

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

§ 1 IMPORTANT

- 1.1 The board of directors (the “**Board**”) of Tianjin Capital Environmental Protection Group Company Limited (the “**Company**”) and its directors (the “**Directors**”) and senior management guarantee the truthfulness, accuracy and completeness of the contents of the 2025 interim report (the “**Interim Report**”), which does not contain any false information, misleading statements or material omissions, and accept several and joint legal responsibilities.
- 1.2 The interim financial report of the Company for the six months ended 30 June 2025 has not been audited.
- 1.3 Did the controlling shareholder of the Company and other connected persons misappropriate the Company’s funds for non-operating purposes?
- No
- 1.4 Did the Company provide external guarantees in violation of any prescribed decision-making procedures?
- No
- 1.5 Mr. Tang Fusheng, the officer in charge of the Company, Ms. Nie Yanhong, the officer in charge of accounting operations, and Mr. Liu Tao, the officer in charge of the accounting department (the accounting management officer), have warranted the truthfulness, accuracy and completeness of the financial reports contained in the Interim Report.

§ 2 COMPANY PROFILE

2.1 Basic information

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

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

2.2 Principal accounting data and financial highlights as prepared in accordance with the PRC Accounting Standards

2.2.1 Major accounting data and financial indicators

Major accounting data

Unit: yuan Currency: RMB

Major accounting data	During the reporting period (from January to June)	During the same period last year	Increase/decrease for the reporting period as compared to the same period last year (%)
Operating revenue	2,177,915,496.72	2,218,165,636.41	-1.81
Net profit attributable to the shareholders of the Company	472,920,534.82	421,928,337.30	12.09
Net profit attributable to the shareholders of the Company after deduction of extraordinary profit and loss	396,393,562.39	381,680,626.97	3.85
Net cash flow from operating activities	517,864,524.50	439,000,213.39	17.96
	As at the end of the reporting period	As at the end of last year	Increase/decrease as at the end of the reporting period as compared to the end of last year (%)
Net assets attributable to the shareholders of the Company	9,869,881,582.87	9,668,867,730.10	2.08
Total assets	25,448,212,601.55	25,154,981,695.71	1.17

Major financial indicators

Major financial indicators	During the reporting period (from January to June)	During the same period last year	Increase/decrease for the reporting period as compared to the same period last year (%)
Basic earnings per share (RMB/share)	0.30	0.27	11.11
Diluted earnings per share (RMB/share)	0.30	0.27	11.11
Basic earnings per share after deduction of extraordinary profit and loss (RMB/share)	0.25	0.24	4.17
Weighted average return on net assets ratio (%)	4.80	4.58	0.22
Weighted average return on net assets ratio after deduction of extraordinary profit and loss (%)	4.02	4.15	-0.13

2.2.2 Extraordinary profit and loss items

Unit: yuan Currency: RMB

Extraordinary Profit and Loss Items	Amount
Gains and losses on disposal of non-current assets, including reversal of provision for impairment of assets	-2,727,673.58
Government subsidies recorded in current profit and loss (except government subsidies closely related to normal business operation of the Company, in compliance with the requirements of national policy and granted in a certain amount or quantity and continuously affecting the profit and loss of the Company)	38,025,791.26
Reversal of impairment provisions for receivables individually tested for impairment	53,953,772.88
Other non-operating revenue and expenses other than the foregoing items	352,207.20
Less: Effect of income tax	12,812,616.20
Effect of minority interests (after tax)	264,509.13
Total	<u>76,526,972.43</u>

§ 3 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

3.1 Table of share changes

3.1.1 Changes in shares

During the reporting period, there was no change in the total number of shares and share capital structure of the Company.

3.1.2 Explanations on changes in shares

Not applicable

3.1.3 Effect of the changes in the number of shares after the reporting period and up to the date of this announcement on financial indicators such as earnings per share and net assets per share (if any)

Not applicable

3.1.4 Other information deemed necessary by the Company or required to be disclosed by the securities regulatory authorities

Not applicable

3.2 Changes in restricted shares

Not applicable

3.3 Number of shareholders and their shareholdings

Total number of ordinary shareholders as at the end of the reporting period 52,554

Note: As at 30 June 2025, the total number of ordinary shareholders of the Company is 52,554, among which 61 are holders of H Shares.

Shareholdings of the top ten shareholders and the top ten shareholders of circulating shares (or shareholders of non-restricted shares) as at the end of the reporting period

Unit: Share

Shareholdings of the top ten shareholders (excluding shares lent through refinancing)							
Name of shareholder (Full name)	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of restricted shares held	Pledged, marked or frozen		
					Status of shares	Number	Nature of shareholder
Tianjin Municipal Investment Co., Ltd.	0	715,565,186	45.57	0	Pledged	285,000,000	State-owned legal person
HKSCC Nominees Limited	-100	337,888,710	21.52	0	Nil		Others
Hong Kong Securities Clearing Company Limited	1,384,494	13,915,164	0.89	0	Nil		Others
Central Huijin Asset Management Co., Ltd.* (中央匯金資產管理有限責任公司)	0	13,868,294	0.88	0	Nil		State-owned legal person
China Construction Bank Corporation – Dongfanghong CSI Dongfanghong Dividend Low Volatility Index Securities Investment Fund	2,279,500	7,318,800	0.47	0	Nil		Others
Zhejiang Jinxin Construction Engineering Co., Ltd.* (浙江錦鑫建設工程有限公司)	231,500	6,920,000	0.44	0	Nil		Domestic non-state owned legal person
Wang Caijin* (王財進)	-2,729,000	6,860,738	0.44	0	Nil		Domestic natural person
Jinan Hanxiang Investment Management Partnership (L.P.)* (濟南瀚祥投資管理合夥企業(有限合夥))	0	6,412,789	0.41	0	Nil		Others
China Merchants Bank Co., Ltd. – CHINA SOUTHERN CSI 1000 ETF	599,400	5,688,700	0.36	0	Nil		Others
Yan Gang* (嚴罡)	0	5,032,150	0.32	0	Nil		Overseas natural person

**Shareholdings of the top ten shareholders of non-restricted circulating shares
(excluding shares lent through refinancing)**

Name of shareholder	Number of non-restricted circulating shares held	Type and number of shares	
		Type	Number
Tianjin Municipal Investment Co., Ltd.	715,565,186	Ordinary RMB Shares	715,565,186
HKSCC Nominees Limited	337,888,710	Overseas listed foreign shares	337,888,710
Hong Kong Securities Clearing Company Limited	13,915,164	Ordinary RMB Shares	13,915,164
Central Huijin Asset Management Co., Ltd.* (中央匯金資產管理有限責任公司)	13,868,294	Ordinary RMB Shares	13,868,294
China Construction Bank Corporation – Dongfanghong CSI Dongfanghong Dividend Low Volatility Index Securities Investment Fund	7,318,800	Ordinary RMB Shares	7,318,800
Zhejiang Jinxin Construction Engineering Co., Ltd.* (浙江錦鑫建設工程有限公司)	6,920,000	Ordinary RMB Shares	6,920,000
Wang Caijin* (王財進)	6,860,738	Ordinary RMB Shares	6,860,738
Jinan Hanxiang Investment Management Partnership (L.P.)* (濟南瀚祥投資管理合夥企業(有限合夥))	6,412,789	Ordinary RMB Shares	6,412,789
China Merchants Bank Co., Ltd. – CHINA SOUTHERN CSI 1000 ETF	5,688,700	Ordinary RMB Shares	5,688,700
Yan Gang* (嚴罡)	5,032,150	Ordinary RMB Shares	5,032,150
Description of special accounts for repurchase purpose among the top ten shareholders	Not applicable		
Explanation of the above shareholders’ proxy voting rights, entrusted voting rights and waiver of voting rights	Not applicable		
Notes on the connected party relationship or parties acting in concert among the above shareholders	(1)	According to the register of members as provided by HKSCC Nominees Limited, those H shares held by it were held on behalf of various clients. As at the end of the reporting period, Ningbo BSLS Trade Co., Ltd.* (寧波百思樂斯貿易有限公司) and its concert parties Ningbo Ningdian Investment Development Co., Ltd.* (寧波寧電投資發展有限公司)and LVNENG Investment & Development Co., Ltd. (Hong Kong)* (綠能投資發展有限公司(香港)) held a total of 156,956,000 H shares of the Company, representing 9.99% of the total share capital of the Company, and none of the shares were pledged.	
	(2)	The top ten shareholders are not strategic investors of the Company.	
Description of preferred shareholders with restored voting rights and the number of shares they hold	Not applicable		

3.4 Changes in the controlling shareholder and the actual controller of the Company

Not applicable

§ 4 DIRECTORS, SUPERVISORS AND THE SENIOR MANAGEMENT

4.1 Changes in the shareholding of the directors, supervisors and senior management

Not applicable

4.2 Share option incentives granted to directors, supervisors and senior management during the reporting period

Not applicable

§ 5 REPORT OF THE BOARD

I. EXPLANATION OF THE INDUSTRY AND PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Industries where the Company operates

2025 is the final year of the “14th Five-Year Plan”, marked by the promulgation of a number of important policies, which will direct a new course for the development of the water and environmental protection industry in the “15th Five-Year Plan” and beyond.

Firstly, the Central Urban Work Conference was held, which proposed to build innovative, habitable, beautiful, resilient, civilized, and smart modern people-oriented cities as the development goal. Among these, the task of building beautiful cities will bring new opportunities for urban water and environmental protection businesses. The conference pointed out that the urbanization in China was shifting from rapid growth to stable development, and urban development was shifting from large-scale expansion to improving the quality and efficiency of existing assets. This requires the water and environmental protection industry to shift from incremental expansion to improving the quality of existing assets. Water and environmental protection companies should place greater importance on improving their comprehensive capabilities in technology, operations, and management, and be adept at identifying opportunities for upgrading and improving existing projects. The conference emphasized the importance of practicing the people-oriented city philosophy, adhering to the overall principle of seeking progress while maintaining stability, and following a tailored, categorized approach in guidance. The goal is to build an innovative, habitable, beautiful, resilient, civilized, and smart modern people-oriented city by promoting the high-quality urban development as the theme, focusing on the organic urban development, and leveraging city renewal. It aims to vigorously promote urban structural optimization, growth driver switching, quality improvement, transition towards green, continuing cultural heritage, and enhanced governance efficiency, while firmly upholding the bottom line of urban safety, and blazing a new path of urban modernization with Chinese characteristics. In addition, the meeting outlined the key tasks for seven aspects of urban development. Among them, the goal of building a green and low-carbon beautiful city requires consolidating the effectiveness of ecological and environmental governance, taking more effective measures to address issues such as urban air quality, drinking water source protection, and new pollutant management, promoting synergies between pollution reduction, carbon reduction, and ecological expansion, and enhancing urban biodiversity. While more new pollutants are being included in the governance, and the pollution reduction, carbon reduction, and ecological expansion are coordinated, the city environmental protection market will gradually give rise to new business segments. At the same time, together with city renewals, there also exist certain business opportunities in the construction and operation of some environmental protection infrastructure.

Secondly, the Ministry of Ecology and Environment and the National Development and Reform Commission issued the Action Plan for the Protection and Construction of Beautiful Rivers and Lakes (2025-2027)* (《美麗河湖保護與建設行動方案(2025-2027年)》), which outlines a series of quantitative indicators that demonstrate the phased market growth potential for the water and environmental protection industry. The plan requires that the deployment outlined at the National Conference on Ecological and Environmental Protection shall be implemented with focus on improving water ecological and environmental quality. Precise, scientific, and law-based pollution control shall adhered to. The governance of water resources, water environment, and water ecology shall be coordinated to promote the construction of an integrated ecological environment governance system across upstream and downstream regions in key river basins. The protection and construction of beautiful rivers and lakes is thus vigorously advanced, and the health of river and lake ecosystems is enhanced, and the high-quality development is supported through high-level protection, laying a solid foundation for achieving the goal of basically realizing the construction of a beautiful China by 2035. Specifically, the conference proposed the following targets: achieving a completion rate of approximately 40% for beautiful rivers and lakes by 2027, making significant progress in the construction of beautiful rivers and lakes by 2030, and basically completing the construction of beautiful rivers and lakes by 2035. The plan requires consolidating and deepening water environment governance, which covers the following six aspects: First, improving the effectiveness of river discharge outlet remediation and establish a discharge outlet monitoring and supervision system by 2027. Second, strengthening water pollution prevention and control in industrial parks. By 2027, the sewage collection and treatment efficiency of industrial parks on the provincial level and above will be significantly improved. Third, strengthening the collection and treatment of domestic sewage. By 2027, the overall efficiency of urban domestic sewage collection and treatment will be significantly improved, the rural domestic sewage treatment (control) rate will reach over 60%, and black and odorous water bodies in rural areas will be basically eliminated. Fourth, advancing the prevention and control of agricultural source pollution. By 2027, agricultural source pollution in key areas will be effectively curbed. Fifth, maintaining clean and tidy water bodies and shorelines. By 2027, the cleanliness levels of the main rivers and major tributaries of key river basins, as well as the shorelines of key lakes, will be further improved. Sixth, ensuring the safety of drinking water sources. By 2027, the standardized construction of centralized drinking water sources at the county level and above will be further improved. The establishment of the above policy objectives highlights business opportunities in areas such as environmental monitoring, industrial park sewage, rural domestic sewage, and agricultural source pollution. However, there is an urgent need to explore and determine how to establish an environmental protection business model which fits for the above pollution control scenarios.

Finally, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Improving the Market-Oriented Allocation System of Resources and Environmental Elements* (《關於健全資源環境要素市場化配置體系的意見》), which aims to promote the improvement of various emission trading systems and establishment of such markets, thereby facilitating the rapid development of professional emission reduction operation services characterized by light assets. The document outlined the development goals as follows: By 2027, the trading systems for carbon emissions and water rights would have been basically established, the trading system for pollution discharge rights would be fully developed, the market-based mechanisms for energy conservation would be further improved, the trading market for resource and environmental elements would be more active, and the price formation mechanisms would be more robust. These measures will promote the smooth flow and efficient allocation of resource and environmental elements, fully unleash market potential, and effectively enhance the supportive role of the market in achieving relevant resource and environmental goals.

In addition, the National Development and Reform Commission and other departments issued the Action Plan for Promoting High-Quality Development of the Heat Pump Industry* (《推動熱泵行業高質量發展行動方案》), which emphasizes strengthening comprehensive policy support in promotion and application of heat pumps as well as their renovation and upgrading, thereby promoting the further development of water source, ground source, and sewage source heat pump cooling and heating businesses engaged in by enterprises. Specifically, the policy requires leveraging the multiplier effect of government investment, fully utilizing the guiding role of monetary and credit policies, etc., and encouraging financial institutions to increase credit support. Together with large-scale equipment upgrades and consumer goods trade-in programs, it will actively support the promotion, application, and upgrading of heat pumps. It also emphasizes implementing existing relevant tax concession policies; encouraging relevant entities to adopt high-performance heat pump technologies and products listed in the “Green Technology Promotion Catalog”* (《綠色技術推廣目錄》) and the “National Catalogue of Low-Carbon Technologies”* (《國家重點推廣的低碳技術目錄》); and exploring the way to support green and low-carbon advanced technology model projects by including heat pump-related projects.

(II) Principal business of the Company

During the reporting period, the core businesses of the Company are formed by the principal businesses and strategic new businesses. Principal businesses include the businesses of municipal sewage treatment, water supply and reclaimed water etc., which are the main source of revenue and profit of the Company; strategic new businesses mainly include dual-carbon new energy business which mainly comprises new energy cooling and heating and photovoltaic power generation, and solid waste business which mainly comprises sludge disposal and resource-oriented utilization, hazardous waste business. The strategic new businesses are complementary to the principal businesses in terms of profitability, economic value-added and payback period, and optimise the overall business structure.

1. The situation of principal businesses

As of the end of the reporting period, the total capacity of the Company's water business was 6,237,100 m³ per day. The total capacity of the equity-type water utilities business of the Company amounted to 6,065,100 m³ per day, among which the sewage treatment capacity amounted to 5,270,100 m³ per day, water supply capacity (including tap water and industrial water supply capacity) amounted to 315,000 m³ per day; and reclaimed water capacity amounted to 480,000 m³ per day, newly added reclaimed water pipeline network for break point connection purpose amounted to 15 km, the above projects are distributed in 15 provinces, municipalities and autonomous regions; the sewage treatment capacity under the entrusted operation model was 172,000 m³ per day.

Based on BOT, TOT and PPP models in sewage treatment and water supply, the Company mainly obtained sales revenue from the production and sale of reclaimed water and the income from provision of reclaimed water pipeline connection services on reclaimed water business, which have not changed significantly compared with the beginning of the reporting period.

2. Particulars of strategic new businesses

- (1) As regards new energy cooling and heating supply business, as of the end of the Reporting Period, the total service areas amounted to 6.96 million m², which was mainly operated in Tianjin and Beijing under BOT model and entrusted operation model.
- (2) As regards distributed photovoltaic power generation projects, as of the end of the reporting period, the total designed installed capacity were 38MWp, designed installed capacity of energy storage at user side were 5.5MWh, the projects were mainly distributed in Tianjin, Dalian and Xi'an, and their management mode was mainly fully market-oriented operation.
- (3) As regards hazardous waste business, as of the end of the reporting period, the Company has four projects with the total disposal capacity of 181,300 tons/year, namely the Jiangsu Yonghui Hazardous Waste Project with a capacity of 30,000 tons/year, the Gaoyou Compro Hazardous Waste Project with the capacity of 30,000 tons/year, the Tancheng Industrial Waste Treatment Center Project with the capacity of 28,000 tons/year, the Yishui Lushan Chemical Industrial Park Hazardous Waste Comprehensive Treatment Center Project with the capacity of 93,300 tons/year; the Storage and Transportation Project in Shandong with the capacity of 20,000 tons/year; and the Tancheng Project with the comprehensive waste utilisation capacity of 78,000 tons/year. On the premise of obtaining the hazardous waste operation permit, the Company chose waste-producing units to offer hazardous waste disposal services under the guide price of local governments and charged for hazardous waste disposal service by adopting a fully market-oriented operation mode.
- (4) As regards sludge treatment business, as of the end of the reporting period, the total scale was 3,010 tons/day, mainly distributed in Tianjin, Gansu, Zhejiang and Anhui, among which equity-type sludge treatment business comprises Jinnan Sludge Treatment Plant project and Linxia sludge project, with a scale of 890 tons/day, while the remaining sludge disposal projects adopt the entrusted operation mode, with a scale of 2,120 tons/day.

II. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

During the reporting period, the Company's core competitiveness was reflected in the following four aspects: (1) our ability to operate in a safe, stable, up-to-standard and efficient manner; (2) our practical, leading, systematic and sustainable research and development capabilities; (3) our professional, dedicated, cooperative and innovative staff team; (4) our corporate reputation for being trustworthy, responsible, standardized and reliable. These four core competitiveness complement one another in which corporate integrity, diligent employees and technology innovation provide an ultimate assurance to customers, thereby resulting in the Company's positive brand influence in environmental protection.

During the reporting period, the Company further consolidated its strengths and enhanced its overall competitiveness.

In terms of operation management, the Company optimized and upgraded its operational control model in an all-round manner from multiple key dimensions, such as operation systems and processes, asset management, supervision and inspection, risk control, and standardization construction. It successfully established an integrated large-scale operation control system, effectively strengthening its operation foundation and consolidating and expanding its operation advantages. At the same time, the Company deepened its management over cost reduction and efficiency improvement and vigorously advanced the strategic deployment in respect of building smart water services.

In terms of scientific and technological research and development, during the reporting period, the Company continued to increase efforts on its R&D investment and achieved remarkable breakthroughs in cutting-edge areas such as the application of phosphorus removal agents, the development of advanced treatment equipment, and the promotion of energy storage projects; successfully obtained two issued invention patents; and actively promoted the deep integration of industry-academia-research collaboration and the efficient conversion of scientific and technological achievements. In addition, the Company is committed to promoting the deep application of IoT-based digital intelligence and AI+ technology across all business areas, further solidifying the foundation for the construction of an enterprise-level industrial IoT platform. By engaging with various water and environmental protection projects, the Company actively explored the construction and application of factory-level smart operation platforms, laying a solid foundation for the cultivation and development of new productive forces.

In terms of management, the Company, on one hand, focused on deepening reforms by optimizing organizational structures, streamlining management levels, and clarifying management responsibilities. This enabled the establishment of a modular management system and a penetrating supervision mechanism across all levels, ensuring that all business operations were carried out in a standardized and regulated manner. On the other hand, the Company took specialized talent development programs as its core initiative, systematically constructing a four-tier talent pool and implementing diversified specialized trainings to comprehensively strengthen talent reserves and team building.

In terms of brand building, during the reporting period, the Company was honored as one of the "Top Ten Influential Enterprises in China's Water Industry" for the twentieth consecutive year and won the first prize of the Natural Science Awards from All-China Environment Federation. In addition, three cases were selected as typical examples of green and low-carbon development by China Environment Chamber of Commerce* (全聯環境服務商會). These achievements have effectively shaped the Company's brand image, enhanced its reputation.

III. OPERATION DISCUSSION AND ANALYSIS

During the reporting period, the Company adhered to the “three innovations” and “three measures” as its breaking points, and achieved remarkable results in areas such as “strategic leadership, deepening reform, operation efficiency, technological empowerment, and risk control.” The Company’s operations remained stable and improved.

1. Highlight innovation driven model to promote “three innovations”, with significant achievements in science and technology empowerment

Centering on its technology-driven positioning, the Company restructured its technology management and technology transfer system, and established a corresponding performance appraisal and incentive mechanism, effectively stimulating the inner motivation for technological innovation, and promote the transformation of research results through industry academia collaboration. The Company continued to increase efforts on its R&D investment, with approximately RMB20 million spent on R&D expenses during the reporting period. It initiated one municipal-level research project, developed 13 standards and specifications, submitted four city investment-level research projects, and conducted 69 company-level projects. The Company obtained two issued invention patents, and the First Prize of the Natural Science Awards from All-China Environment Federation, and three cases were selected as typical examples of green and low-carbon development by China Environment Chamber of Commerce* (全聯環境服務商會).

2. Make the best use of resources and policies to focus on the “three measures” and achieve steady progress in business operations and efficiency

The Company actively relies on government departments to seek policy and resource support, actively explores and advances projects such as factory network integration and the second phase of Xianyang Road to revitalize existing assets, and orderly advances the implementation of projects such as Wuhu, Karamay, and Wendeng upgrading projects. The Baoying Xianhe project was put in place, further optimizing incremental growth by expanding effective investments. Meanwhile, by coordinating internal and external resources, the Company steadily expanded into the light-asset market, achieving a breakthrough in revenue.

3. Focus on deepening reform and strengthening control, with diversified coordination and all-level penetration

The Company restructured its organizational structure, streamlined management layers, clarified management responsibilities, and rebuilt the “group-project” two-tier control and system. It established 11 all-level module control systems and constructed a penetrating supervision system, enabling the promotion of standardization in business and penetrating supervision. The Company launched a safety production management system, deepened hazard identification and rectification efforts, established a dedicated task force to relieve the pressure caused by trade receivables and impairment, and ensured the smooth operation of projects. It compiled a Production Operation Risk Factor Identification List* (《生產運行風險因素識別清單》), provided collaboration in strengthening the management of concession agreements, and effectively prevented production and operation risks. The Company successfully completed the first phase of digital transformation centered on business-finance integration, achieving online processing of comprehensive budgeting, capital planning, procurement, accounting, contract management and other operations. It simultaneously launched the second phase of digital transformation, which aims to empower “large-scale operations”, to complete the reconstruction of operation management systems by establishing a work guidance system comprising eight major modules and 22 sub-modules.

4. Devote efforts in both directions of capital and funds to help boost market value

The Company proactively cooperated with financial institutions to widen financing channels. It successfully completed the filing of issuing a RMB500 million green medium-term note, with the remaining balance of available bank facilities exceeding RMB4 billion. At the same time, the Company attached great importance to building its image in the capital market. Through systematic organization of market capitalization management, it steadily promoted the investor relations management, and actively communicated and interacted with the shareholders and the capital market.

Significant changes in the Company’s operations during the reporting period, as well as matters that have a significant impact on the Company’s operations during the reporting period and are expected to have a significant impact on the Company’s operations in the future

Not applicable

IV. THE PRINCIPAL BUSINESS DURING THE REPORTING PERIOD

(I) Analysis of principal business

1. Analysis of changes in relevant items on financial statements

Unit: yuan Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year	Change in percentage (%)
Operating revenue	2,177,915,496.72	2,218,165,636.41	-1.81
Operating cost	1,361,599,524.47	1,375,177,188.63	-0.99
Sales expenses	3,853,033.52	5,114,154.66	-24.66
Administrative expenses	91,448,154.98	94,702,270.65	-3.44
Finance expenses	146,373,643.87	177,271,541.28	-17.43
R&D expenses	16,303,446.24	20,828,281.90	-21.72
Net cash flow from operating activities	517,864,524.50	439,000,213.39	17.96
Net cash flow from investing activities	-664,062,442.29	-420,007,736.25	-58.11
Net cash flow from financing activities	-210,528,343.58	5,099,916.95	-4,228.07
Taxation and surcharges	35,690,376.21	22,408,506.23	59.27
Investment income	829,978.35	0.00	N/A
Credit impairment loss	25,286,554.13	-1,218,065.09	2,175.96
Gain from asset disposal	-3,553,929.71	-322.07	-1,103,365.00
Non-operating income	286,355.32	4,858,010.19	-94.11
Non-operating expenses	69,581.34	127,024.30	-45.22
Profit or loss for minority shareholders	17,982,216.75	38,749,741.81	-53.59

Explanation of reasons for changes in operating revenue: primarily due to the year-on-year decrease in revenue from sewage treatment arising from the impact of incoming water volume on Tianjin Plant No. 4.

Explanation of reasons for changes in operating cost: the cost decreased slightly primarily due to the ongoing optimization of the Company's operating costs.

Explanation of reasons for changes in sales expenses: primarily due to the decrease in sales expenses for hazardous waste operations during the current period.

Explanation of reasons for changes in administrative expenses: the administrative expenses decreased slightly primarily due to the fact that the Company continued to drive cost reduction and efficiency improvement during the current period.

Explanation of reasons for changes in finance expenses: primarily due to the decrease in interest expenses in line with the replacement of loan interest rates during the current period.

Explanation of reasons for changes in R&D expenses: primarily due to the primarily due to the recognition of the R&D expenses based on the progress of research projects.

Explanation of reasons for changes in net cash flow from operating activities: primarily due to the higher operating cash inflow in the current period as compared to the same period last year.

Explanation of reasons for changes in net cash flow from investing activities: primarily due to the higher amounts paid for project construction and asset acquisitions in the current period as compared to the same period last year.

Explanation of reasons for changes in net cash flow from financing activities: primarily due to the decrease in cash received from borrowings during the current period while reasonable arrangement were made for financing progress in accordance with its capital requirements.

Explanation of reasons for changes in taxation and surcharges: primarily due to the increase in property tax and land tax in the current period.

Explanation of reasons for changes in investment income: primarily due to the recognition of investment income from the disposal of equity interest in Hong Kong Company, a subsidiary, during the current period.

Explanation of reasons for changes of credit impairment loss: primarily due to the the reversal of credit impairment losses as portions of the trade receivable for which impairment losses were provided in previous years were recovered during the current period.

Explanation of reasons for changes in gains on asset disposal: primarily due to the recognition of corresponding gains on disposal of assets as the landfill project of the subsidiary Shandong Tanchuang Company was terminated during the current period.

Explanation of reasons for changes in non-operating income: primarily due to the recognition of case execution payments in the same period last year, which did not occur during the current period.

Explanation of reasons for changes in non-operating expenses: primarily due to the payment of the late payment penalty of property tax by subsidiaries in the same period last year.

Explanation of reasons for changes in profit or loss for minority shareholders: the net profit of non-wholly owned subsidiaries was lower than that in the same period last year, and the profit or loss for minority shareholders calculated based on equity proportion decreased accordingly.

2. *Details of material changes in business types, profits structure or profits sources of the Company for the reporting period*

Not applicable

(II) Explanation of material changes in profit caused by non-principal business

Not applicable

(III) Analysis of assets and liabilities

Unit: yuan Currency: RMB

Name of project	Amount at the end of the current period	Amount at the end of the current period over total assets (%)	Amount at the end of the corresponding period of last year	Amount at the end of the corresponding period of last year over total assets (%)	Change in balance as at the end of the current period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Notes receivable	20,705,527.71	0.08	34,433,958.06	0.14	-39.87	Primarily attributable to the endorsement and transfer of bank acceptance bills due to subsidiaries during the current period.
Receivables financing	2,000,000.00	0.01	7,024,347.00	0.03	-71.53	Primarily attributable to the maturity of bank acceptance bills receivable from subsidiaries during the current period.
Investment properties	14,211,374.09	0.06	7,657,173.00	0.03	85.60	Primarily attributable to the external leasing of subsidiaries' properties during the current period.
Right-of-use assets	8,796,274.63	0.03	3,722,393.42	0.01	136.31	Primarily attributable to new property leases by subsidiaries and the increase in right-of-use assets recognized in the current period.
Short-term borrowings	62,425,038.33	0.25	29,228,819.26	0.12	113.57	Primarily attributable to the new short-term borrowings of subsidiaries in the current period.
Contract liabilities	314,139,225.82	1.23	221,717,388.90	0.88	41.68	Primarily attributable to advance payments for road tolls, pipeline connection services, EPC contract price, etc.
Employee remuneration payable	49,525,761.49	0.19	105,252,309.61	0.42	-52.95	Primarily attributable to the year-end bonus accrued at the end of 2024 being paid in the current period.
Taxes payable	54,665,202.58	0.21	111,152,981.14	0.44	-50.82	Primarily attributable to the taxes accrued at the end of 2024 being paid in the current period.
Lease liabilities	4,504,548.79	0.02	1,280,116.25	0.01	251.89	Primarily attributable to the new property lease by subsidiaries and the increase in lease liabilities recognized in the current period.

Other explanations

Nil

(IV) Investment analysis

1. Overall analysis of external equity investments

During the reporting period, the Company's external equity investments were distributed in the water business, and were mainly used to make capital increase to subsidiaries.

1. On 24 February 2025, the Board of the Company approved a capital contribution to Baoying Capital Water Co., Ltd.* (寶應創業水務有限責任公司) to implement the Xianhe Sewage Treatment Plant Upgrade Project. The project's capital investment is RMB17.7042 million, in which the Company will contribute RMB12.3929 million in cash, accounting for 70% of the total investment; Baoying County Xianhe Wastewater Treatment Co., Ltd.* (寶應縣仙荷污水處理有限公司) will contribute RMB5.3113 million in cash, accounting for 30% of the total investment. The final contributed amounts will be determined by the total investment amount agreed in the Supplementary Agreement to be finalized. On 3 March 2025, Baoying Capital Water Co., Ltd.* (寶應創業水務有限責任公司) entered into the Supplementary Agreement with the Baoying County Housing and Urban-Rural Development Bureau* (寶應縣住房和城鄉建設局), stipulating that the total investment amount for the project is RMB80 million, with 20% (i.e. RMB16 million) of the total investment amount serving as the project's capital contribution. During the reporting period, the Company paid in RMB11.2 million in accordance with its 70% equity ratio.
2. On January 26, 2025, the Board of Directors of the Company approved the termination of the implementation of the Project of Tancheng Ecological Treatment Center for Comprehensive Materials by Shandong Tanchuang Environmental Protection Technology Development Co., Ltd.* (山東鄒創環保科技發展有限公司), and signed a "Land Reclamation Agreement" with the Tancheng County Government. During the reporting period, the "Land Reclamation Agreement" was signed on February 14, 2025.

(1) Major equity investments

Not applicable

(2) Major non-equity investments

Not applicable

(3) Financial assets measured at fair value

Not applicable

(V) Disposal of major assets and equities

Not applicable

(VI) Analysis of major subsidiaries, associates and joint ventures

Unit: 0'000 Currency: RMB

Company name	Company type	Principal business	Registered capital	Total asset	Net assest	Operating revenue	Operating profit	Net profit
Tianjin Water Recycling Co., Ltd.	Subsidiary	Production and sales of recycled water; development and construction of recycled water facilities; manufacturing, installation, commissioning and operation of recycled water equipment, etc.	10,000	175,429.01	48,360.25	10,189.1	3,877.06	2,979.75
Hangzhou Tianchuang Capital Water Co., Ltd.	Subsidiary	Operation and maintenance of facilities for sewage treatment and recycled water usage, and provision of supporting services such as technical services and technical training.	37,744.5	74,884.63	70,359.21	12,938.92	5,658.9	4,770.81

(VII) Particulars of structured entities controlled by the Company

Not applicable

V. OTHER DISCLOSURE

(I) Possible risks

1. Possible risks

(1) Risk of government credit

Given the characteristic of licensed operation in sewage treatment projects, the capital source of sewage treatment service fees comes mainly from the special sewage-treatment fee charged by the governments through the sales of tap water; the deficient amount will be supplemented by the local governments. Most of the concession projects currently promoted included the investment and construction of infrastructures such as pipeline networks with huge investments from social capital sources, the investment return relies on the payment of sewage treatment service fees from the governments. Therefore, the exclusiveness of capital source determines the importance and cruciality of the government credibility. Whether water utilities companies can recoup the investment as scheduled and obtain the expected rate of return depends on the fiscal revenue of the government and the level of its credibility. In case the risk related to government credibility occurs, the project companies' cash flow will be directly affected, which may generate capital risks such as financial risks and financing risks.

(2) Risk of change in policy

China is currently in a critical stage for comprehensively deepening reforms and promoting high-quality development. This process will last for a long time. During this process, policies will be continuously optimized and adjusted in response to domestic and international economic conditions, social demands, and reform progress. In particular, policy changes will involve multiple areas, such as industrial restructuring, financial regulation, taxation, and environmental protection. For example, the successive promulgation of the "Guiding Opinions on Standardizing the Implementation of the New Mechanism for Government-Private Cooperation"* (關於規範實施政府和社會資本合作新機制的指導意見) and the "Infrastructure and Utility Franchise Management Measures"* (基礎設施和公用事業特許經營管理辦法) has a material impact on the business models of the public utilities, water and environmental protection industries. Also, even if the business such as hazardous waste disposal takes enterprises as its service targets, it may be affected by regional industrial policies, i.e. regional industrial upgrading and cross-regional industrial transfer may lead to changes in the quantity of hazardous waste generated in the region. On the market side, as we usher in the latter half of the 14th Five-Year Plan period, the environmental protection industry has experienced a significant slowdown in growth due to factors such as economic downturn, insufficient effective demand, and limited payment capacity of local governments. The model of relying heavily on government policy subsidies for large-scale investment and construction will gradually be replaced by a profit-driven operation model. In addition, the trend toward group-based and scaled operations in the local water service sector is becoming increasingly evident. As the market competition becomes more intense, the industry structure will undergo changes, which will be reflected in enterprises' phase-out, consolidation, transformation, and upgrading.

(3) Risk of operation and management

As the country places increasing emphasis on environmental protection issues, a series of policies and regulations such as the Environmental Protection Law, the “Ten Measures to Improve Air Quality”* (大氣十條) and the “Ten Measures to Improve Water Quality”* (水十條) have been successively introduced. Environmental governance standards are becoming increasingly stringent, placing higher demands on the management capabilities and operation quality of environmental enterprises, the demand for sewage treatment plants to adapt to the new standards of upgrading and transformation has spawned. In this context, on the one hand, the sewage treatment plant is facing the risk of transformation and operation, and on the other hand, the enterprise is also facing the risk of the adjustment of the original franchise agreement. In addition, whether sludge disposal after sewage treatment can form a more complete business model is also worthy of attention.

(4) Legal risks

The Company has the possibility of incurring negative legal consequences due to changes in the external legal environment or due to the failure of legal entities, including the the Company itself, to effectively exercise rights and perform obligations in accordance with legal provisions or contractual agreements. The Group’s current contract types mainly include franchises, construction projects, etc. Franchise contracts have the risk of default due to the government’s default in service fees, resulting in tight capital flows for the affiliated project companies and arrears of downstream payments. Construction engineering contracts have the risk of illegal subcontracting of the contracted projects, and the actual construction workers suing and requiring the Company to bear joint and several liability within the scope of unpaid dues due to the general contractor’s tight cash flow.

2. Risk control measures

(1) Policy research first, strategic planning for the future

The Company will closely monitor domestic and international economic trends, stay abreast of regional and industry development planning policies, and intensify research and analysis of industry policies. It will strategically plan for the “15th Five-Year Plan” period, focusing on resource recycling and energy utilisation as primary directions to identify new strategic opportunities and open up new development pathways. Efforts will be made to seek new growth in areas such as comprehensive water resource utilisation and integrated energy utilisation.

(2) *Strengthening risk management and upholding law based corporate governance*

To determine the target for comprehensive risk management; establish the institutional framework for comprehensive risk management, strengthen the analysis and early warning of various policy risks, improve the risk prevention and control mechanism, from the aspects such as doing a good job in project maintenance, promoting the completion and settlement of legacy projects, ensuring safe production and compliance procurement, we would identify, analyze, evaluate and respond to risks hidden in different business links to strengthen the Company's capabilities for risk and compliance management and control. Strengthen the concept of corporate governance in accordance with the laws by making full use of general counsel system to protect lawful interests of the Company. Meanwhile, the Company calls for and supports the further assurance of equality of the contracting parties under the licensed operational projects, tighten up the performance assessment and profit distribution mechanisms, and provide for the government obligations to pay according to contracts and the rights for investors to get reasonable returns under the laws, so as to reduce the risk related to government credibility and the financial risk of the investors. In view of the risk of default on payment by the government and other contracting parties, we will, in light of the actual situation, consider the use of litigation management tools to push forward the repayment, and continue to implement the concept of "strong case management to promote risk mitigation", and to make use of legal and technological means to protect the legitimate interests of the enterprise, while at the same time, focusing on assisting in the management enhancement and value creation of the enterprise.

(3) *Raise the standards of operation management and mitigate operation risks*

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

(II) Other disclosures

Not applicable

§ 6 GUARANTEE

Unit: 0'000 Currency: RMB

Guarantees provided to external parties by the Company (excluding guarantees provided to subsidiaries)	
Cumulative amount of guarantees provided during the reporting period (excluding those for subsidiaries)	0
Total balance of guarantees as at the end of the reporting period (A) (excluding guarantees provided to subsidiaries)	0
Guarantees provided to subsidiaries of the Company	
Total amount of guarantees provided to subsidiaries during the reporting period	16,450.50
Total balance of guarantees provided to subsidiaries as at the end of the reporting period (B)	279,250.64
Total amount of guarantees provided by the Company (including guarantees provided to subsidiaries)	
Total amount of guarantees (A+B)	279,250.64
Ratio of total amount of guarantees to net assets of the Company (%)	28.29
Including:	
Amount of guarantees provided to shareholders, ultimate controllers, and their connected parties (C)	0
Amount of guarantees provided directly or indirectly to guaranteed entities with a gearing ratio of over 70% (D)	22,236.88
Total amount of guarantees exceeding 50% of net assets (E)	0
Total of the above three classes of guarantees (C+D+E)	22,236.88
Explanation on the potential joint liability arising from the immature guarantees	Not applicable
Explanation on guarantees	No

§ 7 FINANCIAL REPORTS

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2025

(All amounts in RMB unless otherwise stated)

		As at 30 June 2025 Unaudited RMB	31 December 2024 Audited RMB
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		2,493,916,483.26	2,756,992,021.69
Notes receivables		20,705,527.71	34,433,958.06
Trade receivables	7	4,048,244,442.97	3,589,826,335.15
Receivables financing		2,000,000.00	7,024,347.00
Prepayments		25,791,950.68	22,314,317.34
Other receivables		120,645,813.05	97,353,300.68
Inventories		37,714,588.77	40,535,081.99
Non-current assets due within one year		200,935,074.86	199,090,708.41
Other current assets		97,018,472.19	109,090,786.06
Total current assets		7,046,972,353.49	6,856,660,856.38
Non-current assets			
Long-term receivables		5,144,627,746.52	5,128,874,522.65
Long-term equity investments		190,200,882.52	190,200,882.52
Other equity instruments investment		2,000,000.00	2,000,000.00
Investment real estate		14,211,374.09	7,657,173.00
Fixed assets		1,662,391,450.16	1,489,568,498.08
Construction in progress		281,389,087.16	239,892,515.34
Right-of-use assets		8,796,274.63	3,722,393.42
Intangible assets		10,786,852,000.71	10,946,006,182.15
Development expenditures		454,999.24	454,099.24
Deferred income tax assets		92,498,845.00	71,988,345.01
Other non-current assets		217,817,588.03	217,956,227.92
Total non-current assets		18,401,240,248.06	18,298,320,839.33
Total assets		25,448,212,601.55	25,154,981,695.71

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2025 (Continued)

(All amounts in RMB unless otherwise stated)(Continued)

		As at	
		30 June 2025	31 December 2024
		Unaudited	Audited
	Notes	RMB	RMB
LIABILITIES			
Current liabilities			
Short-term borrowings		62,425,038.33	29,228,819.26
Trade payables	8	971,897,012.09	946,965,173.51
Advance receipts		513,010.02	508,010.02
Contract liabilities	8	314,139,225.82	221,717,388.90
Wages payables		49,525,761.49	105,252,309.61
Taxes payable	8	54,665,202.58	111,152,981.14
Other payables	8	1,082,597,852.45	1,060,257,870.64
Non-current liabilities due within one year		1,990,679,389.35	2,092,742,750.09
Other current liabilities		15,684,557.33	19,732,253.93
Total current liabilities		4,542,127,049.46	4,587,557,557.10
Non-current liabilities			
Long-term borrowings		7,548,010,538.64	7,414,407,322.97
Debentures payable		499,632,500.00	499,632,500.00
Lease liabilities		4,504,548.79	1,280,116.25
Long-term payables		87,147,104.87	102,593,539.92
Deferred revenue		1,609,917,927.21	1,637,976,137.69
Deferred income tax liabilities		94,412,389.29	86,249,975.52
Other non-current liabilities		27,990,000.00	27,990,000.00
Total non-current liabilities		9,871,615,008.80	9,770,129,592.35
Total liabilities		14,413,742,058.26	14,357,687,149.45
EQUITY			
Share capital		1,570,418,085.00	1,570,418,085.00
Capital surplus		1,110,030,404.40	1,114,966,012.00
Surplus reserve		850,018,726.34	850,018,726.34
Undistributed profits		6,339,414,367.13	6,133,464,906.76
Total equity attributable to equity owners of the listed company		9,869,881,582.87	9,668,867,730.10
Minority interests		1,164,588,960.42	1,128,426,816.16
Total owners' equity		11,034,470,543.29	10,797,294,546.26
Total liabilities and shareholder's equity		25,448,212,601.55	25,154,981,695.71

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR OF 2025

(All amounts in RMB unless otherwise stated)

	Notes	Unaudited Half-year	
		2025 RMB	2024 RMB
Revenue	2(a)	2,177,915,496.72	2,218,165,636.41
Less: Cost of sales		1,361,599,524.47	1,375,177,188.63
Taxation and surcharges		35,690,376.21	22,408,506.23
Selling expenses		3,853,033.52	5,114,154.66
Administrative expenses		91,448,154.98	94,702,270.65
Research and development expenses		16,303,446.24	20,828,281.90
Finance expenses – net		146,373,643.87	177,271,541.28
Including: interest expenses		162,323,446.95	195,463,863.69
interest income		13,480,060.49	15,903,459.43
foreign exchange loss, net (net gain shown with “-”)		-2,884,282.28	-2,533,001.85
Add: Other income		40,163,815.78	44,007,424.19
Investment income		829,978.35	
Less: Credit impairment losses		-25,286,554.13	1,218,065.09
Gain on asset disposal		3,553,929.71	322.07
Operating profit	3	585,373,735.98	565,452,730.09
Add: Non-operating income		286,355.32	4,858,010.19
Less: Non-operating expenses		69,581.34	127,024.30
Total profit		585,590,509.96	570,183,715.98
Less: Income tax expense	4	94,687,758.39	109,505,636.87
Net profit		490,902,751.57	460,678,079.11
Classified by continuity of operations			
Net profit from continuing operations		490,902,751.57	460,678,079.11
Net profit from discontinued operations			
Classified by ownership of the equity			
Attributable to equity owners of the listed company		472,920,534.82	421,928,337.30
Minority interests		17,982,216.75	38,749,741.81
Other comprehensive income for the year, net of tax			
Total comprehensive income for the year		490,902,751.57	460,678,079.11
Attributable to equity owners of the Company		472,920,534.82	421,928,337.30
Attributable to minority shareholders		17,982,216.75	38,749,741.81
Earnings per share for profit attributable to the owners of the Company (in RMB Yuan):			
Basic earnings per share	6	0.30	0.27
Diluted earnings per share	6	0.30	0.27

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the half-year ended 30 June 2025

(All amounts in RMB unless otherwise stated)

1 Basis of preparation of half-year report

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

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 31 December 2024 and any public announcements made by the Group during the interim reporting period.

2 Revenue and segment information

An analysis of sales and contributions to operating profit for the period by principal operations is as follows:

(a) Analysis of the Group’s turnover and other income

	Unaudited Half-year	
	2025 RMB	2024 RMB
Operating revenue (Note 2(b))	2,177,915,496.72	2,218,165,636.41
Other income	40,163,815.78	44,007,424.19
	2,218,079,312.50	2,262,173,060.60

(b) Operating segment analysis

Management has determined the operating segments based on the reports reviewed by the managers operating meeting that are used to make strategic decisions for the purpose of allocating resources and assessing performance.

The meeting considers the business from both service and geographical perspectives. From a service perspective, management assesses the performance of processing of sewage water and construction of related facilities, recycled water and pipeline connection, heating and cooling services, tap water operations and sale of environmental protection equipment. Processing of sewage water is further evaluated on a geographical basis (Tianjin plants, Hangzhou plant and other plants). The environmental protection equipment is mainly the achievement of technology research. The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment. Expenses indirectly attributable to each segment are allocated to the segments based on the proportion of each segment’s revenue.

Other services include contract operation services, lease of office building or apartments and provide technical services etcetera. These are not separately presented within the reportable operating segments, but included in the ‘all other segments’ column.

The managers operating meeting assesses the performance of the operating segments based on a measure of net profit after tax, which is measured in the approach consistent with that in the financial statements.

2 Revenue and segment information (Continued)

(b) Operating segment analysis (Continued)

(i) For the half-year ended 30 June 2025 (Unaudited)

	Sewage water processing			Recycled water and pipeline connection	Heating and cooling supply	Tap water	Sale of environmental protection equipment	All other segments	Group
	Tianjin plants	Hangzhou plant	Other plants						
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Revenue from external customers	706,958,247.16	128,250,559.22	644,161,934.16	117,086,371.99	114,299,849.10	40,974,404.91	–	426,184,130.18	2,177,915,496.72
Cost for operations	366,226,147.49	69,917,791.05	412,647,218.40	73,320,636.33	91,750,305.75	26,876,517.54	–	320,860,907.91	1,361,599,524.47
Interest income	2,152,220.01	336,165.80	7,429,725.56	1,030,304.85	327,011.09	11,371.82	–	2,193,261.36	13,480,060.49
Interest expenses	86,173,359.65	127,831.76	47,705,752.56	1,405,638.07	2,186,626.30	89,687.98	–	24,634,550.63	162,323,446.95
Results before share of profits of an associate	235,049,794.10	53,891,179.88	163,837,295.48	43,424,722.13	15,624,721.60	9,870,535.52	–	63,062,282.90	584,760,531.61
Segment total profit	235,049,794.10	53,891,179.88	163,837,295.48	43,424,722.13	15,624,721.60	9,870,535.52	–	63,892,261.25	585,590,509.96
Income tax expenses	33,428,577.22	9,164,559.88	24,253,678.85	9,553,229.07	5,524,224.66	2,380,534.64	–	10,382,954.07	94,687,758.39
Segment net profit	201,621,216.88	44,726,620.00	139,583,616.65	33,871,493.06	10,100,496.95	7,490,000.87	–	53,509,307.16	490,902,751.57
Net profit									490,902,751.57
Depreciation expenses	6,163,674.99	8,927,416.31	4,848,258.61	11,077,375.30	702,905.78	2,074,306.50	–	7,688,632.21	41,482,569.70
Amortization	77,377,768.40	33,249,583.58	97,658,263.99	5,212,753.51	21,867,682.59	8,560,640.42	–	55,366,824.64	299,293,517.13
Segment assets	8,118,951,678.23	697,921,533.08	8,733,113,427.17	1,458,082,652.16	1,245,877,929.61	679,444,347.85	–	4,324,620,150.93	25,258,011,719.03
Long-term equity investment in associate									190,200,882.52
Total assets									25,448,212,601.55
Total liabilities	6,745,378,694.03	32,585,294.55	3,255,947,070.28	1,004,092,612.85	660,974,363.58	75,062,821.21	–	2,639,701,201.76	14,413,742,058.26
Non-current assets addition (iii)	1,802,486.31	2,630,775.39	106,593,926.07	238,220,140.13	52,907,442.91	1,262,154.95	–	17,981,661.82	421,398,587.58

2 Revenue and segment information (Continued)

(b) Operating segment analysis (Continued)

(ii) For the half-year ended 30 June 2024 (Unaudited)

	Sewage water processing			Recycled water and pipeline connection	Heating and cooling supply	Tap water	Sale of environmental protection equipment	All other segments	Group
	Tianjin plants	Hangzhou plant	Other plants						
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Revenue from external customers	858,454,501.11	143,373,354.07	778,148,032.41	140,252,395.02	56,871,548.75	39,589,820.28	–	201,475,984.77	2,218,165,636.41
Cost for operations	501,554,624.24	75,534,357.44	488,064,136.02	83,286,231.25	42,409,089.32	23,753,435.58	5,500.71	160,569,814.08	1,375,177,188.63
Interest income	1,419,033.88	1,709,049.36	11,111,317.71	161,006.62	135,004.47	441,018.83	3,005.75	924,022.80	15,903,459.43
Interest expenses	115,538,885.29	721,066.19	66,007,951.30	1,427,081.67	586,000.66	2,266,989.89	–	8,915,888.68	195,463,863.69
Results before share of profits of an associate	206,559,882.30	65,736,707.14	150,918,768.21	102,686,215.78	14,476,155.34	12,213,778.97	564,887.28	12,296,335.07	565,452,730.09
Segment total profit	206,559,882.30	65,736,707.14	150,918,768.21	102,686,215.78	14,476,155.34	12,213,778.97	564,887.28	12,296,335.07	565,452,730.09
Income tax expenses	29,489,868.01	9,696,943.16	20,728,979.04	23,565,941.57	4,599,017.74	2,266,985.69	88,042.53	19,069,859.13	109,505,636.87
Segment net profit	179,158,165.64	56,040,106.29	111,707,984.69	79,882,039.60	9,905,039.38	10,042,782.12	507,206.57	13,434,754.82	460,678,079.11
Net profit									460,678,079.11
Depreciation expenses	26,439,929.02	–	2,666,008.90	7,945,961.04	1,116,996.77	116,028.67	–	20,612,875.21	58,897,799.61
Amortization	85,513,919.45	29,346,874.49	144,502,092.45	4,137,906.11	12,601,870.96	7,761,005.71	–	6,495,330.83	290,359,000.00
Segment assets	8,904,316,851.00	839,098,870.20	8,678,104,446.35	1,230,496,047.25	875,019,411.38	698,524,018.74	44,745,310.81	3,588,201,049.29	24,858,506,005.02
Long-term equity investment in associate									188,650,472.60
Total assets									25,047,156,477.62
Total liabilities	7,586,904,632.30	82,339,067.25	4,045,958,789.06	775,816,989.22	374,734,243.85	143,452,952.72	5,855,222.56	1,622,994,503.39	14,638,056,400.35
Non-current assets addition (iii)	772,940.45	–	218,309,616.13	519,083.69	11,763,963.36	–	–	678,962.40	232,044,566.04

(iii) Non-current assets excludes financial assets, long-term equity investments and deferred tax assets.

The Group's revenue from external customers comes from the PRC.

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

For the half-year ended 30 June 2025, the income from processing of sewage water segment of approximately RMB681,775,788.43 is derived from a single customer, accounting for 31% of the Group's total revenue (for the half-year ended 30 June 2024: approximately RMB753,354,061.91, 34%).

3 Operating profit

Operating profit is stated after (crediting)/charging the following:

	Unaudited Half-year	
	2025	2024
	RMB	RMB
Other income	40,163,815.78	44,007,424.19
Charging:		
Depreciation and amortisation expenses	375,130,425.96	349,291,130.85
Staff costs	213,808,092.77	213,769,641.15
Raw materials and consumables used	156,654,639.80	103,954,572.17
Repair and maintenance expenses	70,287,032.28	70,641,293.26

4 Income tax expense

No Hong Kong profits tax has been provided as the Group has no assessable profit in Hong Kong as at 30 June 2025 (30 June 2024: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Tax charges comprises:

	Unaudited Half-year	
	2025	2024
	RMB	RMB
Current income tax	107,163,453.52	104,739,330.95
Deferred income tax	-12,475,695.13	4,766,305.92
	94,687,758.39	109,505,636.87

5 Interim dividends

No interim dividend was proposed by the Board of the Company for the half-year ended 30 June 2025 (30 June 2024: Nil).

6 Earnings per share

	Unaudited Half-year			
	2025		2024	
	Basic earning per share	Diluted earnings per share	Basic earning per share	Diluted earnings per share
Net profit attributable to the ordinary shareholders of the Company	0.30	0.30	0.27	0.27
Net profit attributable to the ordinary shareholders of the Company after deduction of extraordinary profit and loss	0.25	0.25	0.24	0.24

7 Trade receivables

Details of the trade receivables are as follows:

	Unaudited 30 June 2025 RMB	Audited 31 December 2024 RMB
Trade receivables	4,417,694,508.41	3,984,679,509.64
Less: loss allowance	-369,450,065.44	-394,853,174.49
	<u>4,048,244,442.97</u>	<u>3,589,826,335.15</u>

(a) Impaired trade receivables

	Unaudited 30 June 2025 RMB	Audited 31 December 2024 RMB
Within 1 year	2,572,325,655.94	2,876,855,205.22
1 to 2 years	1,267,590,293.76	524,529,137.11
2 to 3 years	196,550,021.89	320,554,753.89
3 to 4 years	240,326,244.67	154,525,776.44
4 to 5 years	91,319,976.56	67,267,660.04
Over 5 years	49,582,315.59	40,946,976.94
Total	<u>4,417,694,508.41</u>	<u>3,984,679,509.64</u>

8 Trade payables, contract liabilities, other payables and income tax and other taxes payables

	Unaudited	Audited
	30 June	31 December
	2025	2024
<i>Notes</i>	RMB	RMB
Trade payables	971,897,012.09	946,965,173.51
Contract liabilities	314,139,225.82	221,717,388.90
Other payables	1,082,597,852.45	1,060,257,870.64
Income tax and other taxes payables	54,665,202.58	111,152,981.14
	<u>2,423,299,292.94</u>	<u>2,340,093,414.19</u>

(a) Aging of trade payables

	Unaudited	Audited
	30 June	31 December
	2025	2024
	RMB	RMB
Within 1 year (inclusive)	654,742,041.91	707,568,919.06
Over 1 year	317,154,970.18	239,396,254.45
Total	<u>971,897,012.09</u>	<u>946,965,173.51</u>

As at 30 June 2025, accounts payable aged over one year were RMB317,154,970.18 (31 December 2024: RMB239,396,254.45), mainly representing payables for source water of RMB97,722,207.03 from the subsidiary Qujing Capital Water Co., Ltd.* (曲靖創業水務有限公司), of which payment was made in accordance with the requirements of Qujing Water Conservancy and Hydropower Development and Investment Co., Ltd.* (曲靖市水利水電開發投資有限公司), and payables for project of RMB43,164,456.80 from the subsidiary Tianjin Water Recycling Co., Ltd.* (曲靖創業水務有限公司), for which the settlement milestone has not yet been reached as per the contract, and also included the cost of replacing and repairing reverse osmosis membranes at the Jingu Water Recycling Plant* (津沽再生水廠) and Zhangguizhuang Water Recycling Plant* (張貴莊再生水廠).

8 Trade payables, contract liabilities, other payables and income tax and other taxes payables (Continued)

(b) Contract liabilities

	Unaudited 30 June 2025 RMB	Audited 31 December 2024 RMB
For infrastructure fees from heating and cooling supply service projects	109,152,098.43	124,788,900.75
For recycled water and pipeline connection services	125,468,825.09	77,082,139.96
For toll road fee	46,120,000.00	
For hazardous wastes	14,466,873.11	11,460,666.51
For EPC contract prices	11,414,027.34	—
Others	7,517,401.85	8,385,681.68
	314,139,225.82	221,717,388.90

(c) Other payables comprise:

	Unaudited 30 June 2025 RMB	Audited 31 December 2024 RMB
Construction costs payable	717,112,420.43	760,475,061.18
Payable for purchases of fixed assets and intangible assets	44,859,294.77	116,882,401.92
Payable for the old Dongjiao sewage plant's demolition assets transfer (a)	66,887,408.80	66,987,858.80
Dividend payable	152,364,129.85	7,986,980.00
Others	101,374,598.60	107,925,568.74
	1,082,597,852.45	1,060,257,870.64

As at 30 June 2025, other payables aged over one year mainly represented construction costs payable and guarantee deposits for a sewage treatment project in Honghu, a sewage treatment project in Karamay, a sewage treatment project in Ningxiang Economic Development Zone, a wastewater treatment project in Huize County, a project in Shibing, upgrading projects in Chibi, and Jieshou, and other construction projects. The balance is yet to be settled as the projects have not been completed.

- (a) On behalf of Tianjin Land Consolidation Center, the Company received RMB66,887,408.80 for the transfer of assets of an old Dongjiao sewage plant, which will be used to pay various expenses for this project.

§ 8 REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company and its subsidiaries did not repurchase, sell or redeem any of the listed securities of the Company during the reporting period.

§ 9 CORPORATE GOVERNANCE CODE

None of the Directors is aware of any information that would reasonably indicate that the Company is not or was not, currently or at any time of the reporting period, in compliance with the code provisions as set out in Part 2 of Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange.

§ 10 AUDIT AND RISK CONTROL COMMITTEE

On 31 July 2001, the Board approved the establishment of the Audit Committee to review and supervise the Company's financial reporting procedure and internal controls. The Board approved the renaming of the Audit Committee to the Audit and Risk Control Committee on 2 August 2024, and added responsibilities such as considering and approving, if thought fit, major risk control strategies and risk mitigation plans on top of the existing responsibilities. The Audit and Risk Control Committee comprises non-executive Director, Mr. Wang Yongwei, independent non-executive Directors, Mr. Xue Tao, Mr. Wang Shanggan, and Ms. Liu Fei. The Audit and Risk Control Committee, together with the management of the Company, have reviewed the accounting principles and practices adopted by the Group and discussed about the internal controls and financial reporting matters including the review of the unaudited interim results and the Interim Report. The Audit and Risk Control Committee agreed with the accounting principles, standards and methods adopted in the preparation of the Group's unaudited interim accounts for the six months ended 30 June 2025.

By order of the Board
Tang Fusheng
Chairman

Tianjin, the PRC
22 August 2025

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

* *For identification purpose only*