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Datang Environment Industry Group Co., Ltd.*
大唐環境產業集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1272)

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

FINANCIAL AND OPERATION HIGHLIGHTS

- For the six months ended 30 June 2025, the revenue of the Group amounted to RMB2,407.8 million, representing a decrease of 7.5% as compared with the same period of last year.
- For the six months ended 30 June 2025, the gross profit of the Group amounted to RMB508.2 million and the gross profit margin of the Group amounted to 21.1%, representing a decrease in gross profit margin of 3.6 percentage points as compared with the same period of last year.
- For the six months ended 30 June 2025, the total comprehensive income attributable to owners of the parent amounted to RMB284.2 million, representing a decrease of 28.8% as compared with the same period of last year.
- The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2025.

The board (the “**Board**”) of directors (the “**Directors**”) of Datang Environment Industry Group Co., Ltd.* (the “**Company**”) hereby announces the unaudited interim financial results of the Company and its subsidiaries (the “**Group**” or “**we**” or “**us**”) for the six months ended 30 June 2025 (the “**Reporting Period**”), together with the comparable figures of the same period in 2024. The financial information of the Group for the six months ended 30 June 2025 set out by the Company in this results announcement is prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* and the disclosure requirements under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

For the six months ended 30 June 2025

(Amounts expressed in thousands of RMB unless otherwise stated)

	<i>Notes</i>	For the six months ended	
		30 June	
		2025	2024
		Unaudited	Unaudited
		RMB'000	RMB'000
Revenue	4	2,407,847	2,603,089
Cost of sales		<u>(1,899,660)</u>	<u>(1,960,596)</u>
Gross profit		508,187	642,493
Selling and distribution expenses		(5,804)	(11,005)
Administrative expenses		(163,836)	(145,245)
Other income and losses	5	73,986	78,349
Finance costs	6	(45,490)	(76,986)
Reversal of impairment losses/(impairment losses) on financial assets and contract assets, net		<u>1,463</u>	<u>(9,607)</u>
Profit before tax		368,506	477,999
Income tax expenses	7	<u>(56,643)</u>	<u>(69,075)</u>
PROFIT FOR THE PERIOD		<u>311,863</u>	<u>408,924</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(losses) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>1,464</u>	<u>(961)</u>
Other comprehensive income/(losses) that may be reclassified to profit or loss in subsequent periods, net		<u>1,464</u>	<u>(961)</u>
Other comprehensive losses that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		(360)	(365)
Income tax effect		<u>54</u>	<u>—</u>

**For the six months ended
30 June**

	<i>Notes</i>	2025	2024
		Unaudited	Unaudited
		RMB'000	RMB'000
Other comprehensive losses that will not be reclassified to profit or loss in subsequent periods, net		<u>(306)</u>	<u>(365)</u>
OTHER COMPREHENSIVE INCOME/(LOSSES) FOR THE PERIOD, NET OF TAX		<u>1,158</u>	<u>(1,326)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>313,021</u>	<u>407,598</u>
Profit attributable to:			
Owners of the parent		283,696	399,851
Non-controlling interests		<u>28,167</u>	<u>9,073</u>
		<u>311,863</u>	<u>408,924</u>
Total comprehensive income attributable to:			
Owners of the parent		284,210	398,948
Non-controlling interests		<u>28,811</u>	<u>8,650</u>
		<u>313,021</u>	<u>407,598</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	<u>RMB0.10</u>	<u>RMB0.13</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

(Amounts expressed in thousands of RMB unless otherwise stated)

		30 June 2025	31 December 2024
	<i>Notes</i>	Unaudited RMB'000	Audited RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	5,683,166	5,930,293
Intangible assets		198,392	204,972
Right-of-use assets		238,074	250,455
Equity investments designated at fair value through other comprehensive income		8,227	3,587
Deferred tax assets		82,059	83,700
Other non-current assets		310,271	323,371
Total non-current assets		<u>6,520,189</u>	<u>6,796,378</u>
CURRENT ASSETS			
Inventories		192,440	187,507
Trade, bills receivables and contract assets	<i>11</i>	6,280,569	6,942,045
Prepayments, other receivables and other assets	<i>12</i>	419,381	416,406
Restricted cash	<i>13</i>	13,830	10,990
Cash and cash equivalents	<i>13</i>	1,407,511	994,747
Total current assets		<u>8,313,731</u>	<u>8,551,695</u>
CURRENT LIABILITIES			
Trade payables	<i>14</i>	2,783,871	3,261,072
Other payables and accruals	<i>15</i>	651,491	592,186
Provisions	<i>16</i>	107	200
Interest-bearing bank borrowings and other loans	<i>17</i>	3,221,047	2,471,365
Income tax payable		20,891	9,322
Total current liabilities		<u>6,677,407</u>	<u>6,334,145</u>
NET CURRENT ASSETS		<u>1,636,324</u>	<u>2,217,550</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,156,513</u>	<u>9,013,928</u>

		30 June 2025	31 December 2024
		Unaudited	Audited
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Provisions	<i>16</i>	–	280
Interest-bearing bank borrowings and other loans	<i>17</i>	427,057	1,450,960
Deferred tax liabilities		29,072	29,791
Other non-current liabilities		23,206	23,303
		<u>479,335</u>	<u>1,504,334</u>
Total non-current liabilities		<u>479,335</u>	<u>1,504,334</u>
Net assets		<u>7,677,178</u>	<u>7,509,594</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		2,967,542	2,967,542
Reserves		4,886,298	4,747,033
		<u>7,853,840</u>	<u>7,714,575</u>
Non-controlling interests		<u>(176,662)</u>	<u>(204,981)</u>
Total equity		<u>7,677,178</u>	<u>7,509,594</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to owners of the parent									Total equity RMB'000
	Share capital RMB'000	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Other reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2025 (audited)	2,967,542	1,315,483	551,297	46,153	(1,201)	1,407	2,833,894	7,714,575	(204,981)	7,509,594
Profit for the period	-	-	-	-	-	-	283,696	283,696	28,167	311,863
Other comprehensive losses for the period:										
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	(306)	-	-	(306)	-	(306)
Exchange difference on translation of foreign operations	-	-	-	-	-	820	-	820	644	1,464
Total comprehensive (losses)/income for the period	-	-	-	-	(306)	820	283,696	284,210	28,811	313,021
Appropriation to statutory surplus reserve and other reserve	-	-	-	6,400	-	-	-	6,400	453	6,853
Final 2024 dividends declared (Note 8)	-	-	-	-	-	-	(151,345)	(151,345)	-	(151,345)
Dividend declared by a subsidiary to its non-controlling interests	-	-	-	-	-	-	-	-	(945)	(945)
At 30 June 2025 (unaudited)	<u>2,967,542</u>	<u>1,315,483</u>	<u>551,297</u>	<u>52,553</u>	<u>(1,507)</u>	<u>2,227</u>	<u>2,966,245</u>	<u>7,853,840</u>	<u>(176,662)</u>	<u>7,677,178</u>
At 1 January 2024 (audited)	2,967,542	1,315,483	498,106	35,700	-	915	2,652,524	7,470,270	(188,646)	7,281,624
Profit for the period	-	-	-	-	-	-	399,851	399,851	9,073	408,924
Other comprehensive losses for the period:										
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	(365)	-	-	(365)	-	(365)
Exchange difference on translation of foreign operations	-	-	-	-	-	(538)	-	(538)	(423)	(961)
Total comprehensive (losses)/income for the period	-	-	-	-	(365)	(538)	399,851	398,948	8,650	407,598
Appropriation to statutory surplus reserve and other reserve	-	-	-	3,454	-	-	-	3,454	253	3,707
Final 2023 dividends declared (Note 8)	-	-	-	-	-	-	(225,533)	(225,533)	-	(225,533)
Dividend declared by a subsidiary to its non-controlling interests	-	-	-	-	-	-	-	-	(19,600)	(19,600)
At 30 June 2024 (unaudited)	<u>2,967,542</u>	<u>1,315,483</u>	<u>498,106</u>	<u>39,154</u>	<u>(365)</u>	<u>377</u>	<u>2,826,842</u>	<u>7,647,139</u>	<u>(199,343)</u>	<u>7,447,796</u>

* These reserves accounts comprise the consolidated reserves of RMB4,886,298,000 and RMB4,679,597,000 as at 30 June 2025 and 2024, respectively, in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

(Amounts expressed in thousands of RMB unless otherwise stated)

	For the six months ended	
	30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	<u>806,309</u>	<u>539,133</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	545	3,696
Purchase of items of property, plant and equipment, intangible assets and other non-current assets	(66,674)	(134,108)
Capital contribution in equity investments designated at fair value through other comprehensive income	<u>(5,000)</u>	<u>(5,000)</u>
Net cash flows used in investing activities	<u>(71,129)</u>	<u>(135,412)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings and other loans	3,081,310	1,988,148
Repayments of bank borrowings and other loans	(3,359,663)	(2,527,158)
Principal portion of lease payments	(80)	(80)
Dividends paid to non-controlling interests	(1,945)	(1,000)
Interest paid	<u>(41,931)</u>	<u>(84,366)</u>
Net cash flows used in financing activities	<u>(322,309)</u>	<u>(624,456)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	412,871	(220,735)
Cash and cash equivalents at the beginning of the period	994,747	1,759,358
Effect of foreign exchange rate changes, net	<u>(107)</u>	<u>33</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>1,407,511</u></u>	<u><u>1,538,656</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

(Amounts expressed in thousands of RMB unless otherwise stated)

1. CORPORATE AND GROUP INFORMATION

Datang Environment Industry Group Co., Ltd.* (大唐環境產業集團股份有限公司) (the “**Company**”) was established on 25 July 2011 in the People’s Republic of China (the “**PRC**”) with limited liability. On 26 June 2015, the Company converted into a joint stock company with limited liability from a limited liability company. The shares of the Company have been listed on the Main board of The Stock Exchange of Hong Kong Limited on 15 November 2016. The address of its registered office is No. 120 Zizhuyuan Road, Haidian District, Beijing, the PRC.

The Company and its subsidiaries (together the “**Group**”) are involved in the following principal activities: environmental protection facility concession operation, the manufacture and sale of denitrification catalysts, environmental protection facilities engineering, water treatment business, energy conservation business and renewable energy engineering business.

In the opinion of the directors of the Company (“**Directors**”), the immediate holding company and ultimate holding company of the Company is China Datang Corporation Ltd. (“**China Datang**”), a company established and domiciled in the PRC and wholly- owned by the State-owned Assets Supervision and Administration Commission of the State Council.

The interim condensed consolidated financial information is presented in thousands of Renminbi (“**RMB**”), unless otherwise stated.

The interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP’S ACCOUNTING POLICY INFORMATION AND DISCLOSURES

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2025 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting*. In addition, the interim condensed consolidated financial information also include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements of the Group, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICY INFORMATION AND DISCLOSURES (Continued)

2.2 Changes in accounting policy information and disclosures

The accounting policy information adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amendments to an IFRS Accounting Standard issued by the International Accounting Standards Board, for the first time for the current period's financial information.

Amendments to IAS 21	Lack of Exchangeability
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The adoption of the amendments to IFRS Accounting Standard has had no significant effect on these interim condensed consolidated financial information for the six months ended 30 June 2025 and there have been no significant changes to the accounting policies applied in these interim condensed consolidated financial information for the six months ended 30 June 2025.

The Group has not applied the amendments to standards that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such amendments to standards to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

2.3 Accounting judgments and estimates

The preparation of the interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that are applied to the Group's annual consolidated financial statements for the year ended 31 December 2024.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to their nature. Each of the Group's operating segment represents a strategic business unit that provides services which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

(a) Environmental protection and energy conservation solutions

The environmental protection and energy conservation solutions business mainly includes flue gas desulfurization and denitrification facilities concession operation for coal-fired power plants; the manufacture and sale of denitrification catalysts; engineering for coal-fired power plants, including the engineering of denitrification, desulfurization, dust removal, ash and slag handling and other environmental protection facilities and industrial site dust management related engineering; water treatment; and energy conservation including energy conservation facilities engineering and energy management contracting ("EMC").

(b) Renewable energy engineering

The renewable energy engineering business mainly includes the engineering general contracting for newly built wind power plants, biomass power plants and photovoltaic power plants.

(c) Thermal power engineering

The thermal power engineering business mainly includes the engineering procurement construction ("EPC") services for thermal power plants.

(d) Other businesses

Other businesses currently mainly include various businesses such as fiberglass chimney anti-corrosion and air cooling system engineering general contracting.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income and losses, other expenses, non-lease-related finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets and liabilities mainly comprise operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment assets exclude unallocated intangible assets, unallocated deferred tax assets, unallocated prepayments, other receivables and other assets, restricted cash, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings and other loans (other than lease liabilities) for daily operation purpose, deferred tax liability and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2025 (unaudited)	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (Note 4)					
Sales to external customers	2,349,854	44,109	–	13,884	2,407,847
Inter-segment sales	–	–	–	25,533	25,533
	<u>2,349,854</u>	<u>44,109</u>	<u>–</u>	<u>39,417</u>	<u>2,433,380</u>
<i>Reconciliation:</i>					
Elimination of inter-segment sales					<u>(25,533)</u>
Revenue					<u><u>2,407,847</u></u>
Segment results	402,659	20,661	–	(26,328)	396,992
<i>Reconciliation:</i>					
Other income and losses					73,986
Finance costs (other than interest on lease liabilities which is included in corporate and other unallocated expenses)					(41,618)
Corporate and other unallocated expenses					<u>(60,854)</u>
Profit before tax					<u><u>368,506</u></u>
As at 30 June 2025 (unaudited)					
Segment assets	13,917,258	314,137	–	34,884	14,266,279
<i>Reconciliation:</i>					
Elimination of inter-segment receivables					(2,023,829)
Corporate and other unallocated assets					<u>2,591,470</u>
Total assets					<u><u>14,833,920</u></u>
Segment liabilities	7,540,778	358,099	11,825	43,558	7,954,260
<i>Reconciliation:</i>					
Elimination of inter-segment payables					(2,023,829)
Corporate and other unallocated liabilities					<u>1,226,311</u>
Total liabilities					<u><u>7,156,742</u></u>

3. OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2024 (unaudited)	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (Note 4)					
Sales to external customers	2,457,887	135,335	–	9,867	2,603,089
Inter-segment sales	<u>–</u>	<u>–</u>	<u>–</u>	<u>20,939</u>	<u>20,939</u>
	2,457,887	135,335	–	30,806	2,624,028
<i>Reconciliation:</i>					
Elimination of inter-segment sales					<u>(20,939)</u>
Revenue					<u><u>2,603,089</u></u>
Segment results	587,663	(14,746)	–	(47,664)	525,253
<i>Reconciliation:</i>					
Other income and losses					78,349
Finance costs (other than interest on lease liabilities which is included in corporate and other unallocated expenses)					(71,904)
Corporate and other unallocated expenses					<u>(53,699)</u>
Profit before tax					<u><u>477,999</u></u>
As at 31 December 2024 (audited)					
Segment assets	14,730,441	463,120	7,288	55,296	15,256,145
<i>Reconciliation:</i>					
Elimination of inter-segment receivables					(2,120,547)
Corporate and other unallocated assets					<u>2,212,475</u>
Total assets					<u><u>15,348,073</u></u>
Segment liabilities	7,706,397	470,297	22,039	39,208	8,237,941
<i>Reconciliation:</i>					
Elimination of inter-segment payables					(2,120,547)
Corporate and other unallocated liabilities					<u>1,721,085</u>
Total liabilities					<u><u>7,838,479</u></u>

3. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

The majority of the non-current assets are located in the PRC, and the majority of revenue is generated from the PRC. Therefore, no further geographical information is presented.

Information about major customers

Revenue of approximately RMB1,796 million was derived from the sales of goods and the rendering of services to China Datang and its subsidiaries (excluding the Group) (“**China Datang Group**”) (for the six months ended 30 June 2024: approximately RMB2,099 million).

Seasonal operations

The Group’s business operations are not significantly affected by any seasonal or cyclical factors.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended	
	30 June	
	2025	2024
	Unaudited	Unaudited
	<i>RMB’000</i>	<i>RMB’000</i>
Revenue from contracts with customers	<u>2,407,847</u>	<u>2,603,089</u>

4. REVENUE (Continued)

Disaggregated revenue information for revenue from contracts with customers:

For the six months ended 30 June 2025 (unaudited)					
Operating segments	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or service					
Sale of industrial products	250,367	–	–	13,884	264,251
Construction services	128,427	44,109	–	–	172,536
Desulfurisation and denitrification services	<u>1,971,060</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,971,060</u>
Total revenue from contracts with customers	<u><u>2,349,854</u></u>	<u><u>44,109</u></u>	<u><u>–</u></u>	<u><u>13,884</u></u>	<u><u>2,407,847</u></u>
Timing of revenue recognition					
Goods transferred at a point in time	250,367	–	–	13,884	264,251
Services transferred over time	<u>2,099,487</u>	<u>44,109</u>	<u>–</u>	<u>–</u>	<u>2,143,596</u>
Total revenue from contracts with customers	<u><u>2,349,854</u></u>	<u><u>44,109</u></u>	<u><u>–</u></u>	<u><u>13,884</u></u>	<u><u>2,407,847</u></u>
For the six months ended 30 June 2024 (unaudited)					
Operating segments	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or service					
Sale of industrial products	149,372	–	–	9,867	159,239
Construction services	228,208	135,335	–	–	363,543
Desulfurisation and denitrification services	<u>2,080,307</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,080,307</u>
Total revenue from contracts with customers	<u><u>2,457,887</u></u>	<u><u>135,335</u></u>	<u><u>–</u></u>	<u><u>9,867</u></u>	<u><u>2,603,089</u></u>
Timing of revenue recognition					
Goods transferred at a point in time	149,372	–	–	9,867	159,239
Services transferred over time	<u>2,308,515</u>	<u>135,335</u>	<u>–</u>	<u>–</u>	<u>2,443,850</u>
Total revenue from contracts with customers	<u><u>2,457,887</u></u>	<u><u>135,335</u></u>	<u><u>–</u></u>	<u><u>9,867</u></u>	<u><u>2,603,089</u></u>

4. REVENUE (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the six months ended 30 June 2025 (unaudited)					
Operating segments	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	Total RMB'000
Revenue from contracts with customers					
External customers	2,349,854	44,109	–	13,884	2,407,847
Inter-segment sales	–	–	–	25,533	25,533
	<u>2,349,854</u>	<u>44,109</u>	<u>–</u>	<u>39,417</u>	<u>2,433,380</u>
Inter-segment adjustments and eliminations	–	–	–	(25,533)	(25,533)
Total revenue from contracts with customers	<u><u>2,349,854</u></u>	<u><u>44,109</u></u>	<u><u>–</u></u>	<u><u>13,884</u></u>	<u><u>2,407,847</u></u>

For the six months ended 30 June 2024 (unaudited)					
Operating segments	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	Total RMB'000
Revenue from contracts with customers					
External customers	2,457,887	135,335	–	9,867	2,603,089
Inter-segment sales	–	–	–	20,939	20,939
	<u>2,457,887</u>	<u>135,335</u>	<u>–</u>	<u>30,806</u>	<u>2,624,028</u>
Inter-segment adjustments and eliminations	–	–	–	(20,939)	(20,939)
Total revenue from contracts with customers	<u><u>2,457,887</u></u>	<u><u>135,335</u></u>	<u><u>–</u></u>	<u><u>9,867</u></u>	<u><u>2,603,089</u></u>

5. OTHER INCOME AND LOSSES

	For the six months ended	
	30 June	
	2025	2024
	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>
Other income		
Interest income	545	3,696
Government grants	75,457	75,676
Compensation income	379	–
Exchange gains	356	810
	<u>76,737</u>	<u>80,182</u>
Other losses, net		
Loss on disposal of items of property, plant and equipment	(350)	–
Compensation losses	(2,401)	(1,833)
	<u>(2,751)</u>	<u>(1,833)</u>
	<u>73,986</u>	<u>78,349</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended	
	30 June	
	2025	2024
	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities	3,873	5,082
Interest expenses on bank borrowings and other loans	41,617	73,491
Less: interest capitalised	–	(1,587)
	<u>45,490</u>	<u>76,986</u>

7. INCOME TAX EXPENSES

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss and other comprehensive income are as follows:

	For the six months ended	
	30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax	55,667	70,197
Deferred income tax	976	(1,122)
	<u>56,643</u>	<u>69,075</u>

8. DIVIDENDS

On 28 March 2025, the board of Directors (the “**Board**”) proposed to distribute the final dividend for the year ended 31 December 2024 of RMB0.051 per share (before tax) amounted to RMB151,344,642 in cash to the shareholders of the Company, which was approved by the shareholders of the Company at the 2024 annual general meeting on 27 June 2025. As at 30 June 2025, the final dividend has not been paid to the shareholders of the Company.

The Board did not recommend any interim dividend for the six months ended 30 June 2025.

On 26 April 2024, the Board proposed to distribute the final dividend for the year ended 31 December 2023 of RMB0.076 per share (before tax) amounted to RMB225,533,000 in cash to the shareholders of the Company, which was approved by the shareholders of the Company at the 2023 annual general meeting on 28 June 2024. As at 30 June 2024, the final dividend has not been paid to the shareholders of the Company.

The Board proposed to distribute the interim dividend for the six months ended 30 June 2024 of RMB0.03 per share (before tax) amounted to RMB89,026,260 in cash to the shareholders of the Company, which was approved by the shareholders of the Company at the extraordinary general meeting on 27 September 2024.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue for the six months ended 30 June 2025 and 2024, respectively.

The Company did not have any potential dilutive shares in issue during the six months ended 30 June 2025 and 2024. Accordingly, the diluted earnings per share amounts are the same as the basic earnings per share amounts.

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

Earnings	For the six months ended 30 June	
	2025 Unaudited	2024 Unaudited
Profit attributable to ordinary equity holders of the parent, used in the basic/diluted earnings per share calculation (RMB'000)	<u>283,696</u>	<u>399,851</u>
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic/diluted earnings per share calculation (number of shares)	<u>2,967,542,000</u>	<u>2,967,542,000</u>
Earnings per share		
Basic/diluted earnings per share	<u>RMB0.10</u>	<u>RMB0.13</u>

10. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2025, the Group acquired items of property, plant and equipment with a cost of RMB5,708,000 (for the six months ended 30 June 2024: RMB24,671,000).

Items of property, plant and equipment with a book value of RMB2,044,000 were disposed of by the Group during the six months ended 30 June 2025, resulting in a loss on disposal of RMB350,000, which was included in "other income and losses" in the interim condensed consolidated statement of profit or loss and other comprehensive income (for the six months ended 30 June 2024: no property, plant and equipment were disposed of by the Group).

11. TRADE, BILLS RECEIVABLES AND CONTRACT ASSETS

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Trade receivables	6,093,062	6,731,955
Less: provision for impairment	(363,883)	(366,038)
	<u>5,729,179</u>	<u>6,365,917</u>
 Bills receivable	 <u>301,491</u>	 <u>400,206</u>
Contract assets arising from:		
Construction services	238,282	159,120
Sale of industrial products	13,730	18,915
	<u>252,012</u>	<u>178,035</u>
Less: provision for impairment	(2,113)	(2,113)
	<u>249,899</u>	<u>175,922</u>
	<u><u>6,280,569</u></u>	<u><u>6,942,045</u></u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within one year. Each customer has a maximum credit limit. The Group seeks to maintain strict control over the outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

11. TRADE, BILLS RECEIVABLES AND CONTRACT ASSETS (Continued)

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

	30 June 2025	31 December 2024
	Unaudited	Audited
	RMB'000	RMB'000
Within 1 year	4,128,075	4,607,350
Between 1 and 2 years	640,618	700,828
Between 2 and 3 years	201,645	301,730
Over 3 years	1,424,215	1,522,253
	<u>6,394,553</u>	<u>7,132,161</u>
Less: provision for impairment	(363,883)	(366,038)
	<u>6,030,670</u>	<u>6,766,123</u>

Contract assets are initially recognised for revenue earned from the sale of industrial products and construction services as the receipt of consideration is conditional on successful completion of construction. Upon completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2025	31 December 2024
	Unaudited	Audited
	RMB'000	RMB'000
Prepayments	63,925	49,518
Deposits	33,991	31,640
Other receivables	123,835	89,262
Other current assets	237,271	285,627
	<u>459,022</u>	<u>456,047</u>
Less: provision for impairment	(39,641)	(39,641)
	<u>419,381</u>	<u>416,406</u>

13. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Cash and bank balances	1,421,341	1,005,737
Less: restricted cash (<i>Note</i>)	<u>(13,830)</u>	<u>(10,990)</u>
Cash and cash equivalents	1,407,511	994,747
Cash and bank balances denominated in:		
– RMB	1,409,008	994,729
– Hong Kong dollars	4,490	5,246
– Indian rupees	<u>7,843</u>	<u>5,762</u>
	<u>1,421,341</u>	<u>1,005,737</u>

Note: Restricted cash mainly represented deposits held for issued bills payable and performance obligations for engineering services, property maintenance and frozen deposits for construction contract disputes.

14. TRADE PAYABLES

Trade payables are non-interest-bearing and are normally settled within one year.

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Trade payables	<u>2,783,871</u>	<u>3,261,072</u>
	<u>2,783,871</u>	<u>3,261,072</u>

14. TRADE PAYABLES (Continued)

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

	30 June 2025	31 December 2024
	Unaudited	Audited
	RMB'000	RMB'000
Within 1 year	1,876,207	2,094,235
1 year to 2 years	384,360	336,439
2 years to 3 years	156,190	197,457
More than 3 years	367,114	632,941
	<u>2,783,871</u>	<u>3,261,072</u>

15. OTHER PAYABLES AND ACCRUALS

	30 June 2025	31 December 2024
	Unaudited	Audited
	RMB'000	RMB'000
Contract liabilities	111,978	119,362
Taxes payable, other than income tax	53,517	64,349
Interest payables	3,510	4,733
Dividends payable	174,693	24,349
Other payables (<i>Note</i>)	307,793	379,393
	<u>651,491</u>	<u>592,186</u>

Note: Other payables are non-interest-bearing and have no fixed terms of repayment.

16. PROVISIONS

	Warranties <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024 (Audited)	900	900
Amounts utilised during the year	<u>(420)</u>	<u>(420)</u>
At 31 December 2024 (Audited)	480	480
Amounts utilised during the period	<u>(373)</u>	<u>(373)</u>
At 30 June 2025 (Unaudited)	107	107
Portion classified as current liabilities	<u>107</u>	<u>107</u>
Non-current portion	<u><u>-</u></u>	<u><u>-</u></u>

17. INTEREST-BEARING BANK BORROWINGS AND OTHER LOANS

	Effective interest rate	Maturity	30 June 2025 Unaudited RMB'000	Effective interest rate	Maturity	31 December 2024 Audited RMB'000
Current						
Bank borrowings:						
– unsecured	2.0%-2.75%	2026	1,947,993	2.10%-2.75%	2025	1,563,250
Other loans:						
– short-term bonds (<i>Note</i>)	1.84%	2025	<u>500,000</u>	2.14%	2025	<u>500,000</u>
			<u>2,447,993</u>			<u>2,063,250</u>
Current portion of long-term bank borrowings and other loans						
Bank borrowings – unsecured	2.25%-2.45%	2026	751,290	2.35%-3.45%	2025	386,790
Lease liabilities	4.15%-4.75%	2025	<u>21,764</u>	4.15%-4.75%	2025	<u>21,325</u>
			<u>773,054</u>			<u>408,115</u>
			<u>3,221,047</u>			<u>2,471,365</u>
Non-current						
Long-term bank borrowings and other loans:						
Bank borrowings – unsecured	2.45%-2.75%	2027-2038	229,710	2.35%-3.45%	2026-2030	1,257,306
Lease liabilities	4.15%-4.75%	2026-2038	<u>197,347</u>	4.15%-4.75%	2026-2040	<u>193,654</u>
			<u>427,057</u>			<u>1,450,960</u>
			<u>3,648,104</u>			<u>3,922,325</u>
Interest-bearing bank borrowings and other loans denominated in:						
– RMB			<u>3,648,104</u>			<u>3,922,325</u>

17. INTEREST-BEARING BANK BORROWINGS AND OTHER LOANS (Continued)

Note:

On 17 October 2024, the Company issued one tranche of super short-term bond with a par value of RMB100 amounting to RMB500 million. The bond had an annual effective interest rate of 2.14% and was already matured in April 2025.

On 15 January 2025, the Company issued one tranche of super short-term bond with a par value of RMB100 amounting to RMB500 million. On 16 April 2025, the Company issued one tranche of super short-term bond with a par value of RMB100 amounting to RMB500 million. The bonds had an annual effective interest rate of 1.79% and 1.84% respectively. The first tranche of super short-term-bond was already matured in April 2025. The second tranche of the super short-term bond was already matured in July 2025.

The maturity profile of the interest-bearing bank borrowings and other loans at the end of the reporting periods is as follows:

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Analysed into:		
Bank borrowings repayable:		
On demand or within one year	2,699,283	1,950,040
In the second year	64,563	715,806
In the third to fifth years, inclusive	95,620	458,440
Beyond five years	<u>69,527</u>	<u>83,060</u>
	2,928,993	3,207,346
Other loans repayable:		
Within one year	521,764	521,325
On demand or within one year	49,806	25,125
In the third to fifth years, inclusive	71,000	69,749
Beyond five years	<u>76,541</u>	<u>98,780</u>
	<u>719,111</u>	<u>714,979</u>
Total	<u>3,648,104</u>	<u>3,922,325</u>

18. COMMITMENTS

The Group had the following capital commitments of property, plant and equipment at the end of the reporting period:

	30 June 2025	31 December 2024
	Unaudited	Audited
	RMB'000	RMB'000
Contracted, but not provided for		
Buildings	37,631	25
Plant and equipment	251,098	182,378
Equity investment (<i>Note</i>)	42,896	47,896
	331,625	230,299

Note: On 28 December 2023, the Company has entered into the capital contribution agreement with China Datang, Datang International Power Generation Co., Ltd., Guangxi Guiguan Electric Power Co., Ltd. and China Datang Renewable Power Maintenance Co., Ltd., which are the subsidiaries of China Datang and DEC Academy of Science and Technology, in relation to the proposed formation of the company with a registered capital of RMB1,000 million. Pursuant to the capital contribution agreement, the Company shall make a capital contribution of RMB50,000,000, representing 5% equity interest in the company. As at 30 June 2025, the Company has made a capital contribution of RMB10,000,000 and the remaining capital contribution of RMB40,000,000 has not been paid as at the end of the reporting period.

On 26 June 2024, the Company established a wholly-owned subsidiary, Datang Environment (Xiong'an) Intelligent Energy Company Limited* (大唐环境(雄安)智慧能源有限公司), with a registered capital of RMB5 million. Pursuant to the relevant agreement, the Company shall make a capital contribution of RMB5 million. As at 30 June 2025, the Company has made a capital contribution of RMB2,104,000 and the remaining capital contribution of RMB2,896,000 has not been paid as at the end of the reporting period.

19. RELATED PARTY TRANSACTIONS

The Group is part of China Datang and had significant transactions with China Datang Group.

In addition to the related party transactions disclosed elsewhere in the interim condensed consolidated financial information, the following is a summary of the significant related party transactions entered into the ordinary course of business between the Group and its related parties during the six months ended 30 June 2025 and 2024. All transactions with related parties were conducted at prices and terms mutually agreed by the parties involved.

19. RELATED PARTY TRANSACTIONS (Continued)

(a) Significant related party transactions

	For the six months ended	
	30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Sales of goods and rendering of services to China Datang Group		
Environmental protection and energy conservation solutions	1,734,659	1,863,114
Renewable energy engineering	5,222	128,893
Others	130	69
	<u>1,740,011</u>	<u>1,992,076</u>
Sales of goods and rendering of services to the associates and joint ventures of China Datang Group		
Environmental protection and energy conservation solutions	<u>56,031</u>	<u>106,562</u>
Purchases of goods and receiving of services from China Datang Group		
Water supply and electricity supply	271,320	244,048
Ancillary services under the concession operations	28,355	12,536
Logistics services	80,206	86,166
Wind power electricity and other products	285,513	280,366
	<u>665,394</u>	<u>623,116</u>
Purchases of goods and receiving of services from the associates and joint ventures of China Datang Group		
Water supply and electricity supply	<u>40,039</u>	<u>22,849</u>
Loans from and repayments to a subsidiary of China Datang Group		
China Datang Finance Co., Ltd* (“Datang Finance”)	<u>460,000</u>	<u>–</u>
Interest expense on loans from subsidiaries of China Datang Group		
Datang Finance	1,136	7,803
Datang Financial Lease Co., Ltd. (“Datang Financial Lease”)	1,543	–
	<u>2,679</u>	<u>7,803</u>
Interest income from deposits from a subsidiary of China Datang Group		
Datang Finance	<u>432</u>	<u>3,251</u>

19. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties

The outstanding balances with related parties at 30 June 2025 and 31 December 2024 are as follows:

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Cash and cash equivalents		
Datang Finance	<u>1,395,177</u>	<u>964,233</u>
Trade, bills receivables and contract assets		
Trade and bills receivables China Datang Group	5,336,614	5,513,969
The associates and joint ventures of China Datang Group	<u>374,308</u>	<u>817,841</u>
	<u>5,710,922</u>	<u>6,331,810</u>
Contract assets		
China Datang Group	37,534	11,626
The associates and joint ventures of China Datang Group	<u>5,421</u>	<u>4,173</u>
	<u>42,955</u>	<u>15,799</u>
	<u>5,753,877</u>	<u>6,347,609</u>
Prepayments, other receivables and other assets		
Prepayments		
China Datang Group	<u>25,072</u>	<u>13,163</u>
Other receivables		
China Datang Group	44,846	25,473
The associates and joint ventures of China Datang Group	<u>27</u>	<u>–</u>
	<u>44,873</u>	<u>25,473</u>
	<u>69,945</u>	<u>38,636</u>
Other non-current assets		
China Datang Group	12,205	39,316
The associates and joint ventures of China Datang Group	<u>–</u>	<u>1,212</u>
	<u>12,205</u>	<u>40,528</u>

19. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties

	30 June 2025	31 December 2024
	Unaudited	Audited
	RMB'000	RMB'000
Interest-bearing bank borrowings and other loans (other than lease liabilities)		
Datang Finance	<u>110,000</u>	<u>–</u>
Trade payables		
China Datang Group	1,399,696	1,621,130
The associates and joint ventures of China Datang Group	<u>48,056</u>	<u>–</u>
	<u>1,447,752</u>	<u>1,621,130</u>
Other payables and accruals		
China Datang Group	142,041	131,957
The associates and joint ventures of China Datang Group	<u>206</u>	<u>–</u>
	<u>142,247</u>	<u>131,957</u>

(c) Transactions with other government-related entities in the PRC

The Group operates in an economic regime currently dominated by entities directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government and numerous government authorities and agencies (collectively referred to as “**government-related entities**”). China Datang, the parent and ultimate holding company of the Company, is a PRC state-owned enterprise and these government-related entities are also considered as related parties of the Group in this respect.

Apart from transactions with China Datang Group mentioned above, the Group also conducts some business activities with other government-related entities in the ordinary course of business. These transactions are carried out on terms similar to those that would be entered into with non-government-related entities.

The Group prices its services and products based on the commercial negotiations. The Group has also established its approval process for sales of goods, provision of services, purchase of products and receiving of services and its financing policy for borrowings. Such approval process and financing policy do not depend on whether the counterparties are government-related entities or not.

19. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with other government-related entities in the PRC (Continued)

Having considered the possibility for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and what information would be necessary for an understanding of the potential effect of the relationship on the financial Information, the Directors are of the opinion that further information about the following transactions is required for disclosure:

– *Deposits and borrowings*

Except for the cash and cash equivalents deposited in Datang Finance and Wing Lung Bank in Hong Kong, the Group deposits most of its remaining cash in government-related financial institutions, and also obtains short-term and long-term loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

(d) Compensation of key management personnel of the Group

	For the six months ended	
	30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Short-term employee benefits	1,972	1,807
Post-employment benefits	368	337
	<u>2,340</u>	<u>2,144</u>
Total compensation paid to key management personnel	<u>2,340</u>	<u>2,144</u>

(e) Property leases

As a lessee, the Group leases buildings for desulfurisation and denitrification facilities from Datang Financial Lease and some power plants from the China Datang Group, with a general lease term of 20 years. The related right-of-use assets and lease liabilities as at the end of the reporting period and payment of lease liabilities and the related expenses recognised during the period are as follows:

	30 June	31 December
	2025	2024
	Unaudited	Audited
	RMB'000	RMB'000
Right-of-use assets	<u>187,882</u>	<u>199,413</u>
Lease liabilities	<u>215,844</u>	<u>211,925</u>

19. RELATED PARTY TRANSACTIONS (Continued)

(e) Property leases (Continued)

	For the six months ended	
	30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Depreciation charge	<u>11,598</u>	<u>12,545</u>
Interest expense	<u>3,793</u>	<u>4,990</u>
Payments	<u>-</u>	<u>80</u>

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amounts		Fair values	
	30 June	31 December	30 June	31 December
	2025	2024	2025	2024
	Unaudited	Audited	Unaudited	Audited
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Long-term interest-bearing bank borrowings and other loans (other than lease liabilities) (Note 17)	<u>229,710</u>	<u>1,257,306</u>	<u>186,815</u>	<u>1,146,554</u>

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

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value disclosure of financial instruments. The Group's corporate finance team reports directly to management. As at 30 June 2025 and 31 December 2024, the Group's corporate finance team analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by management.

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value (Continued)

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

- The fair values of the non-current portion of long term interest-bearing bank borrowings and other loans (other than lease liabilities) have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair values as a result of the Group's own non-performance risks for interest-bearing bank borrowings and other loans as at 30 June 2025 and 31 December 2024 were assessed to be insignificant.
- The fair values of the bills receivable which are measured at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using the one-year bank loan interest rate published by the People's Bank of China.

Details of information about Level 3 fair value measurements are as follows:

Financial instruments	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Adjusted net asset value method	P/B ratio	1.0x	The estimated fair value would increase if the P/B ratio was higher and vice versa

The management of the Group is responsible for determining the appropriate valuation techniques and inputs for fair value measurements. The management of the Group regularly reports to the Board in relation to the fair value measurements of the aforesaid financial assets.

The methods and valuation techniques used for the purpose of measuring fair values categorised in Level 3 are unchanged.

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

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

Assets measured at fair value

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 30 June 2025 (unaudited)				
Equity investments designated at fair value through other comprehensive income	–	–	8,227	8,227
Trade and bills receivables	–	62,384	–	62,384
As at 31 December 2024 (audited)				
Equity investments designated at fair value through other comprehensive income	–	–	3,587	3,587
Trade and bills receivables	–	62,780	–	62,780

The movements in fair value measurements within Level 3 during the period are as follows:

	2025 Unaudited RMB'000	2024 Unaudited RMB'000
Equity investments designated at fair value through other comprehensive income – unlisted		
At 1 January	3,587	–
Addition	5,000	5,000
Total losses recognised in other comprehensive income	(360)	(365)
At 30 June	8,227	4,635

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value

The Group did not have any liabilities measured at fair value as at 30 June 2025 and 31 December 2024.

During the period, the Group has no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (for the six months ended 30 June 2024: nil).

21. CONTINGENT LIABILITIES

India NLC Project

On 6 March 2020, China Datang Technologies & Engineering Company Limited, a wholly-owned subsidiary of the Company, signed a construction contract with NLC India Limited (“**NLC India**”). Due to the impact of COVID-19, the construction progress was delayed, and NLC India issued a formal notice to request to terminate the contract and redeem the performance guarantee letter amounting to RMB47,303,000. In addition, the claims brought by NLC India also include the costs incurred in re-tendering and the arbitration progress. The Group fully accrued a provision of RMB47,303,000 for the request of redeeming the performance guarantee letter, and incurred other expenses of RMB47,303,000 for the year ended 31 December 2021 accordingly. During the year ended 31 December 2022, the performance guarantee letter of RMB47,303,000 has been fully redeemed. The likelihood of occurrence of other compensations about these contract disputes cannot be estimated reliably up to the date of this interim condensed consolidated financial information is authorised for issue.

22. EVENTS AFTER THE REPORTING PERIOD

On 14 July 2025, the Board has completed the issuance of the third tranche super short-term bond for the year of 2025 to qualified investors, with China Merchants Bank Co., Ltd. (招商銀行股份有限公司) as the lead underwriter and bookrunner, and Bank of Beijing Co., Ltd. (北京銀行股份有限公司) as the joint lead underwriter, and received the proceeds from such issuance. The issuance size of the super short-term bond is RMB500 million, with a term of 94 days and par value of RMB100. The interest rate for the issue of super short-term bond is 1.53%.

Save as disclosed in this results announcement, there were no other significant events affecting the Group occurred since 30 June 2025 and up to this results announcement.

23. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the Board on 29 August 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

As an environmental protection and energy conservation solution provider for coal-fired power generation enterprises, the principal business of the Group includes environmental protection facility concession operation, manufacturing and sales of denitrification catalysts, environmental protection facilities engineering, water treatment business, energy conservation business and renewable energy engineering business. Customers of the Group spread over 30 provinces, autonomous regions and municipalities in the PRC as well as 8 countries.

I. INDUSTRY OVERVIEW

Based on the overall performance of the environmental protection industry in the first half of 2025, there are mainly the following highlights and industry trends:

1. Accelerating Green Transformation and Strengthening the Closed Loop of Environmental Protection Supervision

In 2025, the government work report proposed to promote the in-depth development of green and low-carbon development, coordinately promote carbon reduction, pollution reduction and green growth, accelerate the comprehensive green transformation of economic and social development, further deepen the reform of the ecological civilization system, and coordinate industrial structure adjustment, pollution control, ecological protection and response to climate change. In May, the issuance of the “Regulations on Ecological Environmental Protection Supervision (《生態環境保護督察工作條例》)” further improved the system and mechanism of ecological environmental protection supervision, and made clear provisions on organizational leadership and institutional responsibilities, inspection objects and contents, working procedures and methods, inspection rectification, etc., forming a closed loop of governance from “problem discovery”, “pressure shift”, “inspection rectification” and “application of results” to “active responsibility fulfillment”, laying a solid system foundation for realizing the goal of a beautiful China.

2. Promoting the Upgrading of Environmental Protection Equipment and Building a Solid Foundation for Industry Development

In March 2025, three ministries including the Ministry of Industry and Information Technology jointly issued the “Several Opinions on Promoting the High-quality Development of Environmental Protection Equipment Manufacturing Industry (《關於促進環保裝備製造業高質量發展的若干意見》)” (the “**Opinions**”), proposing that, by 2027, strive to significantly increase the market share, further improve the standards and systems of advanced technology equipment, basically make up for shortcomings of technical equipment industry chain in key areas, and form an advantageous pattern for technology equipment with strengths at leading position domestically and going abroad, and build a relatively complete environmental protection equipment supply system; by 2030, the shortcomings of the environmental protection technology equipment industry chain will be independently controllable, the advantages of technology equipment with strengths will be further expanded, the scale, product quality and comprehensive benefits of the environmental protection equipment manufacturing industry will be further improved, and a number of leading enterprises with strong industrial innovation capabilities and comprehensive competitiveness will be cultivated to promote the comprehensive upgrading of the environmental protection equipment manufacturing industry from traditional pollution control to green, low-carbon and circular development. The Opinions put forward a series of policies and measures from four aspects: i.e. strengthening key technology research, accelerating the promotion of advanced technologies, cultivating new driving forces for industry development and optimizing the industrial development environment, involving a variety of new technologies and equipment in the fields of atmosphere, sewage, solid waste treatment, etc., and bringing more opportunities for the Company’s business development.

3. Expanding the Implementation of Equipment Updating to Promote the Development of Circular Economy

In January 2025, the National Development and Reform Commission and the Ministry of Finance issued the “Notice on Expanding the Implementation of Large-scale Equipment Renewal and Consumer Goods Trade-in Policy by 2025 (《關於2025年加力擴圍實施大規模設備更新和消費品以舊換新政策的通知》)”, proposing to strengthen recycling capacity building; continue to arrange ultra-long-term special treasury bond funds to support the construction of high-level recycling projects; strengthen scientific and technological research on the recycling of major technology equipment, and cultivate a number of backbone enterprises in the field of resource recycling; strengthen the supply of standards in the field of resource recycling, study and formulate standards for collection, dismantling and recycling in key areas such as retired new energy equipment and retired power batteries. It also proposes to further promote the high-quality development of the resource recycling industry, which brings more opportunities for the Company in the thermal power and new energy equipment updating, resource recycling and circular economy business.

4. Focusing on the Low-Carbon Transformation of Coal-fired Power and Driving the Development of Clean Technology

In February 2025, the National Energy Administration issued the “Guiding Opinions on Energy Work in 2025 (《2025年能源工作指導意見》)”, clearly proposing in-depth research and planning of carbon reduction ideas and measures for coal-fired power, continuing to promote the “three reforms linkage (三改聯動)” of coal-fired power, and improving the clean and efficient utilization of coal-fired power. In March, the National Development and Reform Commission and the National Energy Administration issued “the Special Action for Upgrading the New Generation of Coal-fired Power (《新一代煤電升級專項行動》)” to further drive the development and demonstration application of clean and carbon reduction technologies for coal-fired power, promote the adoption of zero-carbon and low-carbon fuel blending, carbon capturing and utilization and storage, coupling of coal-fired power and new energy technologies according to local conditions, improve the clean and carbon reduction technologies for units, promote the green transformation of coal-fired power industry, and provide strong support for building a clean, low-carbon, safe and efficient energy system. The continuous introduction of policies has further clarified the development direction of the Company to accelerate the low-carbon transformation of coal-fired power and develop new environmentally friendly operation and engineering businesses.

II. BUSINESS OVERVIEW

1. Environmental Pollution Treatment Business

1.1 Environmental protection facility concession operation business

As at 30 June 2025, the cumulative installed capacity in operation for desulfurization concession operations of the Group reached 47,610MW. The cumulative installed capacity in operation for denitrification concession operations reached 40,600MW and the installed capacity of the desulfurization entrusted operation projects reached 1,960MW.

In the first half of 2025, the Group remains committed to carrying out related work of “improving quality and efficiency”, continuously improving indicators such as power consumption rate of desulfurization plants, power consumption rate of desulfurization for emission reduction, limestone consumption rate of emission reduction, and consumption rate of denitrification agents for emission reduction. In the first half of the year, the Group completed the optimization and renovation of 3 units of precise ammonia injection, 20 denitrification thermal leveling tests, which resulted in significant improvements in nitrogen oxide concentration levels, a reduction in ammonia consumption rate; and completed the spray layer renovation of 2 absorption towers, reduced the power consumption of the slurry circulation pump and the consumption rate of desulfurization limestone, and improved the cost reduction and profitability steadily.

1.2 Environmental protection facility engineering business

In the first half of 2025, the Group continued to carry out its environmental protection facility engineering business, including desulfurization, denitrification, dust removal and ultra-low emission. The following table sets forth the breakdown of the Group’s environmental protection facility engineering business in the power industry as at 30 June 2025:

Project	Projects awarded and signed in the first half of 2025		Projects under construction in the first half of 2025	
	Number	Amount (RMB million)	Number	Amount (RMB million)
Desulfurization	1	126.68	9	1105.92
Denitrification	0	0	3	119.6097
Dust removal	1	128.30	3	343.34
Others	1	81.80	15	270.6

1.3 Water treatment business

In the first half of 2025, the Group entered into five new water treatment projects, and had four water treatment operation projects and 10 water treatment projects under construction as at 30 June 2025.

2. Environmental Products Manufacturing Business

2.1 Denitrification catalysts business

In the first half of 2025, the production volume and the newly signed contracted sales volume of the plate-type denitrification catalysts and honeycomb catalysts of the Group were 20,276.56m³ and 48,614.70m³, respectively. The following table sets forth the breakdown of the key figures of the Group's denitrification catalysts business during January to June 2025:

(Unit: m³)

Production volume	Newly-signed contracted volume	Delivery volume
20,276.56	48,614.70	22,250.10

During January to June 2025, the Group sold 14,950.90m³ of catalyst to customers other than China Datang Group, among which, 514.55m³ of catalyst was sold to overseas customers. The Group signed 78 catalysts inspection service contracts in aggregate with total contracted amount of RMB7.847 million. The Group conducted comprehensive usage business in relation to an aggregate of 6,604.11m³ of spent denitrification catalysts.

In the first half of 2025, the Group successfully and independently developed the high-hole gas turbine denitrification catalyst and successfully achieved mass production of 70-hole honeycomb catalysts. This breakthrough in technical barriers successfully ended the long-standing monopoly of European countries and the US on domestic gas turbine denitrification catalysts.

2.2 Carbon emission online monitoring business

In the first half of 2025, the complete set of high-precision digital intelligent carbon dioxide online monitoring technology for thermal power plants, independently developed by the Group, was certified as internationally leading, and obtained the CCEP certification of environmental protection products for the ongoing carbon dioxide monitoring system. The Group completed the retrofit project for carbon monitoring systems of six units which have successfully passed construction acceptance and entered trial operation, and the Group obtained one retrofit project for carbon monitoring from a unrelated party.

2.3 Rapid monitoring business of coal quality

In the first half of 2025, the Group completed the prototype integration and software/hardware testing of the online quick analysis system of coal quality, with preliminary data processing algorithm models and supporting software developed.

3. Renewable Energy Business

3.1 Engineering design and technology service

In the first half of 2025, the Group newly entered into 11 renewable energy engineering design service projects, involving the technical consulting, feasible study and preparation, design and other fields of wind power and photovoltaic projects, and newly entered into one PMC engineering management project.

3.2 Distributed photovoltaic business

As of 30 June 2025, the Group had 15 distributed photovoltaic power projects under operation with a total installed capacity of 19.30MW and power generation capacity of 11,175,200kWh in the first half of the year.

4. Resource Recycling Business

In the first half of 2025, the Group independently developed a mobile eco-friendly intelligent cutting robot capable of adapting to wild decentralized field operations and centralized cutting in temporary stacking yards, customized pyrolysis disposal technology routes for waste wind turbine blades according to its industry development needs, formed a production-ready integrated design solution, and reached cooperation intention regarding several retired wind power equipment recycling projects.

5. Research and Development

In the first half of 2025, the Group obtained 14 patents, nine of which were invention patents, and the Group has accumulatively obtained 1,366 patents in force. The “complete set of high-precision digital intelligent carbon dioxide online monitoring technology for thermal power plants” independently developed by the Group has reached the international leading level; and the development, application and research of the CO₂-CEMS system won the second prize of employee achievements of China Electricity Council.

III. MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL POSITION AND OPERATING RESULTS

The following discussion should be read in conjunction with the financial information of the Group together with the accompanying notes included in this results announcement and other sections therein.

There are inter-segment sales among the Group's segments and sub-segments, and accordingly the Group records intra-segment elimination and inter-segment elimination among these segments/sub-segments for the relevant revenue and cost of sales. In this results announcement, unless otherwise specified herein, (i) all discussion about total revenue, total gross profit and overall gross profit margin are based on the amounts after all intra- and inter-segment elimination among the segments/sub-segments (being the figures reflected in our consolidated statement of profit or loss and other comprehensive income), and (ii) all discussion about the revenue, gross profit and gross profit margin of business segments and subsegments are based on the amounts before any intra- or inter-segment elimination of such segment or sub-segment.

1. Overview

The Group's revenue decreased by 7.5% to RMB2,407.8 million for the six months ended 30 June 2025 as compared with RMB2,603.1 million for the same period in 2024.

The Group's profit for the six months ended 30 June 2025 amounted to RMB311.9 million, representing a decrease of RMB97.0 million as compared with RMB408.9 million for the same period in 2024. Profit attributable to the owners of the parent amounted to RMB283.7 million for the six months ended 30 June 2025.

As at 30 June 2025, the Group's cash and cash equivalents increased by 41.5% to RMB1,407.5 million as compared with RMB994.7 million as at 31 December 2024.

The Group's total assets decreased by 3.4% to RMB14,833.9 million as at 30 June 2025 as compared with RMB15,348.1 million as at 31 December 2024.

The Group's total liabilities decreased by 8.7% to RMB7,156.7 million as at 30 June 2025 as compared with RMB7,838.5 million as at 31 December 2024.

The Group's return on total assets for the six months ended 30 June 2025 was 2.07%, as compared with 2.66% for the same period in 2024.

2. Results of Operation

Revenue

The Group's revenue decreased by 7.5% to RMB2,407.8 million for the six months ended 30 June 2025 as compared with RMB2,603.1 million for the same period in 2024, primarily due to the decrease in construction services operation income.

Cost of sales

The Group's cost of sales decreased by 3.1% to RMB1,899.7 million for the six months ended 30 June 2025 as compared with RMB1,960.6 million for the same period in 2024. The decrease in the cost of sales of the Group was due to the decrease in construction business during the Reporting Period.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by 47.3% to RMB5.8 million for the six months ended 30 June 2025 as compared with RMB11.0 million for the same period in 2024, mainly attributable to the decrease in remuneration of sales personnel due to the change of staff structure during the Reporting Period.

Administrative expenses

The Group's administrative expenses increased by 12.8% to RMB163.8 million for the six months ended 30 June 2025 as compared with RMB145.3 million for the same period in 2024, mainly due to the increase in overheads as a result of increased investment in research and development during the Reporting Period.

Other income and losses

The Group's other income and losses decreased by 5.5% to RMB74.0 million for the six months ended 30 June 2025 as compared with RMB78.3 million for the same period in 2024, mainly due to the decrease in interest income compared with the same period of last year.

Finance costs

The Group's finance costs decreased by 40.9% to RMB45.5 million for the six months ended 30 June 2025 as compared with RMB77.0 million for the same period in 2024, mainly due to the decrease in the annualized interest rate of the Group's current borrowings compared with the annualized interest rate of the borrowings in the same period of last year.

Net impairment losses on financial assets and contract assets

The Group's net impairment losses on financial assets and contract assets decreased by approximately 115.6%, shifting from the impairment losses of RMB9.6 million for the six months ended 30 June 2024 to the reversal of impairment losses of RMB1.5 million for the six months ended 30 June 2025, primarily due to the decrease in expected credit losses on financial assets.

Profit before tax

As a result of the foregoing factors, the Group's profit before tax decreased by 22.9% to RMB368.5 million for the six months ended 30 June 2025 as compared with RMB478.0 million for the same period in 2024.

Income tax expense

The Group's income tax expense was RMB56.6 million for the six months ended 30 June 2025, representing a decrease of 18.1% as compared with RMB69.1 million for the same period in 2024.

Profit for the period

The Group's profit for the Reporting Period decreased by 23.7% from RMB408.9 million for the six months ended 30 June 2024 to RMB311.9 million for the six months ended 30 June 2025. For the six months ended 30 June 2025, the Group's profit for the period as a percentage of its total revenue decreased to 13.0%, compared to 15.7% for the same period in 2024.

Profit attributable to owners of the parent

The profit attributable to owners of the parent decreased by 29.1% to RMB283.7 million for the six months ended 30 June 2025 as compared with RMB399.9 million for the same period in 2024.

Profit attributable to non-controlling interests

The profit attributable to non-controlling interests increased by 209.9% to RMB28.2 million for the six months ended 30 June 2025 as compared with RMB9.1 million for the same period in 2024.

3. Results on Business Segments

The following table sets forth a breakdown of the Group's revenue by segment/sub-segment and their respective percentage of total revenue for the six months ended 30 June 2025 and 30 June 2024, respectively, as well as the percentage of change:

	For the six months ended 30 June				
	2025		2024		Change %
	Revenue RMB'000	Percentage of total revenue before elimination ⁽¹⁾ %	Revenue RMB'000	Percentage of total revenue before elimination ⁽¹⁾ %	
Environmental Protection and Energy Conservation Solutions:					
Total revenue of environmental protection and energy conservation solutions before elimination	2,349,854	96.6	2,457,887	93.7	(4.4)
Intra-segment elimination ⁽²⁾	-		-		
Total revenue of environmental protection and energy conservation solutions after intra-segment elimination	2,349,854		2,457,887		(4.4)
Inter-segment elimination	-		-		
External revenue of environmental protection and energy conservation solutions	2,349,854		2,457,887		(4.4)
Renewable Energy Engineering:					
Total revenue of renewable energy engineering	44,109	1.8	135,335	5.2	(67.4)
Inter-segment elimination	-		-		
External revenue of renewable energy engineering	44,109		135,335		(67.4)
Thermal Power Engineering:					
Total revenue of thermal power engineering	0	-	0	-	0
Inter-segment elimination	-		-		
External revenue of thermal power engineering	0		0		0

	For the six months ended 30 June				
	2025		2024		Change
	Revenue	Percentage of total revenue before elimination ⁽¹⁾	Revenue	Percentage of total revenue before elimination ⁽¹⁾	
	RMB'000	%	RMB'000	%	%
Other Businesses:					
Total revenue of other businesses	39,417	1.6	30,806	1.1	28.0
Inter-segment elimination ⁽³⁾	(25,533)		(20,939)		
External revenue of other businesses	13,884		9,867		
Total revenue before intra- and inter-segment elimination⁽⁴⁾	2,433,380	100.0	2,624,028	100.0	(7.3)
Total intra- and inter-segment elimination⁽⁵⁾	(25,533)		(20,939)		
Total revenue	2,407,847		2,603,089		(7.5)

Notes:

- (1) Represents the revenue of each business segment or sub-segment (before any intra- or inter-segment elimination) as a percentage of the total revenue before any intra- or inter-segment elimination.
- (2) Intra-segment elimination of revenue from subsegments under environmental protection and energy conservation solutions segment mainly arises from the intra-segment sales between denitrification catalysts sub-segment to denitrification facilities engineering sub-segment and environmental protection facility concession operation, respectively.
- (3) Inter-segment elimination of revenue from other businesses segment mainly arises from the inter-segment sales between other businesses segment and environmental protection and energy conservation solutions segment, respectively.
- (4) Represents the aggregate amount of the revenue of all segments/sub-segments before any intra- or inter-segment elimination.
- (5) Represents the aggregate amount of all intra- and inter-segment elimination.

The following table sets forth a breakdown of the Group's gross profit and gross margin by each business segment/sub-segment for the six months ended 30 June 2025 and 30 June 2024, respectively, as well as the percentage of change in gross profit:

	For the six months ended 30 June				
	2025		2024		Change of gross profit %
	Gross profit⁽¹⁾ RMB'000	Gross profit margin⁽²⁾ %	Gross profit⁽¹⁾ RMB'000	Gross profit margin⁽²⁾ %	
Environmental Protection and Energy Conservation Solutions:					
Total gross profit of environmental protection and energy conservation solutions	<u>512,470</u>	<u>21.8</u>	<u>695,257</u>	<u>28.3</u>	<u>(26.3)</u>
Total gross profit/(losses) of renewable energy engineering	<u>20,661</u>	<u>46.8</u>	<u>(5,099)</u>	<u>(3.8)</u>	<u>(505.2)</u>
Total gross profit of thermal power engineering	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total (gross losses) of other businesses	<u>(24,944)</u>	<u>(179.7)</u>	<u>(47,664)</u>	<u>(483.1)</u>	<u>(47.7)</u>
Total gross profit and gross profit margin ⁽³⁾	<u><u>508,187</u></u>	<u><u>21.1</u></u>	<u><u>642,494</u></u>	<u><u>24.7</u></u>	<u><u>(20.9)</u></u>

Notes:

- (1) Calculated based on the revenue of each segment or sub-segment (before any intra- or inter-segment elimination) minus the cost of sales of such segment or sub-segment (before any intra- or inter-segment elimination).
- (2) Calculated based on the gross profit of each segment or sub-segment calculated according to note (1) above divided by the revenue of such segment or sub-segment (before any intra- or inter-segment elimination).
- (3) Total gross profit equals total revenue (being the revenue reflected on our consolidated statement of profit or loss and other comprehensive income) minus total cost of sales (being the cost of sales reflected on our consolidated statement of profit or loss and other comprehensive income). Overall gross profit margin equals total gross profit divided by total revenue.

4. Cash Flows

As at 30 June 2025, the Group's cash and cash equivalents increased by 41.5% to RMB1,407.5 million as compared with RMB994.7 million as at 31 December 2024. Such increase was mainly attributable to the decrease in the cash flow used in financing activities of the Group.

5. Working Capital

As at 30 June 2025, the Group's net current assets decreased by 26.2% to RMB1,636.3 million as compared with RMB2,217.6 million as at 31 December 2024, primarily due to the increase in interest-bearing bank borrowings and other loans.

6. Indebtedness

As at 30 June 2025, the Group's borrowings decreased by 7.0% to RMB3,648.1 million as compared with RMB3,922.3 million as at 31 December 2024.

7. Capital Expenditure

The Group's capital expenditure decreased by 50.3% to RMB66.7 million for the six months ended 30 June 2025 as compared with RMB134.1 million for the six months ended 30 June 2024.

8. Net Gearing Ratio

As at 30 June 2025, the Group's net gearing ratio (net debt (total borrowings minus cash and cash equivalents) divided by the sum of net debt and total equity) was 22.6%, representing a decrease of 5.4 percentage points as compared with 28.0% as at 31 December 2024.

IV. RISK FACTORS AND RISK MANAGEMENT

Risks on environmental protection and energy conservation policies

The Group provides substantially all of its products and services in the PRC, and the development of its business is greatly dependent on the environmental protection policies of the PRC. Environmental protection industry is one of the major industries that benefit from the constant support of the PRC government. The market demand for the Group's environmental protection and energy conservation products and services and the revenue generated therefrom are directly affected by the environmental protection policies of the PRC. However, the Group cannot guarantee that such policies will persistently exist or will have no adverse change. If there is any adverse change in energy conservation policies, it may result in a material and adverse effect on the business prospects, results of operations and financial condition of the Group. The management of the Group is of the view that it is unlikely for the PRC government to revise such environmental protection policies to result in an adverse effect or to withdraw any resources invested in the environmental protection industry. Moreover, the Group, as a trendsetter and leader of the environmental protection and energy conservation for the PRC's electric power industry, has participated in the formulation of various industrial policies and standards, which allows it to catch the latest industry trends and respond in a timely manner.

Risks on connected transactions with China Datang Group

The Group has been conducting various transactions with China Datang Group and its associates, and will continue to enter into such transactions in the future. For the six months ended 30 June 2025, the total value of goods sold and services provided by the Group to China Datang Group and its associates was approximately RMB1,796.04 million, representing approximately 74.59% of the total revenue of the Group. For the six months ended 30 June 2025, the total value of goods purchased and services received by the Group from China Datang Group and its associates was approximately RMB665.39 million, representing approximately 35.03% of the total cost of the Group.

Cash flow risks

The Group had positive operating cash flows for the six months ended 30 June 2025. The Group cannot assure that its operating cash flows for any future period will be positive. The Group's ability to generate cash inflows from operating activities in the future will depend in large part on project schedule and billing arrangement, its ability to collect receivables from its customers in a timely manner and the credit terms available to the Group. If the Group is not able to generate sufficient cash flows from its operations or obtain sufficient financing to support its business operation, the Group's growth prospects may be materially and adversely affected. The Group plans to implement diversified measures to collect receivables in order to significantly improve operating cash flow. In addition, the Group has been proactively seeking financing for business development and expansion. As at 30 June 2025, the Group had available bank credit facilities of RMB24.1 billion.

Industry risks

The Group's business primarily focuses on the environmental protection and energy conservation for coal-fired power plants, and therefore the market demand for the Group's environmental protection and energy conservation business relies heavily on the growth rate of the coal-fired power generation output in the PRC. In particular, the revenue generated from concession operations will be directly affected by the power generation output of coal-fired power plants. As pollution has become an increasingly severe environmental issue in the PRC, the PRC government has shown considerable concern for the adjustment to the national energy structure and development. Therefore, there can be no assurance that coal-fired power generation output in the PRC will continue to grow at the current pace. If the increase of coal-fired power generation output in the PRC slows down, it may result in a decrease of utilization hours of coal-fired power generation units, or a lower demand for the Group's products and services, which will materially and adversely affect our business prospects, results of operations and financial position. The management of the Group is of the view that, in terms of the power generation portfolio in the PRC, coal-fired power generation still dominates the market. In addition, the vast majority of the Group's concession operations locate in coastal areas or economically developed areas, where the utilization hours of coal-fired power generation are higher than the average level nationwide. The Group plans to actively explore clients in the iron and steel, cement and petrochemical industries.

V. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, we had 970 employees, substantially all of whom were based in the PRC. The Group has individually established labor union branches. Currently, the Group has entered into employment agreements with all employees, in which the position, duties, remuneration, employment benefits, training, confidentiality obligations relating to trade secrets and grounds for termination are specified pursuant to the Labor Law of the PRC and other relevant regulations. For the six months ended 30 June 2025, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB162.1 million (for the six months ended 30 June 2024: RMB155.3 million).

The table below sets forth the number of employees as at 30 June 2025 by their functions:

Function	Number of employees	Percentage of the total number of employees
Concession operation management personnel	317	32.68%
Engineering and technical personnel	198	20.41%
Sales personnel	65	6.70%
Research and development personnel	297	30.62%
Administrative and management personnel	71	7.32%
Manufacture personnel	18	1.86%
Others	4	0.41%
Total	970	100.00%

According to the development requirements, the Company further established and improved the overall responsibility management system and the whole staff performance evaluation system on the basis of clear position objectives. In order to inspire the potential and work enthusiasm of employees, to fully embody the incentive and constraint behavior, and to lay a solid foundation for the orderly career development of all the employees, the Company divides the specific task in development planning into each department and position, objectively and accurately evaluates the job targets completing performance of employees by building position performance targets and performance standard, and realizes awards and punishments according to the score that is formed by evaluation results quantification.

The remuneration package of our employees includes salaries, bonuses and allowances. Our employees also receive welfare benefits, including medical care, housing subsidies, retirement and other benefits. We carry out employee performance appraisals, establish diversified and dynamic appraisal mechanisms. The department heads' salaries and remunerations will be adjusted corresponding to the results of their performance appraisals.

In order to attract and retain high-quality employees and further improve their knowledge, skill level and professional attainments, we place a strong emphasis on the training of our employees. We offer in-service education, training and other opportunities to our managers and employees to improve their professional skills and knowledge.

During the Reporting Period, the Group provided 25 training programs on operation management, professional techniques and production skills, with 100% employees training rate.

The Group complies with the Labor Law of the PRC and the Labor Contract Law of the PRC in all material respects and makes contributions to social insurance and housing provident fund for our employees according to the above laws, among which the social insurance includes basic pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance.

VI. OUTLOOK ON THE GROUP'S FUTURE DEVELOPMENT

Encountering complexity of and constant changes in the industry and development environment, the Group will focus on four aspects as follows:

1. Continuously consolidate the scale advantage of traditional environmental protection business

With environmental protection business as the foundation of the enterprise, we will focus on scale efficiency and industry benchmarking. We will give full play to the specialized advantages of franchising, continue to optimize energy consumption indicators, and make every effort to create the best level in the industry. We will continuously improve the competitiveness of environmental protection engineering market, rely on core technology, improve engineering management level, and enhance the winning rate of projects.

2. Endeavor to build a leading enterprise in catalyst manufacturing industry

Closely following the “dual-carbon” strategic direction, we will deepen the synergistic innovation mechanism, stabilize the industrial chain foundation through plate-type catalyst, fill the industrial gaps with honeycomb catalyst technology, form the 1+1>2 effect, improve the core competitiveness by relying on research and development of high value-added products, and realize the clustering development of catalyst industry.

3. Accelerate the construction of engineering service capacity centered on new energy design

With the enhancement of technical competitiveness as the core, we will optimize the allocation of professional resources, accelerate the construction of talent echelon in the field of new energy design, make up professional technical weaknesses with high standard, simultaneously promote the construction of qualification system, accelerate the process of qualification application and acquisition, broaden the business boundaries, and build a new system of engineering services with new energy design as the core.

4. Accelerate the layout of strategic emerging industries centered on resource recycling.

We will insist on attaching equal importance to innovation-driven and open cooperation, focus on opening up the resource recycling industry chain of new energy solid waste, municipal sludge, fly ash and others, accelerate the implementation of high-quality demonstration projects, and strive to build the Group’s core platform for resource recycling and reuse, so as to seize the commanding heights of industrial development.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Save as disclosed below, during the Reporting Period, the Company has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules and there has been no deviation from such code provisions.

Code provision C.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Reporting Period, Mr. Zhu Liming served as the chairman of the Board. Mr. Zhu also took on the duties and responsibilities of acting general manager of the Company since Mr. Shen Zhen ceased to be the general manager of the Company following his resignation in September 2023.

During the period when Mr. Zhu Liming, the chairman of the Board, performed the duties of the acting general manager, notwithstanding the deviation from code provision C.2.1 of the CG Code, the supervision of the Board (comprising one executive Director, five non-executive Directors (including one employee representative Director) and three independent non-executive Directors) was sufficient to ensure a proper structure of checks and balances of power and to provide sufficient checks to protect the interests of the Company and its shareholders. The Company will keep reviewing the current structure of the Board from time to time.

COMPLIANCE WITH THE MODEL CODE FOR DEALING IN THE SECURITIES OF THE COMPANY BY ITS DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct for dealing in the securities of the Company by the Directors, supervisors and relevant employees of the Company (as defined in the Model Code). Having made specific enquiry to all Directors, each Director confirmed that he/she had strictly complied with the standards set out in the Model Code during the Reporting Period. As the Company has abolished its supervisory committee since 27 June 2025, each supervisor of the Company had confirmed that he/she had strictly complied with the standards set out in the Model Code during 1 January 2025 to 27 June 2025.

DIVIDEND DISTRIBUTION PLAN FOR THE SIX MONTHS ENDED 30 JUNE 2025

According to the resolution of the Board passed on 29 August 2025, the Board did not recommend the distribution of an interim dividend to shareholders of the Company for the six months ended 30 June 2025.

MATERIAL LITIGATION OR ARBITRATION EVENT

Saved as disclosed in Note 21 to the financial information of this results announcement, as at 30 June 2025, the Group was not involved in any material litigation or arbitration event. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Group.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)). As at 30 June 2025, the Company did not hold any treasury shares.

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company has been listed on the Main Board of the Stock Exchange since 15 November 2016. The net proceeds from the initial public offering and partial exercise of the over-allotment option, after deducting the underwriting fees and relevant expenses, amounted to approximately HK\$2,032.3 million, which will be used in the ways stated in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 3 November 2016 (the "**Prospectus**") and the announcement of the Company dated 30 December 2021 (the "**Announcement**") in relation to the change in use of net proceeds.

The use of net proceeds from the initial public offering for the six months ended 30 June 2025 is set out as follows:

	Use of net proceeds as disclosed in the Prospectus (HK\$ million)	Revised use of net proceeds as at the date of the Announcement (HK\$ million)	Actual use of net proceeds as at 30 June 2025 (HK\$ million)	Unutilised net proceeds as at 30 June 2025 (HK\$ million)	Expected time of full utilization of remaining balance
To finance the capital expenditures for expanding the desulfurization and denitrification concession operations	1,219.50	1,219.50	1,219.50	0.00	–
To develop new sources of growth in the revenue and profit, including but not limited to EMC business for coal-fired power plants, water treatment business, and providing customers with overall solution plans of ultra-low emissions	304.80	304.80	304.80	0.00	–
To repay some of the existing bank loans in order to lower the finance costs and improve the financial leverage ratio	203.20	203.20	203.20	0.00	–
For working capital and other general corporate purposes	203.20	203.20	203.20	0.00	–
For research and development expenditures	101.60	93.60	82.90	10.70	December 2025
For investment in renewable energy projects	–	8.00	0.00	8.00	December 2025
Total	<u>2,032.30</u>	<u>2,032.30</u>	<u>2,013.60</u>	<u>18.70</u>	

MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2025, the Group had no material acquisition or disposal.

SIGNIFICANT INVESTMENT AND FUTURE PLANS FOR MAJOR INVESTMENTS

For the six months ended 30 June 2025, the Group did not hold any significant investment and has not executed any agreement in respect of material acquisitions, investments or capital asset and did not have any other future plans relating to material acquisitions, investments or capital asset up to the date of this results announcement. Nonetheless, if any potential investment opportunity arises in the coming future, the Group will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Group and the shareholders of the Company as a whole.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATE

Foreign currency risk primarily arises from certain significant foreign currency deposits, trade receivables and trade payables denominated in United States dollars, Hong Kong dollars and Indian rupee. The treasury management department of the Group closely monitors the international foreign currency market on the change of exchange rates and takes this into consideration when depositing foreign currency deposits and borrowing loans.

The Group has transactional currency exposures which arise from sales or purchases by operating units in currencies other than the units' functional currencies.

REVIEW OF INTERIM RESULTS ANNOUNCEMENT

The audit committee of the Company (the “**Audit Committee**”) has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2025. The Audit Committee has not expressed any dissent concerning the financial information in this results announcement.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in this results announcement, no other important events affecting the Group occurred since 30 June 2025 and up to the date of this results announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement will be available on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.dteg.com.cn>).

The Company will dispatch in due course to shareholders of the Company who have requested to receive printed copies of the 2025 interim report containing all the information as required by the Listing Rules, and publish it on the websites of the Company and the Stock Exchange.

By order of the Board
Datang Environment Industry Group Co., Ltd.*
Zhu Liming
Chairman

Beijing, the PRC, 29 August 2025

As of the date of this announcement, the executive Director is Mr. Zhu Liming; the non-executive Directors are Mr. Xu Chun, Mr. Pang Xiaojin, Mr. Xia Huaixiang, Mr. Chu Hongbo and Ms. Wang Mi; and the independent non-executive Directors are Mr. Mao Zhuanjian, Mr. Suen Chun Hung, Benjamin and Ms. Hu Yunqing.

This announcement is available on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.dteg.com.cn)

* *For identification purpose only*