



台州市水務集團股份有限公司 Taizhou Water Group Co., Ltd.*

(a joint stock company incorporated in the People's Republic of China with limited liability)
Stock code : 1542

INTERIM REPORT
2024



* for identification purposes only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yang Jun (*Chairman of the Board*)
Mr. Pan Gang

Non-executive Directors

Mr. Lin Genman
Ms. Fang Ya
Mr. Yu Yangbin
Mr. Ye Xiaofeng (resigned on 28 June 2024)
Mr. Yang Yide
Mr. Guo Dingwen (resigned on 28 June 2024)
Mr. Lin Yang
Mr. Shao Aiping
Ms. Ying Nan (was appointed on 28 June 2024)
Ms. Mo Danjun (was appointed on 28 June 2024)

Independent Non-executive Directors

Mr. Huang Chun
Ms. Lin Suyan
Ms. Hou Meiwen
Mr. Li Wai Chung
Mr. Wang Yongyue

REMUNERATION COMMITTEE

Mr. Wang Yongyue (*Chairman*)
Mr. Yang Jun
Mr. Pan Gang
Mr. Huang Chun
Ms. Lin Suyan

NOMINATION COMMITTEE

Mr. Yang Jun (*Chairman*)
Mr. Yu Yangbin
Mr. Yang Yide
Mr. Huang Chun
Ms. Lin Suyan
Ms. Hou Meiwen
Mr. Wang Yongyue

AUDIT COMMITTEE

Mr. Li Wai Chung (*Chairman*)
Mr. Lin Genman
Ms. Hou Meiwen

STRATEGY COMMITTEE

Mr. Yang Jun (*Chairman*)
Mr. Pan Gang
Ms. Fang Ya
Ms. Mo Danjun (was appointed on 28 June 2024)
Mr. Ye Xiaofeng (resigned on 28 June 2024)
Mr. Lin Yang
Mr. Shao Aiping
Mr. Huang Chun

JOINT COMPANY SECRETARIES

Ms. Siu Pui Wah
Ms. Zheng Ranhan

AUTHORISED REPRESENTATIVES

Mr. Yang Jun
Ms. Siu Pui Wah

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 308 Yin Quan Road
Xicheng Street
Huangyan District
Taizhou, Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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188 Des Voeux Road Central
Hong Kong

H SHARE REGISTRAR

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

LEGAL ADVISERS

As to Hong Kong law

Jingtian & Gongcheng LLP
Suites 3203-3207
32/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law

Tian Yuan Law Firm
Suite 509, Tower A
Corporate Square, 35 Financial Street
Xicheng District, Beijing 100033
PRC

PRINCIPAL BANKERS

Agricultural Bank of China, Taizhou Branch
China Bank of Construction, Taizhou Huangyan Branch
Industrial and Commercial Bank of China,
Taizhou Huangyan Branch
Bank of China, Taizhou Luqiao District Branch
Taizhou Bank

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

STOCK CODE

1542

COMPANY WEBSITE

www.zjtzwater.com

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Binhai Water”	Taizhou Binhai Water Co., Ltd.* (台州市濱海水務有限公司), a limited liability company established in the PRC on 7 June 2016 and a subsidiary of our Company owned as to 51% by our Company and 49% by Taizhou City Water, our subsidiary, as at the date of this interim report
“Board” or “Board of Directors”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context otherwise requires, references in this interim report to “China” and the “PRC” do not apply to Taiwan, the Macau Special Administrative Region and Hong Kong
“Company”	Taizhou Water Group Co., Ltd.* (台州市水務集團股份有限公司), a joint stock company established in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1542)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	issued ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Group”, “we” or “our”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in HKD
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who is (are) not connected person(s) of the Company and its subsidiaries
“Joint Venture Agreement”	the agreement dated 19 April 2023 entered into between the Company and Zhejiang Yongan in relation to the formation of the Joint Venture Company
“Joint Venture Company”	Zhejiang Xianzhiquan Water Co., Ltd.* (浙江仙之泉水業有限公司), a limited liability company established on 24 May 2023 by the Company and Zhejiang Yongan under the laws of the PRC pursuant to the Joint Venture Agreement

* For identification purpose only

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 to the Listing Rules
“Potential Construction Works”	the potential construction works in respect of the construction and installation of water supply pipeline from Taizhou Water Treatment Plant to Jiaojiang District (Luqiao section)
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the 6-month period from 1 January 2024 to 30 June 2024
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	the Domestic Share(s) and/or the H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of the Board
“Supervisor(s)”	member(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“Taizhou City Water”	Taizhou City Water Co., Ltd.* (台州城市水務有限公司), a limited liability company established in the PRC on 30 September 2003 and a subsidiary of the Company owned as to 82% by the Company and 18% by Wenling Water Group Co., Ltd.* (溫嶺市水務集團有限公司), respectively, as at the date of this interim report
“Taizhou South Bay Water Supply”	Taizhou South Bay Water Supply Co., Ltd.* (台州市南部灣區水務有限公司), limited liability company established in the PRC on 13 March 2018 and a subsidiary of our Company owned as to 60% by our Company and 40% by Yuhuan Water Supply Group Co., Ltd.* (玉環市水務集團有限公司) as at the date of this interim report
“Zhejiang Yongan”	Zhejiang Yongan Water Group Co., Ltd.* (浙江永安水務集團有限公司), a limited liability company incorporated under the laws of the PRC on 1 June 1977

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FINANCIAL HIGHLIGHTS

The Board is pleased to announce the following financial summary:

RESULTS

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Revenue	300,346	280,258
Loss before tax	(32,755)	(48,151)
Income tax expense	(14,162)	(14,422)
Loss for the period	(46,917)	(62,573)
Attributable to:		
Owners of the parent	(36,276)	(50,354)
Non-controlling interests	(10,641)	(12,219)
	(46,917)	(62,573)
Loss per share attributable to ordinary equity holders of the parent Basic and diluted (RMB)	(0.18)	(0.25)

ASSETS AND LIABILITIES

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
	Total assets	5,802,479
Total liabilities	4,773,185	4,825,125
Total equity	1,029,294	1,077,867
Equity attributable to owners of the parent	834,341	872,273
Non-controlling interests	194,953	205,594
Net assets	1,029,294	1,077,867

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In recent years, multiple departments of the state have continuously issued a number of policies to promote the construction of a water-saving society, focusing on the main theme of “water conservation”. In March 2024, the State Council promulgated the Water Conservation Regulations which aims to address issues in water conservation, such as strengthening water use management, improving water-saving measures, reinforcing safeguards and supervision, and strictly enforcing legal responsibilities. Efforts are being made to build a comprehensive and systematic water-saving system. At the end of 2023, the Taizhou City government also issued the Taizhou Water Resources Conservation, Protection, and Utilization Master Plan* (《台州市水資源節約保護和利用總體規劃》). The plan aims to fundamentally resolve water resource security issues by 2035 and to achieve a domestic advanced level in the conservation and intensive use of water resources. The water supply industry will pay more attention to resource conservation and environmental protection, and improving water supply efficiency and water quality assurance capabilities will become key focuses in the future.

DEVELOPMENT STRATEGIES AND OUTLOOK

During the “14th Five-Year Plan” period, the Group will focus on the overall goal of building a modern and comprehensive water group, closely follow the policy direction of the water industry, thoroughly implement the spirit of General Secretary Xi Jinping’s important expositions on water management, water conservation and water use, optimize the industrial layout, and develop new productivity. The Group’s main future planning will be deployed around three major business segments: water services, environmental protection, and modern agriculture. It will continue to deepen the reform of state-owned enterprises, and promote the optimization of the state-owned economic layout and structural adjustment with high quality. It will further strengthen and optimize its main business, steadily promote the expansion and extension of the industrial chain, focus on building a high-standard water supply security system, enhance its core functions and improve its core competitiveness. The Group

will vigorously expand the scope of environmental protection business, accelerate the cultivation of rural revitalization industry, and strive to demonstrate the responsibility of water supply enterprises in promoting the practice of “three highs and three new” modernization in Taizhou.

BUSINESS REVIEW

As a leading water supply service provider in Taizhou, the Group’s principal business includes supply of raw water, municipal water and tap water, ranking the first in Taizhou in terms of raw water and municipal water supply. The Group also offers tap water directly to end-users and engages in the installation services of water pipelines for distributing tap water to end-users.

The Group owns, operates and manages the Taizhou Water Supply System (Phase I), the Taizhou Water Supply System (Phase II), the Taizhou Water Supply System (Phase III) and the Taizhou Water Supply System (Phase IV), with a designed raw water supply capacity of approximately 1,220,000 tonnes per day, and a designed municipal water supply capacity of 984,000 tonnes per day in southern Taizhou.

1. Raw Water Supply Project

The designed water supply capacity of Taizhou Water Supply System (Phase I) is 250,000 tonnes per day, and the raw water is supplied to local municipal water service providers and Wenling Zeguo Water Supply Co., Ltd. (a wholly-owned subsidiary of the Company). The raw water supply capacity of the Taizhou Water Supply System (Phase II) is 490,000 tonnes per day, of which 380,000 tonnes per day is supplied to Taizhou Water Treatment Plant of the Group. The Taizhou Water Supply System (Phase III) has a raw water supply capacity of 480,000 tonnes per day, including a raw water supply capacity of 150,000 tonnes per day for the Taizhou Water Supply System (Phase IV). During the Reporting Period, the raw water sales volume was 64.5 million tonnes, representing no volume change as compared with 64.5 million tonnes for the six months ended 30 June 2023.

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2. Municipal Water Supply Project

Taizhou Water Treatment Plant of the Taizhou Water Supply System (Phase II) has a designed municipal water supply capacity of 600,000 tonnes per day (after the Taizhou Water Treatment Plant phase II expansion project has been put into operation, the municipal water supply capacity of the Taizhou Water Supply System (Phase II) increased from 366,000 tonnes per day to 600,000 tonnes per day) and is responsible for providing the municipal water which is sold to local municipal water service providers. The water treatment plant in the East Zone of the Taizhou Water Supply System (Phase III) has a designed municipal water supply capacity of 284,000 tonnes per day and the South Bay water treatment plant of the Taizhou Water Supply System (Phase IV) has a designed municipal water supply capacity of 100,000 tonnes per day. During the Reporting Period, municipal water sales volume was 80.7 million tonnes, representing an increase of 4.7 million tonnes as compared with 76.0 million tonnes for the six months ended 30 June 2023.

3. Tap Water Supply Project

The Group is responsible for supplying tap water to local end-users of Zeguo Town, Wenling City (including commercial users, government authorities, industrial users and residential households in Zeguo Town). During the Reporting Period, tap water sales volume was 5.6 million tonnes, as compared to 5.3 million tonnes for the six months ended 30 June 2023.

4. Installation Services

In connection with tap water supply services, the Group undertakes water pipeline installation works to connect new end-users to the Group's pipeline network and charges an installation fee for such services. During the Reporting Period, revenue from installation services amounted to approximately RMB8.1 million, representing an increase of RMB4.0 million as compared to approximately RMB4.1 million for the six months ended 30 June 2023.

5. Expansion Projects

In order to expand the market and increase revenue, as well as to tap potential and improve efficiency, the Group successively established Joint Venture Company in May 2023 and Taizhou Bishui Water Technology Co., Ltd.* (台州市碧水土科工有限公司) ("**Bishui Water**") in September 2023, to expand into the packaged drinking water and pipeline potable water projects. This will promote the optimization of the Group's industrial layout and structural adjustment to achieve high-quality development. Currently, both projects are in the early stages of business expansion. Among them, Joint Venture Company has completed the production line acceptance and started production, with an expected annual output of 13,500 tons. The packaged drinking water produced by Joint Venture Company has successively appeared at major meetings and event sites such as the Asian Games torch relay in Taizhou, the municipal party congress, and the city's two sessions. It has also been custom-produced for some government agencies and enterprises and institutions, initially realizing the transformation process of the enterprise from product production to actual sales. Bishui Water has laid out pipeline potable water project in government agencies, enterprises and institutions, and residential areas. Currently, 2 projects have been put into use, 6 projects are under construction, and 16 pipeline potable water projects for community and commercial office building are planned for 2024.

6. Construction Project

During the Reporting Period, construction projects in progress of the Group were the Taizhou Water Supply System (Phase III), the Taizhou Water Supply System (Phase IV), the Taizhou South Water Resources Optimization Project, the packaged drinking water and the pipeline potable water projects. The construction of the Taizhou Water Supply System (Phase III) commenced in February 2018 and put into operation in October 2022, while the construction of the Taizhou Water Supply System (Phase IV) commenced in November 2018 and put into operation in August 2022. The construction of the Taizhou South Water Resources Optimization Project commenced in October 2023. The construction of the packaged drinking water of Joint Venture Company commenced in April 2023 and was formally accepted and put into operation in April 2024. The construction of the first pipeline potable water project of Bishui Water commenced in September 2023.

During the Reporting Period, the Group has been continuously promoting the acceptance, rectification and settlement for various sections of the Taizhou Water Supply System (Phase III) and the Taizhou Water Supply System (Phase IV). On the basis of completing the planning and site selection for the Zhan Tang booster pump station of the Taizhou Water Supply System (Phase IV), the Group has initiated land expropriation work. The Taizhou Water Treatment Plant phase II expansion project has been put into operation. After completing the production line acceptance and starting production, Joint Venture Company has begun to establish a comprehensive quality control system from the water source to wastewater treatment. Bishui Water has laid out pipeline potable water project in government agencies, enterprises and institutions, and residential areas. Currently, 2 projects have been put into use, 6 projects are under construction, and 16 pipeline potable water projects for community and commercial office building are planned for 2024.

FINANCIAL REVIEW

1. Analysis of Key Items of Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Continuing Operations

1.1 Revenue

Revenue of the Group increased by RMB20.0 million or 7.1%, from approximately RMB280.3 million for the six months ended 30 June 2023 to approximately RMB300.3 million for the Reporting Period.

- (1) Raw water supply
Revenue of the Group generated from sales of raw water increased by RMB2.8 million or 4.0%, from approximately RMB69.8 million for the six months ended 30 June 2023 to approximately RMB72.6 million for the Reporting Period.
- (2) Municipal water supply
Revenue of the Group generated from sales of municipal water increased by RMB11.7 million or 6.4%, from approximately RMB183.0 million for the six months ended 30 June 2023 to approximately RMB194.7 million for the Reporting Period. The increase was mainly attributable to the increased volume of water sold to Wenling Water Supply Co, Ltd. (“**Wenling WaterSupply**”) and Taizhou Luqiao Water Supply Co., Ltd. during the first half of 2024.

- (3) Tap water supply
Revenue of the Group generated from sales of tap water increased by RMB1.2 million or 5.1%, from approximately RMB23.4 million for the six months ended 30 June 2023 to approximately RMB24.6 million for the Reporting Period.
- (4) Installation services
Revenue of the Group generated from installation services increased by RMB4.0 million or 97.6%, from approximately RMB4.1 million for the six months ended 30 June 2023 to approximately RMB8.1 million for the Reporting Period. The increase was mainly due to the increased “one household, one water meter installation project”.

1.2 Cost of sales

The Group’s cost of sales increased by RMB13.4 million or 6.1%, from approximately RMB219.3 million for the six months ended 30 June 2023 to approximately RMB232.7 million for the Reporting Period. The increase was mainly due to the cancellation of water resource fee incentives and an increase in the volume of water sold.

1.3 Gross profit and gross profit margin

As a result of the above, the Group's gross profit increased by RMB6.6 million or 10.8%, from approximately RMB61.0 million for the six months ended 30 June 2023 to approximately RMB67.6 million for the Reporting Period. Gross profit margin increased from 21.8% for the six months ended 30 June 2023 to 22.5% for the Reporting Period.

1.4 Other income and gains

Other income and gains increased by RMB7.1 million or 87.7%, from approximately RMB8.1 million for the six months ended 30 June 2023 to approximately RMB15.2 million for the Reporting Period. The increase was mainly due to the receipt of financial subsidies from Yuhuan government by Taizhou South Bay Water Supply during the Reporting Period.

1.5 Administrative expenses

Administrative expenses increased by RMB2.3 million or 5.9%, from approximately RMB39.0 million for the six months ended 30 June 2023 to approximately RMB41.3 million for the Reporting Period because of the increased depreciation of fixed assets and the increased labor costs.

1.6 Finance costs

Finance costs increased by RMB7.5 million or 12.3%, from approximately RMB61.2 million for the six months ended 30 June 2023 to approximately RMB68.7 million for the Reporting Period. The increase was mainly due to new borrowings by the Company.

1.7 Income tax expense

Income tax expense decreased by RMB0.2 million or 1.4%, from approximately RMB14.4 million for the six months ended 30 June 2023 to approximately RMB14.2 million for the Reporting Period. Such decrease was primarily due to the decrease in profit before tax of the parent company.

1.8 Loss after tax and loss margin after tax

During the Reporting Period, the Company recorded a loss after tax of approximately RMB46.9 million as compared with a loss after tax of approximately RMB62.6 million for the six months ended 30 June 2023. Further, the Company's loss margin after tax for the six months ended 30 June 2024 was 15.6% as compared with a loss margin after tax of 22.3% for the six months ended 30 June 2023. The decrease in the loss of results was mainly due to the increase in the volume of water sold to Wenling Water Supply in the first half of 2024 and increased installation revenue from Zeguo Water Supply.

2. Analysis of Key Items of Consolidated Statement of Financial Position**2.1 Property, plant and equipment**

As at 31 December 2023 and 30 June 2024, property, plant and equipment were approximately RMB4,331.9 million and RMB4,298.0 million, respectively, and mainly comprised construction in progress, water supply pipelines, buildings, machinery and equipment for water supply business. The decrease was primarily attributable to the depreciation of fixed assets.

2.2 Right-of-use assets

As at 31 December 2023 and 30 June 2024, right-of-use assets were approximately RMB365.8 million and RMB367.8 million, respectively. The increase was primarily attributable to the addition of land use rights for Binhai Water.

2.3 Inventories

As at 31 December 2023 and 30 June 2024, inventories were approximately RMB4.9 million and RMB5.2 million, respectively. Inventories mainly comprised chemicals used in the water treatment process.

2.4 Trade receivables

As at 31 December 2023 and 30 June 2024, trade receivables were approximately RMB146.8 million and RMB177.4 million, respectively. Trade receivables were related to receivables from customers of the water supply business. The increase in trade receivables was due to the increase in revenue of raw water supply and municipal water supply and the longer carrying period of trade receivables.

2.5 Prepayments, other receivables and other assets

As at 31 December 2023 and 30 June 2024, prepayments, other receivables and other assets were approximately RMB32.3 million and RMB31.7 million, respectively.

2.6 Trade payables

As at 31 December 2023 and 30 June 2024, trade payables were approximately RMB75.3 million and RMB83.3 million, respectively. Trade payables mainly comprised outstanding payments for raw water procurement and water resources fee.

2.7 Other payables and accruals

As at 31 December 2023 and 30 June 2024, other payables and accruals were approximately RMB1,032.5 million and RMB893.3 million, respectively. The decrease was mainly due to the decrease in other construction payables.

2.8 Deferred government grants

As at 31 December 2023 and 30 June 2024, deferred government grants were approximately RMB141.5 million and RMB136.6 million, respectively. Such decrease was mainly due to amortization.

2.9 Liquidity and financial resources

The Group manages its capital to ensure that its entities will be able to operate on a going concern basis and maximises the return to the Shareholders through optimisation of the debt and equity balance. During the Reporting Period, the overall strategy of the Group remained unchanged. The capital structure of the Group consisted of net debt (including borrowings net of cash and cash equivalents) and total equity (including paid-in capital/share capital, capital reserve, statutory surplus reserve, retained profits and non-controlling interests). The Group was not subject to any externally imposed capital requirements. As at 30 June 2024, cash and bank balance of the Group was approximately RMB349.2 million (as at 31 December 2023: approximately RMB447.8 million). As at 30 June 2024, total borrowings and corporate debt instruments of the Group were approximately RMB3,642.6 million (as at 31 December 2023: approximately RMB3,558.2 million) and included bank and other loans, with 83.2% of bank and other loans at floating rates. As at 30 June 2024, gearing ratio of the Group (total debts divided by total equity as at the end of the period) was 353.9% (as at 31 December 2023: 330.1%). The increase in gearing ratio was mainly due to the increase in bank and other borrowings of approximately RMB84.4 million for the construction of Taizhou Water Supply System (Phase III) and Taizhou Water Supply System (Phase IV).

SIGNIFICANT INVESTMENTS

For the six months ended 30 June 2024, the Group did not hold any significant investment in equity interest in any other company (for the six months ended 30 June 2023: nil).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any other material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

PLEDGE OF THE GROUP'S ASSETS

As at the end of the Reporting Period, the bank borrowings of the Group amounted to approximately RMB3,490.3 million (as at 31 December 2023: approximately RMB3,406.8 million), which were secured by the Group's trade receivables, the right of charge on the future revenue generated by Taizhou Water Supply System (Phase I, Phase II, Phase III and Phase IV). Save as disclosed above, as at the end of the Reporting Period, the Group did not pledge any other assets.

FOREIGN EXCHANGE RISK

During the Reporting Period, the Group carried out business in the PRC and received revenue and paid its costs/expenses in RMB. The Group denominated and declared dividends in RMB. Dividend on Domestic Share will be paid in RMB and dividend on H Share will be paid in Hong Kong dollar. The Group recognised net foreign exchange loss of approximately RMB3,070 during the Reporting Period. The Group does not currently hedge its exposure to foreign currencies.

CONTINGENT LIABILITIES

As at the end of the Reporting Period, the Group did not have any material contingent liability (as at 31 December 2023: nil).

SUBSEQUENT EVENTS AFTER REPORTING PERIOD

As at the date of this interim report, the Group has no other significant events occurred after the Reporting Period that require additional disclosures or adjustments.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had 251 employees (as at 30 June 2023: 246). During the Reporting Period, the employee benefit expenses amounted to approximately RMB45.9 million (for the six months ended 30 June 2023: RMB41.6 million). The employees of the Group are generally remunerated by way of fixed salary, and are also entitled to a performance based bonus, paid leave and various subsidies. During the Reporting Period, the Group did not experience any significant labour disputes causing any material impact on its normal business operations.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code since the Listing Date and complied with the applicable code provisions throughout the six months ended 30 June 2024 up to the date of this interim report.

The Company is committed to enhancing its corporate governance practices appropriate to the conduct and the growth of its business and to reviewing such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

MODEL CODE

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors and Supervisors. Specific enquiries have been made to all the Directors and Supervisors and the Directors and Supervisors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2024 up to the date of this interim report.

CHANGE IN DIRECTORS', SUPERVISORS' AND THE SENIOR MANAGEMENT'S INFORMATION

The changes in information of the Directors, Supervisors and senior management of the Company since the date of the Company's last published annual report pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Guo Dingwen retired as a non-executive Director of the fifth session of the Board with effect from 28 June 2024.

Mr. Ye Xiaofeng retired as a non-executive Director of the fifth session of the Board and a member of the Strategy Committee with effect from 28 June 2024.

Ms. Mo Danjun was appointed as a non-executive Director of the sixth session of the Board, and serves as a member of the Strategy Committee with effect from 28 June 2024.

Ms. Ying Nan was appointed as a non-executive Director with effect from 28 June 2024.

Mr. Xu Jianhua was appointed as the employee representative Supervisor with effect from 28 June 2024. He resigned as the supervisor of Taizhou City Water on 9 August 2024 and was appointed as a director of Taizhou City Water with effect from 9 August 2024. He resigned as the supervisor of Binhai Water on 16 August 2024 and was appointed as a director of Binhai Water with effect from 16 August 2024.

Mr. Shi Yongjie was appointed as the employee representative Supervisor with effect from 28 June 2024.

Mr. Chen Guojun retired as the employee representative Supervisor with effect from 28 June 2024.

Mr. Xu Junwei retired as the employee representative Supervisor with effect from 28 June 2024.

Mr. Yang Jun has resigned as a director of Binhai Water on 16 August 2024 and as a director of Taizhou South Bay Water Supply on 29 August 2024.

Mr. Pan Gang has resigned as a director of Binhai Water on 16 August 2024 and as the chairman and director of Huangyan Water Supply on 28 August 2024.

Mr. Pan Huadong has resigned as a director of Binhai Water on 16 August 2024.

Mr. Bao Liwan has resigned as the chairman and director of Taizhou City Water on 9 August 2024, as a director of Binhai Water on 16 August 2024 and as the chairman and director of Luqiao Water Supply on 19 August 2024.

Ms. Zheng Ranhan has resigned as a director of Binhai Water on 16 August 2024 and as a director of Taizhou South Bay Water Supply on 29 August 2024.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares

Name of Director	Nature of interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares issued (%)	Approximate percentage of shareholding in the total Shares issued (%)
Mr. Yang Yide	Interest of controlled corporation ⁽²⁾	Domestic Shares	10,058,338 (L)	6.71%	5.03%
Ms. Ying Nan	Interest of controlled corporation ⁽³⁾	Domestic Shares	10,058,338 (L)	6.71%	5.03%

Notes:

- (1) As at 30 June 2024, the Company had issued 200,000,000 Shares in total, including 150,000,000 Domestic Shares and 50,000,000 H Shares. The letter "L" denotes the person's long position in the Shares.
- (2) Qufeng Holdings Limited, which is owned as to 80% by Mr. Yang Yide, directly held 10,058,338 Domestic Shares. By virtue of the SFO, Mr. Yang Yide was deemed to have an interest in the Shares held by Qufeng Holdings Limited.
- (3) Shanghai Lipin Sanmin Culture Communication Co., Ltd. which is held as to 99.7% by Ms. Ying Nan, directly held 10,058,338 Domestic Shares. By virtue of the SFO, Ms. Ying Nan was deemed to have an interest in Shares held by Shanghai Lipin Sanmin Culture Communication Co., Ltd..

Save as disclosed above, as at 30 June 2024, none of the Directors, Supervisors or chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the following persons (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares issued (%)	Approximate percentage of shareholding in the total Shares issued (%)
Taizhou State-owned Capital Operation Group Co., Ltd.* ⁽²⁾	Interest in controlled corporation	Domestic Shares	43,250,855	28.83%	21.63%
Taizhou Urban Construction and Investment Development Group Co., Ltd.* ⁽²⁾	Beneficial owner	Domestic Shares	43,250,855	28.83%	21.63%
The Finance Bureau of Huangyan District of Taizhou* ⁽³⁾	Interest in controlled corporation	Domestic Shares	26,679,541	17.79%	13.34%
Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd.* ⁽³⁾	Interest in controlled corporation	Domestic Shares	26,679,541	17.79%	13.34%
Taizhou Huangyan Technology Innovation Investment Co., Ltd.* ⁽³⁾	Interest in controlled corporation	Domestic Shares	26,679,541	17.79%	13.34%
Zhejiang Yongning Financial Consulting Co., Ltd.* ⁽³⁾	Beneficial owner	Domestic Shares	26,679,541	17.79%	13.34%
Taizhou Finance Bureau of Jiaojiang District* ⁽⁴⁾	Interest in controlled corporation	Domestic Shares	22,222,893	14.82%	11.11%
Taizhou Jiaojiang Infrastructure Investment Company ⁽⁴⁾	Beneficial owner	Domestic Shares	22,222,893	14.82%	11.11%
Zhejiang International Business Group Co., Ltd. ⁽⁵⁾	Interest in controlled corporation	Domestic Shares	20,116,677	13.41%	10.06%
Zhejiang Zheshang Asset Management Co., Ltd.* ⁽⁵⁾	Interest in controlled corporation	Domestic Shares	20,116,677	13.41%	10.06%
Taizhou State-owned Assets Investment Group Co., Ltd. ⁽⁵⁾	Interest in controlled corporation	Domestic Shares	20,116,677	13.41%	10.06%
Zhejiang Taxin Asset Management Co., Ltd.* ⁽⁵⁾	Beneficial owner	Domestic Shares	20,116,677	13.41%	10.06%
Taizhou Luqiao Public Assets Investment Management Group Co., Ltd.*	Beneficial owner	Domestic Shares	17,613,358	11.74%	8.81%
Qufeng Holdings Limited* ⁽⁶⁾	Beneficial owner	Domestic Shares	10,058,338	6.71%	5.03%

* For identification purpose only

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares issued (%)	Approximate percentage of shareholding in the total Shares issued (%)
Mr. Yang Yide ⁽⁶⁾	Interest in controlled corporation	Domestic Shares	10,058,338	6.71%	5.03%
Ms. Ying Nan ⁽⁷⁾	Interest in controlled corporation	Domestic Shares	10,058,338	6.71%	5.03%
Shanghai Yushen Enterprise Management Consulting Co., Ltd.* ⁽⁷⁾	Interest in controlled corporation	Domestic Shares	10,058,338	6.71%	5.03%
Shanghai Lipin Sanmin Culture Communication Co., Ltd.* ⁽⁷⁾	Beneficial owner	Domestic Shares	10,058,338	6.71%	5.03%
Mr. Lin Maoyuan ⁽⁷⁾	Interest in controlled corporation	Domestic Shares	10,058,338	6.71%	5.03%
Shanghai Industrial Investment (Holdings) Company Limited ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
Shanghai Industrial Investment Treasury Company Limited ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
Shanghai Investment Holdings Limited ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
Shanghai Industrial Holdings Limited ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
S.I. Infrastructure Holdings Limited ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
S.I. Triumph Power Limited ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
SIIC Environment Holdings Ltd. ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
SIIC Environment Tech (Hong Kong) Limited ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
Shanghai Yangtze River Delta Water Environment Investment Fund Limited ⁽⁸⁾	Beneficial owner	H Shares	12,500,000	25.00%	6.25%
Mr. Chung Chi Man ⁽⁹⁾	Interest in controlled corporation	H Shares	11,999,000	23.99%	6.00%
Billion Shine International Investment Limited ⁽⁹⁾	Interest in controlled corporation	H Shares	11,999,000	23.99%	6.00%
Innovax Holdings Limited ⁽⁹⁾	Interest in controlled corporation	H Shares	11,999,000	23.99%	6.00%
Ms. Lee Yin Har ⁽¹⁰⁾	Interest of spouse	H Shares	11,999,000	23.99%	6.00%
Orient Fund Management Co., Ltd.*	Trustee	H Shares	4,860,000	9.72%	2.43%
PING AN TRUST CO., LTD.	Trustee	H Shares	3,616,000	7.23%	1.81%

* For identification purpose only

Other Information

Notes:

- (1) As at 30 June 2024, the Company had issued 200,000,000 Shares in total, including 150,000,000 Domestic Shares and 50,000,000 H Shares.
- (2) Taizhou Urban Construction and Investment Development Group Co., Ltd. is ultimately wholly-owned by Taizhou State-owned Capital Operation Group Co., Ltd.. By virtue of the SFO, Taizhou State-owned Capital Operation Group Co., Ltd. is deemed to have an interest in the Domestic Shares held by Taizhou Urban Construction and Investment Development Group Co., Ltd..
- (3) Zhejiang Yongning Financial Consulting Co., Ltd. is a state-owned enterprise indirectly wholly-owned by the Finance Bureau of Huangyan District of Taizhou through its wholly-owned subsidiary, Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd., and through the wholly-owned subsidiary of Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd., Taizhou Huangyan Technology Innovation Investment Co., Ltd.. By virtue of the SFO, each of the Finance Bureau of Huangyan District of Taizhou, Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd. and Taizhou Huangyan Technology Innovation Investment Co., Ltd. is deemed to have an interest in the Domestic Shares held by Zhejiang Yongning Financial Consulting Co., Ltd..
- (4) Taizhou Jiaojiang Infrastructure Investment Company is a state-owned enterprise wholly-owned by the Taizhou Finance Bureau of Jiaojiang District. By virtue of the SFO, the Taizhou Finance Bureau of Jiaojiang District is deemed to have an interest in the Domestic Shares held by Taizhou Jiaojiang Infrastructure Investment Company.
- (5) Zhejiang Taixin Asset Management Co., Ltd. is held as to (i) 40% by Taizhou State-owned Assets Investment Group Co., Ltd., a company wholly owned by Taizhou State Owned Capital Operation Group Co., Ltd.; and (ii) 60% by Zhejiang Zheshang Asset Management Co., Ltd., which is in turn owned as to approximately 58.64% by Zhejiang International Business Group Co., Ltd. By virtue of the SFO, each of Taizhou State-owned Assets Investment Group Co., Ltd., Zhejiang Zheshang Asset Management Co., Ltd., Taizhou State Owned Capital Operation Group Co., Ltd., and Zhejiang International Business Group Co., Ltd., is deemed to have an interest in the Domestic Shares held by Zhejiang Taixin Asset Management Co., Ltd..
- (6) Qufeng Holdings Limited is owned as to 80% by Mr. Yang Yide. By virtue of the SFO, Mr. Yang Yide was deemed to have an interest in the Shares held by Qufeng Holdings Limited.
- (7) Shanghai Lipin Sanmin Culture Communication Co., Ltd. is held as to 99.7% by Ms. Ying Nan and 0.3% by Shanghai Yushen Enterprise Management Consulting Co., Ltd., the latter is in turn wholly owned by Mr. Lin Maoyuan. By virtue of the SFO, Ms. Ying Nan is deemed to be interested in a total of 10,058,338 domestic shares of the Company held by Shanghai Lipin Sanmin Culture Communication Co., Ltd..
- (8) Shanghai Yangtze River Delta Water Environment Investment Fund Limited is held as to 40% by SIIC Environment Tech (Hong Kong) Limited, which is in turn wholly-owned by SIIC Environment Holdings Ltd.. SIIC Environment Holdings Ltd. is held as to 6.36% by S.I. Infrastructure Holdings Limited and as to 37.92% by S.I. Triumph Power Limited, which is in turn wholly-owned by S.I. Infrastructure Holdings Limited. S.I. Infrastructure Holdings Limited is wholly-owned by Shanghai Industrial Holdings Limited, which is in turn held as to 55.13% by Shanghai Investment Holdings Limited. Shanghai Investment Holdings Limited is wholly-owned by Shanghai Industrial Investment Treasury Company Limited, which is in turn wholly-owned by Shanghai Industrial Investment (Holdings) Company Limited. By virtue of the SFO, SIIC Environment Tech (Hong Kong) Limited, SIIC Environment Holdings Ltd., S.I. Triumph Power Limited, S.I. Infrastructure Holdings Limited, Shanghai Industrial Holdings Limited, Shanghai Investment Holdings Limited, Shanghai Industrial Investment Treasury Company Limited and Shanghai Industrial Investment (Holdings) Company Limited are deemed to have an interest in the H Shares held by Shanghai Yangtze River Delta Water Environment Investment Fund Limited.
- (9) Innovax Holdings Limited is owned as to 75% by Billion Shine International Investment Limited, which is wholly-owned by Mr. Chung Chi Man.
- (10) Ms. Lee Yin Har is the spouse of Mr. Chung Chi Man. By virtue of the SFO, Ms. Lee Yin Har is deemed to be interested in all the H Shares held by Mr. Chung Chi Man.

Save as disclosed above, as at 30 June 2024, the Company had not been notified by any other persons (other than the Directors, Supervisors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the Reporting Period, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors or Supervisors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or Supervisors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OR SALE OF TREASURY SHARES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities or sold any treasury Shares (as defined under the Listing Rules). As at 30 June 2024, the Company did not hold any treasury Shares (as defined under the Listing Rules).

AUDIT COMMITTEE

The Audit Committee has reviewed, with the management, the accounting principles and policies adopted by the Group, and reviewed and discussed the unaudited interim condensed consolidated financial statements, interim results announcement of the Group for the six months ended 30 June 2024 and this interim report, and recommended their respective adoption by the Board.

On behalf of the Board

Mr. Yang Jun

Chairman of the Board

PRC, 30 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	5	300,346	280,258
Cost of sales		(232,713)	(219,300)
Gross profit		67,633	60,958
Other income and gains	5	15,248	8,120
Administrative expenses		(41,343)	(38,950)
Other expenses		(227)	(188)
Finance costs	7	(68,728)	(61,198)
Share of profits and losses of associates		(5,338)	(16,893)
LOSS BEFORE TAX	6	(32,755)	(48,151)
Income tax expense	8	(14,162)	(14,422)
LOSS FOR THE PERIOD		(46,917)	(62,573)
Attributable to:			
Owners of the parent		(36,276)	(50,354)
Non-controlling interests		(10,641)	(12,219)
		(46,917)	(62,573)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted (RMB)		(0.18)	(0.25)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive loss of associates		(1,656)	(794)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(1,656)	(794)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(48,573)	(63,367)
Attributable to:			
Owners of the parent		(37,932)	(51,148)
Non-controlling interests		(10,641)	(12,219)
		(48,573)	(63,367)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	4,298,032	4,331,872
Prepayments for property, plant and equipment		12,064	9,652
Prepayments for land use rights		–	165
Other intangible assets		340	233
Investments in associates		522,685	529,679
Deferred tax assets		29,435	25,213
Right-of-use assets		367,786	365,760
Total non-current assets		5,230,342	5,262,574
CURRENT ASSETS			
Inventories		5,235	4,855
Trade and notes receivables	12	177,370	146,801
Prepayments, other receivables and other assets		31,738	32,337
Pledged bank deposits	13	8,636	8,595
Cash and cash equivalents	13	349,158	447,830
Total current assets		572,137	640,418
CURRENT LIABILITIES			
Trade payables	14	83,255	75,310
Other payables and accruals		893,308	1,032,517
Interest-bearing bank and other borrowings	16	75,236	75,536
Deferred government grants		9,745	9,733
Corporate debt instruments		152,256	150,891
Lease liabilities		684	684
Tax payable		14,759	14,847
Total current liabilities		1,229,243	1,359,518
NET CURRENT LIABILITIES		(657,106)	(719,100)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,573,236	4,543,474

Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		4,573,236	4,543,474
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	16	3,415,066	3,331,784
Deferred government grants		126,876	131,823
Other liabilities		2,000	2,000
Total non-current liabilities		3,543,942	3,465,607
Net assets		1,029,294	1,077,867
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	200,000	200,000
Reserves		634,341	672,273
		834,341	872,273
Non-controlling interests		194,953	205,594
Total equity		1,029,294	1,077,867

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent						
	Share capital	Capital reserve*	Statutory		Retained profits*	Non-controlling interests	Total equity
			surplus reserve*	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023 (audited)	200,000	146,638	68,604	457,031	872,273	205,594	1,077,867
Loss for the period	-	-	-	(36,276)	(36,276)	(10,641)	(46,917)
Other comprehensive loss for the period:							
Share of other comprehensive loss of associates	-	(1,656)	-	-	(1,656)	-	(1,656)
Total comprehensive loss for the period	-	(1,656)	-	(36,276)	(37,932)	(10,641)	(48,573)
Transfer to statutory surplus reserve	-	-	336	(336)	-	-	-
At 30 June 2024 (unaudited)	200,000	144,982	68,940	420,419	834,341	194,953	1,029,294

* These reserve accounts comprise the consolidated reserves of RMB634,341,000 in the consolidated statement of financial position as at 30 June 2024.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve*	Statutory surplus reserve*	Retained profits*	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
At 31 December 2023 (audited)	200,000	119,269	66,979	557,656	943,904	222,667	1,166,571	
Loss for the period	–	–	–	(50,354)	(50,354)	(12,219)	(62,573)	
Other comprehensive loss for the period:								
Share of other comprehensive loss of associates	–	(794)	–	–	(794)	–	(794)	
Total comprehensive loss for the period	–	(794)	–	(50,354)	(51,148)	(12,219)	(65,737)	
Final 2023 dividend declared	–	–	–	(15,000)	(15,000)	–	(15,000)	
At 30 June 2024 (unaudited)	200,000	118,475	66,979	492,302	877,756	210,448	1,088,204	

* These reserve accounts comprise the consolidated reserves of RMB677,756,000 in the consolidated statement of financial position as at 30 June 2024.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(32,755)	(48,151)
Adjustments for:			
Gain on disposal of items of property, plant and equipment		(50)	(385)
Finance costs	7	68,728	61,198
Bank interest income		(3,653)	(2,077)
Loss on early termination of leases		5	–
Depreciation of property, plant and equipment	6	97,298	94,841
Share of losses of associates		5,338	16,893
Depreciation of right-of-use assets		5,374	7,371
Amortisation of government grants		(4,935)	(4,684)
Amortisation of other intangible assets		92	67
Impairment of trade receivables, net		686	(237)
Impairment of financial assets included in prepayments, other receivables and other assets		(694)	(1)
Foreign exchange differences, net	6	3	(20)
		135,437	124,815
Increase in inventories		(380)	(155)
Increase in trade receivables		(31,255)	(35,277)
Decrease/(increase) in prepayments, other receivables and other assets		14	(4,324)
Increase/(decrease) in trade payables		7,945	(1,093)
Decrease in other payables and accruals		(15,645)	(8,852)
Decrease in other non-current liabilities		–	(780)
Cash generated from operations		96,116	74,334
Bank interest received		3,653	2,077
Income tax paid		(17,193)	(20,149)
Net cash flows from operating activities		82,576	56,262

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(184,555)	(125,452)
Prepayments for right-of-use assets		(7,405)	(3,626)
Proceeds from disposal of items of property, plant and equipment		113	419
Increase in pledged bank deposits		(41)	(128)
Purchase of intangible assets		(199)	–
Net cash flows used in investing activities		(192,087)	(128,787)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank and other borrowings		95,500	225,000
Repayment of bank and other borrowings		(12,518)	(92,032)
Proceeds from issue of corporate debt instruments		149,985	–
Repayment of corporate debt instruments		(150,000)	–
Interest paid		(72,125)	(70,199)
Net cash flows from financing activities		10,842	62,769
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		447,830	269,759
Effect of foreign exchange rate changes, net		(3)	20
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position and interim condensed consolidated statement of cash flows	13	349,158	260,023

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

1. Corporate and group information

The Company is a joint stock company with limited liability established in the People's Republic of China ("PRC"). The registered office of the Company is located at No.308, Yin Quan Road, Xicheng Street, Huang Yan District, Taizhou, Zhejiang Province, PRC.

The Company and its subsidiaries (together, the "Group") are principally engaged in supplying raw water, municipal water, pipeline direct drinking water, packaged drinking water and tap water directly to end-users and the installation of the water pipelines for distributing tap water to end-users.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Taizhou City Water Co., Ltd. ("Taizhou City Water") (台州市水務有限公司)*	PRC/Chinese Mainland 30 September 2003	RMB220,000,000	82	–	Centralised water production and supply
Wenling Zeguo Water Supply Co., Ltd. ("Wenling Zeguo Water Supply") (溫嶺市澤國自來水有限公司)*	PRC/Chinese Mainland 9 November 2006	RMB30,000,000	100	–	Centralised water supply and pipeline installation service
Taizhou Environmental Development Co., Ltd. ("Taizhou Environmental Development") (台州市環境發展有限公司)*	PRC/Chinese Mainland 5 September 2018	RMB10,000,000	100	–	Dormant
Taizhou South Bay Water Supply Co., Ltd. ("Taizhou South Bay Water Supply") (台州市南部灣區水務有限公司)*	PRC/Chinese Mainland 13 March 2018	RMB340,000,000	60	–	Centralised water production and supply
Taizhou Binhai Water Co., Ltd. ("Binhai Water") (台州市濱海水務有限公司)*	PRC/Chinese Mainland 7 June 2016	RMB215,000,000	51	49	Centralised water production and supply
Zhejiang Xianzhiquan Water Co., Ltd. ("Xianzhiquan Water") (浙江仙之泉水業有限公司)*	PRC/Chinese Mainland 24 May 2023	RMB50,000,000	51	–	Bottled drinking spring water production
Taizhou Bishui Water Technology Co., Ltd. ("Bishui Water") (台州碧水科工有限公司)*	PRC/Chinese Mainland 13 September 2023	RMB8,000,000	100	–	Pipeline direct drinking water production and supply

* These entities are limited liability enterprises established under PRC law.

2. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

Going concern assumption

As at 30 June 2024, the Group recorded net current liabilities of approximately RMB657,106,000; in which the Group recorded the other payables and accruals of RMB893,308,000.

In view of the net current liabilities position, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. As at 30 June 2024, the Group has available bank facilities with a total amount of RMB3,872,500,000 which can be utilised in the next twelve months. Taking into account these additional financial resources available to the Group and the internally generated funds from operations, the directors believe that the Group has sufficient cash flows in the foreseeable future to enable it to continue its operations and meet its liabilities as and when they fall due. Therefore, the consolidated financial statements have been prepared on a going concern basis.

3. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

3. Changes in accounting policies and disclosures (Continued)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) 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 Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

4. Operating segment information

For management purposes, the Group only has one reportable operating segment which is water supply and installation of water pipelines. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

Geographic information

(a) Revenue from external customers

The Group operated within one geographical area as all of the Group's revenue was generated from customers located in Chinese Mainland.

(b) Non-current assets

All non-current assets of the Group are located in Chinese Mainland.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the six months ended 30 June 2024 and 2023 are set out below:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Customer 1	73,247	73,077
Customer 2	80,956	69,327
Customer 3	51,657	47,495
Customer 4	39,468	40,354

5. Revenue, other income and gains

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers	300,346	280,258

Revenue from contracts with customers

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Type of goods or services		
Sale of water	292,227	276,207
Installation services	8,119	4,051
Total	300,346	280,258
Timing of revenue recognition		
Goods transferred at a point in time	292,227	276,207
Services transferred over time	8,119	4,051
Total	300,346	280,258

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other income		
Value added tax refund	6,006	5,179
Bank interest income	3,653	2,077
Government grants	5,104	108
Others	435	351
Subtotal	15,198	7,715
Gains		
Foreign exchange gains, net	–	20
Gain on disposal of items of property, plant and equipment	50	385
Total	15,248	8,120

6. Loss before tax

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of inventories sold	227,656	215,827
Cost of services provided	5,057	3,473
Depreciation of property, plant and equipment	97,298	94,841
Depreciation of right-of-use assets	5,374	7,371
Amortisation of other intangible assets	92	67
Impairment of trade receivables, net	686	(237)
Impairment of financial assets included in prepayments, other receivables and other assets, net	(694)	(1)
Government grants	(5,104)	(108)
Foreign exchange differences, net	3	(20)
Gain on disposal of items of property, plant and equipment	50	(385)

7. Finance costs

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on bank borrowings	64,058	59,945
Interest on other borrowings	6,497	6,105
Interest on corporate debt instrument	2,534	–
Less: interest capitalised	(4,361)	(4,852)
Total	68,728	61,198

8. Income tax

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

During the period, except for Taizhou Environmental Development, the provision for current income tax in Mainland China was based on the statutory rate of 25% (2023: 25%) of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008.

8. Income tax (Continued)

Taizhou Environmental Development, Xianzhiquan Water and Bishui Water are qualified as small and micro enterprises and were entitled to a preferential income tax rate of 5% (2023: 5%).

The income tax expense of the Group is analysed as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current tax – Chinese Mainland		
Charge for the period	18,384	18,107
Deferred tax	(4,222)	(3,685)
Total	14,162	14,422

9. Dividends

The board of directors does not recommend the payment of a final dividend for the year ended 31 December 2023 and does not recommend any interim dividend for the six months ended 30 June 2024.

10. Loss per share attributable to ordinary equity holders of the parent

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent used in the basic loss per share calculation	(36,276)	(50,354)

	Number of shares For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	200,000,000	200,000,000

11. Property, plant and equipment

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Carrying amount at beginning of period/year	4,331,872	4,372,312
Additions	63,521	154,727
Capitalisation of depreciation of right-of-use assets	–	239
Disposals	(63)	(784)
Depreciation provided during period/year	(97,298)	(194,622)
Carrying amount at end of period/year	4,298,032	4,331,872

12. Trade and notes receivables

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	17,816	20,741
Due from related parties (note 18(c))	214,035	179,855
Subtotal	231,851	200,596
Impairment	(54,481)	(53,795)
Total	177,370	146,801

The Group's trading terms with its customers are mainly on credit. The credit period is generally two months. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

As at 30 June 2024, certain of the Group's trade receivables with a carrying amount of RMB164,052,000 (31 December 2023: RMB130,376,000) were pledged to secure the Group's bank loans (note 16).

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	139,783	111,854
3 to 6 months	24,411	31,955
6 to 12 months	10,406	1,428
1 to 2 years	2,770	1,429
2 to 3 years	–	135
Total	177,370	146,801

13. Cash and cash equivalents and pledged bank deposits

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cash and bank balances	349,158	447,830
Pledged bank deposits	8,636	8,595
	357,794	456,425
Less: Pledged deposits for land reclamation fee	(8,636)	(8,595)
Cash and cash equivalents	349,158	447,830
Denominated in:		
RMB	348,487	447,166
Hong Kong dollars ("HK\$")	671	664
Cash and cash equivalents	349,158	447,830

The RMB is not freely convertible into other currencies. However, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Pledged bank deposits mainly represent deposits pledged to banks to secure land reclamation fee. The pledged bank deposits carry interest at floated rates which range from 0.150% to 1.250% (2023: 0.350% to 1.550%) per annum. The bank balances and pledged bank deposits are deposited with creditworthy banks with no recent history of default.

14. Trade payables

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables	83,255	75,310

An ageing analysis of the trade payables as at the end of the period, based on the invoice date, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	30,133	48,465
3 to 6 months	15,915	18,479
6 to 12 months	28,862	4,934
Over 12 months	8,345	3,432
Total	83,255	75,310

15. Share capital

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Issued and fully paid:		
Domestic shares of 150,000,000 (2023: 150,000,000) of RMB1.00 each	150,000	150,000
H shares of 50,000,000 (2023: 50,000,000) of RMB1.00 each	50,000	50,000
Total	200,000	200,000

All domestic shares and H shares rank pari passu with each other in terms of dividend and voting rights.

16. Interest-bearing bank and other borrowings

	Effective interest rate (%)	Maturity	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current				
Bank loans – unsecured	3.50	2024	–	500
Current portion of long term bank loans – secured	3.80	2024	20	–
Current portion of long term bank loans – secured	3.85	2024	1,997	3,460
Current portion of long term bank loans – secured	3.95	2024	134	533
Current portion of long term bank loans – secured	4.00	2024	134	–
Current portion of long term bank loans – secured	4.05	2024	11	267
Current portion of long term bank loans – secured	4.10	2024	–	267
Current portion of long term bank loans – secured	4.15	2024	2,400	62
Current portion of long term bank loans – secured	4.20	2024	5,000	–
Current portion of long term bank loans – secured	4.25	2024	–	4,800
Current portion of long term bank loans – secured	4.45	2024	2,323	–
Current portion of long term bank loans – secured	4.55	2024	–	14,647
Current portion of long term bank loans – secured	3.80	2025	20	–
Current portion of long term bank loans – secured	3.85	2025	1,997	–
Current portion of long term bank loans – secured	3.95	2025	133	–
Current portion of long term bank loans – secured	4.00	2025	133	–
Current portion of long term bank loans – secured	4.05	2025	11	–
Current portion of long term bank loans – secured	4.15	2025	2,400	–
Current portion of long term bank loans – secured	4.25	2025	5,000	–
Current portion of long term bank loans – secured	4.45	2025	2,523	–
Subtotal – current			24,236	24,536
Current portion of long term other borrowings – secured	2.80	2024	51,000	51,000
Total – current			75,236	75,536

16. Interest-bearing bank and other borrowings (Continued)

	Effective interest rate (%)	Maturity	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current				
Bank loans – secured	3.60	2035–2048	315,500	–
Bank loans – secured	3.65	2046	25,000	–
Bank loans – secured	3.75	2041–2043	85,000	–
Bank loans – secured	3.85	2044–2046	86,910	–
Bank loans – secured	3.85	2041–2047	397,480	270,810
Bank loans – secured	3.90	2042–2046	120,000	40,000
Bank loans – secured	3.95	2035–2048	39,200	373,667
Bank loans – secured	4.00	2042–2046	39,200	55,000
Bank loans – secured	4.05	2044–2049	254,966	164,334
Bank loans – secured	4.06	2047	45,000	45,000
Bank loans – secured	4.10	2043–2046	50,000	49,333
Bank loans – secured	4.15	2039–2049	565,600	381,907
Bank loans – secured	4.18	2041–2044	130,000	80,000
Bank loans – secured	4.20	2044–2048	235,000	20,000
Bank loans – secured	4.25	2039–2046	30,000	498,000
Bank loans – secured	4.28	2042	–	50,000
Bank loans – secured	4.30	2043–2047	115,000	30,000
Bank loans – secured	4.40	2043–2045	–	100,000
Bank loans – secured	4.45	2044–2046	473,210	1,000
Bank loans – secured	4.55	2025–2049	–	764,733
Subtotal – non-current			3,007,066	2,923,784
Other borrowings – secured	2.80	2041	408,000	408,000
Subtotal – non-current			3,415,066	3,331,784
Total			3,490,302	3,407,320

16. Interest-bearing bank and other borrowings (Continued)

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year	24,236	24,536
In the second year	15,747	20,436
In the third to fifth years, inclusive	59,491	59,535
Beyond five years	2,931,828	2,843,813
Subtotal	3,031,302	2,948,320
Other borrowings repayable:		
Within one year	51,000	51,000
In the third to fifth years, inclusive	102,000	102,000
Beyond five years	306,000	306,000
Subtotal	459,000	459,000
Total	3,490,302	3,407,320

Notes:

- (a) The Group's bank and other borrowings are secured by:
- (i) the pledge of the Group's trade receivables with a carrying amount of RMB164,052,000 (31 December 2023: RMB130,376,000) (note 12); and
 - (ii) the pledge of right of charge of the Company, Taizhou City Water, Binhai Water and Taizhou South Bay Water Supply on the future revenue generated by Taizhou water supply system (Phase I, Phase II, Phase III and Phase IV).
- (b) A subsidiary of the Company, Taizhou City Water, has guaranteed certain of the Group's bank loans up to RMB1,275,295,000 (31 December 2023: RMB1,246,600,000).
- (c) A shareholder of the Company, Taizhou Urban Construction Investment Development Group Co., Ltd. ("Taizhou Urban Construction") has guaranteed certain of the Group's other borrowings of up to RMB459,000,000 (31 December 2023: RMB459,000,000).
- (d) The Company has guaranteed certain of the Group's bank loans of up to RMB2,761,568,000 (31 December 2023: RMB2,707,720,000).

17. Commitments

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contracted, but not provided for:		
Pipelines and buildings	140,753	127,644

18. Related party transactions

The Group's related parties are as follows:

Name	Relationship with the Company
Taizhou Bishui Qingquan Ecological Agriculture Co., Ltd. ("Taizhou Bishui Qingquan") (Formerly known as "Zhejiang Taizhou Landscape")	An entity controlled by the shareholders of the Company
Zhejiang Taishui Science and Trade Co., Ltd. ("Zhejiang Taishui") (Formerly known as "Taizhou Modern Construction")	An entity controlled by the shareholders of the Company
Taizhou Huangyan Water Conservancy Development Group Co., Ltd. ("Huangyan Water Conservancy")	An entity controlled by the shareholders of the Company
Wenling Water Supply Co., Ltd. ("Wenling Water Supply")	A shareholder of Taizhou City Water
Yuhuan Water Supply Co., Ltd. ("Yuhuan Water Supply")	An entity controlled by the non-controlling shareholders of a subsidiary
Taizhou Luqiao Water Supply Co., Ltd. ("Luqiao Water Supply")	An associate of the Company
Taizhou Huangyan Urban and Rural Water Supply Co., Ltd. ("Huangyan Water Supply")	An associate of the Company
Taizhou Water Supply Co., Ltd. ("Taizhou Water Supply")	An associate of the Company
Huangyan Reservoir Development ("Huangyan Reservoir")	An entity controlled by the shareholders of the Company

18. Related party transactions (Continued)

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Associates			
Sales of water to:			
Taizhou Water Supply	(i)	73,247	73,077
Huangyan Water Supply	(i), (ii)	24,324	24,418
Luqiao Water Supply	(i)	51,657	47,494
Total		149,228	144,989
Purchases of water from:			
Huangyan Water Supply	(i)	–	11
Construction services and other services from:			
Huangyan Water Supply	(i)	–	8
Other related parties			
Sales of water to:			
Wenling Water Supply	(i), (ii)	80,956	69,327
Yuhuan Water Supply	(i), (ii)	39,468	40,354
Total		120,424	109,681
Purchases of water from:			
Huangyan Reservoir	(i), (ii)	41,606	–
Construction services and other services from:			
Zhejiang Taishui	(i)	475	3,013
Taizhou Bishui Qingquan	(i)	–	5,702
Total		274	8,715

Note:

- (i) The sales or purchases of water and provision of services to/from the associates and other related parties were made according to the published prices and conditions offered by the Group and the related parties to their major customers.
- (ii) The related party transactions in respect of sale of water to an associate and other related parties as set out above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

- (b) Other transactions with related parties:

A shareholder of the Company, Taizhou Urban Construction, has guaranteed certain borrowings made to the Group of up to RMB459,000,000 (2023: RMB459,000,000) as at the end of the period, as disclosed in note 16(c) to the financial statements.

18. Related party transactions (Continued)

(c) Outstanding balances with related parties:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Due from related parties:		
Trade in nature		
Taizhou Water Supply	79,922	73,864
Wenling Water Supply	66,966	59,000
Luqiao Water Supply	21,996	22,008
Yuhuan Water Supply	20,113	11,090
Huangyan Water Supply	25,038	13,893
Balance included in trade and notes receivables (note 11)	214,035	179,855
Due to related parties:		
Trade in nature		
Huangyan Reservoir	14,810	21,981
Zhejiang Taishui	6,079	8,255
Taizhou Bishui Qingquan	14,950	14,950
Balance included in trade payables	35,839	45,186
Non-trade in nature		
Huangyan Water Conservancy	88,576	88,576
Balance included in other payables and accruals	88,576	88,576

The balances with related parties are unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	2,188	1,988
Pension scheme contributions	126	112
Total compensation paid to key management personnel	2,314	2,100

19. Fair value and fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair value	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Financial liabilities				
Non-current portion of interest-bearing bank and other borrowings	3,415,066	3,432,784	3,432,361	3,333,408

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Management has assessed that the fair values of the non-current portion of interest-bearing bank and other borrowings based on prevailing market interest rates approximate to their carrying amounts. The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2024 and 31 December 2023 were assessed to be insignificant.

The Group did not have any financial assets and liabilities measured at fair value as at 30 June 2024 and 31 December 2023.

19. Fair value and fair value of hierarchy of financial instruments (Continued)

Fair value hierarchy

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

Liabilities for which fair values are disclosed:

As at 30 June 2024

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Non-current portion of interest-bearing bank and other borrowings	–	3,432,361	–	3,432,361

As at 31 December 2023

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Non-current portion of interest-bearing bank and other borrowings	–	3,333,408	–	3,333,408