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)

First Quarterly Report 2020

1. Important

1.1 The board (the "**Board**") of directors (the "**Directors**") and the supervisory committee of Tianjin Capital Environmental Protection Group Company Limited (the "**Company**") and all of its Directors, supervisors and senior management warrant that there are no false information, misleading statements or material omissions in this quarterly report, and accept joint and several responsibility for the truthfulness, accuracy and completeness of the contents contained in this quarterly report.

1.2 Mr. Liu Yujun, the chairman of the Company, Ms. Peng Yilin, the officer in charge of the accounting function, 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 statements contained in this quarterly report.

1.3 The financial statements contained in the first quarterly report of the Company have not been audited.

2. Major Financial Data and Changes in Shareholders of the Company

2.1 Major Financial Data

Unit: 0'000 Currency: RMB

	As at the end of this reporting period	**As at the end of the previous year**	**Comparison between the end of this reporting period and the end of the previous year increase/ decrease (%)**
Total assets	1,842,046.2	1,799,080.7	2.39
Net assets attributable to the shareholders of the Company	630,383.2	617,402.5	2.10

	From the beginning of the year to the end of the reporting period	**From the beginning of the previous year to the end of the corresponding reporting period of the previous year**	**Compared with the same period of the previous year increase decrease (%)**
Net cash flows from operating activities	-525.2	20,693.1	-102.54
Operating income	71,627.6	59,263.4	20.86
Net profits attributable to the shareholders of the Company	12,980.7	9,338.6	39.00
Net profit attributable to the shareholders of the Company after deduction of extraordinary items	11,640.4	9,469.6	22.92
Weighted average return ratio on net assets (%)	2.08	1.61	0.47
Basic earnings per share (RMB/share)	0.091	0.065	40.00
Diluted earnings per share (RMB/share)	0.091	0.065	40.00

Extraordinary items and amounts

Unit: 0'000 Currency: RMB

Items	**Amount for the reporting period**
Government grants included in profit or loss for the current period other than those closely related to the normal operation of the Company, in compliance with national policies and regulations, as well as the government grants entitled continuously in accordance with certain standard quota or quantity basis	1,811.9
Other non-operating income and expenditure except for those mentioned above	-223.8
Impact on minority shareholders interests (after tax)	-9.6
Impact on income tax	-238.2
Total	1,340.3

2.2 Total number of shareholders and tables of the shareholdings of the top ten shareholders and the top ten shareholders of circulating shares (or shareholders of non-restricted circulating shares) as at the end of the reporting period

Total number of shareholders			76,421 of which 65 were shareholders of H Shares			
Shareholdings of the top ten shareholders						
Name of shareholder (Full name)	Number of shares held at the end of the reporting period (shares)	Percentage of shareholding (%)	Number of restricted shares held (shares)	Pledged or frozen: Status of shares	Pledged or frozen: Number (shares)	Nature of shareholder
Tianjin Municipal Investment Company Limited ("**TMICL**")	715,565,186	50.14	0	None	0	State-owned legal person
HKSCC Nominees Limited	337,954,810	23.68	0	Unknown	0	Other
Central Huijin Asset Management Ltd.	14,169,800	0.99	0	None	0	State-owned legal person
Hong Kong Securities Clearing Company Ltd.	5,791,704	0.41	0	None	0	Other
Agricultural Bank of China Limited-CSI500 Index Open-ended Fund (中國農業銀行股份有限公司－中證500交易型開放式指數證券投資基金)	4,052,852	0.28	0	None	0	Other
Chen Danzhen	3,864,600	0.27	0	None	0	Domestic natural person
Zhu Shoupeng	3,755,824	0.26	0	None	0	Domestic natural person
Zhejiang Jinxin Construction Engineering Co., Ltd. (浙江錦鑫建設工程有限公司)	3,400,500	0.24	0	None	0	Domestic non-state-owned legal person
Bank of China Limited-Guangfa China Securities Environmental Protection Industry Index Open-ended Fund (中國銀行股份有限公司－廣發中證環保產業交易型開放式指數證券投資基金)	2,374,117	0.17	0	None	0	Other
Ye Ruiqing	1,800,000	0.13	0	None	0	Domestic natural person

Shareholdings of the top ten shareholders of non-restricted circulating shares			
Name of shareholder	**Number of non-restricted circulating shares held (shares)**	**Type and number of shares**	
		Type	**Number (shares)**
TMICL	715,565,186	Ordinary RMB Shares	715,565,186
HKSCC Nominees Limited	337,954,810	H Shares	337,954,810
Central Huijin Asset Management Ltd.	14,169,800	Ordinary RMB Shares	14,169,800
Hong Kong Securities Clearing Company Ltd.	5,791,704	Ordinary RMB Shares	5,791,704
Agricultural Bank of China Limited-CSI500 Index Open-ended Fund (中國農業銀行股份有限公司－中證500交易型開放式指數證券投資基金)	4,052,852	Ordinary RMB Shares	4,052,852
Chen Danzhen	3,864,600	Ordinary RMB Shares	3,864,600
Zhu Shoupeng	3,755,824	Ordinary RMB Shares	3,755,824
Zhejiang Jinxin Construction Engineering Co., Ltd. (浙江錦鑫建設工程有限公司)	3,400,500	Ordinary RMB Shares	3,400,500
Bank of China Limited-Guangfa China Securities Environmental Protection Industry Index Open-ended Fund (中國銀行股份有限公司－廣發中證環保產業交易型開放式指數證券投資基金)	2,374,117	Ordinary RMB Shares	2,374,117
Ye Ruiqing	1,800,000	Ordinary RMB Shares	1,800,000
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 ten shareholders. It is not certain whether there is any connected relationship between the top ten shareholders of non-restricted circulating shares and the top ten 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) None of the top ten shareholders are strategic investors of the Company.		

3. Major Events

3.1 Description of and reasons for substantial changes in principal financial statement items and financial indicators of the Company

As at 31 March 2020, the Company had total assets in the amount of RMB18,420.46 million, representing an increase of RMB429.66 million or 2.39% as compared to the end of last year. Total liabilities were RMB11,130.54 million, representing an increase of RMB281.92 million or 2.60% as compared to the end of last year. Equity interest attributable to the shareholders of the Company was RMB6,303.83 million, representing an increase of RMB129.81 million or 2.10% as compared to the end of last year. The realised net profit attributable to the Company for the period from January to March of 2020 was RMB129.81 million, representing an increase of RMB36.42 million or 39.00% as compared to the same period last year. The substantial increase of revenue and profit as compared to the same period last year is primarily attributable to (i) the increase in volume of sewage processed by sewage treatment projects of the Company where the Company has processed approximately 350 million m^3 of sewage in total during the reporting period, representing an increase of approximately 7.6% as compared to the same period last year; (ii) the new unit price of the sewage treatment service fee, being RMB2.32/m^3, has been applied to the sewage water treatment plants in Jingu, Beichen and Xianyang Road in Tianjin after their upgrade while the original price (being RMB 1.76/m^3) was applied by the aforementioned sewage water treatment plants before their upgrade during the same period last year, and the unit price of the sewage treatment service fee of Jingu and Beichen sewage water treatment plants was adjusted to RMB 2.32/m^3 at the end of last year, and the revenue from price adjustment for the whole year was additionally confirmed.

Analysis of items with more significant changes is set out below:

Unit: 0'000 Currency: RMB

Items	31 March 2020	31 December 2019	Amount of increase/ decrease	Change (%)	Reasons
Notes receivable	787.80	1,613.10	-825.30	-51.16	Mainly due to the recovery of expired bank draft during the current period.
Wages payable	1,922.50	6,610.00	-4,687.50	-70.92	Mainly due to the payment of year-end bonus provided for 2019 during the current period.
Non-current liabilities due within one year	41,567.10	85,255.20	-43,688.10	-51.24	Mainly due to the repayment of long-term borrowings due during the current period.
Long-term borrowings	402,560.30	300,675.60	101,884.70	33.89	Mainly due to the newly-added long-term borrowings during the current period.

Items	January to March 2020	January to March 2019	Amount of increase/ decrease	Change (%)	Reasons
Taxes and surcharges	920.20	672.20	248.00	36.89	Mainly due to increase in the value-added tax, urban construction tax and other additional taxes as a result of the increase in revenue and decrease in input VAT deductibles for the Company's projects under construction.
Sales expense	381.60	101.20	280.40	277.08	Mainly due to the commencement of hazardous waste projects of the Company resulting in increase in sales expenses.
Financial expense	6,189.80	4,087.00	2,102.80	51.45	Mainly due to the increase in the financial expenses as a result of the record of interest expenses as expenses after certain construction projects were put into operation.
Other income	3,987.10	1,727.00	2,260.10	130.87	Mainly due to (i) the increase of value-added tax paid by the Company during the current period and the corresponding increase in the refund upon payment of VAT received; (ii) the increase in revenue from deferred amortization.
Non-operating income	2.30	15.90	-13.60	-85.53	Mainly due to the decrease in revenue that is not directly related to production and operating activities.
Net cash flow from operating activities	-525.20	20,693.10	-21,218.30	-102.54	Mainly due to lower sewage treatment service fees and other operational payments collected in the current period as compared with the same period last year, and higher amount of taxes and operating payments paid in the current period as compared with the same period last year.
Net cash flow from investment activities	-46,911.70	-69,325.20	22,413.50	32.33	Mainly due to lower investment expenditures on projects in the current year as compared with last year.

Net cash flow from financing activities	56,053.00	41,373.20	14,679.80	35.48	Mainly due to a higher additional debt financing in the current year as compared with the same period last year.
Net increase in cash and cash equivalents	8,616.10	-7,258.90	15,875.00	218.70	Mainly due to the combined impact of cash flows from operating, investment and financing activities.

3.2 Progress of major event and its effects as well as the analytical explanation of solutions

☐ Applicable √ Not applicable

3.3 Commitments that failed to be implemented on time during the reporting period

☐ Applicable √ Not applicable

3.4 Warning of the prediction that the accumulated net profits from the beginning of the year to the end of the next reporting period may record a loss or substantial changes may have occurred as compared with the same period of the previous year and the reasons

☐ Applicable √ Not applicable

By order of the Board
Liu Yujun
Chairman

Tianjin, the PRC
27 April 2020

As at the date of this announcement, the Board comprises three executive Directors: Mr. Liu Yujun, Ms. Wang Jing and Mr. Niu Bo; two non-executive Directors: Mr. Han Wei and Mr. Si Xiaolong; and three independent non-executive Directors: Mr. Di Xiaofeng, Mr. Guo Yongqing and Mr. Wang Xiangfei.

4. Appendices

Consolidated Balance Sheet
As at 31 March 2020

Unit: '000 Currency: RMB

Items	**As at 31 March 2020**	**As at 31 December 2019**
CURRENT ASSETS:		
Currency funds	2,165,774	2,079,613
Notes receivable	7,878	16,131
Trade receivables	2,809,343	2,492,764
Prepayments	48,781	38,583
Other receivables	77,730	65,156
Inventories	17,021	14,805
Non-current assets due within one year	17,930	17,224
Other current assets	92,856	72,504
Total current assets	5,237,313	4,796,780
NON-CURRENT ASSETS:		
Long-term receivables	231,440	236,450
Long-term equity investments	195,000	195,000
Other investments in equity instruments	2,000	2,000
Fixed assets	629,713	641,793
Construction in progress	169,854	159,214
Intangible assets	11,700,880	11,759,442
Deferred income tax assets	4,209	4,209
Other non-current assets	250,053	195,919
Total non-current assets	13,183,149	13,194,027
TOTAL ASSETS	18,420,462	17,990,807

Items	As at 31 March 2020	As at 31 December 2019
CURRENT LIABILITIES:		
Short-term borrowings	200,000	200,000
Trade payable	262,622	231,293
Contract liabilities	603,797	558,472
Wages payable	19,225	66,100
Taxes payable	67,315	86,188
Other payables	1,269,841	1,534,014
Including: Interests payable	62,561	42,974
Dividends payable	780	1,172
Non-current liabilities due within one year	415,671	852,552
Other current liabilities	15,250	20,250
Total current liabilities	2,853,721	3,548,869
NON-CURRENT LIABILITIES:		
Long-term borrowings	4,025,603	3,006,756
Bonds payable	1,797,645	1,797,389
Long-term payables	266,451	262,652
Expected liabilities	11,665	11,665
Deferred income	2,014,218	2,059,702
Deferred income tax liabilities	125,232	125,587
Other non-current liabilities	36,000	36,000
Total non-current liabilities	8,276,814	7,299,751
TOTAL LIABILITIES	11,130,535	10,848,620
OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY):		
Paid-up capital (or share capital)	1,427,228	1,427,228
Capital reserves	431,024	431,024
Surplus reserves	558,250	558,250
Retained earnings	3,887,330	3,757,523
Total equity attributable to owners of the Company (or shareholders'equity)	6,303,832	6,174,025
Minority shareholders interest	986,095	968,162
Total owners' (or shareholders') equity	7,289,927	7,142,187
TOTAL LIABILITIES AND OWNERS' (OR SHAREHOLDERS') EQUITY	18,420,462	17,990,807

Balance Sheet of the Company
As at 31 March 2020

Unit: ’000 Currency: RMB

Items	As at 31 March 2020	As at 31 December 2019
CURRENT ASSETS:		
Currency funds	925,270	741,257
Trade receivables	2,078,702	1,958,081
Prepayments	5,322	1,916
Other receivables	100,253	87,945
Including: Interest receivables	0	0
Dividend receivables	1,820	1,820
Inventories	5,511	4,811
Non-current assets due within one year	17,930	17,224
Other current assets	338,728	478,566
Total current assets	3,471,716	3,289,800
NON-CURRENT ASSETS:		
Long-term receivables	231,441	236,450
Long-term equity investments	4,141,561	4,067,052
Other investments in equity instruments	2,000	2,000
Fixed assets	155,907	160,912
Construction in progress	1,371	699
Intangible assets	4,000,207	4,021,934
Other non-current assets	199,520	115,332
Total non-current assets	8,732,007	8,604,379
TOTAL ASSETS	12,203,723	11,894,179

Items	As at 31 March 2020	As at 31 December 2019
CURRENT LIABILITIES:		
Short-term borrowings	200,000	200,000
Trade payable	81,390	65,904
Contract liabilities	69,270	4,950
Wages payable	11,809	30,463
Taxes payable	6,366	31,101
Other payables	436,965	417,707
Including: Interests payable	62,561	42,974
Dividends payable	–	0
Non-current liabilities due within one year	167,146	582,872
Total current liabilities	972,946	1,332,997
NON-CURRENT LIABILITIES:		
Long-term borrowings	1,724,659	1,135,632
Bonds payable	1,797,645	1,797,389
Long-term payables	266,451	262,652
Expected liabilities	11,665	11,665
Deferred income	1,577,166	1,593,830
Deferred income tax liabilities	61,234	60,642
Other non-current liabilities	670,000	670,000
Total non-current liabilities	6,108,820	5,531,810
TOTAL LIABILITIES	7,081,766	6,864,807
OWNERS' EQUITY (OR SHAREHOLDERS'EQUITY):		
Paid-up capital (or share capital)	1,427,228	1,427,228
Capital reserves	380,788	380,788
Surplus reserves	558,250	558,250
Retained earnings	2,755,691	2,663,106
Total owners' (or shareholders') equity	5,121,957	5,029,372
TOTAL LIABILITIES AND OWNERS' (OR SHAREHOLDERS') EQUITY	12,203,723	11,894,179

Consolidated Income Statement
January to March 2020

Unit: '000 Currency: RMB

Items	First Quarter of 2020	First Quarter of 2019
1. Total operating income	716,276	592,634
Including: Operating income	716,276	592,634
2. Total operating costs	588,164	480,058
Including: Operating costs	478,978	395,951
Tax and surcharges	9,202	6,722
Sales expenses	3,816	1,012
Administrative expenses	32,949	33,952
Research and development expenses	1,321	1,551
Financial expenses	61,898	40,870
Including: Interest expenses	74,378	60,372
Interest income	10,139	17,104
Add: Other income	39,871	17,270
3. Operating profit(losses are stated by "-")	167,983	129,846
Add: Non-operating income	23	159
Less: Non-operating expenses	2,265	2,379
4. Total profit (total losses are stated by "-")	165,741	127,626
Less: Income tax expenses	30,707	30,172
5. Net profit (net losses are stated by "-")	135,034	97,454
(I) Classified by continuity of operations		
1. Net profit from continuing operations (net losses are stated by "-")	135,034	97,454
(II) Classified by ownership of the equity		
1. Net profit attributable to shareholders of the Company (net losses are stated by "-")	129,807	93,386
2. Loss or profit attributable to minority shareholders (net losses are stated by "-")	5,227	4,068
6. Other comprehensive income, net of tax	–	–
7. Total comprehensive income	135,034	97,454
(I) Total comprehensive income attributable to owners of the Company	129,807	93,386
(II) Total comprehensive income attributable to minority shareholders	5,227	4,068
8 Earnings per share:		
(I) Basic earnings per share (RMB/share)	0.091	0.065
(II) Diluted earnings per share (RMB/share)	0.091	0.065

For the business combination under common control effected in the current period, the net profit recognized by the merged party before the combination was RMB0, and the net profit recognized by the merged party in the previous period was RMB0.

Income Statement of the Company
January to March 2020

Unit: '000 Currency: RMB

Items	First Quarter of 2020	First Quarter of 2019
1. Operating income	358,348	267,780
Less: Operating costs	210,888	170,325
Tax and surcharges	3,029	944
Administrative expenses	19,281	18,934
Financial expenses	50,920	37,098
Including: Interest expenses	56,717	42,717
Interest income	3,392	3,044
Add: Other income	30,218	3,834
Investment Income (losses are stated by "-")	6,163	11,461
2. Operating profit(losses are stated by "-")	110,611	55,774
Less: Non-operating expenses	1,688	2,379
3. Total profit (total losses are stated by "-")	108,923	53,395
Less: Income tax expenses	16,338	13,349
4. Net profit (net losses are stated by "-")	92,585	40,046
(I) Net profit from continuing operations (net losses are stated by "-")	92,585	40,046
5. Other comprehensive income, net of tax	–	–
6. Total comprehensive income	92,585	40,046
7. Earnings per share:		
(I) Basic earnings per share (RMB/share)	–	–
(II) Diluted earnings per share (RMB/share)	–	–

Consolidated Cash Flow Statement
January to March 2020

Unit: '000 Currency: RMB

Items	First Quarter of 2020	First Quarter of 2019
1. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	562,094	598,185
Taxes and levies rebate received	7,962	5,674
Cash received relating to other operating activities	42,668	93,244
Sub-total of cash inflow from operating activities	612,724	697,103
Cash paid for goods and services	318,579	258,129
Cash paid to and on behalf of employees	126,087	113,562
Payment of taxes and levies	116,659	75,097
Cash payments relating to other operating activities	56,651	43,384
Sub-total of cash outflow for operating activities	617,976	490,172
Net cash flow generated from operating activities	-5,252	206,931
2. Cash flows from investing activities:		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	49	–
Cash received from other investing activities	–	4,274
Sub-total of cash inflow from investing activities	49	4,274
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	469,166	697,526
Sub-total of cash outflow for investing activities	469,166	697,526
Net cash flows generated from investing activities	-469,117	-693,252

Items	First Quarter of 2020	First Quarter of 2019
3. Cash flows from financing activities:		
Cash received from assimilated investments	12,706	8,100
Including: cash received from minority shareholders' investments assimilated by subsidiaries	12,706	8,100
Cash received from borrowings	1,152,524	689,130
Sub-total of cash inflow from financing activities	1,165,230	697,230
Cash paid for repayment of debt	567,580	263,164
Cash paid for distribution of dividends, profits or interest payments	37,120	20,334
Sub-total of cash outflow from financing activities	604,700	283,498
Net cash flow generated from financing activities	560,530	413,732
4. Effect of foreign exchange rate changes on cash or cash equivalent	–	–
5. Net increase in cash and cash equivalents	86,161	-72,589
Add: Balance of cash and cash equivalents at the beginning of the period	2,066,301	1,808,543
6. Balance of cash and cash equivalents at the end of the period	2,152,462	1,735,954

Cash Flow Statement of the Company
January to March 2020

Unit: '000 Currency: RMB

Items		First Quarter of 2020	First Quarter of 2019
1.	**Cash flows from operating activities:**		
	Cash received from sales of goods and rendering of services	353,299	310,240
	Taxes and levies rebate received	2,072	2,078
	Cash received relating to other operating activities	255,746	379,225
	Sub-total of cash inflow from operating activities	611,117	691,543
	Cash paid for goods and services	149,349	116,804
	Cash paid to and on behalf of employees	56,628	46,284
	Payment of taxes and levies	77,197	17,059
	Cash payments relating to other operating activities	188,407	324,152
	Sub-total of cash outflow for operating activities	471,581	504,299
	Net cash flow generated from operating activities	139,536	187,244
2.	**Cash flows from investing activities:**		
	Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	44,717	101,580
	Cash paid for investments	74,509	156,082
	Sub-total of cash outflows for investing activities	119,226	257,662
	Net cash flows generated from investing activities	-119,226	-257,662
3.	**Cash flows from financing activities:**		
	Cash received from borrowings	682,280	335,679
	Sub-total of cash inflow from financing activities	682,280	335,679
	Cash repayments of borrowings	501,000	250,000
	Cash paid for distribution of dividends, profits or interest payments	17,577	14,377
	Sub-total of cash outflow for financing activities	518,577	264,377
	Net cash flows generated from financing activities	163,703	71,302
4.	**Effect of foreign exchange rate changes on cash or cash equivalent**	–	–
5.	**Net increase in cash and cash equivalents**	184,013	884
	Add: Balance of cash and cash equivalents at the beginning of the period	736,182	586,888
6.	**Balance of cash and cash equivalents at the end of the period**	920,195	587,772