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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 2022

### § 1 IMPORTANT

- 1.1 The board of directors (the “**Board**”), the supervisory committee of Tianjin Capital Environmental Protection Group Company Limited (the “**Company**”) and its directors (the “**Directors**”), supervisors (the “**Supervisors**”) and senior management guarantee that information in the 2022 interim report (the “**Interim Report**”) does not contain any false information, misleading statements or material omissions, and accept several and joint responsibilities for the truthfulness, accuracy and completeness of its contents.
- 1.2 The interim financial report of the Company for the six months ended 30 June 2022 has not been audited.
- 1.3 Did the controlling shareholder of the Company and its 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. Liu Yujun, the officer in charge of the Company, Ms. Jing Wanying, 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
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 “ <b>Stock Exchange</b> ”)

	Secretary to the Board	Company Secretary in Hong Kong	Securities Affairs Representative
Name	Mr. Niu Bo	Ms. Mona Y.Y. Cho	Ms. Guo Fengxian
Correspondence address	TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, The People’s Republic of China (the “ <b>PRC</b> ”)	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
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## 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: 0'000    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	212,928.9	190,395.40	11.84
Net profit attributable to the shareholders of the Company	39,636.3	30,448.90	30.17
Net profit attributable to the shareholders of the Company after deduction of extraordinary profit and loss	36,190.3	26,435.20	36.90
Net cash flow from operating activities	32,240.5	68,947.50	-53.24
	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	731,139.9	712,019.8	2.69
Total assets	2,145,459.8	2,106,529.2	1.85

## Major financial indicators

Major financial indicators	During the reporting period (January – 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)	0.28	0.21	30.52
Diluted earnings per share (RMB/share)	0.28	0.21	30.52
Basic earnings per share after deduction of extraordinary profit and loss (RMB/share)	0.25	0.19	31.58
Weighted average return on net assets ratio (%)	5.49	4.57	Increased by 0.92 percentage points
Weighted average return on net assets ratio after deduction of extraordinary profit and loss (%)	5.02	3.97	Increased by 1.05 percentage points

### 2.2.2 Extraordinary profit and loss items

Unit: 0'000 Currency: RMB

Extraordinary Profit and Loss Items	Amount
Governmental subsidies counted into the current profit and loss, except for the one closely related with the normal operation of the company and gained constantly at a fixed amount or quantity according to certain standard based on state policies	4,157.5
Other non-operating income and expenses (excluding the above items)	-71.2
Other items falling within the definition of extraordinary profit and loss	
Less: Effect on income tax	676.9
Effect on minority interests (after tax)	-36.6
Total	<u><u>3,446.0</u></u>

## § 3 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

### 3.1 Table of share changes

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

### 3.2 Number of shareholders and their shareholdings

Total number of ordinary shareholders as at the end of the reporting period 62,075

*Note:* As at June 30, 2022, the total number of ordinary shareholders of the Company is 62,075, 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

Name of shareholder (Full name)	Increase/ decrease during the reporting period (shares)	Shareholdings of the top ten shareholders			Number of pledged, marked or frozen shares		
		Number of shares held at the end of the period (shares)	Percentage (%)	Number of restricted shares held (shares)	Status of Shares	Number	Nature of the Shareholder
Tianjin Municipal Investment Co., Ltd.	0	715,565,186	50.14	0	Pledged	115,000,000	State-owned legal person
HKSCC Nominees Limited	0	337,954,810	23.68	0	Unknown	Not applicable	Other
Central Huijin Asset Management Co., Ltd.	0	13,868,294	0.97	0	Nil	Not applicable	State-owned legal person
Hong Kong Securities Clearing Company Limited	-254,702	12,591,262	0.88	0	Nil	Not applicable	Other
Zhejiang Jinxin Construction Engineering Co., Ltd. (浙江錦鑫建設工程有限公司)	447,903	7,470,000	0.52	0	Nil	Not applicable	Domestic non-state-owned legal person
Li Mingguo (李命國)	-1,149,464	2,665,821	0.19	0	Nil	Not applicable	Domestic natural person
Sun Meichun (孫梅春)	1,750,000	1,750,000	0.12	0	Nil	Not applicable	Domestic natural person
Lin Zhimao (林志茂)	1,719,700	1,719,700	0.12	0	Nil	Not applicable	Domestic natural person
Shenwan Hongyuan Securities Co., Ltd. (申萬宏源證券有限公司)	827,388	1,599,900	0.11	0	Nil	Not applicable	State-owned legal person
Shenyang Railway Coal Group Co., Ltd. (瀋陽鐵道煤炭集團有限公司)	0	1,500,000	0.11	0	Nil	Not applicable	State-owned legal person

**Shareholdings of the top ten shareholders of non-restricted shares**

Name of shareholder	Number of non-restricted circulating shares held (shares)	Type and number of shares	
		Type	Number (shares)
Tianjin Municipal Investment Co., Ltd.	715,565,186	Ordinary RMB Shares	715,565,186
HKSCC Nominees Limited	337,954,810	H Shares	337,954,810
Central Huijin Asset Management Co., Ltd.	13,868,294	Ordinary RMB Shares	13,868,294
Hong Kong Securities Clearing Company Limited	12,591,262	Ordinary RMB Shares	12,591,262
Zhejiang Jinxin Construction Engineering Co., Ltd. (浙江錦鑫建設工程有限公司)	7,470,000	Ordinary RMB Shares	7,470,000
Li Mingguo (李命國)	2,665,821	Ordinary RMB Shares	2,665,821
Sun Meichun (孫梅春)	1,750,000	Ordinary RMB Shares	1,750,000
Lin Zhimao (林志茂)	1,719,700	Ordinary RMB Shares	1,719,700
Shenwan Hongyuan Securities Co., Ltd. (申萬宏源證券有限公司)	1,599,900	Ordinary RMB Shares	1,599,900
Shenyang Railway Coal Group Co., Ltd. (瀋陽鐵道煤炭集團有限公司)	1,500,000	Ordinary RMB Shares	1,500,000
Notes on the connected relationship or parties acting in concert among the above shareholders	It is uncertain that whether there is any connected relationship among the top 10 shareholders. It is uncertain that whether there is any connected relationship between the top 10 shareholders of non-restricted shares and the top 10 shareholders.		

- Notes:* (1) According to the register of members 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) held a total of 140,448,000 H shares of the Company, representing 9.841% 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.

### **3.3 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) Principal Business of the Company and its Business Model***

During the period of the “14<sup>th</sup> Five-Year Plan”, the environment industry realized in-depth development in result-oriented systematized services. The sewage treatment business remained as the core business of the Company, at the same time extending its reach to water supply and recycled water businesses, composing the core business segment of the Company and establishing its capability in providing professional systematized services regarding water utilities continuously. The Company also developed strategic new businesses such as new energy heating and cooling supply, solid waste disposal, distributed photovoltaic power generation, environmental protection technology, etc., to create a comprehensive environmental service business layout for the Company by integrating the core business with different dimensions like business operations and resources etc., which in turn greatly supported the profitability of the Company, and resulting in its overall professional and systematized environmental service capability.

#### ***1. Core businesses***

As at the end of the reporting period, the total capacity of the equity-type sewage, water supply and recycled water utilities business of the Company amounted to approximately 5.6046 million m<sup>3</sup> per day, among which the sewage treatment capacity, water supply capacity (including tap water and industrial water supply capacity) and recycled water capacity under the PPP model were approximately 4.8696 million m<sup>3</sup> per day, 315,000 m<sup>3</sup> per day and 420,000 m<sup>3</sup> per day respectively, and the pipe network length under the integrated plant network was 1,190 km. The above projects are distributed in 15 provinces, municipalities and autonomous regions in China and the sewage treatment capacity under the entrusted operation model was approximately 252,000 m<sup>3</sup> per day.

The operation model of sewage treatment and water supply mainly based on BOT, TOT and PPP models. The business model of recycled water is generating sales revenue from the production and sale of recycled water, as well as generating income from provision of recycled water pipeline connection services. There is no significant changes as compared with the beginning of the reporting period.

## *2. Strategic new businesses*

- (1) The gross service areas of new energy cooling and heating supply business amounted to 3.11 million m<sup>2</sup>, which was based mainly on BOT model and was mainly operated in Tianjin;
- (2) The hazardous wastes business included four projects with the disposal capacity of 128,000 tons/year, and a storage and transit project with the capacity of 20,000 tons/year and a waste landfill project with the aggregate storage of 314,600 m<sup>3</sup> with the comprehensive waste utilization capacity of 73,000 tons/year, which adopted the marketized pricing method for the provision of hazardous wastes disposal services to customers and were mainly distributed in Shandong Province and Jiangsu Province;
- (3) For the distributed photovoltaic power generation project, the planned annual electricity generation amounted to 2.9216 million kWh, which adopted the marketised pricing method for the provision of power supply services to sewage treatment plants and was mainly distributed in Tianjin and Dalian;
- (4) The total capacity of sludge treatment was 2,970 tons/day, which was mainly distributed in Tianjin, Gansu and Zhejiang. The Jiuquan project of Gansu was based on BOT model, while the others are based on the entrusted operation model;
- (5) The application of the transformation of scientific and technological achievements to business operations is the main focus of the environmental protection technology business, which specifically, being the promotion of patented technology, consultation services, etc. to the market. The Company has entered into 4 new project contracts amounted to RMB9.4874 million for the first half of the year.

## ***(II) The Situation of the Company's Industry***

For the first half of 2022, the PRC government has issued various documents, which provided important guidance to the development of water utilities and environmental protection industry, in which the Company belongs to.

The NDRC and the Ministry of Water Resources have jointly issued the “National Water Safety Assurance Plan under the 14<sup>th</sup> Five-Year Plan”, which clearly indicates the enhancement in capabilities regarding prevention of flood and draught, conservative and intensive and safe utilisation of water resources, optimized allocation of water resources, as well as governance and protection of ecosystems in rivers and lakes by 2025, so as to improve the capability in securing water safety in the PRC.



The NDRC has issued the “Comprehensive Management Planning for the Water Environment of Key River Basins under the 14<sup>th</sup> Five-Year Plan”, stating that a relatively completed city-wise water pollution prevention system will be established essentially by 2025, striving for the centralized collection rate of 70% or above for domestic sewage in cities and the essential elimination of black and odorous water in cities. As for the major rivers and lakes, the standardized rate of water quality in functional areas will increase continuously, the water and environment quality of major river basins will improve continuously and the essential elimination of heavily polluted water and Grade V water which would effectively support the implementation of key strategies such as the Coordinated Development of the Beijing-Tianjin-Hebei Region, the development of the Yangtze River Economic Belt, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, integrated development of the Yangtze River Delta, the ecological protection and quality development in Yellow River basin and high quality development. With the continuous improvement in safety assurance of centralized drinking water resources and reduction in water pollution emission, no less than 93% of the centralized drinking water resources would reach Grade III or higher grades.

The five ministries including the Ministry of Ecology and Environment have jointly issued the “Action Plan for the Battle of Agricultural and Rural Areas Pollution Control (2021-2025)”, which clearly states that the environmental renovation level of rural areas would be improved significantly, the pollution in agricultural aspects would be preliminarily under control, and the ecological environment in rural areas would continuously be improved by 2025. 80,000 new cases of administrative environmental renovation of rural areas will be completed, and the control rate of domestic sewage of these areas will reach 40%, black and odorous water of relatively larger volume will be essentially eliminated; the usage of fertilizers and pesticides will be continuously reduced, the utilization rates of major crops fertilizers and pesticides both reaching 43%, the recycle rate of agricultural films reaching 85%; and the integrated utilization rate of livestock and poultry manure exceeding 80%.

The above-mentioned industrial policies indicate that securing water safety, sewage disposal in villages and towns, as well as integrated governance of water and environment in basins would give rise to more market opportunities in the future. While the government is expected to establish a more refined business model, the water utilities and environmental protection corporations are required to improve their capabilities in providing integrated environmental services.

## **II. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD**

The Group's core competitiveness is mainly 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, adoptable and sustainable research and development capabilities; (3) our professional, dedicated, cooperative and innovative staff team; (4) our corporate reputation of 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 entrepreneurial environmental protection.

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

In respect of business operations, the Company has obtained approval for non-public issuance of A shares, actively promoted water service projects, and responded to the national "dual-carbon" strategy to promote the development of new energy business.

In respect of technology R&D, the Company continued to increase investment in science and technology, attach great importance to digital development, initiate the preparation of digital solutions, focus on exploring the big data operation and management platform, and promote the establishment of a smart water services management system.

In respect of management, control and team building, in line with the strategic development direction, the Company re-integrated resources and strive to build a regional management and business development team.

In respect of brand building, the Company has been awarded the "Top Ten Influential Enterprises in China's Water Industry" for 17 consecutive years since 2005, building up a good corporate image and brand reputation.

### III. OPERATION DISCUSSION AND ANALYSIS

For the first half of 2022, adhering to the principle of pursuing progress while ensuring stability, the Company focused on strengthening and optimizing its principal business, and realizing quality development as its core beliefs. It strived to strengthen project operation and management to achieve cost reduction and efficiency enhancement, actively commence technological research and development to facilitate technological system upgrade, as well as handle its assets flexibly while expand financing channels, so as to steadily promoting various project operation and management works of the Company.

- (1) Strengthening project operation and management to achieve cost reduction and efficiency enhancement. By integrating the specific situation of revenue model and technical operations technology of sewage, water recycling, water supply, hazardous waste, new energy and sludge businesses, the Company strengthened the innovation of operation and management and enhanced management efficiency with measures and methods including “One Plant, One Policy” cost standardization, project on-site “7S” model, overall surveillance of planning budget, and the in-depth consolidation of information technology and production operation. The Company also focused on the key factors of business costs, with measures targeting aspects such as electricity bills, chemical expenses, etc. The Company has adopted cost reduction methods, including the application of PAC manufactured by the resource recycling of hazardous wastes to our sewage plant, and realization of year-on-year decrease by 10% on chemical procurement unit price. With methods such as equipment optimization and facilities operation control measure, the water and electricity consumption of Jingu Sewage Plant and Dongjiao Sewage Plant recorded year-on-year decrease of 8% and 13.8% respectively.
- (2) Actively commencing technological research and development to facilitate technological system upgrade. In 2022, the Company planned to invest not less than RMB38.15 million in research and development new processes and applicable technologies for sewage, sludge treatments and other related business areas. During the reporting period, the Company has organized the commencement of 1 national level subject study and 1 municipal level subject study, 7 standard preparations, 8 municipal level subject declaration works, as well as more than 50 internal technological projects. At the same time, the Company has achieved 13 authorized patents, including 1 invention patent and 12 utility model patents.
- (3) Handling assets flexibly while expanding financing channels. The Company proactively expanded financing channels for options, flexibly handled its assets and established listing platform for assets; so as to improve overall investment profits. The Company intends to issue an infrastructure REITs with part of the sewage treatment projects it holds being the underlying assets. After careful selection, the Company has identified 4 major facilitation projects, namely the Tianjin Xiqing Dasi project, the Anhui Fuyang project, the Hefei Taochong project and the Hefei Yuwan project. The said infrastructure REITs is currently under the phase of preparation for application.

In July 2022, the Company has issued RMB630 million of Green Medium-term Notes, with coupon rate of 3.94%. The CSRC has approved the non-public issuance of A shares, and the issuance work is currently in progress.

Under the guidance of the above policies, for the first half of 2022, the various businesses of the Company operated steadily and recorded operating revenue of RMB2,129.289 million, representing an increase of 11.84% as compared to that in the same period last year. The net profit attributable to the Company was RMB396.363 million, representing an increase of 30.17% as compared to that in the same period last year. The revenue is mainly contributed by businesses such as sewage treatment, water recycling, tap water supply, new energy heating and cooling supply, etc., among which, sewage treatment business recorded revenue of RMB1,548.179 million, representing an increase of 12.07% as compared to that in the same period last year; water recycling business recorded revenue of RMB180.852 million, representing an increase of 7.51% as compared to that in the same period last year; tap water supply business recorded revenue of RMB59.282 million, representing an increase of 3.68% as compared to that in the same period last year, and new energy heating and cooling supply business recorded revenue of RMB130.194 million, representing an increase of 227.29% as compared to that in the same period last year. The growth in revenue is mainly attributable to, on one hand, the increase in sewage disposal volume, causing the increase in related income, and on the other hand, the increase in income related to sewage treatment and new energy heating and cooling businesses due to the recognition of construction services income regarding PPP projects under construction, pursuant to the requirements of the “Interpretation No. 14 of the Accounting Standards for Business Enterprises”.

**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 matters that 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 the principal businesses

###### 1 Analysis of changes in relevant items in financial statements

Unit: 0'000 Currency: RMB

Item	Amount for the current period	Amount for the same period of last year	Percentage change (%)
Operating revenue	212,928.9	190,395.4	11.84
Operating cost	141,562.1	126,412.4	11.98
Selling expenses	1,271.8	1,267.9	0.31
Administrative expenses	9,031.3	8,285.2	9.01
Finance costs	11,145.7	16,170.2	-31.07
Research and development expenses	655.0	370.6	76.74
Net cash flows from operating activities	32,240.5	68,947.5	-53.24
Net cash flows from investing activities	-33,511.3	-121,105.4	-72.33
Net cash flows from financing activities	-4,426.8	71,179.6	-106.22
Credit impairment loss	-833.1	-207.6	301.30
Non-operating income	13.5	31.1	-56.59
Non-operating expenses	84.7	124.4	-31.91
Income tax	9,647.6	6,980.4	38.21
Minority interests	1,494.3	3,225.8	-53.68

Reasons for the change in operating revenue: on one hand, the increase in the business volume of sewage treatment and the increase in sewage disposal service fee of some of the sewage treatment plants which the income increases accordingly; on the other hand, in accordance with the provisions of the "Interpretation of Accounting Standards for Business Enterprises No. 14", the Company has recognized the construction service income corresponding to the PPP projects in the construction process this year.

Reasons for the change in operating cost: on one hand, with the increase of business volume of sewage treatment was accompanied by an increase in costs as revenue increased; on the other hand, in accordance with the provisions of the "Interpretation of Accounting Standards for Business Enterprises No. 14", the Company has recognized the construction service costs corresponding to the PPP projects in the construction process this year.

Reasons for the change in selling expenses: the main reason is that the cost of hazardous wastes business personnel, the consultation services fee, etc. remain basically unchanged compared with the same period last year.

Reasons for the change in administrative expenses: mainly due to the increase in staff costs.

Reasons for the change in finance costs: mainly due to the recognition of interest income in relation to the availability service fee receivables in accordance with Interpretation 14 of the Accounting Standards for Business Enterprises, which was not available in the same period last year.

Reasons for the change in research and development expenses: mainly due to the increase in R&D investment, personnel expenses and material costs etc. in this current period.

Reasons for the change in net cash flow generated from operating activities: the main reason is that the operating receivables such as sewage treatment service fees collected in the current period were lower than that of the same period last year.

Reasons for the change in net cash flow generated from investing activities: main reason is that the expenses for construction as well as merger and acquisition in the current period were lower than that of the same period last year.

Reasons for the change in net cash flow generated from financing activities: the main reason is that the net increase in financing liabilities in the current period were lower than that of the same period last year.

Reasons for the change in credit impairment loss: the main reason is due to credit impairment loss due from Tianjin Qudong Media Co., Ltd.\* (天津驅動傳媒有限公司), which is in insolvency proceedings, during the current period.

Reasons for the change in non-operating income: the main reason is that the receipt of insurance settlement claims in the same period last year, which was not available in the current period.

Reasons for the change in non-operating expenses: the main reason is due to the payment of compensation in the same period last year, which was not available in the current period.

Reasons for the change in income tax: the increase in total profit resulting in the increase in income tax.

Reason for change in minority interest: it was mainly due to the decrease in net profit of non-wholly owned subsidiaries as compared with the same period of last year, and the corresponding decrease in minority interest calculated based on their respective shareholding.

2 *Details of material changes in the business type, profits composition or profits sources of the Company*

Not Applicable

**(II) Major changes in profits caused by the non-principal business**

Not Applicable

**(III) Analysis of assets and liabilities**

*Unit: 0'000 Currency: RMB*

Items	Amount as at the end of the current period	Percentage of the amount as of the end of the current period to the total assets (%)	Amount as at the end of the previous period	Percentage of the amount as of the end of the previous period to the total assets (%)	Percentage of change in amount as at the end of the current period as compared with the end of the previous period (%)	Explanation
Prepayments	8,981.3	0.42	2,083.4	0.10	331.09	Mainly due to new prepaid operating expenses for sewage plants.
Other receivables	2,037.8	0.09	2,929.3	0.14	-30.43	Mainly due to the receipt of project deposits during the period.
Employee remuneration payable	2,335.3	0.11	10,456.8	0.50	-77.67	Mainly due to the payment of year-end bonus accrued at the end of 2021.
Non-current assets due within one year	127,110.0	5.92	95,713.9	4.54	32.80	Mainly due to the increase in long-term borrowings matured within a year.

**Other Explanations**

Nil

#### ***(IV) Analysis of investment***

##### ***1. Overall analysis of external equity investment***

During the reporting period, the total amount of expected equity investment was approximately RMB20.91 million, representing a decrease of RMB160.3762 million as compared to the same period last year, mainly because the number of new projects secured by the Company in the first half of the year was less than that in the same period last year.

##### ***(1) Major equity investment***

1. On 11 May 2022, the Board agreed to inject RMB20.91 million into Linxia Capital Water Co., Ltd (臨夏市創業水務有限公司) (“**Linxia Company**”) for the implementation of second series expansion project of the Linxia City Sewage Treatment Plant PPP project Phase 2. The registered capital of Linxia Company will increase to RMB65.91 million from RMB45.00 million after completing the injection. During the reporting period, the filings regarding the project to appropriate department of state-owned assets have been completed and is pending for approval.
2. On 8 July 2022, in order to tighten its control over relevant subsidiaries, Fuyang Capital Water Co. Ltd (阜陽創業水務有限公司) (“**Fuyang Company**”), a wholly-owned subsidiary of the Company, restructured 100% of its equity interests in Hanshan Capital Water Co., Ltd. (含山創業水務有限公司) and Jieshou Capital Water Co., Ltd (界首市創業水務有限公司), both of which are its wholly-owned subsidiaries, and transferred to the Company by way of transfer agreement. The transfer is currently pending for the approval of appropriate department of state-owned assets.

##### ***(2) Major non-equity investment***

Not Applicable

##### ***(3) Financial assets measured by fair value***

Not Applicable

#### ***(V) Disposal of major assets and equity interest***

Not Applicable



**(VI) Analysis of major companies in which the Company has invested**

*Unit: 0'000 Currency: RMB*

Subsidiary	Principal Place of Business	Major Products or Services	Registered Capital	Type of Legal Person	Shareholding of the Company	Asset Size	Net Assets	Net Profits
Tianjin Water Recycling Co., Ltd. (天津中水有限公司) ("Water Recycling Company")	Tianjin	Production and sales of recycled water; development and construction of water recycling facilities; and manufacturing, installation, debugging, and operation of water recycling facilities, etc.	10,000	Limited company	100%	116,143.99	29,478.34	5,625.03
Hangzhou Tianchuang Capital Water Co., Ltd. (杭州天創水務有限公司) ("Hangzhou Company")	Hangzhou, Zhejiang	The supporting services such as operational maintenance, its related technical services and technical training for facilities for sewage treatment and recycled water usage.	37,744.50	Limited company	70%	79,229.19	66,979.37	2,911.83
Xi'an Capital Water Co., Ltd. (西安創業水務有限公司)	Xi'an, Shaanxi	Development, construction, operation, and management of municipal sewage treatment plants, and tap water and its supporting facilities; and R&D and promotion of environment protection technology.	47,617	Limited company	100%	97,675.67	61,994.41	2,874.09
Tianjin Jiayuanxing Innovative Energy Technology Co., Ltd. (天津佳源興創新能源科技有限公司)	Tianjin	Development, consulting, service, and transfer of energy conservation and new energy technologies; and property management services	19,195.052	Limited company	100%	65,356.47	36,022.37	584.23
Tianjin Caring Technology Development Company Limited (天津凱英科技發展股份有限公司)	Tianjin	Environmental engineering management and technical advice etc.	3,333.3333	Stock limited company	60%	17,762.86	13,162.22	549.31
Inner Mongolia Bayannur Capital Water Co., Ltd. (內蒙古巴彥淖爾創業水務有限責任公司)	Bayannur, Inner Mongolia	Processing of sewage water, production and sales of recycled water and supply of tap water	106,757.79	Limited company	70%	113,524.87	110,626.71	292.65
Shandong Capital Environmental Protection Technology Co., Ltd. (山東創業環保科技發展有限公司)	Shandong	Solid waste and hazardous waste treatment and disposal	8,200	Limited company	55%	43,123.52	8,343.03	-454.59
Fuyang Company	Fuyang, Anhui	Development, construction and management of municipal sewage treatment plants, tap water and their supporting facilities and solid waste treatment facilities; Research and development and promotion of environmental protection technology	45,568.87	Limited company	100%	131,185.99	64,116.41	4,052.84

Water Recycling Company recorded a revenue of RMB173.1712 million from principal operations and an operating profit of RMB83.5481 million in the first half of 2022.

Hangzhou Company recorded a revenue of RMB136.8831 million from principal operations and an operating profit of RMB36.1543 million in the first half of 2022.

***(VII) 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 while the insufficient amount will be supplemented by the local governments. Most of the PPP package 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 highlights 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 depend 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 will face cash flow problems, which may generate capital risks such as financial risks and financing risks.

***(2) Risk of change in policy***

Currently, the PRC is at the stage of long-term comprehensive in-depth reform. In the future, there will be transformative changes in policies related to economy, finance, prices, financial taxation and government functions, etc. The policy changes in prices and taxes will directly influence the adjustment of water price. Moreover, although the business such as hazardous waste treatment 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. As a social investor, one needs to focus on the risk of policy changes. In addition, after the end of the licensed operation period, whether it is possible to continue to obtain the right to operate the project will also constitute a potential risk.

*(3) Risk of operation and management*

The government's increasingly strict requirements on environmental governance will gradually spur the increase of the demands for upgrading sewage treatment plants in order to meet the new standards. 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. From summer onwards, the operation of water plants also needs to meet flood control requirements and strengthen its quality and safety management. In addition, the impact of the COVID-19 pandemic on the society and the economy as a whole will also be reflected in the water and environmental protection industry, such as the pandemic may have a certain degree of impact on industrial production, which in turn affects the business of hazardous waste disposal.

**2. Risk control measures**

*(1) Protect the Company's lawful interests by full utilization of laws and regulations*

Strengthen the concept of corporate governance in accordance with the law and protects its lawful interests by full utilization of the general legal counsel system. Meanwhile, the Company calls for the further assurance of equality of the contracting parties under the licensed operation and PPP projects, tightens up the performance assessment and profit distribution mechanisms, and provides 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.

*(2) Strengthen comprehensive risk management*

Determine the target for comprehensive risk management; establish institution for comprehensive risk management; strengthen the investigation and forecast of different types of policy risks; analyse, assess and deal with possible potential risks in different business links; improve the risk management system and establish a sound and comprehensive risk management system for the Company; improve its timing and efficiency of the comprehensive risk management of the Company; conduct the dynamic management and effective control over risks so as to reasonably ensure the achievement of the Company's strategic targets. Moreover, from the strategic level, promoting the structural transformation of enterprises is in fact a fundamental strategy to reduce operation risks.

(3) *Continue to raise the standards of operating management*

As a listed company in the environmental protection field, the Company has control over production and operation risks in a timely manner through standardized management in accordance with relevant changes in policies. Specifically, our risk control measures include staff training, strengthening the consciousness of laws on environmental protection and improving the management and control levels of technologies, strengthening the maintenance and protection of facilities for proper preservation of asset value and stable operation; perfecting the monitoring of quality, promoting control over the whole process to ensure the end products could meet the standards of discharge; developing water environment remedy plans and safe production plans, so as to ensure the prudent operation and the best environmental performance of the Company under force majeure conditions. Moreover, it is also very important to maintain smooth contact and strengthen communication with local governments and regulatory authorities.

## § 6 GUARANTEE

*Unit: 0'000 Currency: RMB*

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

Total amount of guarantees provided during the reporting period (excluding guarantees provided to subsidiaries)	0
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	104,500.00
Total balance of guarantees provided to subsidiaries as at the end of the reporting period (B)	536,617.90

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

Total amount of guarantees (A+B)	536,617.90
Percentage of the total amount of guarantees to the net assets of the Company (%)	73.39

Of which:

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)	75,815.43
Total amount of guarantees exceeding 50% of net assets (E)	171,047.95
Total of the above three classes of guarantees (C+D+E)	246,863.38
Explanation on contingent joint liability for undue guarantees	Not applicable
Explanation on guarantees	Nil

## § 7 FINANCIAL REPORTS

### INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2022

(All amounts in RMB thousand unless otherwise stated)

		As at	
		30 June	31 December
		2022	2021
		Unaudited	Audited
	Notes	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,077,508	2,139,487
Notes receivables		6,570	8,123
Trade receivables	6	2,769,826	2,325,550
Prepayments		89,813	20,834
Other receivables		20,378	29,293
Inventories		23,109	21,828
Non-current assets due within one year		215,067	241,114
Other current assets		61,954	50,896
<b>Total current assets</b>		<b>5,264,225</b>	<b>4,837,125</b>
<b>Non-current assets</b>			
Long-term receivables		3,854,410	3,811,904
Long-term equity investments		195,000	195,000
Other equity instruments investment		2,000	2,000
Fixed assets		948,741	973,273
Construction in progress		37,660	29,660
Right-of-use assets		7,460	9,021
Intangible assets		10,251,558	10,331,691
Goodwill		405,461	405,461
Deferred income tax assets		18,299	19,268
Other non-current assets		469,784	450,889
<b>Total non-current assets</b>		<b>16,190,373</b>	<b>16,228,167</b>
<b>Total assets</b>		<b>21,454,598</b>	<b>21,065,292</b>

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)***AS AT 30 JUNE 2022 (Continued)**(All amounts in RMB thousand unless otherwise stated)(Continued)*

		<b>As at</b>	
		<b>30 June</b>	<b>31 December</b>
		<b>2022</b>	<b>2021</b>
		<b>Unaudited</b>	<b>Audited</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term borrowings		<b>113,332</b>	145,852
Trade payables	7	<b>422,107</b>	429,522
Contract liabilities	7	<b>563,305</b>	567,682
Wages payables		<b>23,353</b>	104,568
Taxes payable	7	<b>60,149</b>	47,291
Other payables	7	<b>929,088</b>	958,718
Non-current liabilities due within one year		<b>1,271,100</b>	957,139
<b>Total current liabilities</b>		<b>3,382,434</b>	3,210,772
<b>Non-current liabilities</b>			
Long-term borrowings		<b>7,253,050</b>	7,197,167
Debentures payable		<b>250,000</b>	250,000
Lease liabilities		<b>4,760</b>	6,230
Long-term payables		<b>176,562</b>	196,256
Provisions		<b>15,212</b>	15,212
Deferred revenue		<b>1,903,468</b>	1,933,891
Deferred income tax liabilities		<b>124,413</b>	119,694
Other non-current liabilities		<b>32,000</b>	32,000
<b>Total non-current liabilities</b>		<b>9,759,465</b>	9,750,450
<b>Total liabilities</b>		<b>13,141,899</b>	12,961,222
<b>EQUITY</b>			
Share capital		<b>1,427,228</b>	1,427,228
Capital surplus		<b>441,163</b>	437,949
Surplus reserve		<b>677,336</b>	677,336
Undistributed profits		<b>4,765,672</b>	4,577,685
<b>Total equity attributable to equity owners of the parent</b>		<b>7,311,399</b>	7,120,198
Minority interests		<b>1,001,300</b>	983,872
<b>Total owners' equity</b>		<b>8,312,699</b>	8,104,070
<b>Total liabilities and shareholder's equity</b>		<b>21,454,598</b>	21,065,292

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR OF 2022**

(All amounts in RMB thousand unless otherwise stated)

		<b>Unaudited Half-year</b>	
		<b>2022</b>	<b>2021</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	<b>2(a)</b>	<b>2,129,289</b>	1,903,954
Less: Cost of sales		<b>(1,415,621)</b>	(1,264,124)
Tax expenses and surcharge		<b>(21,948)</b>	(20,498)
Selling expenses		<b>(12,718)</b>	(12,679)
Administrative expenses		<b>(90,313)</b>	(82,852)
Research and development expenses		<b>(6,550)</b>	(3,706)
Finance expenses – net		<b>(111,457)</b>	(161,702)
Including: interest expenses		<b>(176,345)</b>	(173,898)
interest income		<b>60,942</b>	10,253
<b>Add: Other income</b>		<b>46,143</b>	51,167
Investment income		–	–
including: investment income from associates		–	–
<b>Less: Credit impairment losses</b>		<b>(8,331)</b>	(2,076)
Assets impairment losses		–	–
Losses on disposals of assets		–	–
<b>Operating profit</b>	<b>3</b>	<b>508,494</b>	407,484
Add: Non-operating income		<b>135</b>	311
Less: Non-operating expenses		<b>(847)</b>	(1,244)
<b>Total profit</b>		<b>507,782</b>	406,551
Less: Income tax expense	<b>4</b>	<b>(96,476)</b>	(69,804)
<b>Net profit</b>		<b>411,306</b>	336,747
Classified by continuity of operations			
Net profit from continuing operations		<b>411,306</b>	336,747
Net profit from discontinued operations		–	–
Classified by ownership of the equity			
Minority interests		<b>396,363</b>	304,489
Attributable to equity owners of the Company		<b>14,943</b>	32,258
<b>Other comprehensive income for the year, net of tax</b>		–	–
<b>Total comprehensive income for the year</b>		<b>411,306</b>	336,747
Attributable to equity owners of the Company		<b>396,363</b>	304,489
Attributable to minority shareholders		<b>14,943</b>	32,258
<b>Earnings per share for profit attributable to the owners of the Company (in RMB Yuan):</b>	<b>5</b>		
Basic earnings per share		<b>0.28</b>	0.21
Diluted earnings per share		<b>0.28</b>	0.21

**Liu Yujun**

**Niu Bo**

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AS AT 30 JUNE 2022

(All amounts in RMB thousand 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 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 2021 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	
	2022	2021
	RMB’000	RMB’000
Revenue from contracts with customers (Note 2(b))	2,129,289	1,903,954
Other income	46,143	51,167
	<b>2,175,432</b>	<b>1,955,121</b>

### (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 2022 (Unaudited)

	Sewage water processing			Recycled water and pipeline connection	Heating and cooling supply	Sale of environmental protection equipment		All other segments	Group
	Tianjin plants	Hangzhou plant	Other plants			Tap water			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	772,856	136,883	638,440	180,852	130,194	59,282	1,544	209,238	2,129,289
Cost for operations	(446,249)	(94,306)	(455,924)	(108,902)	(112,488)	(41,384)	(1,274)	(155,094)	(1,415,621)
Interest income	2,975	222	46,037	4,434	538	3,403	12	3,321	60,942
Interest expenses	(93,735)	(1,433)	(71,751)	(1,329)	(867)	(2,308)	-	(4,922)	(176,345)
Results before share of profits of an associate	188,396	35,834	153,507	85,679	9,394	15,081	185	19,706	507,782
Segment total profit/(loss)	188,396	35,834	153,507	85,679	9,394	15,081	185	19,706	507,782
Income tax expenses	(27,572)	-	(17,762)	(27,393)	(3,603)	(3,634)	(28)	(16,484)	(96,476)
Segment net profit/(loss)	160,826	35,834	135,745	58,286	5,791	11,447	158	3,219	411,306
Net profit/(loss)									411,306
Depreciation expenses	(574)	-	(1,058)	(12,013)	(1,155)	(102)	(444)	(18,078)	(33,424)
Amortization	(92,252)	(29,316)	(110,361)	(2,705)	(12,387)	(9,345)	-	(12,727)	(269,093)
Segment assets	8,125,185	838,957	7,150,053	1,012,319	733,856	655,276	37,920	2,706,032	21,259,598
Long-term equity investment in associate									195,000
Total assets									21,454,598
Total liabilities	6,898,996	135,807	3,654,606	52,664	309,448	111,077	5,113	1,974,188	13,141,899
Non-current assets addition (iii)	75	28,398	81,424	6,196	86,033	-	6	2,158	204,290

## 2 Revenue and segment information (Continued)

### (b) Operating segment analysis (Continued)

#### (ii) For the half-year ended 30 June 2021 (Unaudited)

	Sewage water processing			Recycled water and pipeline connection	Heating and cooling services	Sale of environmental protection equipment	All other segments	Group
	Tianjin plants	Hangzhou plant	Other plants			Tap water		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	719,721	127,712	534,056	168,224	39,779	57,178	17,460	1,903,954
Cost for operations	(457,119)	(72,648)	(395,259)	(117,230)	(26,088)	(40,739)	(8,625)	(1,264,124)
Interest income	2,739	193	1,145	1,326	422	30	189	10,253
Interest expenses	(95,769)	(2,233)	(65,040)	(393)	(1,318)	(238)	–	(173,898)
Results before share of profits of an associate	154,497	45,631	62,103	65,062	10,756	22,483	6,207	406,551
Segment total profit/(loss)	154,497	45,631	62,103	65,062	10,756	22,483	6,207	406,551
Income tax expenses	(23,485)	(12,801)	(5,211)	(17,177)	(2,900)	(3,315)	(931)	(69,804)
Segment net profit/(loss)	131,013	32,830	56,892	47,884	7,856	19,168	5,276	336,747
Net profit/(loss)								336,747
Depreciation expenses	(590)	–	(1,273)	(12,668)	(839)	(98)	(538)	(37,916)
Amortization	(84,225)	(29,316)	(148,880)	(3,087)	(12,382)	(10,585)	–	(290,920)
Segment assets	7,098,946	792,417	7,552,287	1,416,541	642,683	636,082	57,631	19,901,047
Long-term equity investment in associate								195,000
Total assets								20,096,047
Total liabilities	6,605,959	151,102	3,665,752	901,621	305,320	98,202	22,372	12,375,453
Non-current assets addition (iii)	59,106	–	256,999	572	5,062	18,415	–	377,862

(iii) Non-current assets do not include financial assets, long-term equity investments, or deferred tax assets.

The Group's revenue from external customers comes from China.

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

For the half-year ended 30 June 2022, the income from processing of sewage water segment of approximately RMB741 million is derived from a single customer, accounting for 35% of the Group's total revenue (For the half-year ended 30 June 2021: approximately RMB713 million, 37%).

### 3 Operating profit

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

	<b>Unaudited Half-year</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Other income	<b>46,143</b>	51,167
Charging:		
Depreciation and amortisation expenses	<b>302,517</b>	328,836
Staff costs	<b>212,155</b>	195,026
Raw materials and consumables used	<b>142,510</b>	143,418
Repair and maintenance expenses	<b>85,072</b>	65,765

### 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 2022 (30 June 2021: 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:

	<b>Unaudited Half-year</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Current income tax	<b>95,156</b>	65,673
Deferred income tax	<b>1,320</b>	4,131
	<b>96,476</b>	69,804

### 5 Interim dividends

No interim dividend was proposed by the Board of Directors of the Company for the half-year ended 30 June 2022 (30 June 2021: Nil).

## 6 Trade receivables

Details of the trade receivables are as follows:

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Trade receivables	2,956,080	2,503,473
Less: loss allowance	(186,254)	(177,923)
	<u>2,769,826</u>	<u>2,325,550</u>

### (a) Impaired trade receivables

(i) *The aging of trade receivables is analysed below:*

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Within 1 year	2,479,230	2,123,978
1 to 2 years	245,853	190,992
2 to 3 years	76,402	71,371
3 to 4 years	60,134	56,836
4 to 5 years	43,978	41,665
Over 5 years	50,483	18,631
Total	<u>2,956,080</u>	<u>2,503,473</u>

## 7 Trade payables, contract liabilities, other payables and taxes payables

	Notes	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Trade payables	(a)	422,107	429,522
Contract liabilities	(b)	563,305	567,682
Other payables	(c)	929,088	958,718
Taxes payables		60,149	47,291
		<u>1,974,649</u>	<u>2,003,213</u>

- (a) As at 30 June 2022, the trade payable with aging more than 1 year which mainly including source water charges payable by Qijing Company of approximately RMB60 million(31 December 2021 :RMB57 million), and the subcontract costs payable by Tianjin Water Recycling Co., Ltd of approximately RMB31 million(31 December 2021 :RMB27 million). As the Group has not yet recovered the relevant sewage treatment charges and the related projects have not yet been completed, the Group has not settled the related payable balances.

**(b) Contract liabilities**

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
For recycled water and pipeline connection services	490,896	515,301
For toll road fee	45,140	–
For hazardous wastes	18,273	38,017
Others	8,996	14,364
	<u>563,305</u>	<u>567,682</u>

**(c) Other payables comprise:**

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Construction costs payable and deposits	642,631	678,045
Payable for purchases of fixed assets and intangible assets	51,174	51,174
Payable for the old Dongjiao sewage plant's demolition assets transfer (a)	68,736	68,736
Dividends payable	2,136	2,800
Others	164,411	157,963
	<u>929,088</u>	<u>958,718</u>

As at 30 June 2022, other payables of RMB720 million (31 December 2021: RMB680 million) are aged over one year, which mainly represent construction costs payable and guarantee deposits for Dalian Oriental Chunliuhe sewage processing project, Karamay Sewage processing PPP project and Honghu sewage plants construction upgrading projects and etc. 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 RMB69 million for the transfer of demolition assets of an old Dongjiao sewage plant.

## **§ 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 of Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange.

## **§ 10 AUDIT 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 Audit Committee comprises the independent non-executive Directors, Mr. Xu Zhiming, Mr. Guo Yongqing, and Ms. Lu Yingying. The Audit 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 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 2022.

By order of the Board  
**Liu Yujun**  
Chairman

Tianjin, the PRC  
30 August 2022

*As of the date of this announcement, the Board consists of three executive Directors: Mr. Liu Yujun, Ms. Wang Jing and Mr. Niu Bo; three non-executive Directors: Mr. Gu Wenhui, Mr. Si Xiaolong and Mr. Liu Tao; and three independent non-executive Directors: Mr. Xu Zhiming, Mr. Guo Yongqing and Ms. Lu Yingying.*

\* For identification purpose only