED PATENT CONVERSION FOR THE OBSTACLE-CLEARING ROBOT. SELF-DEVELOPED NON-ISOBARIC FLOW-CONVERGENCE ENERGY-SAVING EQUIPMENT WON BRONZE AT THE SEOUL INTERNATIONAL INVENTION FAIR. FULL-PROCESS DEODORIZATION TECHNOLOGY RECEIVED GOLD AT THE BELT AND ROAD & BRICS NATIONS SKILLS COMPETITION. ADDITIONALLY, SECURED 55 MAJOR AWARDS, INCLUDING THE FIRST PRIZE OF CHINA GEOGRAPHIC INFORMATION SCIENCE AND TECHNOLOGY PROGRESS AWARD AND FIRST PRIZE OF GUANGDONG PROVINCIAL MUNICIPAL ASSOCIATION SCIENCE AND TECHNOLOGY AWARD, COVERING WATER SUPPLY/DRAINAGE, PIPE NETWORKS, WATER ENVIRONMENT, ODOR CONTROL, BIM, SAFETY AND CIVILIZED CONSTRUCTION, ETC.

SHENZHEN QINGYUAN WATER PURIFICATION EQUIPMENT CO., LTD. EXPANDED PRODUCT SALES TO 8 CITIES: SHENZHEN, DONGGUAN, GUANGZHOU, FOSHAN, KAIPING, ZHONGSHAN, NINGGUO, AND RUDONG. SERVED 54 CLIENTS WITH 27 PRODUCT CATEGORIES. COMPREHENSIVELY ADVANCED STANDARDIZATION OF THE ACTIVATED CARBON EVALUATION SYSTEM. COLLABORATED WITH SHENZHEN POLYTECHNIC UNIVERSITY AND HWAYON ON ACTIVATED CARBON SELECTION RESEARCH AND FILTER EVALUATION SOLUTIONS. COMPILED THE GUIDELINES FOR FULL-PROCESS AND FULL-CHAIN MANAGEMENT OF ACTIVATED CARBON PRODUCTION AND APPLICATION IN OZONE-ACTIVATED CARBON FILTERS. CONDUCTED MARKET RESEARCH ON ACTIVATED CARBON FOR MUNICIPAL WATER TREATMENT IN THE GREATER BAY AREA AND YANGTZE RIVER DELTA. SUCCESSFULLY IMPLEMENTED THE NINGGUO WATER POWDERED CARBON PROJECT, RUDONG SHENWATER ENVIRONMENT TECHNOLOGY GRANULAR CARBON PROJECT, AND SHATOUJIAO BEIJIELANSHAN COLUMNAR CARBON PROJECTS.



TRANSFORM INTO A TECHNOLOGY-BASED ENTERPRISE

AS THE VICE PRESIDENT UNIT AND DIRECTOR UNIT OF THE SCIENCE AND TECHNOLOGY COMMITTEE OF THE CHINA URBAN WATER ASSOCIATION, THE GROUP HAS ESTABLISHED AROUND 10 R&D PLATFORMS (INCLUDING THE RESEARCH CENTER OF THE MINISTRY OF HOUSING AND URBAN-RURAL DEVELOPMENT FOR SAFE DRINKING WATER IN SOUTH CHINA) AND FOUNDED 5 NATIONAL HI-TECH ENTERPRISES, WHILE ALSO ESTABLISHING 2 SPECIAL AND INNOVATIVE ENTERPRISES, 1 DEMONSTRATION ENTERPRISE FOR SCIENTIFIC AND TECHNOLOGICAL REFORM BY THE STATE COUNCIL, AND 1 "LITTLE GIANT" SPECIAL AND INNOVATIVE ENTERPRISE, POSSESSING OVER 500 SCIENTIFIC AND TECHNOLOGICAL ACHIEVEMENTS INCLUDING PATENTS, STANDARDS, AND COPYRIGHTS, AND UNDERTAKING ALMOST 300 GOVERNMENT AND INDUSTRY SCIENTIFIC RESEARCH PROJECTS, WITH THESE INDICATING A COMPLETE TECHNICAL INNOVATION SYSTEM COVERING MULTIPLE LINKS INCLUDING R&D, TRANSFORMATION OF RESEARCH RESULTS, AND PROMOTION AND APPLICATION OF TECHNOLOGIES.

DURING THE REPORTING PERIOD, THE GROUP INVESTED RMB 259 MILLION IN R&D FUNDS. LEVERAGING MASSIVE APPLICATION SCENARIOS, THE GROUP ACCELERATED GREEN AND DIGITAL TRANSFORMATION ACROSS FULL INDUSTRIES, FULL CHAINS, AND ALL OPERATIONAL SEGMENTS. THE WATER-FOCUSED CLOUD-BASED DIGITAL TWIN INTELLIGENCE SYSTEM "DEEPWATER CLOUD BRAIN", CENTERED ON DATA, COMPUTING POWER, AND ALGORITHMS, ACHIEVED "ONE-NETWORK UNIFIED MANAGEMENT" FOR ALL BUSINESS OPERATIONS AND "SINGLE-CLICK EMERGENCY RESPONSE", WINNING THE SPECIAL PRIZE IN THE GREEN AND LOW-CARBON TRACK AT GUANGDONG DIVISION OF CHINA' S INAUGURAL "DATA FACTOR ×" COMPETITION, ALONG WITH THE THIRD PRIZE AT THE NATIONAL FINALS. THE GLOBALLY LEADING DISRUPTIVE SHENWATER SMART-NITROGEN™ AOA LOW-CARBON INNOVATIVE TECHNOLOGY WAS APPLIED ACROSS 7 WATER QUALITY PURIFICATION PLANTS, ACHIEVING ULTIMATE NITROGEN REMOVAL WITHOUT CHEMICAL DOSING. THIS TECHNOLOGY FULLY REPLACES US AND ITALIAN DENITRIFICATION DEEP-BED FILTERS, YIELDING TOTAL INVESTMENT SAVINGS OF RMB 500 MILLION. COMMISSIONED THE WORLD' S FIRST "WATER-PHOTOVOLTAIC-STORAGE INTEGRATED" GREEN ENERGY WATER PLANT, ESTABLISHING A MULTI-ENERGY COMPLEMENTARY NEW POWER SYSTEM, ACHIEVING OVER 22% GREEN ELECTRICITY COVERAGE FOR PLANT FACILITIES, OVER 1 HOUR POWER OUTAGE EMERGENCY SUPPORT CAPABILITY, AND ANNUAL CARBON DIOXIDE REDUCTION OF 540 TONNES. COMPLETED DEVELOPMENT OF THE FIRST WATER QUALITY INSPECTION ROBOT UNIT EQUIPMENT. CONDUCTED JOINT TRIALS ACROSS FOUR LOCAL WATERWORKS AND TWO WATER QUALITY PURIFICATION PLANTS, ACHIEVING UNATTENDED OPERATION, PRECISE MANAGEMENT, AND INTELLIGENT CONTROL THROUGH AUTOMATIC DETECTION, DIGITAL MANAGEMENT, AND BIG DATA INTERACTION. RESULTS INCLUDED 82% SPACE SAVINGS, 86% ENERGY CONSUMPTION REDUCTION, 75% DETECTION EFFICIENCY IMPROVEMENT, AND 60% WASTE FLUID EMISSION REDUCTION. PILOT DEMONSTRATIONS SUCH AS GUANGMING DISTRICT SMART O&M AND LUOHU DISTRICT SMART DRAINAGE CLEANING ACCELERATED REPLICATION AND PROMOTION. OPERATIONAL EFFICIENCY AND MANAGEMENT PRECISION HAVE SIGNIFICANTLY IMPROVED. THE BINHE WATER QUALITY PURIFICATION PLANT AND FUTIAN WATER QUALITY PURIFICATION PLANT WERE SELECTED AS NATIONAL "GREEN AND LOW-CARBON BENCHMARK PLANTS". THE PROJECT "ESTABLISHMENT AND APPLICATION OF DRINKING WATER SAFETY GUARANTEE TECHNOLOGY SYSTEM," IN WHICH THE GROUP PARTICIPATED, WAS AWARDED THE FIRST PRIZE OF THE STATE SCIENTIFIC AND TECHNOLOGICAL PROGRESS AWARD.

CUSTOMER SERVICE

BY DECEMBER 31, 2024, THE GROUP ESTABLISHED 20 PHYSICAL SERVICE OUTLETS ACROSS SHENZHEN. CONSTRUCTED A COMPREHENSIVE ONLINE SERVICE PLATFORM INTEGRATING CHANNELS INCLUDING THE ONLINE SERVICE HALL, 24-HOUR SERVICE HOTLINE, WECHAT PUBLIC ACCOUNT, WECHAT MINI PROGRAM, AND "I SHENZHEN" APP. ACHIEVED MOBILE-BASED INQUIRY AND FINGERTIP-BASED PROCESSING FOR WATER SERVICES. THE GROUP HAS ALSO PUBLICLY RELEASED SERVICE COMMITMENTS FOR 30 CONSECUTIVE YEARS. COMPLETED TRANSITION CERTIFICATION TO THE INTERNATIONAL ORGANIZATION FOR STANDARDIZATION COMPLAINT MANAGEMENT SYSTEM (ISO 10002:2018). FURTHER ELEVATED SERVICE STANDARDS.

DURING THE REPORTING PERIOD, THE GROUP FULLY IMPLEMENTED SHENZHEN MUNICIPAL PARTY COMMITTEE AND MUNICIPAL GOVERNMENT DECISIONS ON OPTIMIZING THE BUSINESS ENVIRONMENT. SUCCESSFULLY ACCOMPLISHED ALL 10 KEY TASKS SPECIFIED IN THE 2024 KEY TASKS FOR OPTIMIZING THE BUSINESS ENVIRONMENT. ACTIVELY PROMOTED THE INNOVATIVE "EFFICIENT HANDLING OF JOINT WATER-ELECTRICITY-GAS-TV-INTERNET APPLICATION AS ONE-STOP SERVICE" INITIATIVE, HELPING SHENZHEN TO BUILD A FIRST-CLASS BUSINESS ENVIRONMENT. THE GROUP HAD 2.81 MILLION SMART WATER METERS ONLINE, ACHIEVING A COVERAGE RATE OF 83%. IT DEVELOPED AND LAUNCHED A POST-METER LEAKAGE ALARM FUNCTION, WITH A 99.87% RESOLUTION RATE. AFTER PROCESSING, 27,865 ALARMS RETURNED TO NORMAL OPERATION, EFFECTIVELY REDUCING USER DISPUTES OVER WATER BILLS. ROUTINE "SERVICE TO HOME, SATISFACTION TO HEART" INITIATIVES WERE CONDUCTED, INVOLVING DOOR-TO-DOOR VISITS AND COMMUNITY OUTREACH TO COLLECT USER FEEDBACK AND PRECISELY RESOLVE WATER SUPPLY AND DRAINAGE ISSUES.

ADHERING TO A "CUSTOMER-CENTRIC" APPROACH, THE GROUP DEEPENED THE "WATER STEWARD FOR EVERY HOUSEHOLD" SERVICE. WATER STEWARDS ACTIVELY ENGAGED WITH COMMUNITIES ACROSS 7,012 RESIDENTIAL ESTATES, PROVIDING 436,000 PROACTIVE IN-HOME VISITS AND RESOLVING 23,000 USER REQUESTS ON-SITE. TAILORED INITIATIVES LIKE "STOVE-SIDE TALKS UNDER TREES" WERE ESTABLISHED, SETTING UP SERVICE POINTS IN COMMUNITIES AND URBAN VILLAGES TO LISTEN TO PUBLIC NEEDS FACE-TO-FACE AND OFFER WATER QUALITY TESTING, LEAKAGE INSPECTIONS, AND POLICY CONSULTATIONS.

THE GROUP ESTABLISHED AN INTEGRATED ONLINE SERVICE PLATFORM, SIGNIFICANTLY ENHANCING OPERATIONAL EFFICIENCY AND SERVICE RESPONSIVENESS. IT STRICTLY IMPLEMENTED CLOSED-LOOP COMPLAINT MANAGEMENT, DELIVERING 100% IN-HOME SERVICE, 100% COMPLAINT FOLLOW-UP VISITS, AND ESTABLISHING A 100% TWO-WAY COORDINATION MECHANISM WITH COMMUNITY GRID MANAGERS AND PROPERTY MANAGEMENT TO ENSURE COMPREHENSIVE AND EFFICIENT SERVICE COVERAGE. CONTINUOUS "REDUCE COMPLAINTS, OPTIMIZE SERVICE" CAMPAIGNS WERE CARRIED OUT. THROUGHOUT THE YEAR, 11.26 MILLION ONLINE ORDERS WERE PROCESSED (A 14.29% YEAR-ON-YEAR INCREASE), WITH AN ONLINE HANDLING RATE OF 97.76%, UP 0.46% YEAR-ON-YEAR. SERVICE HOTLINE CALLS TOTALED 984,100, UP 12.9% YEAR-ON-YEAR, WITH A 99.32% CALL-ANSWER RATE, UP 1.21% YEAR-ON-YEAR. USER COMPLAINTS DECREASED BY 16.28% TO 42,000 CASES, WHILE CUSTOMER SATISFACTION SCORED 89.5 POINTS WITH A 96.2% SATISFACTION RATE. CASES ON THE PUBLIC DEMAND PLATFORM ACHIEVED 100% ON-TIME RESOLUTION AND 100% COMPLETION RATE.



SUMMARY OF MAIN FINANCIAL DATA

UNIT: 10,000 YUAN; CURRENCY: CNY

ITEM	YEAR 2024	YEAR 2023
TOTAL OPERATING INCOME	1,125,582.55	1,159,347.36
TOTAL OPERATING COSTS	1,117,205.03	1,146,205.24
INCLUDING: OPERATING COSTS	866,348.90	894,633.38
TAXES AND SURCHARGES	9,730.18	9,598.56
SALES EXPENSES	58,015.80	56,040.51
ADMINISTRATIVE EXPENSES	99,994.03	105,018.43
R&D EXPENSES	24,540.31	23,212.39
FINANCIAL EXPENSES	58,575.82	57,701.97
NON-OPERATING INCOME	1,716.20	1,129.26
TOTAL PROFITS	12,523.03	23,230.07
NET PROFITS	-3,804.24	8,478.24
NET PROFITS ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	-19,908.39	-11,284.71
TOTAL ASSETS	5,518,701.57	4,856,981.78
TOTAL LIABILITIES	3,844,624.61	3,340,587.38
OWNER' S EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	1,281,461.49	1,135,682.77

Fulfillment of Social Responsibilities

THE GROUP HAS LONG ADHERED TO THE SUSTAINABLE DEVELOPMENT PHILOSOPHY OF "FULFILLING RESPONSIBILITIES, HARMONIOUS COEXISTENCE". IT ACTIVELY FULFILLS SOCIAL RESPONSIBILITIES BY PROMOTING THE ADVANCEMENT OF INDUSTRY TECHNICAL AND MANAGEMENT STANDARDS, FACILITATING INDUSTRY EXCHANGES AND COOPERATION, AND PROVIDING TECHNICAL SUPPORT FOR SECTORAL DEVELOPMENT. LEVERAGING ITS BUSINESS AND TECHNOLOGICAL STRENGTHS WHILE MOBILIZING SOCIAL RESOURCES, THE GROUP IMPLEMENTS A SERIES OF PUBLIC WELFARE INITIATIVES. THESE EFFORTS CONSOLIDATE AND EXPAND ACHIEVEMENTS IN POVERTY ALLEVIATION AND SUSTAINABLY CONTRIBUTE TO RURAL REVITALIZATION.

RURAL REVITALIZATION

DURING THE REPORTING PERIOD, THE GROUP PROACTIVELY RESPONDED TO THE NATIONAL RURAL REVITALIZATION STRATEGY. FULLY LEVERAGED ITS PROFESSIONAL ADVANTAGES, FOCUSING ON RURAL WATER ECOLOGICAL GOVERNANCE, INFRASTRUCTURE CONSTRUCTION, AND COMPREHENSIVE DEVELOPMENT. IMPLEMENTED ASSISTANCE PROJECTS ACROSS MULTIPLE REGIONS, CONTRIBUTING TO RURAL REVITALIZATION THROUGH CONCRETE ACTIONS AND INJECTING SUSTAINABLE VITALITY INTO LONG-TERM RURAL DEVELOPMENT. IN LIANGYING TOWN, CHAONAN DISTRICT, SHANTOU CITY, GUANGDONG PROVINCE, THE GROUP CENTERED EFFORTS ON THE "FIVE REVITALIZATIONS" OBJECTIVES. ADVANCED SYNCHRONOUS TOWN-VILLAGE IMPROVEMENT, SIMULTANEOUS CONSTRUCTION, INTERCONNECTIVITY, AND INTEGRATED DEVELOPMENT. GROUP LEADERS CONDUCTED FIELD SURVEYS AND VISITED KEY POVERTY-ALLEVIATION MONITORING HOUSEHOLDS IN XIANDOU VILLAGE. DONATED TEACHING EQUIPMENT TO HOUYANG PRIMARY SCHOOL, SUPPORTING EDUCATIONAL INFORMATIZATION DEVELOPMENT. SIMULTANEOUSLY EXAMINED LOCAL WATER SYSTEM REMEDIATION AND INDUSTRIAL PROJECTS, PROVIDING IMPLEMENTATION SUGGESTIONS AT THE PROJECT LAUNCH MOBILIZATION MEETING. IN FENGKENG VILLAGE, ZIJIN COUNTY, HEYUAN CITY, A "POST-ASSISTANCE REVIEW" OF PROJECT OUTCOMES WAS IMPLEMENTED. THE PREVIOUSLY INDEBTED VILLAGE NOW GENERATES A COLLECTIVE ANNUAL INCOME EXCEEDING RMB 400,000, RECOGNIZED AS A GUANGDONG PROVINCIAL MODEL VILLAGE. THOROUGHLY EXECUTED HIGH-QUALITY IMPLEMENTATION OF THE "FIVE MERITS AND TWO SUITABILITIES" WATER SYSTEM PROJECT, PROMOTING COORDINATED URBAN-RURAL REGIONAL DEVELOPMENT. IN XIANDOU VILLAGE, CHAONAN DISTRICT, SHANTOU CITY, ADDRESSED ISSUES LIKE OVERGROWN WEEDS AND CLOGGED CHANNELS ALONG ZHAIQIAN STREAM. CONDUCTED COMPREHENSIVE WATER ENVIRONMENT IMPROVEMENT THROUGH RIVER DREDGING, ECOLOGICAL RESTORATION, AND LANDSCAPE ENHANCEMENT. INVESTED RMB 2,948,500 TO CLEAR WATERWAYS AND CREATE SCENIC AREAS, BENEFITING OVER 3,500 VILLAGERS WHILE ESTABLISHING A HARMONIOUS WATER-ECOLOGY LANDSCAPE. THE PROJECT WAS RATED AS A TYPICAL CASE OF "SHENZHEN SOCIAL FORCES HELPING RURAL REVITALIZATION" AND ONE OF THE 20+ TYPICAL CASES OF "SHENZHEN SOCIAL FORCES HELPING RURAL REVITALIZATION". THE GROUP' S WASTEWATER TREATMENT FACILITY CONSTRUCTION PROJECT ACHIEVED REMARKABLE RESULTS IN "ONE TOWNSHIP THREE VILLAGES" OF ZAYÜ COUNTY, TIBET. INNOVATIVELY ADOPTED "SUPER-ENGINEERED WETLAND" TECHNOLOGY OVERCOMING HIGH-ALTITUDE CHALLENGES, EFFECTIVELY RESOLVING RURAL SEWAGE TREATMENT DIFFICULTIES. THIS PROJECT RECEIVED THE "SHENZHEN TOP TEN EXEMPLARY ASSISTANCE AND COLLABORATION PROJECTS" AWARD.

PUBLIC WELFARE VOLUNTEERING

THE GROUP ACTIVELY PARTICIPATES IN PUBLIC WELFARE INITIATIVES, CONTRIBUTING TO THE CONSTRUCTION OF A HARMONIOUS SOCIETY. DURING THE REPORTING PERIOD, LEVERAGING OPPORTUNITIES SUCH AS "WORLD WATER DAY", "WORLD ENVIRONMENT DAY", AND "ECOLOGICAL DAY OPEN HOUSE", THE GROUP INVITED CITIZENS TO VISIT MODERN WATER PURIFICATION PLANTS. THESE VISITS ENABLED EXPLORATION OF THE DOMESTIC WASTEWATER PURIFICATION PROCESS. PROVIDED MORE CITIZENS WITH OPPORTUNITIES TO ENTER WATER PURIFICATION FACILITIES AND WITNESS THE "PURIFICATION JOURNEY" OF WASTEWATER AT ZERO DISTANCE. PROMOTED WATER CONSERVATION, APPRECIATION, AND PROTECTION. ENHANCED PUBLIC AWARENESS REGARDING WATER RESOURCE VALUE. STIMULATED CONSCIOUSNESS FOR WATER SAVING AND ENVIRONMENTAL CONSERVATION. FULFILLED CORPORATE SOCIAL RESPONSIBILITY AND ESTABLISHED A FAVORABLE CORPORATE IMAGE. ON SEPTEMBER 12, 2024, THE MINISTRY OF HOUSING AND URBAN-RURAL DEVELOPMENT DISPATCHED THE GROUP' S TECHNICAL EXPERTS TO HAINAN TO PROVIDE TECHNICAL GUIDANCE ON POST-DISASTER WATER SUPPLY RESTORATION AFTER TYPHOON CAPRICORNI.

Corporate Governance and Internal Control

CORPORATE GOVERNANCE

BASIC INFORMATION

THE GROUP DOES NOT HAVE A SHAREHOLDERS' MEETING. THE POWERS OF THE SHAREHOLDERS' MEETING ARE EXERCISED BY THE STATE-OWNED ASSETS SUPERVISION AND MANAGEMENT COMMISSION OF SHENZHEN MUNICIPAL PEOPLE' S GOVERNMENT. THE BOARD OF DIRECTORS OF THE GROUP HAS 5 SPECIAL COMMITTEES, I.E., THE NOMINATION COMMITTEE, STRATEGY & INVESTMENT COMMITTEE, REMUNERATION & ASSESSMENT COMMITTEE AND AUDIT COMPLIANCE AND RISK COMMITTEE. THESE COMMITTEES OFFER PROFESSIONAL CONSULTATION AND SUGGESTIONS FOR THE MAJOR OPERATION DECISIONS OF THE GROUP.

DURING THE REPORTING PERIOD, THE GROUP CONTINUOUSLY IMPROVED THE CONSTRUCTION OF THE BOARD OF DIRECTORS' INSTITUTIONAL SYSTEM, REVISED THE RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS OF SHENZHEN WATER AND ENVIRONMENT GROUP CO., LTD. AND THE AUTHORIZATION DECISION-MAKING PLAN FOR THE BOARD OF DIRECTORS OF SHENZHEN WATER AND ENVIRONMENT GROUP CO., LTD., ESTABLISHING A "1+2+N" BOARD OF DIRECTORS INSTITUTIONAL FRAMEWORK LED BY THE ARTICLES OF ASSOCIATION. THIS FRAMEWORK FOLLOWS THE MODEL OF "ARTICLES OF ASSOCIATION + RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS AND RULES OF PROCEDURE FOR BOARD COMMITTEES + OTHER SUPPORTING SYSTEMS SUCH AS THE BOARD AUTHORIZATION MANAGEMENT MEASURES," CLARIFYING THE NORMATIVE REQUIREMENTS FOR BOARD OPERATIONS AND DIRECTOR PERFORMANCE. THE COMPANY ISSUED AND IMPLEMENTED THE LIST OF POWERS AND RESPONSIBILITIES OF GOVERNANCE ENTITIES OF SHENZHEN WATER AND ENVIRONMENT GROUP CO., LTD.. THROUGH "ONE TABLE," IT FURTHER DELINEATES THE BOUNDARIES OF POWERS AND RESPONSIBILITIES AMONG THE PARTY COMMITTEE, BOARD OF DIRECTORS, MANAGEMENT, AND INVESTORS, CLARIFIES THE SCOPE OF POWERS AND RESPONSIBILITIES BETWEEN THE GROUP AND ITS SUBSIDIARY ENTERPRISES, AND STANDARDIZES DELIBERATION AND DECISION-MAKING PROCEDURES FOR SPECIFIC MATTERS OF AUTHORITY. ENHANCING DECISION-MAKING EFFICIENCY AND STIMULATING OPERATIONAL VITALITY, THIS APPROACH FACILITATES EFFECTIVE IMPLEMENTATION OF FUNDAMENTAL GOVERNANCE PRINCIPLES BY HAVING THE PARTY COMMITTEE "SET THE DIRECTION, OVERSEE THE OVERALL SITUATION, AND ENSURE IMPLEMENTATION," THE BOARD OF DIRECTORS "FORMULATE STRATEGY, MAKE DECISIONS, AND PREVENT RISKS," AND MANAGEMENT "PLAN OPERATIONS, EXECUTE PLANS, AND STRENGTHEN MANAGEMENT," THEREBY ACHIEVING COORDINATED OPERATION AND EFFECTIVE CHECKS AND BALANCES AMONG THE THREE GOVERNANCE ENTITIES.

BOARD MEETINGS

DURING THE REPORTING PERIOD, THE GROUP CONVENED 14 BOARD MEETINGS, RESULTING IN 7 MEETING RESOLUTIONS AND 37 WRITTEN RESOLUTIONS.

SYSTEM CONSTRUCTION

THE GROUP CONTINUOUSLY IMPROVED ITS INTERNAL CONTROL INSTITUTIONAL SYSTEM TO ENHANCE ENTERPRISE RISK MANAGEMENT CAPABILITIES.

DURING THE REPORTING PERIOD, THE COMPANY REVISED THE SECONDARY ENTERPRISE MANAGEMENT MEASURES AND INVESTMENT MANAGEMENT MEASURES, FURTHER STRENGTHENING SECONDARY ENTERPRISE MANAGEMENT AND STANDARDIZING INVESTMENT MANAGEMENT PROCESSES; FORMULATED THE EQUITY PARTICIPATION ENTERPRISE MANAGEMENT MEASURES, LABOR EMPLOYMENT COMPLIANCE GUIDANCE, AND RESOURCE-BASED ASSETS LEASING COMPLIANCE GUIDANCE, EFFECTIVELY PREVENTING OPERATIONAL COMPLIANCE RISKS.

INTERNAL CONTROL

THE GROUP RIGOROUSLY ADVANCED THE DEPLOYMENT REQUIREMENTS OF THE THREE-YEAR ACTION PLAN FOR PROMOTING HIGH-QUALITY COMPLIANCE MANAGEMENT IN MUNICIPAL STATE-OWNED ENTERPRISES (2023-2025), EARNESTLY IMPLEMENTED RELEVANT REQUIREMENTS OF THE "COMPLIANCE MANAGEMENT CONSOLIDATION AND ENHANCEMENT YEAR," AND DEEPENED EFFORTS IN COMPLIANCE AND INTERNAL CONTROL MANAGEMENT. DURING THE REPORTING PERIOD, THE GROUP ESTABLISHED A RELATIVELY COMPREHENSIVE INTERNAL CONTROL MANAGEMENT SYSTEM AND DEVELOPED PROCESS MANUALS FOR INTERNAL CONTROL MANAGEMENT OF CORE BUSINESSES, WITH ALL MANAGEMENT SYSTEMS AND INTERNAL CONTROL PROCESSES FUNCTIONING EFFECTIVELY.

DURING THE REPORTING PERIOD, THE GROUP SYSTEMATICALLY DEVELOPED FOUR COMPLIANCE MANAGEMENT LISTS: COMPLIANCE OBLIGATION LIST, COMPLIANCE RISK LIST, PROCESS CONTROL LIST, AND POSITION RESPONSIBILITY LIST, PROMOTING DEEP INTEGRATION OF COMPLIANCE WITH BUSINESS OPERATIONS. SPECIFIC CONTENT FOR THREE COMPLIANCE SYSTEM COMPILATIONS—COVERING BIDDING AND PROCUREMENT, LEGAL AND COMPLIANCE, AND CUSTOMER SERVICE—WAS REFINED. A CONSOLIDATED COMPLIANCE SYSTEM COMPILATION WAS ISSUED TO CLARIFY REGULATORY REQUIREMENTS FOR KEY BUSINESS AREAS. INTEGRATION AND ENHANCEMENT OF THE LEGAL AND COMPLIANCE SYSTEM PROGRESSED THROUGH OPTIMIZING THE EXISTING LEGAL AND COMPLIANCE MANAGEMENT SYSTEM BY ADDING RISK CONTROL AND INTERNAL CONTROL MODULES, FACILITATING CONVERGENCE AMONG LEGAL, COMPLIANCE, AND RISK MANAGEMENT FRAMEWORKS.

RISK MANAGEMENT

THE GROUP INTEGRATED RISK ASSESSMENT WITH CLOSED-LOOP CONTROL, IMPLEMENTING PREVENTIVE DEPLOYMENT, CRISIS RESPONSE, AND SYSTEMATIC RESOLUTION FOR MAJOR RISKS THROUGH RISK ANALYSIS AND EVALUATION, MONITORING, AND EARLY WARNING. MEANWHILE, ORGANIZING ANNUAL MAJOR RISK ASSESSMENT ACTIVITIES, CLARIFYING RESPONSIBLE DEPARTMENTS, CONTROL OBJECTIVES, AND COUNTER-MEASURES. IT CLOSELY MONITORED CHANGES IN MAJOR RISKS IDENTIFIED AT THE BEGINNING OF THE YEAR, PROMPTLY IDENTIFIED AND ADDRESSED EMERGING RISKS AND RISK EVENTS IN OPERATIONS, AND REPORTED MAJOR RISK INCIDENTS ALONG WITH THEIR RESOLUTION STATUS.

DURING THE REPORTING PERIOD, THE GROUP ADVANCED RISK MANAGEMENT AND CONTROL. COMPILE THE 2023 ANNUAL COMPLIANCE AND INTERNAL CONTROL MANAGEMENT (SYSTEM) REPORT AND THE 2024 ANNUAL MAJOR RISK ASSESSMENT REPORT, WHICH WERE SUBMITTED AS REQUIRED TO THE STATE-OWNED ASSETS SUPERVISION AND ADMINISTRATION COMMISSION OF SHENZHEN MUNICIPAL PEOPLE' S GOVERNMENT.

Major Issues in 2024

CHANGES IN ARTICLES OF ASSOCIATION AND REGISTERED CAPITAL

DURING THE REPORTING PERIOD, THERE WAS NO CHANGE IN THE ARTICLES OF ASSOCIATION AND REGISTERED CAPITAL OF THE GROUP.

MERGER, DIVISION, DISSOLUTION OR BANKRUPTCY APPLICATION OF THE GROUP, MAJOR CHANGES IN THE SCOPE OF BUSINESS OF THE GROUP

DURING THE REPORTING PERIOD, THE GROUP HAD NO MERGER, DIVISION, DISSOLUTION OR BANKRUPTCY APPLICATION.

MAJOR INVESTMENT BEHAVIOR, MAJOR FINANCING BEHAVIOR AND MAJOR CONTINGENCY

MAJOR INVESTMENT ACTIVITIES: DURING THE REPORTING PERIOD, THE GROUP UNDERTOOK THE TASK FOR FIXED INVESTMENT OF RMB 7.38 BILLION FOR THE PROJECT HEADQUARTERS OF ECOLOGICAL ENVIRONMENT AND WATER PROJECT OF SHENZHEN, AND SPENT RMB 7.567 BILLION IN FIXED INVESTMENT. EXPANDING INVESTMENT TO ACQUIRE NINGGUO WATER CO., LTD. AND EXTEND ITS CONCESSION PERIOD; UPGRADE THE TENGZHOU NO. 3 SEWAGE TREATMENT PLANT TO HIGHER STANDARDS; EXPAND THE CHUZHOU NO. 3 WATER PLANT (PHASE III); INTEGRATE URBAN AND RURAL WATER SUPPLY MANAGEMENT SERVICES IN ZAOZHUANG CENTRAL CITY; PROVIDE SEWAGE TREATMENT FACILITIES MANAGE-MENT SERVICES IN CHAO' AN DISTRICT; PROVIDE INTEGRATED WATER AFFAIRS REFORM CONSULTING AND MANAGEMENT SERVICES IN CHAOZHOU CITY; UTILIZE TAIL WATER RESOURCES FROM THE RUDONG YANGKOU CHEMICAL INDUSTRY PARK SEWAGE TREATMENT PLANT. THESE 7 PROJECTS ACCUMULATED AN INVESTMENT AMOUNT OF RMB 340 MILLION.

MAJOR DEFICIT OR MAJOR LOSS

DURING THE REPORTING PERIOD, THE GROUP HAD NO MAJOR DEFICIT OR MAJOR LOSS OR OVERDUE PAYMENT FOR SMALL AND MEDIUM-SIZED ENTERPRISES.

APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRM

DURING THE REPORTING PERIOD, RSM CHINA (SPECIAL GENERAL PARTNERSHIP) WAS APPOINTED AS THE ACCOUNTING FIRM BY THE GROUP. BY THE END OF THIS REPORTING PERIOD, RSM CHINA PROVIDED AUDIT SERVICES FOR THE GROUP FOR THE 4TH YEAR.

OVERDUE PAYMENTS OF ACCOUNTS PAYABLE TO SMALL AND MEDIUM-SIZED ENTERPRISES

ACCORDING TO ARTICLE 16 OF REGULATION ON ENSURING PAYMENTS TO SMALL AND MEDIUM-SIZED ENTERPRISES (ORDER NO. 728 OF THE STATE COUNCIL OF THE PEOPLE' S REPUBLIC OF CHINA), THE WORK STATUS OF OVERDUE PAYMENTS TO SMALL AND MEDIUM-SIZED ENTERPRISES IN 2024 IS NOW PUBLICIZED AS FOLLOWS:

AFTER SELF-EXAMINATION, AS OF DECEMBER 31, 2024, OUR GROUP HAS NO OVERDUE PAYMENTS TO SMALL AND MEDIUM-SIZED ENTERPRISES.

OTHER MAJOR ISSUES TO BE DISCLOSED ACCORDING TO THE REQUIREMENTS OF THE STATE-OWNED ASSETS SUPERVISION AND ADMINISTRATION COMMISSION (SASAC) OR RELEVANT LAWS AND REGULATIONS

DURING THE REPORTING PERIOD, THE GROUP HAD NO MAJOR ISSUES TO BE DISCLOSED ACCORDING TO THE REQUIREMENTS OF THE STATE-OWNED ASSETS SUPERVISION AND ADMINISTRATION COMMISSION (SASAC) OR RELEVANT LAWS AND REGULATIONS.

Concise Financial Report

AUDIT OPINIONS AND CONCLUSIONS FOR ANNUAL FINANCIAL STATEMENTS

RSM CHINA (SPECIAL GENERAL PARTNERSHIP) PROVIDED ITS QUALIFIED OPINIONS FOR THE ANNUAL FINANCIAL STATEMENTS OF THE GROUP.

MAIN FINANCIAL INDICATORS

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2024

PREPARED BY: SHENZHEN WATER AND ENVIRONMENT GROUP CO., LTD. UNIT: YUAN; CURRENCY: CNY

ITEM	DECEMBER 31, 2024	DECEMBER 31, 2023
CURRENT ASSETS:		
MONETARY FUND	5,131,999,777.80	5,238,044,432.66
NOTES RECEIVABLE	3,277,135.68	5,023,002.53
ACCOUNTS RECEIVABLE	6,300,840,389.44	5,394,451,250.15
ADVANCE PAYMENT	41,300,446.66	68,790,981.72
OTHER ACCOUNTS RECEIVABLE	540,038,155.41	507,950,376.87
INVENTORY	572,260,393.75	468,477,904.28
CONTRACT ASSETS	518,048,656.23	593,934,767.50
NON-CURRENT LIABILITIES DUE IN ONE YEAR	111,277,897.31	102,540,611.46
OTHER NON-CURRENT ASSETS	329,703,232.57	266,508,849.62
TOTAL CURRENT ASSETS	13,548,746,084.85	12,645,722,176.79
NON-CURRENT ASSETS:		
LONG-TERM ACCOUNTS RECEIVABLE	1,209,703,027.34	1,340,789,022.28
LONG-TERM EQUITY INVESTMENT	437,768,574.13	392,163,824.55
INVESTMENT IN OTHER EQUITY INSTRUMENTS	5,659,817,498.19	5,603,275,060.48
INVESTMENT PROPERTIES	60,359,718.91	57,304,119.92
FIXED ASSETS	13,168,259,654.51	11,850,264,066.60
PROJECT IN PROCESS	10,667,739,328.79	6,801,594,934.30
RIGHT-OF-USE ASSETS	50,393,710.69	61,456,356.73
INTANGIBLE ASSETS	7,005,402,341.25	7,085,838,370.72
GOODWILL	22,508,638.89	22,508,638.89
LONG-TERM EXPENSES TO BE APPORTIONED	109,540,690.21	76,949,864.67
DEFERRED INCOME TAX ASSETS	56,155,919.67	37,579,034.15
OTHER NON-CURRENT ASSETS	3,190,620,499.28	2,594,372,378.23
TOTAL NON-CURRENT ASSETS	41,638,269,601.86	35,924,095,671.52
TOTAL ASSETS	55,187,015,686.71	48,569,817,848.31

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2024

PREPARED BY: SHENZHEN WATER AND ENVIRONMENT GROUP CO., LTD. UNIT: YUAN; CURRENCY: CNY

ITEM	DECEMBER 31, 2024	DECEMBER 31, 2023
CURRENT LIABILITIES:		
SHORT-TERM LOAN	1,571,794,416.52	1,552,265,209.87
NOTES PAYABLE	-	-
ACCOUNTS PAYABLE	3,321,943,867.20	2,639,733,776.74
RECEIPTS IN ADVANCE	738,489.73	3,051,984.60
CONTRACT LIABILITIES	944,868,033.08	1,027,139,411.40
EMPLOYEE COMPENSATION PAYABLE	1,372,165,353.53	1,438,254,259.88
TAXES AND DUES PAYABLE	144,179,457.25	139,916,385.85
OTHER ACCOUNTS PAYABLE	3,016,491,969.51	3,197,079,071.39
NON-CURRENT LIABILITIES DUE IN ONE YEAR	3,147,038,050.28	2,914,760,223.22
OTHER CURRENT LIABILITIES	752,810,690.38	1,264,684,045.77
TOTAL CURRENT LIABILITIES	14,272,030,327.48	14,176,884,368.72
NON-CURRENT LIABILITIES:		
LONG-TERM LOAN	11,831,475,223.89	14,495,650,622.63
BONDS PAYABLE	8,600,000,000.00	2,200,000,000.00
LEASE LIABILITIES	33,543,148.08	46,111,480.39
LONG-TERM ACCOUNTS PAYABLE	213,029,015.52	213,029,015.52
ESTIMATED LIABILITIES	83,675,395.45	61,225,305.98
DEFERRED INCOMES	321,231,316.35	220,238,533.87
DEFERRED INCOME TAX LIABILITIES	148,472,373.72	154,425,158.78
OTHER NON-CURRENT LIABILITIES	2,942,789,309.05	1,838,309,306.26
TOTAL NON-CURRENT LIABILITIES	24,174,215,782.06	19,228,989,423.43
TOTAL LIABILITIES	38,446,246,109.54	33,405,873,792.15
OWNERS' EQUITY:		
PAID-IN CAPITAL (OR CAPITAL STOCK)	3,750,000,000.00	3,400,000,000.00
CAPITAL RESERVE	7,869,945,952.69	6,642,910,528.82
OTHER COMPREHENSIVE INCOME	203,380,865.66	157,801,343.36
SPECIAL RESERVE	2,347,542.52	1,681,844.08
SURPLUS RESERVE	553,163,045.76	553,163,045.76
UNDISTRIBUTED PROFITS	435,777,469.07	601,270,924.21
MINORITY SHAREHOLDERS' EQUITY	3,926,154,701.47	3,807,116,369.23
TOTAL OWNER' S EQUITY	16,740,769,577.17	15,163,944,056.16
TOTAL LIABILITIES AND OWNER' S EQUITIES	55,187,015,686.71	48,569,817,848.31

CONSOLIDATED PROFIT STATEMENT
DECEMBER 31, 2024

PREPARED BY: SHENZHEN WATER AND ENVIRONMENT GROUP CO., LTD. UNIT: YUAN; CURRENCY: CNY

ITEM	DECEMBER 31, 2024	DECEMBER 31, 2023
I. TOTAL OPERATING INCOME	11,255,825,468.82	11,593,473,558.21
INCLUDING: OPERATING INCOME	11,255,825,468.82	11,593,473,558.21
II. TOTAL OPERATING COSTS	11,172,050,317.82	11,462,052,370.01
INCLUDING: OPERATING COSTS	8,663,488,977.91	8,946,333,779.16
TAXES AND SURCHARGES	97,301,804.50	95,985,625.48
SALES EXPENSES	580,158,023.68	560,405,077.65
ADMINISTRATIVE EXPENSES	999,940,271.19	1,050,184,301.70
FINANCIAL EXPENSES	585,758,181.73	577,019,711.09
R&D EXPENSES	245,403,058.81	232,123,874.93
PLUS: OTHER INCOMES	55,456,618.80	68,982,113.80
INVESTMENT INCOME ("-" FOR LOSS)	30,139,921.18	122,452,882.51
INCLUDING: INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES	6,800,251.98	16,248,660.19
CREDIT IMPAIRMENT LOSS ("-" FOR LOSS)	-12,792,047.32	-9,819,976.96
IMPAIRMENT LOSS OF ASSETS ("-" FOR LOSS)	-10,227,024.81	568,127.96
INCOME FROM ASSET DISPOSAL ("-" FOR LOSS)	-2,005,997.41	-1,114,592.15
III. OPERATING PROFITS	144,346,621.44	312,489,743.36
PLUS: TOTAL NON-OPERATING INCOME	17,162,040.52	11,292,617.94
MINUS: NON-OPERATING EXPENSES	36,278,335.82	91,481,641.53
IV. TOTAL PROFITS	125,230,326.14	232,300,719.77
MINUS: INCOME TAX	163,272,764.63	147,518,366.68
V. NET PROFITS	-38,042,438.49	84,782,353.09
(I) CLASSIFICATION BY BUSINESS CONTINUITY		
1. NET PROFIT FROM CONTINUING OPERATIONS	-38,042,438.49	84,782,353.09
2. NET PROFIT FROM DISCONTINUED OPERATIONS	-	-
(II) CLASSIFIED AS PER OWNERSHIP ATTRIBUTION		
1.NET PROFITS ATTRIBUTED TO OWNERS OF THE PARENT COMPANY ("-" FOR LOSS)	-199,083,867.55	-112,847,146.23
2.PROFITS AND LOSSES OF MINORITY SHAREHOLDERS	161,041,429.06	197,629,499.32
VI. NET AFTER-TAX AMOUNT OF OTHER COMPREHENSIVE INCOME	45,579,522.30	15,955,004.40
INCLUDING: ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT ACCOUNTING PERIODS	45,579,522.30	15,955,004.40
ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT ACCOUNTING PERIODS IF THE SPECIFIED CONDITIONS ARE MET	-	-
VII. TOTAL COMPREHENSIVE INCOME	7,537,083.81	100,737,357.49
(I) TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF PARENT COMPANY	-153,504,345.25	-96,892,141.83
(II) TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MINORITY SHAREHOLDERS	161,041,429.06	197,629,499.32

CATALOG OF REFERENCE DOCUMENTS

1. ACCOUNTING STATEMENTS WITH SIGNATURES AND SEALS OF THE GROUP' S LEGAL REPRESENTATIVE AND ACCOUNTING MANAGER, AND THE PRINCIPAL OF ACCOUNTING FIRM.

2. AN AUDIT REPORT WITH THE OFFICIAL SEAL OF ACCOUNTING FIRM, AND THE SIGNATURES AND SEALS OF CERTIFIED PUBLIC ACCOUNTANTS.

SHENZHEN WATER AND ENVIRONMENT GROUP CO., LTD.

CHAIRMAN: GONG LIMIN

JUNE, 2025

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Pursuing the excellence bit by bit

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