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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 30TH JUNE 2015

§1 IMPORTANT

1.1 The board of directors (the "**Board**") and supervisory committee of Tianjin Capital Environmental Protection Group Company Limited (the "**Company**") and its directors (the "**Directors**"), supervisors (the "**Supervisors**") and senior management confirm that the this 2015 interim report (the "**Interim Report**") does not contain any false information, misleading statements or material omissions, and accept joint and several responsibilities for the truthfulness, accuracy and completeness of the contents of this report.

1.2 The interim financial statements of the Company for the six months ended 30 June 2015 are unaudited.

1.3 Did the controlling shareholder of the Company or its connected persons misappropriate the Company's funds?

No.

1.4 Did the Company provide external guarantees in violation of any specified decision-making procedures?

No.

1.5 The person in charge of the Company, Mr. Liu Yujun, the person in charge of the accounting function, Ms. Cao Shuo, and the person in charge of the accounting department (the chief accountant), Mr. Liu Tao, have warranted the truthfulness and completeness of the financial statements in this Interim Report.

§2 COMPANY PROFILE

2.1 Basic Information

Short form of the A shares	創業環保
Stock code of the A shares	600874
Place for listing of the A shares	Shanghai Stock Exchange
Short form of the H shares	Tianjin Capital
Stock code of the H shares	1065
Place for listing of the H shares	The Stock Exchange of Hong Kong Limited (the "**HKSE**")

	Secretary to the Board	**Company Secretary in Hong Kong**	**Securities Affairs Representative**
Name	Ms. Fu Yana	Mr. Lo Wai Keung, Eric	Ms. Guo Fengxian
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	852-22180920	86-22-23930128
Facsimile number	86-22-23930126	852-25010028	86-22-23930126
E-mail	fu_yn@tjcep.com	cosec@tjcep.com	guo_fx@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: 0'000 Currency: RMB

	During the reporting period (from January to June)	**During the same period last year**	**Increase/decrease for the current reporting period as compared to the same period last year (%)**
Operating income	95,797.9	86,176.9	11.16
Net profit attributable to the shareholders of the Company	18,143.5	14,395.7	26.03
Net profit attributable to the shareholders of the Company after deduction of extraordinary items	17,996.6	14,226.8	26.5
Net cash flow from operating activities	195,269.7	38,351.1	409.16
	As at the end of the current reporting period	**As at the end of last year**	**Increase/decrease as at the end of the current reporting period as compared to the end of last year (%)**
Net assets attributable to the shareholders of the Company	425,201.3	417,048.4	1.95
Total assets	1,046,973.2	1,085,948.2	-3.59

Major Financial Indicators

	During the reporting period (from January to June)	During the same period last year	Increase/ decrease for the current reporting period as compared to the same period last year (%)
Basic earnings per share (RMB/share)	0.13	0.10	30
Diluted earnings per share (RMB/share)	0.13	0.10	30
Basic earnings per share after deduction of extraordinary items (RMB/share)	0.13	0.10	30
Weighted average return on net assets ratio (%)	4.31	3.61	Increased by 0.7 percentage point
Weighted average return on net assets ratio after deduction of extraordinary items (%)	4.27	3.56	Increased by 0.71 percentage point

2.2.2 Extraordinary profit and loss items

Unit: 0'000 Currency: RMB

Extraordinary profit and loss items	Amount
Profit/loss from disposal of non-current assets	1.1
Government grants recognized in current profit and loss, except for those closely relating to business operation of the Company, in compliance with national policy and settled in certain amount which are constantly granted by government	89.9
Other non-operating income and expenses	111.2
Effect on minority interests	-4.7
Income tax effect	-50.6
Total	146.9

2.2.3 Difference in accounting standards between the PRC and overseas

There is no difference between the financial reports prepared in accordance with Hong Kong Financial Reporting Standards and the PRC Accounting Standards for Business Enterprises.

§3 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

3.1 Table of share changes

□ Applicable √ Not Applicable

3.2 Number of shareholders and their shareholdings

Total number of shareholders:

Total number of shareholders at the end of the reporting period	85,699, among which 73 are shareholders of H shares

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

Shareholdings of the top ten shareholders							
Name of shareholder	Increase/decrease during the reporting period (shares)	Number of shares held at the end of the reporting period (shares)	Percentage (%)	Number of restricted shares held (shares)	Pledged or frozen		Nature of the shareholder
					Status of shares	Number(shares)	
Tianjin Municipal Investment Company Limited ("**TMICL**")	0	715,565,186	50.14	0	Pledged	116,300,000	State-owned legal person
HKSCC Nominees Limited	303,358,000	337,852,900	23.67	0	Unknown	—	Unknown
Chen Hexiang	951,033	5,506,842	0.39	0	Unknown	—	Unknown
Agricultural Bank of China Limited-SWS MU CSI Environmental Protection Industry Index Classified Securities Investment Fund	729,459	4,955,822	0.35	0	Unknown	—	Unknown
Daton Securities Co., Ltd.	2,623,374	2,623,374	0.18	0	Unknown	—	Unknown
Hong Kong Securities Clearing Company Ltd.	2,010,708	2,192,322	0.15	0	Unknown	—	Unknown
Zheng Bingfeng	289,320	1,749,320	0.12	0	Unknown	—	Unknown
Shenyang Railway Coal Group Co., Ltd.	-1,500,000	1,500,000	0.11	0	Unknown	—	Unknown
Yu Wencan	1,469,901	1,469,901	0.10	0	Unknown	—	Unknown
Huang Yisheng	1,262,323	1,262,323	0.09	0	Unknown	—	Unknown

Shareholdings of the top ten shareholders of non-restricted shares			
	Number of non-restricted shares held	**Type and number of shares**	
Name of shareholder	**(shares)**	**Type**	**Number (shares)**
TMICL	715,565,186	Ordinary RMB Shares	715,565,186
HKSCC Nominees Limited	337,852,900	H Shares	337,852,900
Chen Hexiang	5,506,842	Ordinary RMB Shares	5,506,842
Agricultural Bank of China Limited-SWS MU CSI Environmental Protection Industry Index Classified Securities Investment Fund	4,955,822	Ordinary RMB Shares	4,955,822
Daton Securities Co., Ltd.	2,623,374	Ordinary RMB Shares	2,623,374
Hong Kong Securities Clearing Company Ltd.	2,192,322	Ordinary RMB Shares	2,192,322
Zheng Bingfeng	1,749,320	Ordinary RMB Shares	1,749,320
Shenyang Railway Coal Group Co., Ltd.	1,500,000	Ordinary RMB Shares	1,500,000
Yu Wencan	1,469,901	Ordinary RMB Shares	1,469,901
Huang Yisheng	1,262,323	Ordinary RMB Shares	1,262,323
Notes on the connected relationship or parties acting in concert among the above shareholders	It is not certain whether there is any connected relationship among the top 10 shareholders. It is not certain 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 as provided by HKSCC Nominees Limited, those H shares held by it were held on behalf of various clients. There was no client who owned 5% or more interest in the total share capital of the Company. (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

☐ Applicable √ Not Applicable

§ 4 DIRECTORS, SUPERVISORS AND THE SENIOR MANAGEMENT

4.1 **Changes in the shareholding of the Directors, Supervisors and senior management**

☐ Applicable √ Not Applicable

§ 5 REPORT OF THE BOARD

I. Discussion and Analysis of the Operations of the Company during the Reporting Period by the Board

During the reporting period, the Company and its subsidiaries (the "**Group**") conducted their businesses according to the operating plan and strategy for 2015 as formulated by the Board in an orderly manner:

During the reporting period, the Group made steady progress in its principal businesses under the overall requirements for lean management to enhance the quality and efficiency. In order to proactively deal with the stricter effluent requirements under the new Environmental Protection Law, each of our sewage water treatment plants and subsidiaries deepened the operating management to ensure the effluent quality up to standard, while continuing to promote the agreement maintenance and the adjustment to service price;

During the reporting period, the upgrading and reconstruction projects of sewage water treatment plants of each subsidiary underwent smooth progress. The upgrading and reconstruction projects of sewage water treatment plants in Beishiqiao and Dengjiacun of the subsidiary in Xi'an, Xiaohe Plant in Guizhou and sewage water treatment plant in Wendeng have passed or entered into the acceptance procedures, and have commenced their commercial operation successively. The upgrading and reconstruction project of sewage water treatment plant (Phases I and II) in Qige of the subsidiary in Hangzhou has officially commenced construction. The establishment of the subsidiary to undertake the power station construction projects of Heiniucheng and Houtai won by the Group proceeded normally with preliminary work of such projects underway at present;

During the reporting period, the Group further strengthened the research and development of technologies. In the first half of the year, Tianjin Kaiying Technology Development Company Limited ("**Kaiying Company**") has successfully passed the acceptance and listing of Tianjin Sewage and Waste Water Biochemical Treatment Technology Engineering Center, and also facilitated the development of the Group in the field of dying industrial wastewater through the promotion of bacteria preparation products project;

During the reporting period, the Company recovered the sewage water treatment service fees of RMB1.89 billion due from Tianjin Sewage Company ("**TSC**") in the years prior to 2014, which improved the Company's capital structure to some extent; and

During the reporting period, the Group has initiated the preparation of the Twelfth Five-Year Strategic Plan with its focus on transformation and development, in order to facilitate the achievement of the Company's strategic objectives through innovations in business, technology, financing, organization and management.

(i) Discussion and analysis on the overall results of operations of the Company during the reporting period

1. Discussion and analysis on the overall results of operations during the reporting period

During the reporting period, the Group recorded an operating income of RMB957.98 million, representing an increase of RMB96.21 million or 11.16% as compared to the same period last year. The increase in operating income was mainly attributable to an increase in income generated from sewage water treatment business and scientific and technological achievements commercialization business, including the deodorization patent.

During the reporting period, the Group's operating costs amounted to RMB536.84 million, representing an increase of RMB49.60 million or 10.18% as compared to the same period last year, which was in line with the increase of operating income.

The Group recorded a net profit (attributable to the shareholders of the Company) of RMB181.44 million during the reporting period, representing an increase of RMB37.48 million or 26.03% as compared to the same period last year.

2. Analysis of the principal businesses

(1) Sewage water treatment business

As at the end of the reporting period, the sewage water processing capacity from licensed operation of the Group was approximately 3,080,000 cubic metres per day, substantially the same as the beginning of the reporting period; the sewage water processing capacity from entrusted operation was approximately 790,000 cubic metres per day, representing an increase of approximately 60,000 cubic metres per day as compared to the beginning of the reporting period.

The Group processed a total of 621.36 million cubic metres of sewage water during the reporting period, representing an increase of 13.3% as compared to last year, and realized a sewage water treatment service income of RMB721.87 million, representing an increase of 11% as compared to last year, details of which are set out below:

a. The Group's four sewage water treatment plants in the central urban area of Tianjin processed a total of 240.93 million cubic metres of sewage water, representing an increase of 14.47% as compared to the same period last year, and realized a sewage water treatment service income of RMB422.79 million, representing an increase of 12.23% as compared to last year, mainly due to the increase in the scale and processing capacity of Jingu Sewage Water Treatment Plant constructed after the relocation of Jizhuangzi Sewage Treatment Water Plant.

b. The subsidiaries of the Group processed a total of 266.33 million cubic metres of sewage water, representing an increase of 8.8% as compared to the same period last year. Income from sewage water treatment services of RMB247.36 million was realized, representing an increase of 7.52% as compared to the same period last year, mainly due to the increase in processing capacity of some subsidiaries as compared to the same period last year, and the upward adjustment to the unit price of sewage water treatment service fees charged by Wendeng Capital Water Company Limited as a result of upgrading.

c. The Group's entrusted operation projects processed a total of 114.10 million cubic metres of sewage water, representing an increase of 33.4% as compared to the same period last year, and realized an income of RMB51.72 million, representing an increase of 25.47% as compared to the same period last year, mainly due to the increase in the scale of entrusted operation projects as compared to the same period last year.

(2) Recycled water business

During the reporting period, the Group's sales volume of recycled water was 8.038 million cubic metres, representing a decrease of 16.7% as compared to the same period last year, and recorded an income of RMB21.92 million, representing a decrease of 16.11% as compared to the same period last year, which was mainly attributable to the decrease in the volume of recycled water used by the key users.

During the reporting period, the recycled water pipeline connection business of the Group realized a total income of RMB69.98 million, representing an increase of 15.92% as compared to the same period last year, which was mainly attributable to the increase in settlement amount of ancillary business as compared to the same period last year.

(3) Tap water business

During the reporting period, the Group's tap water business recorded a water sales volume of 19.59 million cubic metres, representing an increase of 1.6% as compared to the same period last year, and realized an income of RMB31.63 million, representing an increase of 3.23% as compared to the same period last year.

(4) Cooling and heating supply service business

During the reporting period, a total realized income from the Group's new energy cooling and heating supply service business was RMB29.74 million, representing an increase of 15.49% as compared to the same period last year, which was mainly attributable to the early cooling supply to some users and thus increased the income.

(5) Toll collection business

For the toll collection business, the Group has since 2010 recognized income based on the amount received according to the "Entrusted Toll Collection Agreement" pursuant to the spirit of the Jin Zheng Ban (2010) No.51 Document "Opinions on the Implementation of Oil Prices and Tax Expenses Reforms and the Cancellation of Toll Collection on Government Indebted Tier 2 Roads" dated 19 May 2010. During the reporting period, the Company recorded an income of RMB33.51 million from the toll collection business, which was in line with the same period last year.

(6) Scientific and technological achievements commercialization business

During the reporting period, in respect of the scientific and technological achievements commercialization business, Kaiying Company continued to promote the marketing of the sewage water treatment plant all-process deodorization patented technology, and realized a total income of RMB20.01 million, representing an increase of 124.46% as compared to the same period last year.

(ii) Analysis of principal businesses

1 Table 1 - Analysis of changes in relevant items in the financial statements

Unit: 0'000 Currency: RMB

Item	Amount for the current period	Amount for the same period last year	Percentage change (%)
Income from operations	95,798	86,177	11.16
Costs of operations	53,684	48,725	10.18
Administrative expenses	5,445	5,645	-3.54
Financial costs	9,762	10,552	-7.49
Sales costs	178	0	—
Impairment losses of assets	—	690	-100
Investment income	-299	54	-653.70
Non-operating expenses	9	69	-86.96
Income tax	7,119	5,297	34.40
Minority interests	513	337	52.23
Net cash flows from operating activities	195,270	38,351.1	409.16
Net cash flows from investing activities	-22,767	-287	-7,832.75
Net cash flows from financing activities	-56,898	-31,838	-78.71
Research and development expenses	94.29	105	-10.2

Explanation of changes:

Sales costs: Kaiying Company increased its market development efforts and made special collection for the costs of marketing staff in the current year, which resulted in the newly added sales costs.

Impairment losses of assets: During the same period last year, the management, based on prudent considerations, made provision for impairment losses of RMB6.9 million in respect of the tap water project of Anguo Capital Water Company Limited, pursuant to the interlocutory judgement made by the China International Economic and Trade Arbitration Commission in respect of the Anguo projects, namely "Judgement in respect of the termination of the relevant agreements for Anguo Company's tap water supply and sewage water projects, and completion of transfer before July 2014". There were no impairment losses of assets in the current period.

Investment income: The decrease in the current period as compared to the same period last year was mainly because Tianjin International Machinery Company Limited, an associated company, recorded losses in the current period.

Non-operating expenses: The decrease in the current period as compared to the same period last year was mainly due to the great losses from the retirement of fixed assets of Hangzhou Tianchuang Capital Water Company Limited in the same period last year.

Income tax: The increase in the current period as compared to the same period last year was mainly due to the increase of profit as compared to the same period last year.

Minority interests: The increase in the current period as compared to the same period last year was mainly due to the increase of net profit of non wholly-owned subsidiaries in the current period.

Net cash flows from operating activities: The increase in the current period as compared to the same period last year was mainly due to the Company's receipt of the sewage water treatment service fees of RMB1.89 billion due from TSC in the years prior to 2014, which led to the increase of net cash inflow.

Net cash flows from investing activities: The decrease in the current period as compared to the same period last year was due to the receipt of the land compensation for the relocation and construction project of Jizhuangzi Sewage Water Treatment Plant in the amount of RMB300 million during the same period last year.

Net cash flows from financing activities: The repayment amount in the current period was substantially the same as the same period last year, while the borrowing amount for the current period was less than that of the same period last year, which led to an increase of net cash outflow.

2 Table 2 - Analysis of changes in relevant items in the financial statements

Unit: 0'000 Currency: RMB

Item	Amount as at the end of the current period	Amount as at the end of the current period as a percentage of total assets (%)	Amount as at the end of the previous period	Amount as at the end of the previous period as a percentage of total assets (%)	Percentage change in amount as at the end of the current period as compared to the end of the previous period (%)
Cash and cash equivalents	198,525	18.96	82,009	7.55	142.08
Notes receivables	88	0.01	—	—	—
Trade receivables	109,429	10.45	256,311	23.6	-57.31
Short-term borrowings	—	—	5,000	0.46	-100
Trade payables	7,584	0.72	5,432	0.50	39.62
Dividend payable	12,224	1.17	6,034	0.56	102.58
Non-current liabilities due within one year	52,358	5.00	30,422	2.80	72.11
Long-term borrowings	95,882	9.16	156,457	14.41	-38.72

Explanation of changes:

Cash and cash equivalents: The significant increase in the balance as at the end of the period was because the Company recovered the sewage water treatment service fees of RMB1.89 billion due from TSC in the years prior to 2014.

Notes receivables: It was due to the new notes receivables of some subsidiaries in the current period.

Trade receivables: The significant decrease in the balance of trade receivables as at the end of the period was because the Company recovered the sewage water treatment service fees of RMB1.89 billion due from TSC in the years prior to 2014.

Short-term borrowings: It was because the Company repaid the short-term borrowings due.

Trade payables: It was mainly due to the increased operating expenses (such as electricity charges) payable to the plants of the Company and increased water resource fees of tap water projects as compared with last year.

Dividend payable: It mainly represented the provision of dividend payable for 2014.

Non-current liabilities due within one year: It mainly represented the newly raised long-term borrowings due within one year.

Long-term borrowings: The significant decrease in the balance as at the end of the period was because the Company made an early repayment of part of long-term borrowings.

3 Others

(1) Detailed explanation of material changes in the Company's profit composition or profit sources

During the reporting period, there were no material changes in the Company's profit composition or profit sources.

(2) Analysis and explanation of the progress in the implementation of various types of financing and major asset reorganization by the Company in the previous period

Not applicable

(3) Explanation of the progress in the operation plan

During the reporting period, the Company's various operation and management activities were basically conducted in accordance with the operation plan formulated by the Board at the beginning of the year.

(iii) Analysis of the industry or regional operations

1、 Principal businesses by industry

Unit: 0'000 Currency: RMB

	Income from operations	Costs of Operations	Gross profit margin (%)	Increase/decrease in income from operations as compared to last year (%)	Increase/decrease in costs of operations as compared to last year (%)	Increase/decrease in gross profit margin as compared to last year (%)
Sewage water treatment and construction business	67,138	35,494	47.13	10.59	8.40	Increased by 1.07 percentage points
Recycled water pipeline connection and water supply business	9,190	5,825	36.62	6.24	5.11	Increased by 0.69 percentage point
Toll collection business	3,351	356	89.38	0	0	0
Tap water supply business	3,163	2,232	29.43	3.23	-11.85	Increased by 12.07 percentage points
Cold and heat supply business	2,974	1,938	34.84	15.5	-0.72	Increased by 10.64 percentage points
Scientific and technological achievements commercialization business (note 1)	2,001	1,477	26.19	124.46	95.63	Increased by 10.92 percentage points
Others (note 2)	127	517	-307.9	25.74	105.16	Decreased by 157.58 percentage points

Explanation of principal businesses by industry is as follows:

Note 1: Scientific and technological achievements commercialization business represented the businesses of the sewage water treatment plant all-process deodorization patented technology of Kaiying Company, the subsidiary of the Group. During the reporting period, Kaiying Company continued to strengthen efforts in market development and recorded significant increase in both income and costs as compared to the same period last year.

Note 2: Others include other principal businesses excluding the above mentioned businesses. The Group's income was less than its costs after the reconciliation of internal revenues.

2、 Principal businesses by geographical regions

Unit: 0'000 Currency: RMB

Region	Income from operations	Increase/decrease in income from operations as compared to last year (%)
Tianjin	60,340	13
Qujing	5,025	0
Guizhou	1,353	-5
Fuyang	3,537	7
Baoying	1,014	0
Hangzhou	8,668	15
Wendeng (note 1)	1,841	37
Xi'an	3,928	-3
Anguo	428	4
Wuhan	1,810	6
Hong Kong (note 2)	0	-100

Explanation of principal businesses by geographical regions is as follows:

Note 1: The sewage water plant upgrading and reconstruction project of Wendeng Capital Water Company Limited completed, leading to the increased processing volume of sewage water and upward adjustment to the unit price for sewage water treatment services.

Note 2: Tianjin Capital Environmental Protection (Hong Kong) Company Limited recorded no revenue in this period as the relevant contract was still under negotiation.

(iv) Analysis of core competitiveness

The Group has core competitiveness in the following four aspects: (1) safe, stable, standard-compliant and efficient operation capabilities; (2) practical, leading, flexible and continuous research and development capabilities; (3) professional, dedicated, cooperative and innovative staff team; (4) trustworthy, responsible, standardized and healthy corporate reputation. These four core competitiveness are complementary. Corporate integrity, diligent employees and technology innovation ultimately enable customers to be assured, thereby establishing good brand influence of environmental protection.

(v) Analysis of investment

1. Overall analysis of external equity investments

(1) On 30 October 2014, the Board of the Company approved the capital increase of Guizhou Capital Water Company Limited ("**Guizhou Company**"), a subsidiary of the Company. According to their shareholdings, the Company contributed RMB19 million and TMICL contributed RMB1 million, totaling RMB20 million. The increased capital would be used for the upgrading and reconstruction project of Xiaohe Sewage Water Treatment Plant of Guizhou Company. During the reporting period, the capital increase was completed. Upon completion, the registered capital of Guizhou Company increased to RMB120 million.

(2) On 11 March 2015, the Board of the Company approved the capital increase of RMB15 million in Kaiying Company, a wholly-owned subsidiary of the Company, which would be mainly used for the production and sale of new products, expansion of production capacity and supplementing liquidity. Such capital increase was completed during the reporting period. Upon completion of such capital increase, the registered capital of Kaiying Company increased to RMB20 million.

(3) On 29 April 2015, the Board of the Company approved the establishment of Tianjin Jiayuan Tianchuang New Energy Technology Company Limited with a registered capital of RMB64 million in which the Company held 100% equity interest, for the licensed operation project of the No.1 and No.2 energy stations at Heiniucheng Road. The capital injection was not yet completed during the reporting period. Currently, the Company is undergoing the relevant procedures.

(4) On 29 April 2015, the Board of the Company approved the establishment of Tianjin Jiayuan Shengchuang New Energy Technology Company Limited with a registered capital of RMB33 million in which the Company held 100% equity interest, for the licensed operation project of No.2 energy station in Houtai Scenic Spot. The capital injection was not yet completed during the reporting period. Currently, the Company is undergoing the relevant procedures.

(5) On 29 May 2015, the Board of the Company approved the capital increase of RMB120 million in Hangzhou Tianchuang Water Company Limited ("**Hangzhou Tianchuang**"), a controlling subsidiary of the Company, with capital contribution of RMB84 million and RMB36 million by the Company and Hangzhou Water Holding Group Company Limited, the other shareholder of Hangzhou Tianchuang, respectively according to their respective shareholdings in Hangzhou Tianchuang, for Phases 1&2 reconstruction project of Qige Sewage Water Treatment Plant of Hangzhou Tianchuang. The capital injection was not yet completed during the reporting period. Currently, the Company is undergoing the relevant procedures. Upon completion of the capital increase, the registered capital of Hangzhou Tianchuang increased to RMB377.445 million with the Company's shareholding in Hangzhou Tianchuang unchanged.

Except for the above, the Company had no other external equity investment during the reporting period.

(1) Investment in Securities

Not applicable

(2) Equity Interest Held in Other Listed Companies

Not applicable

(3) Equity Interest Held in Financial Companies

Not applicable

2. Trust arrangement in respect of non-financial corporations and investment in derivatives

(1) Entrusted Wealth Management

Not applicable

(2) Entrusted Loan

Not applicable

(3) Investment in other wealth management products and derivatives

Not applicable

3. **Use of proceeds from fund-raising**

(1) Overall use of proceeds from fund-raising

Not applicable

(2) Utilisation of proceeds in the committed projects

Not applicable

(3) Utilisation of proceeds in the altered projects

Not applicable

4. **Analysis of major subsidiaries and 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 entity	Percentage of interest	Scale of assets	Net asset	Net profit
Tianjin Water Recycling Company Limited	Tianjin	Production and sales of recycled water, development and construction of facilities for recycled water; manufacturing, installation, commissioning and operation of equipment for recycled water	10,000	Limited liability company	100%	123,599	20,986	2,041

5. **Projects made out of funds other than proceeds from fund-raising**

Unit: 0'000 Currency: RMB

Project	Project amount	Project progress	Amount invested during the reporting period	Total actual amount invested	Project income
Construction of new sewage water treatment plant for Jizhuangzi relocation project	140,291	The main construction works have completed and the project has been put into operation	7,467.04	115,838.27	The project recorded an income of RMB 156.041 million during the reporting period
Total	140,291	/	7,467.04	115,838.27	/

II. Other Disclosures

Explanation by the Board and the Supervisory Committee on "Qualified Audit Report" provided by Accountants

√ Not applicable

§6 Guarantee

Unit: 0' 000 Currency: RMB

Guarantees provided to external parties by the Company (excluding guarantees provided to the subsidiaries)	
Total amount of guarantees provided during the reporting period (excluding guarantees provided to the subsidiaries)	0
Total amount of guarantees as at the end of the reporting period (A) (excluding guarantees provided to the subsidiaries)	0
Guarantees provided to the subsidiaries by the Company	
Total amount of guarantees provided to the subsidiaries during the reporting period	0
Total amount of guarantees provided to the subsidiaries as at the end of the reporting period (B)	90,293
Total amount of guarantees provided by the Company (including guarantees provided to the subsidiaries)	
Total amount of guarantees (A+B)	90,293
Percentage of the total amount of guarantees to the net assets of the Company (%)	21.23
Of which:	
Amount of guarantees provided to shareholders, ultimate controller and their connected parties (C)	0
Amount of guarantees provided directly or indirectly to borrowers with a gearing ratio of over 70% (D)	0
Total amount of guarantees exceeding 50% of net assets (E)	0
Total amount of the above three guarantees (C+D+E)	0

§7 FINANCIAL REPORTS

7.1 Audit opinion

Financial Report √ unaudited ☐ audited

7.2 **Prepared in accordance with Hong Kong Financial Reporting Standards**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2015

(All amounts in Rmb thousand unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2015	2014
Revenue	3(a)	879,436	793,398
Business tax		(8,570)	(8,057)
Cost of sales		(478,393)	(448,222)
Gross profit		392,473	337,119
Other income - net	3(a)	22,115	24,605
Administrative expenses		(54,454)	(56,446)
Distribution costs		(1,779)	—
Operating profit	4	358,355	305,278
Finance income		11,779	9,120
Finance costs		(109,398)	(114,636)
Finance costs - net	5	(97,619)	(105,516)
Share of (loss)/profit of an associate		(2,987)	540
Profit before income tax		257,749	200,302
Income tax expense	6	(71,187)	(52,972)
Profit for the period		186,562	147,330
Total comprehensive income for the period		186,562	147,330
Profit/Total comprehensive income attributable to:			
– Owners of the parent		181,435	143,957
– Non-controlling interests		5,127	3,373
		186,562	147,330
Earnings per share for profit attributable to the owners of the parent (in Rmb per share)			
– basic		Rmb0.13	Rmb0.10
– diluted		Rmb0.13	Rmb0.10
Interim dividends	7	—	—

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
FOR THE SIX MONTHS ENDED 30 JUNE 2015

(All amounts in Rmb thousand unless otherwise stated)

	Note	As at 30 June 2015 Unaudited	As at 31 December 2014 Audited
ASSETS			
Non-current assets			
Property, plant and equipment		474,586	492,661
Investment property		103,100	104,936
Intangible assets		6,222,296	6,306,097
Land use rights		15,726	15,866
Investment in an associate		28,360	31,347
Available-for-sale financial assets		2,000	2,000
Long-term receivables		322,804	326,147
Other non-current assets		6,738	8,461
		7,175,610	7,287,515
Current assets			
Inventories		13,443	14,392
Trade receivables	8	1,095,170	2,563,114
Other current assets		58,231	62,250
Other receivables		6,778	5,707
Prepayments		135,254	106,412
Cash and cash equivalents		1,970,946	814,892
Restricted cash		14,300	5,200
		3,294,122	3,571,967
Total assets		10,469,732	10,859,482

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
FOR THE SIX MONTHS ENDED 30 JUNE 2015

(All amounts in Rmb thousand unless otherwise stated)

	Note	As at 30 June 2015 Unaudited	As at 31 December 2014 Audited
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		1,427,228	1,427,228
Other reserves		777,374	777,374
Retained earnings		2,047,411	1,965,882
– Proposed final dividend		—	99,906
– Others		2,047,411	1,865,976
		4,252,013	4,170,484
Non-controlling interests		173,623	167,496
Total equity		4,425,636	4,337,980
LIABILITIES			
Non-current liabilities			
Borrowings		2,614,575	3,223,722
Deferred revenue		1,206,368	1,209,201
Deferred income tax liabilities		96,667	86,778
Other non-current liabilities		46,000	46,000
		3,963,610	4,565,701
Current liabilities			
Trade payables	9	75,840	54,319
Advances from customers	9	809,826	776,190
Wages payables		12,619	13,650
Current income tax payable		18,564	21,990
Other taxes payable		8,149	4,410
Dividend payable		122,243	60,337
Other payables	9	506,230	666,433
Borrowings		527,015	358,472
		2,080,486	1,955,801
Total liabilities		6,044,096	6,521,502
Total equity and liabilities		10,469,732	10,859,482
Net current assests		1,213,636	1,616,166
Total assets less current liabilities		8,389,246	8,903,681

(All amounts in Rmb thousand unless otherwise stated)

1 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with HKFRSs.

2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Amendments to HKFRSs effective for the financial year ending 31 December 2015 do not have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

3 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 For the six months ended	
	30 June 2015	**30 June 2014**
Revenue from principal operations	879,436	793,398
Other income - net	22,115	24,605
	901,551	818,003

(b) Operating segment analysis

The reportable segment of the Group was identified as the business unit providing different products or services or operating in different regions. Considering the different requirements of technology and market strategy for different business and geographic segments, the Group managed the production and business activities of each segment independently and evaluated the operating results separately in order to determine resource allocation and assesses performance.

The Company considers the business from both service and geographical perspective. From a service perspective, management assesses the performance of processing of sewage water, recycled water, pipeline connection, heating and cooling service and tap water operation. Processing of sewage water is further evaluated on a geographical basis (Tianjin plants, Hangzhou plant and other plants).

(i) For the period ended 30 June 2015(Unaudited)

	Sewage processing and facility construction services			Recycle water and pipeline connection	Heating and cooling	Tap water	Scientific and technological achievements	All other segments	Group
	Tianjin plants	Hangzhou plant	Other plants						
Segment revenue	426,973	86,676	157,727	91,900	29,736	31,633	20,007	56,899	901,551
Segment expense	(286,189)	(72,268)	(129,254)	(64,240)	(24,255)	(26,077)	(18,018)	(20,514)	(640,815)
Results before share of profits of an associate	140,784	14,408	28,473	27,660	5,481	5,556	1,989	36,385	260,736
Share of profits of an associate									(2,987)
Profit before income tax									257,749
Income tax expense									(71,187)
Profit for the period									186,562
Segment assets	5,665,609	673,933	1,840,097	1,311,120	372,380	223,188	43,281	311,764	10,441,372
Investment in an associate	—	—	—	—	—	—	—	28,360	28,340
Total assets	5,665,609	673,933	1,840,097	1,311,120	372,380	223,188	43,281	340,124	10,469,732
Total liabilities	3,513,449	223,170	678,231	1,026,131	275,928	80,929	16,203	230,055	6,044,096
Other information									
– Interest income	2,838	199	847	2,208	38	4	46	5,599	11,779
– Interest expenses	(78,230)	(7,098)	(20,765)	(153)	(3,855)	(1,932)	—	(136)	(112,169)
– Depreciation	(355)	(110)	(2,089)	(18,058)	(200)	(90)	(260)	(1,217)	(22,379)
– Amortisation	(64,239)	(18,124)	(30,104)	(100)	(6,983)	(4,725)	—	(680)	(124,955)
– Capital expenditures	79	—	3	324	43	—	1,623	399	2,471

(ii) For the period ended 30 June 2014(Unaudited)

	Sewage processing and facility construction services			Recycle water and pipeline connection	Heating and cooling	Tap water	Scientific and technological achievements	All other segments	Group
	Tianjin plants	Hangzhou plant	Other plants						
Segment revenue	373,284	75,412	158,380	86,496	25,752	30,639	8,914	59,126	818,003
Segment expense	(272,460)	(68,885)	(131,590)	(59,843)	(24,819)	(35,662)	(9,013)	(15,969)	(618,241)
Results before share of profits of an associate	100,824	6,527	26,790	26,653	933	(5,023)	(99)	43,157	199,762
Share of profits of an associate									540
Profit before income tax									200,302
Income tax expense									(52,972)
Profit for the period									147,330
Segment assets	6,417,345	688,204	1,750,985	1,250,805	387,756	245,285	18,106	588,147	11,346,633
Investment in an associate	—	—	—	—	—	—	—	33,161	33,161
Total assets	6,417,345	688,204	1,750,985	1,250,805	387,756	245,285	18,106	621,308	11,379,794
Total liabilities	4,511,807	304,487	640,488	1,138,853	249,054	75,775	11,286	280,348	7,212,098
Other information									
– Interest income	645	288	918	2,337	52	6	27	4,847	9,120
– Interest expenses	(72,735)	(10,525)	(24,314)	(227)	(4,246)	(3,648)	—	—	(115,695)
– Depreciation	(37)	(217)	(1,114)	(14,112)	(29)	(187)	(130)	(2,849)	(18,675)
– Amortisation	(59,998)	(18,124)	(33,895)	(294)	(6,798)	(4,755)	—	(1,210)	(125,074)
– Capital expenditures	84,012	1,287	81,483	20,629	1,756	5	—	4,388	193,560

4 Operating profit

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

	Unaudited For the six months ended 30 June 2015	30 June 2014
Crediting:		
Rental of investment properties	(4,117)	(4,146)
Charging:		
Depreciation and amortisation expenses	147,334	143,749
Staff costs	104,486	101,027
Raw materials and consumables used	22,217	20,330
Repair and maintenance expenses	21,820	26,607

5 Finance costs-net

	Unaudited	
	For the six months ended	
	30 June 2015	30 June 2014
Interest expenses of borrowings	112,169	115,695
Less: Interest income	(11,779)	(9,120)
– long-term receivables	(5,544)	(5,671)
– bank deposits	(6,235)	(3,449)
Others	(2,771)	(1,059)
	97,619	105,516

6 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 2015 (2014:Nil). PRC income tax is calculated at the statutory rate of 25% (2014: 25%).

Tax charge comprises:

	Unaudited	
	For the six months ended	
	30 June 2015	30 June 2014
Current income tax	61,298	40,237
Deferred income tax	9,889	12,735
	71,187	52,972

7 Interim dividends

No interim dividend was proposed by the Board of Directors of the Company for the six months ended 30 June 2015 (30 June 2014: Nil).

8 Trade receivables

Details of the trade receivables are as follows:

	Unaudited 30 June 2015	Audited 31 December 2014
Due from TSC:		
– Sewage processing services (note(1))	—	1,890,671
– Construction of sewage processing plants	—	422
	—	1,891,093
Due from TWAB for:		
– Sewage processing service (note(2))	795,693	436,751
Less: Non-current portion	—	—
	795,693	2,327,844
Receivables from related parties	27,796	40,186
Due from others – current	278,850	202,253
	1,102,339	2,570,283
Less: Bad debts provision	(7,169)	(7,169)
	1,095,170	2,563,114

(1) Trade receivable generated from providing sewage processing services due from TSC amounting to Rmb1.89 billion has been fully collected.

(2) On 18 February 2014, TWAB, TUCC and the Company signed an agreement to grant service concession right of Jizhuangzi, Xianyanglu, Dongjiao and Beicang sewage water processing plants to the Company. Therefore sewage processing fee is charged to TWAB instead of TSC.

(a) Aging of trade receivables is as follows:

	Unaudited 30 June 2015	Audited 31 December 2014
Within 1 year	1,072,397	649,382
1 to 2 years	12,203	786,811
2 to 3 years	17,739	795,627
Over 3 years	—	338,463
Total	1,102,339	2,570,283

9 Trade payables, Advances, Other payables and Tax payables

	Notes	**Unaudited 30 June 2015**	**Audited 31 December 2014**
Trade payables	(a)	75,840	54,319
Advances from customers	(b)	809,826	776,190
Other payables	(c)	506,230	666,433
Tax payables		26,713	26,400
		1,418,609	1,523,342

(a) As at 30 June 2015, the majority of trade payables are aged within one year.

(b) Advances from customers comprise:

	Unaudited 30 June 2015	**Audited 31 December 2014**
Recycled water pipeline connections	797,885	762,622
Heating and cooling services	2,728	5,752
Advances of Hangu project	2,767	3,267
Other advances	6,446	4,549
	809,826	776,190

(c) Other payables comprise:

	Unaudited 30 June 2015	**Audited 31 December 2014**
Construction costs payable	365,884	493,812
Payable for purchase of fixed assets and concession rights of plants	13,892	22,745
Long-term debenture interest	31,915	28,098
Others	94,539	121,778
	506,230	666,433

The carrying value of trade and other payables equals to their fair value approximately due to their short-term maturities.

As at 30 June 2015, other payables of Rmb 84 million (31 December 2014: Rmb 79 million) are aged over one year, which mainly represent unsettled payables and deposits for upgrade projects.

§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, for any part 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 HKSE.

§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. Guan Yimin, Mr. Gao Zongze and Ms. Lee Kit Ying, Karen. The Audit Committee, together with the management of the Group, have reviewed the accounting principles and practices adopted by the Group and discussed with the management of the Group 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 2015.

By order of the Board
Liu Yujun
Chairman

Tianjin, the PRC
27 August 2015

As at the date of this announcement, the Board comprises four executive Directors: Mr. Liu Yujun, Mr. Lin Wenbo, Ms. Fu Yana and Ms. Cao Shuo; two non-executive Directors: Mr. An Pindong and Ms. Chen Yinxing; and three independent non-executive Directors: Ms. Lee Kit Ying, Karen, Mr. Gao Zongze and Mr. Guan Yimin.