Corporate Information

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 6409, 64/F
Central Plaza
18 Harbour Road, Wanchai
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

LEGAL ADVISER

As to Hong Kong law:
Norton Rose Fulbright Hong Kong

PRINCIPAL BANKER

Industrial and Commercial Bank of China
Chongqing Rural Commercial Bank
Bank of China
Shanghai Pudong Development Bank

AUDITOR

Ernst & Young

STOCK CODE

6136

COMPANY WEBSITE

http://www.kangdaep.com

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Suntera (Cayman) Limited
Suite 3204, Unit 2A
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Management Discussion and Analysis

M # 4 À ¿ ±

1.1 Urban Water Treatment

As at 31 December 2023, the Group had entered into a total of 112 service concession arrangements projects, including 106 wastewater treatment plants, 1 water distribution plant, 3 sludge treatment plants and 2 reclaimed water treatment plants. The Group will further expand its Urban Water Treatment chain in the future, in order to improve its profitability and competitiveness.

Analysis of the Group's projects on hand as at 31 December 2023 is as follows:

	Daily wastewater treatment capacity	Daily water distribution capacity	Daily

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Management Discussion and Analysis

M # 4 À ¿ ±

1.1.1 Operation Services

As at 31 December 2023, the Group had 98 wastewater treatment projects, 2 reclaimed water treatment projects and 3 sludge treatment projects in operation in Chinese Mainland. Total daily treatment capacity of wastewater treatment plants, reclaimed water treatment plants, and sludge treatment plants in operation for the year ended 31 December 2023 reached 4,024,500 tonnes (2022: 3,989,500 tonnes), 65,000 tonnes (2022: 65,000 tonnes), and 550 tonnes (2022: 550 tonnes), respectively. For the year ended 31 December 2023, the annualized utilization rate for wastewater and reclaimed water treatment plants in operation was approximately 85% (2022: 82%). The actual average water treatment tariff for the year ended 31 December 2023 was approximately RMB1.59 per tonne (2022: approximately RMB1.56 per tonne).The actual aggregate processing volume for the year ended 31 December 2023 was 1,265.7 million tonnes, representing a minor increase of 3% as compared665 0 Td (4Td ( )Tj 0.4)Tj 0.334 0 TTj (p)Tj 0.334 0 Td (t)Tj 0.334 0 T15.66 TTj 3.997 0 T1.77

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Management Discussion and Analysis
M # 4 À ¿ ±

Trade Receivables

As at 31 December 2023, the Group's trade receivables of RMB2,808.5 million (31 December 2022: RMB2,436.4 million) mainly arose from the provision o

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Management Discussion and Analysis

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EXECUTIVE DIRECTORS (Continued)

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Corporate Governance Report

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Corporate Governance Report
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APPOINTMENT AND RE-ELECTION OF DIRECTORS (Continued)

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Corporate Governance Report
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NOMINATION COMMITTEE

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The Company has established a nomination committee (the "Nomination Committee") to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive. As at 31 December 2023, the Nomination Committee consisted of two executive directors and three independent non-executive directors, comprising Mr. Chau Kam Wing (chairman), Mr. Zhao Juanxian (alias, Zhao Junxian), Mr. Li Zhong, Mr. Peng Yongzhen and Mr. Chang Qing.

The Nomination Committee reviewed the size, structure and composition of the Board to complement the Group's corporate strategy and made recommendations to the Board on the appointment and re-appointment of Directors during the year ended 31 December 2023.

The Nomination Committee held one meeting during the year ended 31 December 2023 and the attendance records are set out below:

Name of Directors	è + ' ¤	Attendance/ Number of Meetings 6 D © ã p J X ã p
Mr. Chau Kam Wing	ˆ Σ Ω	1/1
Mr. Zhao Juanxian (alias, Zhao Junxian)	Σ Ω	1/1
Mr. Li Zhong	G ، Σ Ω	1/1
Mr. Peng Yongzhen	¸ Ξ Σ Ω	1/1
Mr. Chang Qing	' ʒ Σ Ω	1/1

REMUNERATION COMMITTEE

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REMUNERATION COMMITTEE (Continued)

During the year ended 31 December 2023, the Remuneration Committee reviewed the Directors' fees (including executive Directors and independent non-executive Directors) in consideration of the increasing level of duties and responsibilities and market conditions; and approval of the remuneration incentive structure of the Group as a whole t o ol t l

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Corporate Governance Report

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Corporate Governance Report

Corporate Governance Report

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RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

The Board, through the Audit Committee, has continuously monitored and annually reviewed the effectiveness of risk management and internal control system of the Group and its subsidiaries, and is of the view that the existing risk management and internal control system is sufficient and effective. The review covered all material aspects with regard to control, including financial control, operational control and compliance control. The internal audit reports submitted to the Audit Committee by the Group also covered aspects of risk management and internal control. The Board is not aware of any significant areas of concern which may affect the Shareholders, and believes that the Group has fully complied with the code provisions on internal controls, including compliance with legal and regulatory requirements, as set forth in the CG Code. The Board, through the appraisal performed by the Audit Committee, reviewed the adequacy of resources, staff qualifications and experience, training programs received by the staff and budget of the Group's accounting, internal auditing and financial reporting function at the Board meeting. In light of the Group's nature of business and the recommendations on the Board's role in risk management, the Group has developed risk management system and policies, and established a risk control department, which is responsible for the Group's risk management, to communicate and assess the Group's risk profile and material risks, and track the progress of mitigation plans and initiatives of material risks and report on detailed examinations of specific risks as required.

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Corporate Governance Report

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RISK MANAGEMENT ORGANISATION SYSTEM , ˆ M # \ Û¾ ¿
(Continued)

1. Risk management structure S e , ˆ M # V ô

REGULATORY ORGANISATION 9 – Ú ô	**The Board is responsible for the effectiveness of the overall risk management** è + 6 d 1 Œ& , ˆ M # ˆ * Y Þ Ö Ì ª • determine the overall objective, risk appetites and risk tolerance for corporate risk management, and approve risk management strategies, major risk mitigation solutions and risk management measures; ł ϕ ƒ Ľ δ £ ƒ Ů Ыb £ ƒ ▼ ë ï ¢ X ≈ ƒ Ľ ن ŋ £ ‘ ƒ ˛ ¨ ˝ – ˘ ƒ Ľ ء Ω § • understand and manage each major risks faced by the enterprise and its existing management situations, and make effective risks control decisions; approve the decision- making standards or mechanisms regarding major decisions, major risks, major events and major business processes; C ŋ ţ ج ϕ ₪ Ţ ϱ ظ £ ‘ ƒ ˘ P ƒ Ľ j Ŗ ¢ ŭ ¬ Ɔ ´ V̆ G ƒ Ţ ´ ∽ § X ≈ £ ‘ ´ ∽ £ £ ‘ ƒ £ £ ‘ K ϐ ŋ £ ł ² ˜ Ḥ ج Ţ ´ ∽ N G § • approve risk management report related to major decisions; and X ≈ £ ‘ ´ ∽ K ظ Ţ ƒ Ľ ⊂ Ḥ § ˘ • approve the annual comprehensive risk management report. X ≈ K ï ς ₪ ƒ Ľ ⊂ Ḥ ¤
RISK MANAGEMENT ORGANISATION , ˆ M # Ú ô	**The Audit Committee, the highest risk management organisation in the Company, is accountable to the Board** 2 è ‰p 6 d I ®! ð ÷ 4 t Y , ˆ M # Ú ô d Á è + 6 ª • review the establishment and planning of the comprehensive risk management system; ς ₪ ƒ Ľ : Ţ ï ϑ ˇ § • review the proposal on the structure of the risk management organisations and their responsibilities; ƒ Ľ ˇ ϑ ˘ P ¸ ˚ ¨ § • review the annual comprehensive risk management report and submit to the Board; 3 C K ج ς K ï ς ₪ ƒ Ľ ⊂ Ḥ § • review risk management strategies, major risk management solutions and risk management measures; and ƒ Ľ ن ∽ £ £ ‘ ƒ Ľ ´ ¸ ¨ ˝ – ˘ ƒ Ľ ء Ω § ˘ • review the annual risk management work plan. K ï ƒ Ľ ˆ oy ⁵ ¤ ¤

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LEADING RISK MANAGEMENT AND SUPPORTING ORGANISATION

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Internal Audit and Inspection Department is the leading risk management and supporting organisation

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- responsible for the establishment and amendment of the Company's risk management policies and mechanisms;
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- establish anti-corruption mechanisms, and check for possible corruption conduct during the internal audit process, and make suggestions for dealing with corruption conduct;
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- formulate annual risk management work plan and submit to the Board and the Audit Committee for their review;
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- regularly collect first-hand information regarding risk management, carry out risk assessment and discuss major risks faced by the Company;
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- assess the soundness, reasonability and the effectiveness in implementation of the risk management system, and review the annual comprehensive risk management report, risk management proposals and day-to-day risk management solutions;
  ﺶ ﮨ ʂ J̌ : ټ Ţ ű ς ɱ £ ϴ J̌ ɱ ŋ n ꙍ Ţ Э ɱ ¢ K ï ς ₪ ʂ J̌ ≤ Ḩ £ ʂ J̌ ꭒ ŋ ' ʂ J̌ ' ꭒ §
- accept reports from employees and cooperating organizations, organize investigations and provide handling advices, and investigate and deal with people and matters that violate Company and legal regulations;
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- assist the Group in carrying out risk management work, and formulate internal auditing plan in accordance with the result of risk assessment; and
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- test the effectiveness of risk management through implementing accounting methods like walk through test and analytical review on its audit.
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RISK MANAGEMENT ORGANISATION SYSTEM , ˆ M # \ Û¾ ¿
(Continued)

1. Risk management structure (Continued) S e , ˆ M # V ô¾ ¿

RISK IMPLEMENTATION ORGANISATION
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Each functional department of the Company shall be under the coordination and supervision by the Internal Audit and Inspection Department
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- implement the basic procedures in risk management;
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- research and propose decision-making standards or mechanisms regarding major decisions, major risks, major events and major business processes of the functional department;
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- research and propose risk assessment report of the functional department; properly carry out risk management work of the functional department; and
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- establish comprehensive risk management procedures for the functional department.
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2. Risk management program Z e , ˆ M # û Ì

The Group has established a comprehensive risk management program which is led and implemented by the internal audit and inspection department. The risk management program is as follows:

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(1) to collect first-hand information for risk management;

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(2) to analyse and assess risks;

(2) ƒ ˬ Ḥ ŋ ﺷ ج ڭ §

(3) to propose risk management strategies and formulate risk management solutions; and

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(4) to supervise the implementation of risk management works performed by each business units and verify the overall appraisal.

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Corporate Governance Report

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MATERIAL RISKS THE GROUP MAY FACE (Continued)

The potential risk of management of accounts receivable arises from the failure to deliver and confirm sewage or sludge treatment information on time, leading to disputes and loss of economic interests. The Group's corresponding measures on such risk include requiring treatment plants to promptly deliver and confirm sewage or sludge treatment information in strict accordance with the agreements.

The potential risk of litigation disputes arises from disputes over labor, construction, technology or sales and purchases, resulting in unenforced contractual obligations and litigation risks. The Group's corresponding measures on such risk include building a legal risk prevention and control mechanism and incorporating dispute management into performance appraisals.

The potential risk of liability for breach of contract arises from project progress or water plant operation not being carried out in accordance with the agreements due to insufficient funds, resulting in the risk of liability for breach of contract. The Group's corresponding measures on such risk include performing proper financing to ensure sufficient funds and having the legal department conduct regular inspections and tracking of contracts to reduce the risk of breach of contract.

ANTI-CORRUPTION AND WHISTLEBLOWING SYSTEM

The Group has incorporated anti-corruption and anti-bribery policies in

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Report of Directors

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The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries are set out in note 1 to the consolidated financial statements.

BUSINESS REVIEW

Business review of the Group is set out in "Business Review" section of "Management Discussion and Analysis".

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities, which are extracted from the annual audited reports, are set out on page 231 and page 232 of this annual report. This summary does not form part of the audited consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2023 and its financial position at that date are set out on the financial statements on pages 83 to 86 of this annual report.

The Board did not recommend payment of the final dividend for the year ended 31 December 2023 (year ended 31 December 2022: nil).

DIVIDEND POLICY

The declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant [illegible]

Report of Directors

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Report of Directors

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ENVIRONMENTAL POLICIES AND PERFORMANCE

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The Group adheres to the concept of green environmental protection in conducting its business and is dedicated to reduce environmental impacts and contribute to environmental conservation. The Group has endeavored to comply with applicable environmental protection laws and regulations and has developed policies in relation to water resources, energy saving, office resources, chemical resources, construction materials, sewage discharge, exhaust gas, solid waste and noise. For example:

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- the Group has adopted water conservation management system and provided manual on water conservation for employees;
- energy-saving designs and equipment are used in the Group's wastewater treatment plants;
- paper conservation and doubles-sided printing are promoted, digital office system is employed to reduce office resources consumption;
- Energy-saving and recycled materials are used in constructions;
- Dust and noise reducing measures are used in construction sites.

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COMPLIANCE WITH LAWS AND REGULATIONS

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Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

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PROPERTY, PLANT AND EQUIPMENT

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Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2023 are set out in note 12 to the consolidated financial statements.

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SHARE CAPITAL

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Details of movements in the share capital of the Company during the year ended 31 December 2023 are set out in note 29 to the consolidated financial statements.

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PRE-EMPTIVE RIGHTS

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There are no provisions for pre-emptive rights under the Articles of Association or the Companies Act of the Cayman Islands where the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

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Report of Directors

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Report of Directors

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Report of Directors

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Report of Directors

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Report of Directors

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DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at 31 December 2023, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

CONNECTED TRANSACTION

On 16 November 2023, Chongqing Kangda entered into the Equity Transfer Agreement with Shenzhen Goldtact in respect of the Disposal. As Shenzhen Goldtact is owned as to approximately 94.09% by China Water, Shenzhen Goldtact is an associate of China Water and a connected person of the Company. The transaction in relation to the Disposal constitutes a major and connected transaction of the Comp

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CONNECTED TRANSACTION (Continued)

As set out in note 35 of the consolidated financial statements, certain bank borrowings of the Group were secured by Mr. Zhao Juanxian, which constitute continuing connected transactions under Chapter 14A of the Listing Rules. However, pursuant to Rule 14A.90 of the Listing Rules, as the guarantees provided by Mr. Zhao Juanxian were conducted on normal commercial terms and not secured by the assets of the Group, the guarantees provided by Mr. Zhao Juanxian set out in note 35 o 0.529 01 0 Td ( )Tj 0.36 0 Td (t)Tj 0.347 0 Td (h)Tj 0.57 0 Td (e)Tj 0.57 0 Td ( )Tj 0.36 0 Td (c)Tj 0.495 0 Td (o)Tj 0.608 0 Td

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Independent Auditor’s Report

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Independent Auditor's Report
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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We also provide the Audit Committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated 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.

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Consolidated Statement of Pro□t or Loss and Other Comprehensive Income

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Year ended 31 December 2023 i ⊙ ⊙dzK ⊙¬ dz ⊙ z K ï H

Consolidated Statement of Pro□t or Loss and Other Comprehensive Income

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Year ended 31 December 2023 i ⊙ ⊙dƶ K Ç ⊙¬ dƶ Ç ƶ ¸ ˛ K ï

		Notes	2023	2022
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			RMB'000	RMB'000
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OTHER COMPREHENSIVE INCOME	l ü Œ& × B			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:	Ъ ˛ Ç P ¨l ضح سمد £ ˘ i .			
Equity investments	˙ P˘ Ç ₪ Ц ¨			

Consolidated Statement of Financial Position

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31 December 2023 Θ ΘdzK ς Θ¬ dz ς z¸

		2023	2022
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Consolidated Statement of Cash Flows

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Year ended 31 December 2023 i ʘ ʘʣ K ʢ ʘ˺ ʣ ʢ ʑ˛ K ï

Consolidated Statement of Cash Flows

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Year ended 31 December 2023 i ⊙ ⊙dƵ K Ç ⊙¬ dƵ Ç ƶ¸ K ï

		Notes ǎ ض	2023 Z g Z g Ë RMB'000 [O Æw ©	2022 ⊙ ⊙⊙ K RMB'000 в M ۱ ۱
CASH FLOWS FROM FINANCING ACTIVITIES	D z Ô { $ – t Ž			
Increase of interest-bearing bank and other borrowings	⁵ ♦ ƣ ˽ P˽ ⅔ كم ¬		**5,308,853**	5,482,560
Repayment of interest-bearing bank and other borrowings	⁵ ♦ ƣ ˽ P˽ ⅔ كم		**(5,071,877)**	(5,499,455)
Interest paid	' ⁄ Ňţ ♦		**(478,947)**	(545,790)
Acquisition of non-controlling interests	Ц Ę Ŷ ŵ ˙		**(13,600)**	–
Principal portion of lease payments	۱ ⁄ كم Ţ Z Ą̂ ؤ Ÿ		**(1,537)**	(344)
Net cash flows used in financing activities	ڈ⁴ ʃ ï ل Ą̂ ˜Ḥ ص تجد		**(257,108)**	(563,029)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	$ – ¿ $ – J # J € ¯ Ç • X		**48,618**	(92,638)
Cash and cash equivalents at beginning of year	K ą ل Ą̂ ˽ ل Ą̂ سخ ī̃		**196,938**	289,898
Effect of foreign exchange rate changes, net	تجد گ ⁴ Ţ ص		**2,804**	(322)
CASH AND CASH EQUIVALENTS AT END OF YEAR	Ë K $ – ¿ $ – J	25	**248,360**	196,938

Notes to the Consolidated Financial Statements

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31 December 2023 Θ ΘdzK ς Θ¬ dz ς z¸

1. CORPORATE AND GROUP INFORMATION

Kangda International Environmental Company Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 4 July 2014.

The Company is an investment holding company and its subsidiaries are engaged in the design, construction, operation and maintenance of waste water treatment plants (the "WTPs"), reclaimed water treatment plants (the RRt

Notes to the Consolidated Financial Statements

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31 December 2023 ⊙ ⊙ ⊙ K ⊙ ⊙ ⊙

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Company name	Place of incorporation/ registration and operation	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company

1. CORPORATE AND GROUP INFORMATION (Continued)

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Information about subsidiaries (Continued)

Particulars of the principal subsidiaries of the Company are as follows: (Continued)

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Company name ®! ¤ H	Place of incorporation/ registration and operation W ÓmJ î ¾¿ 8 ®Ã	Issued ordinary/ registered share capital Šï w·J W pl	Percentage of equity attributable to the Company l ®! Ð & p Æõ ± â Direct \ Ÿ	Indirect œŸ	Principal activities ô 8
Guangrao Kangda Environmental Protection Water Co., Ltd. ¾ ° ể ₂ Э ₦ ˵__ ¿#*	PRC/Chinese Mainland	RMB8,320,000	–	100	Construction of WTPs and provision of WTP operation services in Chinese Mainland
° ể ₂ Э ₦ ˵__ *	، Ж ᴄ ، Ж ⅃ Ɔ	в M 8,320,000 ⅎ	–	100	Ɔ ، Ж ⅃ Ɔ ï ϕ ị Ǵ J̌ ˽ ᴚ ^ ị Ǵ J̌ è₂
Harbin Kangda Environmental Protection Investment Co., Ltd. ¾Ỵ ° ể ɗ Э ₦ ˵__ ¿#*	PRC/Chinese Mainland	RMB30,000,000	–	100	Construction of WTPs and provision of WTP operation services in Chinese Mainland
Ỵ ° ể ɗ Э ₦ ˵__ *	، Ж ᴄ ، Ж ⅃ Ɔ	в M 30,000,000 ⅎ	–	100	Ɔ ، Ж ⅃ Ɔ ï ϕ ị Ǵ J̌ ˽ ᴚ ^ ị Ǵ J̌ è₂
Linying Kangda Environmental Protection Water Co., Ltd. ¾ ° ể ₂ Э ₦ ˵__ ¿#*	PRC/Chinese Mainland	RMB6,000,000	–	100	Provision of WTP operation services in Chinese Mainland
° ể ₂ Э ₦ ˵__ *	، Ж ᴄ ، Ж ⅃ Ɔ	в M 6,000,000 ⅎ	–	100	Ɔ ، Ж ⅃ Ɔ ᴚ ^ ị Ǵ J̌ è₂
Weifang Kangda Environmental Protection Water Co., Ltd. ¾ Ц ° ể ₂ Э ₦ ˵__ ¿#*	PRC/Chinese Mainland	RMB94,180,000	–	100	Construction of WTPs and provision of WTP operation services in Chinese Mainland
Ц ° ể ₂ Э ₦ ˵__ *	، Ж ᴄ ، Ж ⅃ Ɔ	в M 94,180,000 ⅎ	–	100	Ɔ ، Ж ⅃ Ɔ ï ϕ ị Ǵ J̌ ˽ ᴚ ^ ị Ǵ J̌ è₂
Kangda Environmental Protection (Gaomi) Sewage Treatment Co., Ltd. ¾ ° ể¾ ï Ƶ ¿ị Ǵ J̌ Э ₦ ˵__ ¿#*	PRC/Chinese Mainland	RMB17,000,000	–	100	Construction of WTPs and provision of WTP operation services in Chinese Mainland
° ể¾ ï Ƶ ¿ị Ǵ J̌ Э ₦ ˵__ *	، Ж ᴄ ، Ж ⅃ Ɔ	в M 17,000,000 ⅎ	–	100	Ɔ ، Ж ⅃ Ɔ ï ϕ ị Ǵ J̌ ˽ ᴚ ^ ị Ǵ J̌ è₂

Notes to the Consolidated Financial Statements

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Notes to the Consolidated Financial Statements

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Company name ®! ¤ H	Place of incorporation/ registration and operation W Ómj î ¾¿ 8 ®Ã	Issued ordinary/ registered share capital Šï w·J W pl	Percentage of equity attributable to the Company l ®! Ð & p Æõ ± â Direct \ Ÿ	Indirect œŸ	Principal activities ô 8
Kangda (Dongying) Environmental Protection Water Co., Ltd. ¾° ¾Ę ¿ ể ² Э ₦ ˇ__ ¿# *	PRC/Chinese Mainland	RMB163,263,000	–	100	Construction of WTPs and provision of WTP operation services in Chinese Mainland
° ¾Ę ¿ ể ² Э ₦ ˇ__ *	، ϰ ϲ ، ϰ ˩ Ɔ	в M 163,263,000 ł	–	100	Ϲ ، ϰ ˩ Ɔ ï ϥ н ϰ J̌ ϰ ˩ ˩ ϰ ^ н ϰ J̌ è²
Beijing Chang Sheng Si Yuan Environmental Protection Technology Co., Ltd. ¾ o ậ Ɤ ȯ ể ỡ ч Э ₦ ˇ__ ¿# *	~~PRC/Chinese~~ Mainland	RMB150,000,000	–	100	Investment, management of

1. CORPORATE AND GROUP INFORMATION (Continued)

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Information about subsidiaries

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Company name ® ! ¤ H	Place of incorporation/ registration and operation W Ómj î ¾¿ 8 ® Ã	Issued ordinary/ registered share capital Šï w·J W pl	Percentage of equity attributable to the Company l ® ! Ð & p Æõ ± â Direct \ Ÿ	Indirect œŸ	Principal activities ô 8
Tianjin Kangda Environmental Protection Water Co., Ltd. ¾ ˇH ° ẽ ² Э ₩ ˘__ ¿ # *	PRC/Chinese Mainland	RMB68,077,000	–	100	Construction of WTPs and provision of WTP operation services in Chinese Mainland
` ˇH ° ẽ ² Э ₩ ˘__ *	، Ж С ، Ж J Э	в M 68,077,000 ł	–	100	Ć ، Ж J Э ï ẓ H Ǧ J̌ ˘ ج ^ H Ǧ J̌ è²
Chongqing Fulunde Technology Co., Ltd. ¾ £ ˙l Ξ õ ц Э ₩ ˘__ ¿ # *	PRC/Chinese Mainland	RMB20,000,000	–	100	Development and sale of computer software in Chinese Mainland
£ ˙l Ξ õ ц Э ₩ ˘__ *	، Ж С ، Ж J Э	в M 20,000,000 ł	–	100	Ć ، Ж J Э ¡ K 5 ، g ˛ ˛ ئهيس ˛ ڭ
Suzhou Kangda Environmental Protection Sewage Treatment Co., Ltd. ¾ ∩ 3 ° ẽ H Ǧ J̌ Э ₩ ˘__ ¿ # *	PRC/Chinese Mainland	RMB36,000,000	–	100	Provision of WTP operation services in Chinese Mainland
∩ 3 ° ẽ H Ǧ J̌ Э ₩ ˘__ *	، Ж С ، Ж J Э	в M 36,000,000 ł	–	100	Ć ، Ж J Э ج ^ H Ǧ J̌ è²
Gaomi Kangda Lvyi Sludge Treatment Co., Ltd. ¾ ï Ƶ ° وسلم H ĒǦ J̌ Э ₩ ˘__ ¿ # *	PRC/Chinese Mainland	RMB3,000,000	–	100	Construction and provision of STP operation services in Chinese Mainland
ï Ƶ ° وسلم H ĒǦ J̌ Э ₩ ˘__ *	، Ж С ، Ж J Э	в M 3,000,000 ł	–	100	Ć ، Ж J Э ï ẓ H ĒǦ J̌ ˘ ج ^ H ĒǦ J̌ è²
Yunan Kangda Environment Treatment Co., Ltd. ¾ ₹ Ọ ° Ṇ J̌ Э ₩ ˘__ ¿ # *	PRC/Chinese Mainland	RMB62,000,000	–	100	Construction, operation and maintenance of WTPs and other environmental protection projects in Chinese Mainland
₹ Ọ ° Ṇ J̌ Э ₩ ˘__ *	، Ж С ، Ж J Э	в M 62,000,000 ł	–	100	Ć ، Ж J Э ï ẓ £ ˛ H Ǧ J̌ ˛ P ˛ ẽ ضيف ō

1. CORPORATE AND GROUP INFORMATION (Continued)

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Information about subsidiaries (Continued)

Particulars of the principal subsidiaries of the Company are as follows: (Continued)

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Company name ®! ¤ H	Place of incorporation/ registration and operation W ÓmJ î ¾¿ 8 ®Ã	Issued ordinary/ registered share capital Šï w·J W pl	Percentage of equity attributable to the Company l ®! Ð & p Æõ ± â Direct \ Ÿ	Indirect œŸ	Principal activities ô 8
Shangqiu Kangda Water Treatment Co., Ltd. ¾ ˜ ˚ . ǩ J̌ Э ₦ ˬ ¿# * ˜ ˚ . ǩ J̌ Э ₦ ˬ *	PRC/Chinese Mainland ، Ж Ć ، Ж J Ɔ	RMB10,000,000 в M 10,000,000 ł	– –	100 100	Construction of WTPs and provision of WTP operation services in Chinese Mainland Ć ، Ж J Ɔ ï ϕ H Ǩ J̌ ˬ ج ^ H Ǩ J̌ è₂
Chongqing Kangda Zhishang Environmental Protection Industry Co., Ltd. ¾ £ ˚ i ḫ ể ṇ Э ₦ ˬ ¿# * £ ˚ i ḫ ể ṇ Э ₦ ˬ *	PRC/Chinese Mainland ، Ж Ć ، Ж J Ɔ	RMB70,000,000 в M 70,000,000 ł	– –	100 100	Construction of WTPs and provision of WTP operation services in Chinese Mainland Ć ، Ж J Ɔ ï ϕ H Ǩ J̌ ˬ ج ^ H Ǩ J̌ è₂
Xinzheng Kangda Water Co., Ltd. ¾ ˚ . ² Э ₦ ˬ ¿# * ˚ . ² Э ₦ ˬ *	PRC/Chinese Mainland ، Ж Ć ، Ж J Ɔ	RMB1,000,000 в M 1,000,000 ł	– –	100 100	Construction of WTPs and provision of WTP operation services in Chinese Mainland Ć ، Ж J Ɔ ï ϕ H Ǩ J̌ ˬ ج ^ H Ǩ J̌ è₂
Qishan County Dayuan Sewage Treatment Co., Ltd. ¾ Э ^ ' H Ǩ J̌ Э ₦ ϟ ϑ ˬ ¿# * Э ^ ' H Ǩ J̌ Э ₦ ϟ ϑ ˬ *	PRC/Chinese Mainland ، Ж Ć ، Ж J Ɔ	RMB3,000,000 в M 3,000,000 ł	– –	100 100	Construction of WTPs and provision of WTP operation services in Chinese Mainland Ć ، Ж J Ɔ ï ϕ H Ǩ J̌ ˬ ج ^ H Ǩ J̌ è₂
Weifang Shuangjie Water Purification Material Co., Ltd. ("Weifang Shuangjie") ¾ Ţ ص ذ Ţ˙ Э ₦ ˬ ¿# * Ţ ص ذ Ţ˙ Э ₦ ˬ ¾Ö Ţ ذ ×¿*	PRC/Chinese Mainland ، Ж Ć ، Ж J Ɔ	RMB8,000,000 в M 8,000,000 ł	– –	100 100	Sale of water purifying materials in Chinese Mainland Ć ، Ж J Ɔ ϑ ص Ţ˙

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Company name ®! ¤ H	Place of incorporation/ registration and operation W ÓmJ î ¾¿ 8 ®Ã	Issued ordinary/ registered share capital Šï w·J W pl	Percentage of equity attributable to the Company l ®! Ð & p Æõ ± â Direct \ Ÿ	Indirect œŸ	Principal activities ô 8
Dong'e County Kangda Sewage Treatment Co., Ltd. ¾Ę ǎ ° . ² Э ₦ ˘__ ¿# *	PRC/Chinese Mainland	RMB110,000,000	–	100	Construction of WTPs and provision of WTP operation services in Chinese Mainland
Ę ǎ ° . ² Э ₦ ˘__ *	، Ж Ć ، Ж J Ɔ	в M 110,000,000 ł	–	100	Ć ، Ж J Ɔ ï ؤ ɦ ǰ J̌ ˘ ج ^ ɦ ǰ J̌ è²
Liaocheng Jiaming Kangda Sewage Treatment Co., Ltd. ¾ج Ä ḍ ° ɦ ǰ J̌ Э ₦ ˘__ ¿# * "#® ج	PRC/Chinese Mainland	RMB70,000,000	–	100	Construction of WTPs and provision of WTP operation services in Chinese Mainland

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Company name ®! ¤ H	Place of incorporation/ registration and operation W ÓmJ î ¾¿ 8 ®Ã	Issued ordinary/ registered share capital Šï w·J W pl	Percentage of equity attributable to the Company l ®! Ð & p Æõ ± â Direct \ Ÿ	Indirect œŸ	Principal activities ô 8
Kangda Environmental Protection (Linyi) Water Co., Ltd. ¾° ê¾ ¸ ¿ ² Э ₦ ˘__ ¿#* ° ê¾ ¸ ¿ ² Э ₦ ˘__ *	PRC/Chinese Mainland ، Ж С ، Ж J Ɔ	RMB15,000,000 в M 15,000,000 ł	– –	100 100	Construction of WTPs and provision of WTP operation services in Chinese Mainland Ć ، Ж J Ɔ ï ẹ H J̌ ǵ ˘ ج ^ H J̌ ǵ è²
Fengxian Kangda Environmental Protection the second Sewage treatment Co., Ltd. ¾° ê ¸ Θ H J̌ ǵ Э ₦ ˘__ ¿#* ° ê ¸ Θ H J̌ ǵ Э ₦ ˘__ *	PRC/Chinese Mainland ، Ж С ، Ж J Ɔ	RMB20,000,000 в M 20,000,000 ł	– –	100 100	Construction of WTPs and provision of WTP operation services in Chinese Mainland Ć ، Ж J Ɔ ï ẹ H J̌ ǵ ˘ ج ^ H J̌ ǵ è²
Jining Kangda Environmental Protection Water Co., Ltd. ¾° ê ² Э ₦ ˘__ ¿#* ° ê ² Э ₦ ˘__ *	PRC/Chinese Mainland ، Ж С ، Ж J Ɔ	RMB25,000,000 в M 25,000,000 ł	– –	100 100	Construction of WTPs and provision of WTP operation services in Chinese Mainland Ć ، Ж J Ɔ ï ẹ H J̌ ǵ ˘ ج ^ H J̌ ǵ è²
Haiyang Kangda Environmental Protection Water Co., Ltd. ¾ Ш ممم° ê ² Э ₦ ˘__ ¿					

Notes to the Consolidated Financial Statements

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Company name ® ! ¤ H	Place of incorporation/ registration and operation W Ó m J î ¾¿ 8 ® Ã	Issued ordinary/ registered share capital Š ï w · J W p l	Percentage of equity attributable to the Company l ® ! Ð & p Æõ ± â Direct \ Ÿ	Indirect œŸ	Principal activities ô 8
Weifang Binhai Kangda Environmental Protection Water Co., Ltd. ¾ Ţ					

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Company name ®! ¤ H	Place of incorporation/ registration and operation W Ómj î ¾¿ 8 ®Ã	Issued ordinary/ registered share capital Šï w·J W pl	Percentage of equity attributable to the Company l ®! Ð & p Æõ ± â Direct \ Ÿ	Indirect œŸ	Principal activities ô 8
Qingzhou Meiling Sewage Purification Co., Ltd. ¾ ǎ 3 ´ ɨ H ص ˜ Э ₩ ˇ__ ¿# * ǎ 3 ´ ɨ H ص ˜ Э ₩ ˇ__ *	PRC/Chinese Mainland ، Ж С ، Ж J Ɔ	RMB5,000,000 в M 5,000,000 ł	–	100	Construction of WTPs and provision of WTP operation services in Chinese Mainland Ȼ ، Ж J Ɔ ï ϕ H ˙ Ǧ J̌ ˽ ج ^ H Ǧ J̌ è₂
Sichuan Weiyuan Hefeng Bioengineering Co., Ltd. ¾ h v ¨E ı Ω ī ˆ ж Э ₩ ˇ__ ¿# * h v ¨E ı Ω ī ˆ ж Э ₩ ˇ__ *	PRC/Chinese Mainland ، Ж С ، Ж J Ɔ	RMB45,000,000 в M 45,000,000 ł	–	100	Construction of WTPs and provision of WTP operation services in Chinese Mainland Ȼ ، Ж J Ɔ ï ϕ H ˙ Ǧ J̌ ˽ ج ^ H Ǧ J̌ è₂
Taiyuan Kangjin Water Co., Ltd. ¾ ˆ J ° ¡ ₂ Э ₩ ˇ__ ¿# * ˆ J ° ¡ ₂ Э ₩ ˇ__ *	PRC/Chinese Mainland ، Ж С ، Ж J Ɔ	RMB194,450,000 в M 194,450,000 ł	–	99.44	Construction of WTPs and provision of WTP operation services in Chinese Mainland Ȼ ، Ж J Ɔ ï ϕ H ˙ Ǧ J̌ ˽ ج ^ H Ǧ J̌ è₂
Weiyuan Kangda Environmental Protection Co., Ltd. ¾ ¨E ° ể Э ₩ ˇ__ ¿# * ¨E ° ể Э ₩ ˇ__ *	PRC/Chinese Mainland	RMB38,496,000	–	95	Construction of WTPs and provision of WTP operation services in Chinese Mainland

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Notes to the Consolidated Financial Statements

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2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains [illegible]

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Notes to the Consolidated Financial Statements

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any significant impact on the financial position of the Group as at 1 January 2022 and 31 December 2022 or its consolidated financial performance for the year ended 31 December 2022. The Group has adopted the amendments on temporary differences related to leases from 1 January 2023.

(d) Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in the consolidated financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amende

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of f [illegible]

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties, and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is eeasedt a

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill) (Continued)

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset, and the ability to measure the expenditure during development reliably. Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an assets in subsequent periods. Capitalised development costs are recognised as intangible assets and are amortised on a straight-line basis over the period of expected future sales from the related project, which is 5 years.

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Service concession arrangements (Continued)

Construction or upgrade services

Costs relating to construction or upgrade services comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads. Revenue from the construction or upgrade services under the BOT agreements is estimated on a cost-plus basis with reference to the prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered in similar locations, and is recognised using the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Operating services

Revenue relating to operating services is accounted for in accordance with the policy for "Revenue recognition" below. Costs for operating services are expensed in the period in which they are incurred.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component o cW nin

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contracto

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Notes to the Consolidated Financial Statements

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The various group companies have different credit policies depending [illegible]

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! ¢ Z ضخم _ Â ˆ π Ç Ç H¸ ضح
ئهم Ω Ţ ℵ Â ˆ π Ç ą ϩ
¸ ضح ئهم Ω Ţ ℵ ¤ oy¬ شح Ğ ! ¢ Z
ضخم ь Θ J̆ ˽ π ' "Y m Ţ ¬ ¢⁺
ϖ D ˽ ˙ ممم Ž حي ، Ó† T Z N p
ϱ R Ţ ô m ¬ ¤

ϱ ضخم ˽ 6 Э ، Б Ţ Ẽ صي Ω سم ¢ صي-
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N ؤ ¬ θ ¢ Ϲ 5 ˽ Z ضخم "Y Э Ţ
ϑ ϭ Ẽ صي بح : ء "Ω ô ¢ Z ضخم ، ' ' \l
б Ц M H Θ كم طي ¢ Ò Z ضخم σ
ą Â ن ' ¤ ثر ‡ ḿ Θ J̆
ضح Ц M Θ J Â ˜H تتج ¢ Ò Â ن ¤

ŭ ˘ A ⅓ 5 تتج Ţ P ˽ Ç ₪ Ц ˽ ŭ
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˽ T – tϛ ضح Ẽ صي Ţ 5 تتج ضح ñ ˘
¢ L ص ď Ц كم طي ممم Ï– tϛ 4 ·
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ž ضح ñ s ą ϩ – P Ẽ صي ℵ H
Э ثهم tϛ : Ţ Â ˆ π
سخ ŭ ŭ Ç 12 ↔¬ ضح Ẽ صي
· Â 5 تتج ني ⅓ Ţ
Â ˆ π

Θ ضح ñ s ą ϩ – P Ẽ صي ℵ
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سخ ŭ ŭ سخ Ç Ç ضح ضح Ẽ صي
· Â 5 تتج ني ⅓ Ţ
Â ˆ π

dz ضح ñ Ç Ç H¸ ضح ' oy Ẽ صي ني ⅓ Ţ
Â ن¾ L ، è ' خى N
Ẽ صي ني ⅓ ˽ سخ ŭ ŭ
سخ Ç Ç ضح ضح Ẽ صي · Â
5 تتج ني ⅓ Ţ Â ن

Notes to the Consolidated Financial Statements

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of ℓ^ecti

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ᴺ Ę ² Θ T ς ď ، Ţ ᴺ ţ
9 لجح ¢˜ Ç ς ď ! ⁵ Ŭ ˸
جم Ŭ ᴺ Ч ثز ¢˜
، ţ Ω ŭ سخ جم ˸ У جم
! ◙ § ˸

- Ç ǎ ˸— £ ˸— ˸ Θ
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¢ ‡ \ u V̈ G M ! ◙ Ţ
! سمح ¢˜ Ç' ʊ ʊ P ، M
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У جم ! ◙ £ غجـ Ţ H₄ Ï طمي جم ˸
˸ ϑ ʜ H₄ Ï طمي جم Ţ جم Ŭ ¢
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ʳ ¨

- ‡ ' У جم ! ◙ Э Ţ ς
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T ς ď ، Ţ ن ᴺ 9 لجح ¢˜ Ç ς
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¢ لجح ! ◙ Э' \ Є' ʊ ʊ
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ς جم طمي جم ن ¤

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains t

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– tɛ Ţ £ ' ½ Ŭ ! ¢ Θ طبي ts
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ؤ ˘ Ţ oy¯ ¤

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) BOT arrangements

Revenue from the construction services under the BOT agreements is estimated on a cost-plus basis with reference to the prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered in similar locations, and is recognised using the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

(b) EPC arrangements

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer control

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(a) BOT Ä °

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Ţ_ ∪ ⁵ تد ¿ ¤

(b) EPC Ä °

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ɢ ḿ ¢ C ą Z ضخم Ţ ـ ـ ـ ° N
Ỳ G Ţ ن ¤ ط ɢ ḿ T ھ
Ω Ţ T Z v ï ؤ è² ʊ ǯ ⁵
T Z Ţ_ ∪ Ц ɢ ¤

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ï ؤ Θ ، H ˚ ţ ˆ جد ق Ţ T
Z ˵ ể Â Ţ ¤ ٧ oy ą ’
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Ṯ Ậ Ṭ ₪
⅓ ¤

ẃ ♦ Ц ɢ Ç ẃ Ḙ Ц ᴿ ń

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance oblig (o)Tj (r)90Tj (h)Tj (a)Tj (te)Tj (s)Tj ( )Tj (i)Tj (n)Tj ( )Tj (t)Tj (h)Tj (e)Tj ( )Tj (f)Tj u ture.

(c)

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Other employee benefits (Continued)

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

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Ŭ ˽ Z ضخم ⅃ ˽ ' ⁄ ڤ Ŭ !
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' ' oy P ł ĭ ĺ ᴺ¬ Ъ ! ¢ سخ ⅔ كم
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Ç ن Ω ضح سخ' ¤ ⅔ كم T Z ˅ ѡ ي
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ʦ ʃ ʌ Ţʳ ς ď ą¸ ج Ï P ϱ
s Ç ς ď¸ ضج ˜ ϖ Ţ˜ ʌ ɹ تجه گ ϟ
¤_ r 5 ⅓ Ţ ɹ ن ˽ 9 لجج Ç K
Θ Ů Ï Ţ˜ ʌ ɹ تخ گ تجه ¤ غجر N
تخ ɹ ن Ω Ţ ◙ Ç . ¤

_ r e T Z 5 تجر Ţ Ę ɹ طمي δ ج Ï
₳ B ς ď¸ ضج Ţ تجه گ تخ ¤_ r Ů ˇ
Ά ⅓ 5 تجر Ţ Ę ɹ طمي δ ج Ï 5 تجر ˇ Ά ⅓
¸ Ţ تجه گ تخ ¤ Ů ˇ Ά ⅓ 5 تجر Ţ Ę ɹ
طمي δ تخ ʃ ن Ω Ţ Ц N ¢ Ů
طمي δ ˇ Ά ⅓ ϟ Ţ Ц N ʒ
' Ţ, Л ʃ J̌¾ F ˇ Ά ⅓ Ц N Ç
P˽ ς ₪ Ц N . Ţ طمي δ Ţ تخ
◙ σ ⁂ Ç P˽ ς ₪ Ц N . ¿¤

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Ů ن £ سجى' N Ц ϵ ج Ï Ţ تجه گ ¢
ą¸ ς ď¸ ضج α Z ضخم ą¸ ˊ ˇ
ن Ω Ţ Ę ɹ ɱ ن N Ę ɹ ɱ 9 لجج
¸ ¤ ‡ Ц Є Є صد ς/ كم N Ц كم ¢ Z
ضخم ي ˅ صد ˊ ˇ Ţ/ كم N Ц كم ɨ
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Ç K Θ ¢˜ ʌ ɹ Ƙ ϟ ɹ ɔ Ϭ Ţ Ϡ
Ţ ن ˽ 9 لجج Ů ʃ Ḥ ضج Θ Ţ ô
تجه گ تخ α B M ¢ ϶ Θ . Å Ờ Ů
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2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTI5

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¨ ˽ U Ţ ن N 9 لجج Ţ ₪ ⅓ 0y
¬ £ ' Ţ ¨l ę ¤

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Ц ! ˚ T £ ' ¨

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Revenue from contracts with customers (Continued)

(i) Accounting for service concession arrangements

The Group engages in certain service concession arrangements in which the Group carries out construction work of the WTPs, RWTPs, WDPs, STPs or other municipal infrastructure for the Grantors and receives in return the rights to operate the WTPs, RWTPs, WDPs, STPs or other municipal infrastructure concerned in accordance with the pre-established conditions set by the Grantors. In accordance with IFRIC 12 *Service Concession Arrangements*, the WTPs, RWTPs, WDPs, STPs or other municipal infrastructure under the service concession arrangements may be classified as intangible assets or financial assets. The WTPs, RWTPs, WDPs, STPs or other municipal infrastructure are classified as intangible assets if the Group receives a right (a licence) to charge users of the public service or if the Grantors remunerate the Group on the basis of the extent of use of the WTPs, RWTPs, WDPs, STPs or other municipal infrastructure by users, but with no guarantees as to the amounts that will be paid to the Group. Whenever only part of the investment by the Group under these service concession arrangements is covered by a payment commitment from the Grantors, it is recognised as a financial receivable up to the amount guaranteed by the Grantors, and as an intangible asset for the balance. The Group recognises a financial receivable if it has an unconditional contractual right under the service concession arrangements to receive a determinable amount of payments during the

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Ò ¥ Ò × B¾ ¿

(i) $ ¢ ¾ Ä ° Y 6 ˆ #

2.5 } 6 : Ù ¿ ¾ ¿

: Ù¾ ¿
Ò ¥ Ò × B¾ ¿
(i) *$ ¢ ¾ Ä ° Y 6 ˆ #¾ ¿*

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è² Ц ʔ̂ ь Ï Ç ˡ ¸ ضج
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Ȣ Ţ ´ ك, Ѝ ڭ ¢ ŭ T Z¸ T `
× «Ğ Ğ Ğ Ğ 3 ŭ سد ˆ ф ˬ _ ḿ¾ ь
3l ⁹@ ⁹ Ω T Z v ŭ Θ ڭ ⁵
T Z طمي Ц طمي كم طمي تجد ⁵ Ţ طمي تجد ¤

Z ضخم Ç ˝ ŏ ضج ⌋ Ц ᴱ طمي كم
! ¢ ŏ Ъ ضخم Ȣ Â ₪ طمي كم ˬ ⅄ i (i)
Â ʔ Ц ʔ طمي كم ¾ ʔ K Э ¿ ¢ Ï – ني ¯
⅄² Ṟ Ṅ Å Â Ц طمي كم Ţ ₪
⅓ ¢ (ii) Ѝ ♦ Ц ɢ¾ Ъ :⊃ T

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Revenue from contracts with customers (Continued)

(ii) Accounting for EPC arrangements

The Group seeks to collect claims from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract, which give rise to variable consideration. The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for claims in construction services, given there is a wide range of possible outcomes which are subject to negotiations with third parties.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, current negotiations with customers, profitability of the head contracts of the customers and the current economic conditions.

Withholding tax arising from the distribution of dividends

The Group's determination as to whether to accrue for withholding taxes arising from the distributions of dividends from certain subsidiaries according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividends or on whether certain subsidiaries of the Group are determined to be Chinese resident enterprises by the PRC governing tax authorities in the future. Management considered that it is not probable that the Group's subsidiaries in the PRC will distribute retained profits as at the end of

2.5 } 6 : Ù ¿ ¾ ¿

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Ò ¥ Ò × B¾ ¿

(ii) EPC *Ä ° Y 6 ˆ #*

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ề₂ ৷ ' ˜ Ţ ز ⊗ ˛ ḿ ¤

Ъ ϑ ⊠ ' ˜ ˥ ɢ ς ḋ
Ж ، ô ¢ Z ضخم ь ' ˜
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جد² ⅜ Ç ¨ ৷ ŧ Z ضخم ⌉ `
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ǎ ˽ Ъ ، ' ' ৷ Ç K Θ ŵ ŵ ể ´
Ŭ ¢ ˝Ω 3 ثز oy ¯ ˛ У جد د ¤ Ḱ
سخ K ⊕ Ţ ز غد ę ⌋ ς Ţ Â
، Б ¢ Э ◙ Ъ ¯ ⌋ ◙ ضح سمد Ţ
ج طص جد ˚ د T ¤

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS

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Ꞓ ł ī £ ϕ ˽ ط ط ط د و ˽ δ Ţ' æ Ï
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D ŭ V̈ ´ Л æ Ï Ţ V̈ ن Ţ
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5 , Ɓ ¢ ʊ d Â oy¯ ¤' æ
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ط ط ط جه ف ł 3 , ł ¤ Э K ط ط ط Ţ Θ
ط ط ط جه ضج غج ę ƷƷ Ç ą ł ʌ Â ! ¢ Э
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سمد Ţ ƷƷ ∫ d جه ¤ د ⌉ ` ! ◙
N H4 Ï جه2 Э Ţ ط ط ط جه ƷƷ ن
Ç J̌ α¸ ˝ I ' \ Э' ⌒4 Ï !
◙ N H4 Ï جه2 Ţ جه Ň ¡ !
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Ş Э' ⌒4 Ï Ţ` Ɔ H P Ň ¤ Ḱ ن Ω
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J̌ £ ' ط ط ط جه ƷƷ ن M ¢ M Ç ن Ω
ضج سمد Ꞓ . ¤ ط ط ط جه ƷƷ ن Ţ ɯ
Ç Θ ʌ2 ⊂ Å ǎ ض 20 ¤

2.5 } 6 : Ù ¿ ¾ ¿

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Ω Ţ T Z ¨ا سخ ω ζ 5 ¤ ε Ç ï ؤ ˆ
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ϋ4 سد ˆ ˘ ضح ج ⅄ Ç ، Ó 5 ضح سد ¤
C ґ ¢ Z ضخم ï ؤ ˆ جد سد ˆ ф ˘ ¯
سخ ω ـ ∂ 6 ¤ Ḱ Θ Ц ω Ç
ضح N Θ T Z ï Ç ضح ¢ Ò' ⅄
ن Ω' ∪ ¤

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T Z ـ ţ ، ˆ £ (ii) ˘ T Z ¢ ـ (iii)
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δ ô ک £ (ii) ˘ ˜ ـ ∩ ˜ ⊥ ⅊ Ţ À
ضح ک £ ـ (iii) Э ī ¬ T Z £ ش ˆ T Z
ـ P ـ T Z Ţ З ζ 5 خه ؤ

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Provision for expected credit losses on trade receivables, financial receivables and contract assets (Continued)

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's financial receivables, trade receivables and contract assets is disclosed in note 19, note 21 and note 23 to the financial statements, respectively.

Financial receivables

Estimation is exercised in determining the fair values of the financial receivables at initial recognition. These fair values are computed on the discounted cash flow method using a discount rate based upon the market-related rate for a similar instrument as at the date of initial recognition. The assumptions and estimates used can materially affect the fair values of the financial receivables.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 18.

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⅓ ¢ معم † ڎ 5 ل Ã ن Ω ع Ꞓ Ţ ضح H P

ل Ã ˜Ḥ تجز ¢ — معم ـ ¯ Θ Ţ ل سي ¢ گ

– 5 سخ ل Ã ˜Ḥ تجز Ţ ل ⅓ ¤ سخ ž¸

ɯ Ç ǎ ض 18 ¤

Notes to the Consolidated Financial Statements

] ¥ Ì Œ • W

31 December 2023 Θ ΘdzK ʕ Θ¯ dzʕ ʑ¸

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses a

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ề² Ɔ ˽ Ţ ˽ ˽ M ɔ ᴘ˽ ˅ ؤ
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(a) Ä . ² ˅ ؤ ˽ Ɔ ؤ ˽ ˽ ⁵ £ ï ؤ £
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˽ ˽ Ω ʒ φ ʌ Ţ н ɡ
Ľ ؤ ″Ω⁄Ö ˽ ×¿§

(b) . Θ Ṇ Ľ ˅ ؤ Ɔ ˽ ˝Ḥ ˽ Ṇ
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Ä ´ ï § ˽

(c) ط τ н Ṇ Ľ ˅ ؤ Ɔ ˽ ï ؤ ˽
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. ɡ Ľ ؤ ″Ω ˽ د ؤ н Ц ضخم
– ' ط τ ƒ A ʔ ɡ ¤

Ľ ˅ سجس Z ضخم Ę ˅ ؤ Ţ
¢– oy¯ ˅ ʌ ˅ ˽ ˝ شج ʒ ´ ¤ ɨ
˅ ؤ Å Ľ ŭ ' ʞ ɡ ˅ ؤ شج ʒ ¢ 3 ą
ă جه ô Ŭ Ţ ⁵ ججز ʌ ¤
ă جه ô Ŭ Ţ ⁵ ججز Z ضخم ă جه ô Ŭ
ʒ ' ¢ L ⁵ ججز ، ÷ ώ H ˅ ʌ Ţ Ц ɢ ˽
Ц £ T Z– ˽ ϕ ˽ ᴘ˽ H ˅ ʌ
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3. ¾ ± Å Ø¼ ¿

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ᴺ ' Θ Ľ ˅ ا i ˅ ؤ Ţ ˅ ن 9
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ا ˅ £ H ن طصي جه ح ا ˅ £ H ن
/ طصي كم £ P˽ Ц طصي كم ˽ P˽ ن £ H
˅ ا ˅ ˜ Ц كم £ H ˅ ا ĺ Â ˽ ĺ Â سخ
ţ £ Ć ˅ ˽ ˽ z ¤ Θ ϕ Ţ H ˅
ا ك – ˽ P˽ H ˅ ا ؤ ˽ ϕ
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ţ

3. OPERATING SEGMENT INFORMATION (Continued)

3. ¾ ± Å Ø¼ ¿

Year ended 31 December 2023	Ú Z g Z g Ë d Z Ü g d S Ú ß Ë	Urban Water Treatment ì D å RMB'000 [O Æw ©	Water Environment Comprehensive Remediation å ¤] ¥ 7 # RMB'000 [O Æw ©	Rural Water Improvement Š À î å 7 # RMB'000 [O Æw ©	Total ¥ RMB'000 [O Æw ©
Segment revenue	± Å × B				
Sales to external customers	cr ؤ ñ° ъ	**2,123,024**	**43,438**	**49,919**	**2,216,381**
Total segment revenue	ˇ ؤ Ц	**2,123,024**	**43,438**	**49,919**	**2,216,381**
Segment results	± Å 8 6	**512,121**	**(16,281)**	**(11,119)**	**484,721**
Reconciliation:	¨				
Unallocated income and gains	H ˇ ⅄ Ц ɢ ˽ Ц				**18,615**
Share of profits and losses of unallocated associates	ˇ v H ˇ ⅄ ˇ— Ţ .				**3,777**
Share of profit and loss of an unallocated joint venture	ˇ v ž ▫ H ˇ ⅄ Θ ϕ Ţ .				**(42)**
Corporate and other unallocated expenses	ϕ ˽ P˽ H ˇ ⅄ ⅄				**(56,902)**
Unallocated lease-related finance costs	H ˇ ⅄ ⅄ ΰ T Z				**(156)**
Unallocated finance costs (other than interest on lease liabilities)	H ˇ ⅄ T Z ¾ ⅄ 9 لج Ŭ ♦ ăr ¿				**(216,059)**
Profit before tax	ăج ô Ŭ				**233,954**
Segment assets	± Å *	**16,511,177**	**1,253,543**	**636,810**	**18,401,530**
Reconciliation:	¨				
Corporate and other unallocated assets	ϕ ˽ P˽ H ˇ ⅄ ن				**825,832**
Total assets	ن				**19,227,362**
Segment liabilities	± Å À	**12,473,546**	**489,654**	**362,094**	**13,325,294**
Reconciliation:	¨				
Corporate and other unallocated liabilities	ϕ ˽ P˽ H ˇ ⅄ 9 لج				**52,036**
Total liabilities	9 لج				**13,377,330**

3. OPERATING SEGMENT INFORMATION (Continued)

3. ¾ ± Å Ø¼ ¿

Year ended 31 December 2022	i Θ ΘΘK ς Θ¯ dz ς z¸ K ï	Urban Water Treatment Ä ² RMB'000 B M ł ł	Water Environment Comprehensive Remediation Θ Ñ J̌ RMB'000 B M ł ł	Rural Water Improvement ط ت Ḥ Ñ J̌ RMB'000 B M ł ł	Total Θ ⁵ RMB'000 B M ł ł
Segment revenue	± Å × B				
Sales to external customers	c ŕ ǵ ñ̊ ъ	2,723,107	114,410	59,072	2,896,589
Total segment revenue	ˇ ǵ Ц	2,723,107	114,410	59,072	2,896,589
Segment results	± Å 8 6	558,915	24,161	(4,809)	578,267
Reconciliation:	¨				
Unallocated income and gains	H ˇ ˊ Ц ɢ ˽ Ц				9,728
Share of profits and losses of unallocated associates	ˇ v H ˇ ˊ ˇ— Ṭ .				1,363
Share of profit and loss of an unallocated joint venture	ˇ v z ▫ H ˇ ˊ Θ ϕ Ṭ .				(1,060)
Corporate and other unallocated expenses	ϕ ˽ P˽ H ˇ ˊ ˇ				(45,594)
Unallocated lease-related finance costs	H ˇ ˊ ˋ ǘ T Z				(108)
Unallocated finance costs (other than interest on lease liabilities)	H ˇ ˊ T Z ¾ ˋ ⁹ لج Ŭ ♦ ǎ ŕ ¿				(168,255)
Profit before tax	ǎ ج ô Ŭ				374,341
Segment assets	± Å *	16,067,718	1,422,044	673,140	18,162,902
Reconciliation:	¨				
Corporate and other unallocated assets	ϕ ˽ P˽ H ˇ ˊ ن				802,848
Total assets	ن				18,965,750
Segment liabilities	± Å À	12,061,589	522,441	515,810	13,099,840
Reconciliation:	¨				
Corporate and other unallocated liabilities	ϕ ˽ P˽ H ˇ ˊ ⁹ لج				125,302
Total liabilities	⁹ لج				13,225,142

3. OPERATING SEGMENT INFORMATION (Continued)

3. ¾ ± Å Ø¾ ¿

Geographical information

® Ø

(a) Revenue from external customers

(a) . Å Ò × B

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(b) ¢ t *

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ʦ ₄ Ẹ Ḥ ụ Ṭ ¸ ώ
ϩ ¤

3. OPERATING SEGMENT INFORMATION (Continued)

3. ¾ ± Å Ø¼ ¿

Information about major customers

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The revenue derived from the Group's two largest customers during the year is as follows:

Ç K ⌋ ¢ Z ضخم ∧ ' ňˇ ِ Ω Ţ Ц Ќ ts ¨

Year ended 31 December 2023

Ú Z g Z g Ë d Z Ü g d S Ú ß Ë

		Urban Water Treatment ì D å RMB'000 [O Æw ©	Total ¥ RMB'000 [O Æw ©
Customer A	ňˇ A	**152,322**	**152,322**
Customer C	ňˇ C	**134,881**	**134,881**
		287,203	**287,203**

Year ended 31 December 2022

i Θ ΘΘK Ç Θ¬ dz Ç z¸ ¸ K ï

		Urban Water Treatment Ä ¸ ² RMB'000 в M ⅈ ⅊	Total Θ ⁵ RMB'000 в M ⅈ ⅊
Customer B	ňˇ B	356,209	356,209
Customer C	ňˇ C	186,917	186,917
		543,126	543,126

4. REVENUE

The Group has entered into a number of service concession arrangements with the Grantors on a BOT or a TOT basis in respect of its WTPs, RWTPs, WDPs, STPs or other mu

4. × B

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£ ∩ £ н ĮĮ گ ڵ ᴺ P ´ Ω `
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λ Є طمي è₂ ˝ ط Γ خ ¤ سخ è₂ ˝
ط Γ خ ⁄ ⁄ Ɔ ˛ Z ضخم oy ą V
(i)– BOT ˛ Л ي سخ Γ خ ï ط н. گ ڵ
£ ƒ Ω گ ڵ £ ∩ £ н ĮĮ گ ڵ
ᴺ P ´ Ω ` ط ˝Ω § (ii)– TOT ˛ Л
ي سخ Γ خ ' ⁄ ώ ŧ Â § ˛ (iii) Ç 17
i 30 K Ţ سمد ضح ⅓Ö è₂ ˝ ط سمد ضح ×¿
Å ت ˘ в н. گ ڵ £ ƒ Ω گ
ڵ £ ∩ £ н ĮĮ گ ڵ ᴺ P ´ Ω
` ط ˝Ω ¢ ɜ Z ضخم Ь Ç è₂ ˝ ط
سمد ضح ي P è₂ Ů ˜ ŧ ᴳ Ů ŧ Ţ
Ж ɑ ⅄ ¤

Z ضخم Т EPC Γ خ سخ ↀ P ´ Ω `
ط ˝Ω Ţ ï ط ˆ جد ¢ 3 Ç ï ط سمد ضح EPC
ŋ˘ T ⁶ λ ï ط ˆ جد Ţ غجد ˪ ¤

Ц ώ ¨ (i) BOT Γ خ £ EPC Γ خ ˛ P˛
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Ц ¢ У ă جه طمي ˛ Ω ʒ ǎ¸ حي § (ii)
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4. REVENUE (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information

For the year ended 31 December 2023

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Ò ¥ Ò × B¾ ¿

(a) × B Ø Z ±

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4. REVENUE (Continued) (rn ue <</Lapntn

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

For the year ended 31 December 2022

Urban Water Treatment	Tr31Tj ( )Tj (0 /Spa0 /Spa0 /Sp5870 >>BDC BT /T1_1 1 T

(b) 5 Ò

BOT TOT 330 350 BOT TOT

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

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– ts ϱ طمي ˝l ɗ¬ ¨

		Notes ǎ ض	2023 Z g Z g Ë RMB'000 [O Æw ©	2022 Θ ΘΘK RMB'000 в M ɨ ɨ
Cost of construction services	ï ɸ è₂ T Z		**206,487**	758,048
Cost of operation services	è₂ T Z		**933,900**	869,894
Total cost of services	è₂ T Z		**1,140,387**	1,627,942
Depreciation of property, plant and equipment	ī £ ϕ ˽ ɸ ɗ	12	**5,758**	6,877
Depreciation of right-of-use assets	æo ï ɳ ɗ	13(a)	**1,172**	283
Amortisation of service concession intangible assets	ɨ ŭ ɳ — ˝ ɷ	17	**87,244**	77,654
Amortisation of other intangible assets	P˽ ɨ ŭ ɳ		**395**	406
Impairment of financial receivables#	Â Ц طمي كم ⅓ #	19	**829**	(67)
Impairment of contract assets#	Θ ني ⅓ #	23	**(147)**	(547)
Impairment of trade receivables#	ص ɗ Ц طمي كم ⅓ #	21	**30,646**	36,080
Impairment of other receivables#	P˽ Ц طمي كم ⅓ #	22	**2,579**	2,579
Lease payments not included in the measurement of lease liabilities	ʒ ɨ ⁵ ɢ ˥ ⁹ ج ⁵ ج Ţ ˥ ⁄ كم	13(c)	**389**	278
Auditor's remuneration	˘ ☺ Â		**2,552**	2,656
Employee benefit expense (including directors' remuneration):	˽ Ŭ ج' ¾ ŵ к ¿ ¨			
Wages, salaries and allowances, social securities and benefits	ˆ £ Â ˽ ˜H س £ Ц ể ˽ Ŭ		**235,984**	250,065
Pension scheme contributions (defined contribution scheme)*	˥ ó Â ⁵ ∩ كم ¾ ˝ ɨ ∩ كم ⁵ ¿*		**25,078**	24,153
Total employee benefit expense	˽ Ŭ ج'		**261,062**	274,218

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	2023	2022
	Z g Z g Ë	⊙ ⊙⊙ K
Notes		

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(ii) Executive directors

8. è + ¿ ð ÷ A [p Z G¾ ¿

(ii) B è +

	Fees	Equity-settled share option expenses	Salaries, allowances and benefits in kind	Pension scheme contributions

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2022: four directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2022: one) highest paid employee who is neither a director nor a chief executive of the Company are as follows:

	2023 RMB'000	2022 RMB'000
Salaries, allowances and benefits in kind	**1,959**	1,019
Performance related bonuses	**178**	88
Pension scheme contributions	**109**	23
Total	**2,246**	1,130

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 2023	Number of employees 2022
HK$1,000,001 to HK$1,500,000	**2**	1
Total	**2**	1

10. INCOME TAX EXPENSE (Continued)

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

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جه Ŭ ¢ ˜Ω ɜ ثر ⁵ بج ƶ مج Ŭ ժ جه
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		2023 Z g Z g Ë **RMB'000** [O Æw ©	2022 Θ ΘΘK RMB'000 в M ⌊ ⌊
Current	Ғ ضج		
— Chinese Mainland	— ، ⌋ ⌋ C	**44,749**	36,901
Deferred	ج	**58,977**	97,478
Total tax charge for the year	K ⌋ جه طص' ¬	**103,726**	134,379

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11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,139,735,000 (2022: 2,139,735,000) in issue during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

The calculations of basic and diluted earnings per share are based on:

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		2023 Z g Z g Ë **RMB'000** [O Æw ©	2022 ⊙ ⊙⊙ K RMB'000 в M ⁴ ⁴
Earnings:	® ; j		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	ï Ç ⁵ ˚ ẃ ` Z ˘ ¨ Ŭ Ţ Λ ˘ — حم ˉ . ¨Y Э в v Ŭ	**124,753**	235,679

		Number of shares p …p f **2023** Z g Z g Ë	2022 ⊙ ⊙⊙ K
Shares:	p … j		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	ï Ç ⁵ ˚ ẃ ` Z ˘ ¨ Ŭ Ţ K ⌋ ' ئھ ⌀ حم ˉ ẃ ˙ Á Ч	**2,139,735,000**	2,139,735,000

12. PROPERTY, PLANT AND EQUIPMENT

12. J 8 e @ Ò ¿ £ ê

31 December 2023

Z g Z g Ë d Z Ü g d S Ú

		Buildings and other infrastructure } Á ¿ l ü ? þ £ D RMB'000 [O Æw ©	Machinery Ú œ RMB'000 [O Æw ©	Office equipment and others l ® £ ê ¿ l ü RMB'000 [O Æw ©	Construction in progress ¯ ˆ û RMB'000 [O Æw ©	Total < RMB'000 [O Æw ©
At 1 January 2023:	Ç Θ ΘdzK z¬ z¸ ¨					
Cost	T Z	85,866	23,000	37,048	725	146,639
Accumulated depreciation and impairment	ق 5 d ني ⅓	(36,611)	(19,491)	(31,531)	–	(87,633)
Net carrying amount	₪ص⅓	49,255	3,509	5,517	725	59,006
At 1 January 2023, net of accumulated depreciation and impairment	Ç Θ ΘdzK z¬ z¸ ¢ y ق 5 d ني ⅓	49,255	3,509	5,517	725	59,006
Additions	ج	–	–	710	–	710
Disposals	¬ ط	–	(331)	(249)	–	(580)
Depreciation provided during the year	K J d د	(3,431)	(962)	(1,365)	–	(5,758)
At 31 December 2023, net of accumulated depreciation and impairment	Ç Θ ΘdzK Ç Θ¬ dz Ç z¸ ¢ y ق 5 d ني ⅓	45,824	2,216	4,613	725	53,378
At 31 December 2023:	Ç Θ ΘdzK Ç Θ¬ dz Ç z¸ ¨					
Cost	T Z	85,866	22,669	37,509	725	146,769
Accumulated depreciation and impairment	ق 5 d ني ⅓	(40,042)	(20,453)	(32,896)	–	(93,391)
Net carrying amount	₪ص⅓	45,824	2,216	4,613	725	53,378

12. J 8 e @ Ò ¿ £ ê¾ ¿

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18. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

Assumptions were used in the value in use calculation of the "waste water treatment plant" and "the manufacture of chemicals for waste water treatment" cash-generating units for 31 December 2023 and 31 December 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

Price inflation — The basis used to determine the value assigned to price inflation is the forecast price indices during the budget year for the relevant markets.

The values assigned to the key assumptions on market development of waste water treatment plant and the manufacture of chemicals for waste water treatment, discount rates and price inflation are consistent with external information sources.

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olidated Financial Statements

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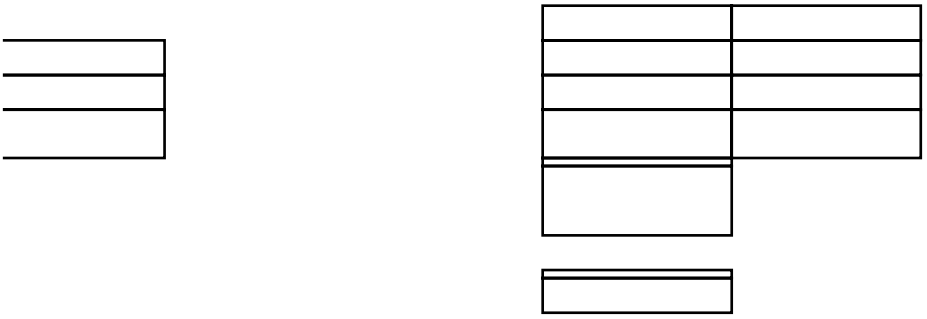

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Notes to the Consolidated Financial Statements

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31 December 2023 Θ ΘdzΚ ς Θ¬ dzς z¸

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20. DEFERRED TAX (Continued)

20. È · ü °¾ ¿

		Impairment of financial and contract assets	Losses available for offsetting against future taxable profits	Fair value adjustments of the equity investments designated at fair value through other comprehensive income	Lease liabilities	Other	Total
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		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		[O Æw ©	[O Æw ©	[O Æw ©	[O Æw ©	[O Æw ©	[O Æw ©
Deferred tax assets	ن ط ج ح ج						
At 31 December 2022	Ç Θ ΘΘK ς Θ¯ dzς z¸	9,217	44,494	21,150	-	197	75,058
Deferred tax credited to equity during the year	K J Ç . ⁵ ɢ Ţ ط ج ح ج	-	-	2,400	-	-	2,400
Deferred tax credited/(charged) to profit or loss during the year	K J Ç . ⁵ ɢ ¼ Y ä ¿Ţ ط ج ح ج	7,943	(1,583)	-	560	(16)	6,904
At 31 December 2023	Ç Θ ΘdzK ς Θ¯ dzς z¸	17,160	42,911	23,550	560	181	84,362

20. DEFERRED TAX (Continued)

31 December 2022

20. È · ü °¾ ¿

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		Service concession arrangements	Transaction costs for interest-bearing bank borrowings	One-off deduction of machinery	Total
		è² ˝ ǒ Γ ح	⅔ كم Ţ ç d T Z	Ţ ⊙ в ᵐ У نح	5
		RMB'000	RMB'000	RMB'000	RMB'000
		в M ⊙ ⊙	в M ⊙ ⊙	в M ⊙ ⊙	в M ⊙ ⊙
Deferred tax liabilities	ح جم طس 9 لحج				
At 31 December 2021	Ç ⊙ ⊙ ⊙ K ⊙ ¬ ⊙ ⊙ ⊙	(983,521)	(17,		

dedfrœfnTd (d)Tj 0.657 0kTd (e)Tj 0.241 02g 0.286 0 Td (e) Td (b)T6 (f)Tj (nTd (d)Tj 0.657 0 Td ( )Tj 0.392 0 Td

21. TRADE RECEIVABLES

21. q ø Ð × › °

d		**2023** Z g Z g Ë **RMB'000** [O Æw ©	2022 Θ ΘΘK RMB'000 в M ⅓ ⅓
Trade receivables	ص d Ц طمي كم	**2,918,555**	2,515,835
Impairment	ني ⅓	**(110,042)**	(79,396)
Net carrying amount	₪ ص ⅓	**2,808,513**	2,436,439

The Group's major customers are the PRC government authorities or agencies. The Group not only provides construction service and operation service pursuant to its service concession arrangements, but also provides construction service under other construction service projects.

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Trade receivables represent the unsettled amounts being billed to the customers in accordance with the terms specified in the contracts governing the relevant transactions. The Group does not have a standardised and universal credit period granted to the construction service customers. The credit period for individual customers of construction service is considered on a case-by-case basis. Trade receivables are non-interest-bearing.

ص d Ц طمي كم ŵ ⅎ ˇ ˘ ˘ ς d Ţ Θ
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Included in the Group's trade receivables are amounts due from the Group's associates of RMB108,664,000 (2022: RMB242,815,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

Z ضخم Ţ ص d Ц طمي كم ŵ Ц Z ضخم
طمي كم ą в M 108,664,000 ⅎ
¾Θ ΘΘK ¨ в M 242,815,000 ⅎ ¿¢
سخ طمي كم ŭ Z ضخم c_ † ňˇ يج ∩ Ţ
Ṽ Ẽ ص ★ كم ¤

At 31 December 2023, the Group's trade receivables with a carrying value of RMB1,181,567,000 (2022: RMB911,844,000) were pledged teded

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ΘΘK ¨ в M 911,844,000 ⅎ ¿Ţ ص d
Ц طمي كم ' ¸ ˘ oy ت ˘ Z ضخم ⌈ ` 5 ♦
ϖ ˽ P˽ ⅔ كم Ţ ê¾ ǎ ض 28 ¿¤

21. TRADE RECEIVABLES (Continued)

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

		2023 Z g Z g Ë **RMB'000** [O Æw ©	2022 Θ ΘΘK RMB'000 в M ł ł
Within 3 months	3 ↔¬ ⌋	**531,465**	479,263
4 to 6 months	4 i 6 ↔¬	**388,458**	291,946
7 to 12 months	7 i 12 ↔¬	**460,962**	597,215
Over 12 months	ضي 12 ↔¬	**1,427,628**	1,068,015
Total	5	**2,808,513**	2,436,439

21. q ø Ð × › °¾ ¿

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د ¨I ¢ Z ضخم Ţ ص d Ц كم طي Ţ
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21. TRADE RECEIVABLES (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

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As at 31 December 2023 õ Z g Z g Ë d Z Ü g d S Ú

		Within 3 months	4 to 6 months	7 to 12 months	Over 12 months	Total
					t @	
		3 H Ü «	**4 6** H Ü	**7 12** H Ü	**12** H Ü	¥
Expected credit loss rate	ضح Ẽ صي گ	**0.69%**	**0.91%**	**1.36%**	**6.33%**	**3.77%**
Gross carrying amount (RMB'000)	¾ в M ۱ ۱ ¿ ق	¾				

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Notes to the Consolidated Financial Statements

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23. CONTRACT ASSETS

23. ¥ Ò *

		31 December 2023 Z g Z g Ë d Z Ü g d S Ú RMB'000 [O Æw ©	31 December 2022 Θ ΘΘ K Ç Θ¬ dz Ç z¸ RMB'000 в M ۱ ۱
Contract assets arising from:	– ts ظ δ ∫ ن Ω Ţ Θ ن ¨		
Construction services	ï ط è²	**1,255,667**	1,707,764
Impairment	ني ⅓	**(671)**	(818)
Net carrying amount	₪ ص ⅓	**1,254,996**	1,706,946
Portion classified as current assets	˘ α ˜Ĥ ˘ ط ن	**(77,629)**	(198,553)
Non-current portion	Ę F ض ط ˘	**1,177,367**	1,508,393

Contract assets are initially recognised for revenue earned from construction services as the receipt of consideration is conditional on successful completion of construction. Included in contract assets for construction services are retention receivables. Upon completion of installation or construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to intangible assets and contract assets included in financial receivables under service concession arrangements and operating concession for BOT arrangements and trade rece

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˝ ط – ˘ P ˘ ï ط Θ Ţ ص d Ц
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Notes to the Consolidated Financial Statements

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Ç ⊙ ⊙dz K ⊙¬ dz ⊙ z¸ ¢ Z ضخم
₪ ⅓ ą в M 21,358,000 ⊙ ⊙⊙
K ¨ в M 20,400,000 ¿Ţ¸ ˜ Ц كم '
˘ ˜ ¢— ể ت ˘ Z ضخم Ţ⌈ ` ⁵ ♦
Ω ˽ P˽ ⅔ كم ¾ ể ض 28 ¿ ¤

Ç ⊙ ⊙dz K ⊙¬ dz ⊙ z¸ ¢ Z ضخم
Ţ ⁄ ąu – в M 94,061,000 ⊙
⊙ ⊙ K كم ط M 136,742,000 ¿ Ţ '
¸ ˜ Ц كم oy¸ ˜ ¾ ể ض 26 ¿ ¤

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27. OTHER PAYABLES AND ACCRUALS

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	2023	2022
	Z g Z g Ë	Θ ΘΘK
	RMB'000	RMB't79

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(a) ˇ ˆ ˘ Ñ ą ¸ ⁵ ♦ ˜ ˝ ˛ Ů ¦ ' ' ˇ ¤
P˘ ˇ ¤ ą ¸ ⁵ ♦ ˜ ˛ ˢ ¦ ¤

(b) Θ ⁹ ˛ щ Ć ts ¨

Θ ⁹ ˛ ˚ ŏ ą ς ˇ ˆ ˛ Ÿ ˘ ˛ ˆ Γ
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⁹ ˛ ¯ ˛ ¦ ε Ç K Θ Ц ᴿ Ţ ˚ н
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(c) Â _ ¦ ą ¸ ˛ ² £ Z Ę ç ãÕ ˘
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_ ą ĭ ˚ 3 ˚ ˘ Ţ Ğ ˚ Ţ ţ £ ¢
˘ ˛ ˆ Â ¤

28. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

28. ¹ Õ ¿ l ü > ›¾ ¿

		2023 Z g Z g Ë RMB'000 [O Æw ©	2022 ⊙ ⊙⊙ K RMB'000 в M ⅛ ⅛
Analysed into:	˘ Ḧ ¨		
Interest-bearing bank and other borrowings repayable:	⁵ ♦ ↂ ˘ P˘ ⅔ كم ¨		
Within one year	⊙ K– ⌋	**3,501,475**	2,879,809
In the second year	˛ ⊙ K	**1,978,297**	2,176,609
In the third to fifth years, inclusive	˛ dz i ˛ ˜ K¾ ŏ ₳ ě ∧ K ¿	**2,391,240**	2,022,997
Beyond five years	˜ K ˝l	**2,046,023**	2,442,402
Total	⁵	**9,917,035**	9,521,817

The above secured interest-bearing bank and other borrowings are secured by certain assets with carrying values as follows:

tc ₄ Э˛ ˜ ⁵ ♦ ↂ ˘ P˘ ⅔ كم– ⌈ ˋ
ن oy˛ ˜ ¢ P ₪ ⅓ Ḱ ts ¨

		2023 Z g Z g Ë RMB'000 [O Æw ©	2022 ⊙ ⊙⊙ K RMB'000 в M ⅛ ⅛
Property, plant and equipment (note 12)	ī £ ϕ ˘ ط د ¾ ǎ ض 12 ¿	**9,965**	11,792
Investment properties	ط ī	**571**	–
Financial receivables (note 19)	Â Ц كم ¾ ǎ ض 19 ¿	**7,957,461**	7,114,919
Trade receivables (note 21)	ض ḋ Ц كم ¾ ǎ ض 21 ¿	**1,181,567**	911,844
Pledged deposits (note 25)	˛ ˜ Ц كم ¾ ǎ ض 25 ¿	**21,358**	20,400
Service concession intangible assets (note 17)	ثر ΰ ن — ˝ ǧ ¾ ǎ ض 17 ¿	**1,254,846**	1,258,955
Contract assets (note 23)	Θ ن¾ ǎ ض 23 ¿	**12,590**	220,770

The Group's interest-bearing bank and other borrowings of RMB3,827,272,000 (2022: RMB4,134,215,000) were guaranteed by the Company's investments in certain subsidiaries.

Z ضخم ą в M 3,827,272,000 ⅛ ⊙
⊙⊙ K ¨ в M 4,134,215,000 ⅛ ¿ Ṭ
⁵ ♦ ↂ ˘ P˘ ⅔ كم– Z ˘ Ç⌈ ˋ ǎ
˘ Ṭ ط oy˛ ˜ ¤

The Group's interest-bearing bank and other borrowings of RMB474,365,000 (2022: RMB563,033,000) were guaranteed by the second largest shareholder (note 35).

Z ضخم ą в M 474,365,000 ⅛ ⊙
⊙⊙ K ¨ в M 563,033,000 ⅛ ¿ Ṭ ⁵ ♦
ↂ ˘ P˘ ⅔ كم ε ˛ ⊙ ‘ ẃ Ę ē¾ ǎ
ض 35 ¿ ¤

29. SHARE CAPITAL
Shares

29. p l
p …

		2023 Z g Z g Ë RMB'000 [O Æw ©	2022 Θ ΘΘ K RMB'000 в M ł ł
Authorised:	ḿ ł ¨		
5,000,000,000 (2022: 5,000,000,000) ordinary shares of HK$0.01 each	5,000,000,000 ẃ¾Θ ΘΘ K ¨ 5,000,000,000 ẃ ¿ ˚ ẃ ₪ ⅓ 0.01 ج ł Ţ حم ¯ ẃ	**39,766**	39,766
Issued and fully paid:	' ﻫ ᴝ ˽ ' ʊ ¨		
2,139,735,000 (2022: 2,139,735,000) ordinary shares of HK$0.01 each	2,139,735,000 ẃ¾Θ ΘΘ K ¨ 2,139,735,000 ẃ ¿ ˚ ẃ ₪ ⅓ 0.01 ج ł Ţ حم ¯ ẃ	**17,125**	17,125

A summary of movements in the Company's share capital is as follows:

Э Z ˽__ ẃ Z ₄ Ţ ł Ḱ ŧs ¨

		Number of shares in issue Š ï p …p f	Issued capital Š ï l RMB'000 [O Æw ©	Share premium p …P RMB'000 [O Æw ©	Total < RMB'000 [O Æw ©
At 1 January 2023 and 31 December 2023	Ç Θ ΘdzK z¬ z¸ ˽ Θ ΘdzK Ç Θ¬ dz Ç z¸	**2,139,735,000**	**17,125**	**1,717,384**	**1,734,509**

30. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 87 of the consolidated financial statements.

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31. NOTES TO THE CONSOLID

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(b) D z * [Y À

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31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

31.] ¥ $ – t Ž Œ• W¼ ¿

(b) Changes in liabilities arising from financing activities (Continued)

(b) D z * [Y À ¾ ¿

2022 ⊙ ⊙⊙ K

		Interest-bearing bank and other borrowings ⁵ ♦ ⌀ ˽ P˽ ⅔ كم RMB'000 в M ⅰ ⅰ	Lease liabilities ١ ⁹ لجج RMB'000 в M ⅰ ⅰ	Other payables and accruals* P˽ / طلبي كم ˽ ⁵ جي Ï * RMB'000 в M ⅰ ⅰ
At 1 January 2022	Ç⊙ ⊙⊙ K z¬ z¸	9,467,529	2,210	65,055
Changes from financing cash flows	J Â ˜Ḥ ⁴	(17,279)	(344)	384
Foreign exchange movement	ʳ ⁴	49,277	–	–
Interest expense	Ÿ ♦ ’	566,106	108	–
Interest paid classified as financing cash flows	˅ α J Â ˜Ḥ Ṭ ˊ / Ÿ ♦	(545,790)	–	–
At 31 December 2022	Ç⊙ ⊙⊙ K ⊙¬ dz ⊙ z¸	9,519,843	1,974	65,439

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

(c) a # Y $ – t < X

Ç J Â ˜Ḥ Å Ṭ ١ J Â ˜Ḥ Ḱ ts ¨

		2023 Z g Z g Ë **RMB'000** [O Æw ©	2022 ⊙ ⊙⊙ K RMB'000 в M ⅰ ⅰ
Within financing activities	⁴ق J	**1,537**	344

32. CONTINGENT LIABILITIES

At the end of the year, the Group did not have any significant contingent liabilities.

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Ç Z K ï Θ ¢ Z ضخم 3 ثز ϑ ₩ £ ' ᴺ ثم
⁹ لجح ¤

33. PLEDGE OF ASSETS

Details of the Group's bank and other loans, which are secured by the assets of the Group, are included in note 28 to the consolidated financial statements.

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34. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

34. Õ Ä

Ç ک H ضح Θ ¢ Z ضخم Э– ts Θ ؛ ¨

		2023 Z g Z g Ë **RMB'000** [O Æw ©	2022 Θ ΘΘ K RMB'000 в M ؛ ؛
Contracted, but not provided for	' ⁶ ѿ ḫ H د	**176,589**	185,385

The Group had the following commitments with respect to service concession arrangements at the end of the year:

Ç Z K ï Θ ¢ Z ضخم Э ts ϟ Э ₂ ̃
ǧ Γ خ Ţ ؛ ¨

		2023 Z g Z g Ë **RMB'000** [O Æw ©	2022 Θ ΘΘ K RMB'000 в M ؛ ؛
Contracted, but not provided for	' ⁶ ѿ ḫ H د	**1,890,613**	1,991,362

35. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

(i) Jiangxi Silver Dragon Water Environment Construction Co., Ltd. (й ъ . ї ѓ Э ₦ ء ϑ ‿) ("Jiangxi Silver Dragon") is a subsidiary of the largest shareholder of the Group. This related party transaction also constitutes a connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

The Group is contractually authorised to use a piece of land which is legally owned by the non-controlling shareholder of Jilin Kangda without charge, and such use also constitutes a related party transaction during the year.

The Group's interest-bearing bank and other borrowings in 2023 amounting to RMB474,365,000 (2022: RMB563,033,000) were guaranteed by the second largest shareholder (note 28).

The above related party transactions were conducted in accordance with the terms mutually agreed between the parties.

35. ë L Ù t Ø¾ ¿

(a) ¾ ¿

(i) й ъ . ї ѓ Э ₦ ء
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Θ Θ dzK α в M
474,365,000 ł¾ Θ ΘΘK ¨
в M 563,033,000 ł ¿Ţ Z
ضخم 5 ♦ Ϫ ˍ P ˍ ⅔ كم ε
ء Θ ' ẃ Ę ê¾ ẩ ض 28 ¿¤

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Notes to the Consolidated Financial Statements

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36. **36.** 2 ó 9 ,E óóe 9

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δ ô Ï Ṭ سي J̌ سي گ J̌ ə ⁵ ¤ Ç ǫ K
Θ ¢ C Z ضخم Z لا ص d̈ ⁄ طص كم ˘ ⁄
qu £ ⁵ ♦ ω ˘ ₽˘ ⅔ كم Ṭ ﷺ
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37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

37. – D ˆ H ® ; = ¿ ® ; = t ¾ ¿ ® ; = t

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	Fair value measurement using
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Ç ⊙ ⊙ ⊙ K Ç ⊙¬ dz Ç z¸

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets for which fair values are disclosed:

As at 31 December 2023

37. – D ˆ H ® ; = ¿ ® ; = t ¾ ¿

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õ Z g Z g Ë d Z Ü g d S Ú

	Fair value measurement using ® ; = Ž ® ; ;CIAL

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Notes to the Consolidated Financial Statements

38. FINANCIAL RISK MANAGEMENT OBJECTIVES 38. Ì , ˆ M # f z ¿ A

Z ضخم Ţ_ † Â ˆ п ϋ 5 ♦ ϖ ˘
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ضخم Â ¤ Z ضخم Э ţ ، P S P
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oy ς d Ţ↑ Ω Â ˆ п ¤ Z ˘__ K
⅄ ˘ Ϫ ≈ Ĭ سخ ƒ Ţ ˝Ω سم ¢ P
† Ḱ ŧs ¤

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk

The carrying amounts of cash and cash equivalents, pledged deposits, trade receivables, financial receivables and financial assets included in prepayments, other receivables and other assets represent the Group's maximum exposure to credit risk in relation to these financial assets. Substantially all of the Group's cash and cash equivalents and pledged deposits are held in major financial institutions located in Chinese Mainland and Hong Kong, which management believes are of high credit quality. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the credit exposure to each financial institution to an acceptable level.

The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

The maturity profile of the Group's financial liabilities at the end of the year, based on the contractual undiscounted payments, is as follows:

	31 December 2023				
	Z g Z g Ë d Z Ü g d S Ú				
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	1 Ë «	1 2 Ë	2 5 Ë	5 Ë ø j	<
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	[O Æw ©	[O Æw ©	[O Æw ©	[O Æw ©	[O Æw ©
Lease liabilities	1,563	163	443	1,256	3,425
Interest-bearing bank and other borrowings (excluding lease liabilities)	3,749,847	2,311,70847311			

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk (Continued)

	31 December 2022 Θ ΘΘΚ ς Θ¬ dz ς z¸	
	Within 1 year	1 to 2 years

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Foreign currency risk (Continued)

		Increase/ (decrease) in profit before tax ð ü Ã P ; # J €¯ Ç • RMB'000 в M ⅟ ⅟	Increase/ (decrease) in equity* ÆB # J €¯ Ç •* RMB'000 в M ⅟ ⅟
2023	Z g Z g Ë		
If the RMB weakens against the US$ by 5%	↥ в M ≠ ⅟ ⅟ ⅓ 5%	**(6,461)**	**(6,461)**
If the RMB strengthens against the US$ by 5%	↥ в M ≠ ⅟ ⅟ ⅓ 5%	**6,461**	**6,461**
If the RMB weakens against the HK$ by 5%	↥ в M ≠ ⅟ ⅟ ⅓ 5%	**18**	**18**
If the RMB strengthens against the HK$ by 5%	↥ в M ≠ ⅟ ⅟ ⅓ 5%	**(18)**	**(18)**

38. Ì , ˆ M# f z ¿ A ¾ ¿

(e) I M#

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Ŭ Ţ Z_ گ ¢— ' ˝Y ² ˽
ɑ ẃ Ę ´ P ز ' ⅓ ¤

Z ضخم Ŭ ỷ _ ب ؤ ۱ Z Ậ ¤
Z ضخم T Ṛ Ṅ ⁴ ˽ Ů
ṇ Ţ ỷ ˝ Ľ ˽ Z
غج ¤ ɑ ˝Y ᴺ Z غج ¢
Z ضخم ᴺ ů̃⁄ ˘ ẃ Ę Ţ ẃ
♦ Ậ £ c ẃ Ę Z £ ھ ᗡ
ẃ Ÿ ᴺ¬ ط ن— ني ¯ ججح² ¤
Ç Z K ï ¢ Z Ľ δ £ Ω سم
ᴺ جح Ƶ 3 ثز ϑ ⅷ ⁴ ¤

Z ضخم _ Z ⁹ ججح_ گ Z ¢
_ گ ؟— ججح² ص ججح² ص ą̃— Z¸
ججح² ص ⁵ ¤ ججح² ص ˀ ů̃ ص
ḋ ⁄ ˽ طص كم ⁄ ˽ ɑu £ ` P
˽ ⁄ طص كم ˽˽_ ن ⁵ حي ⁵ ï £ ♦
ᗡ ˽ P˽ ⅔ كم ني ل Ậ ˽ ل Ậ سخ
ī ˽ ˘ Ц كم ¤ Z ˀ ů Θ ⅈ
² Ṛ Ṅ Å ∫ ϟ Λ ˘— Ɔ B V
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Z ضخم Ţ سم ن ɑ ˝Y ن ⁹ ججح_
گ Ꞓ Ŭ ¾

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

38. Ì , ˆ M # f z ¿ A ¾ ¿

(e) Capital management (Continued)

(e) I M #¾ ¿

		2023 Z g Z g Ë RMB'000 [O Æw ©	2022 ⊙ ⊙⊙ K RMB'000 в M ⅈ ⅉ
Trade and bills payables (note 26)	ص d / ط ي ك م ـ / ق u ¾ ة ض 26 ز	**2,013,533**	2,260,280
Other payables and accruals (note 27)	P ـ / ط ي ك م ـ 5 ج ي Ï ¾ ة ض 27 ز	**207,915**	288,102
Interest-bearing bank and other borrowings (note 28)	5 ♦ Ω ـ P ـ ⅔ ك م ¾ ة ض 28 ز	**9,917,035**	9,521,817
Less: Cash and cash equivalents (note 25)	ن ي ¨ ل Ậ ـ ل Ậ س خ Ī ¾ ة ض 25 ز	**(248,360)**	(196,938)
Less: Pledged deposits (note 25)	ن ي ¨ ¸ ˜ ل ك م ¾ ة ض 25 ز	**(128,713)**	(186,561)
Net debt	ج ل ج 2 ص	**11,761,410**	11,686,700
Total equity	.	**5,850,032**	5,740,608
Capital and net debt	Z ـ ج ل ج 2 ص	**17,611,442**	17,427,308
Gearing ratio	ن 9 ج ل ـ گ	**67%**	67%

39. EVENTS AFTER THE REPORTING PERIOD

No significant events took place subsequent to 31 December 2023.

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40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

		2023 Z g Z g Ë **RMB'000** [O Æw ©	2022 ⊙ ⊙⊙ K RMB'000 в M ⅛ ⅛
NON-CURRENT ASSETS	¢ t *		
Investments in subsidiaries	Ç ǎ ˘— Ţ ᴅ	**1,217,802**	1,217,802
Total non-current assets	Ę ̃Ḥ ̇ ̣ ⅓	**1,217,802**	1,217,802
CURRENT ASSETS	t *		
Prepayments, other receivables and other assets	⁄ ط ي ك £ P ˽ Ц ط ي ك ˽ P ˽ ن	**732,225**	832,715
Cash and cash equivalents	ل Ậ ˽ ل Ậ ⁿ ⁿ ī	**211**	397
Total current assets	̃Ḥ ̇ ̣ ⅓	**732,436**	833,112
CURRENT LIABILITIES	t À		
Other payables and accruals	P ˽ ⁄ ط ي ك ˽ 5 ج ي ï	**216,126**	213,068
Total current liabilities	̃Ḥ ̇ 9 ل ج ج	**216,126**	213,068
NET CURRENT ASSETS	t * =	**516,310**	620,044
TOTAL ASSETS LESS CURRENT LIABILITIES	* < = ¯ t À	**1,734,112**	1,837,846
NON-CURRENT LIABILITIES	¢ t À		
Interest-bearing bank and other borrowings	5 ♦ ↂ ˽ P ˽ ⅔ ك م		

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

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Note:

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A summary of the Company's reserves is as follows:

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		Share premium	Share option reserve	Retained profits/ (accumulated losses)	Total
		ẃ Ÿ	ẃ د	ē´ Ÿ ć ¾ف ⁵ ¿	⁵
		RMB'000	RMB'000	RMB'000	RMB'000
		в M ł ł	в M ł ł	в M ł ł	в M ł ł
At 1 January 2022	Ç ⊙ ⊙ ⊙ K z¬ z¸	1,717,384	65,553	(106,920)	1,676,017
Profit for the year	K ⌋ Ÿ	–	–	36,404	36,404
At 31 December 2022 and 1 January 2023	Ç ⊙ ⊙ ⊙ K ⊙¬ dz z¸ ⊙ ⊙dz K z¬ z¸	1,717,384	65,553	(70,516)	1,712,421
Profit for the year	K ⌋ Ÿ	**–**	**–**	**4,566**	**4,566**
At 31 December 2023	Ç ⊙ ⊙dz K ⊙¬ dz z¸	**1,717,384**	**65,553**	**(65,950)**	**1,716,987**

41. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

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