Tianjin Capital Environmental Protection Group Company Limited
天 津 創 業 環 保 集 團 股 份 有 限 公 司

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

§1 IMPORTANT

1.1 The board of directors (the "**Board**") of Tianjin Capital Environmental Protection Group Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") and its directors (the "**Directors**") and senior management guarantee the truthfulness, accuracy and completeness of the contents of the 2026 interim report (the "**Interim Report**"), which does not contain any false information, misleading statements or material omissions, and accept several and joint legal responsibilities.

1.2 The interim financial report of the Company for the six months ended 30 June 2026 has not been audited.

1.3 Did the controlling shareholder of the Company and other connected persons misappropriate the Company's funds for non-operating purposes?

No

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

No

1.5 Mr. Tang Fusheng, the officer in charge of the Company, Ms. Nie Yanhong, the officer in charge of accounting operations, and Mr. Liu Tao, the officer in charge of the accounting department (the accounting management officer), have warranted the truthfulness, accuracy and completeness of the financial reports contained in the Interim Report.

§ 2 COMPANY PROFILE

2.1 Basic information

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

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

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

2.2.1 Major accounting data and financial indicators

Major accounting data

Unit: Yuan Currency: RMB

Principal accounting items	During the reporting period (From January to June)	During the same period last year	Increase/decrease for the reporting period as compared to the same period last year (%)
Operating revenue	2,249,367,192.71	2,177,915,496.72	3.28
Total profit	621,993,280.56	585,590,509.96	6.22
Net profits attributable to the shareholders of the Company	488,426,915.39	472,920,534.82	3.28
Net profit attributable to the shareholders of the Company after deduction of extraordinary profit or loss items	451,198,635.50	396,393,562.39	13.83
Net cash flows from operating activities	916,080,089.58	517,864,524.50	76.90

	As at the end of the reporting period	As at the end of last year	Increase/decrease at the end of the reporting period as compared to the end of last year (%)
Net assets attributable to the shareholders of the Company	10,419,527,820.23	10,259,318,284.61	1.56
Total assets	25,573,411,074.08	25,964,872,256.25	-1.51

Major Financial Indicators

Major Financial Indicators	During the reporting period (From January to June)	During the same period last year	Increase/ decrease for the reporting period as compared to the same period last year (%)
Basic earnings per share (Yuan/share)	0.31	0.30	3.33
Diluted earnings per share (Yuan/share)	0.31	0.30	3.33
Basic earnings per share after deducting non-recurring gains and losses (Yuan/share)	0.29	0.25	16.00
Weighted average return ratio on net assets (%)	4.65	4.80	Decreased by 0.15 percentage point
Weighted average return ratio on net assets after deducting non-recurring gains and losses (%)	4.30	4.02	Increased by 0.28 percentage point

2.2.2 Extraordinary profit and loss items

Unit: Yuan Currency: RMB

Extraordinary profit and loss items	Amount
Gain or loss on disposal of non-current assets (including the part of provision for asset impairment being written off)	-180.00
Government grants recorded in current profit and loss, except for those closely related to normal business operation, of the Company in compliance with requirements of national policies, granted in a certain amount or quantity and continuously affecting the profit or loss of the Company	38,437,190.46
Reversal of impairment provision for accounts receivable subject to separate impairment test	2,000,000.00
Non-operating income and expenses other than the foregoing items	-537,294.36
Less: Effect on income tax	2,240,457.58
Effect of minority interests (after tax)	430,978.63
Total	37,228,279.89

§ 3 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

3.1 Table of share changes

3.1.1 Changes in Shares

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

3.1.2 Explanations on changes in shares

Not applicable

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

Not applicable

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

Not applicable

3.2 Changes in restricted shares

Not applicable

3.3 Number of shareholders and their shareholdings

Total number of ordinary shareholders as of the end of reporting period (unit)	48,885

Note: As of 30 June 2026, the total number of ordinary shareholders of the Company is 48,885, of which 60 were H shareholders.

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

Shareholdings of the top ten shareholders (excluding shares lent through refinancing)

Unit: share

Name of shareholder (Full name)	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of restricted shares held	Pledged, marked or frozen Status of shares	Number	Nature of shareholder
Tianjin Municipal Investment Co., Ltd.	0	715,565,186	45.57	0	Pledged	126,000,000	State-owned legal person

Shareholdings of the top ten shareholders (excluding shares lent through refinancing)

Unit: share

Name of shareholder (Full name)	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of restricted shares held	Pledged, marked or frozen Status of shares	Pledged, marked or frozen Number	Nature of shareholder
HKSCC Nominees Limited	98,000	338,046,610	21.52	0	None		Others
Zhongtai Securities Co., Ltd. – Huaxia Guozheng Free Cash Flow Tradable Open-ended Index Securities Investment Fund	9,725,733	9,725,733	0.62	0	None		Others
Zhejiang Jinxin Construction Engineering Co., Ltd.* (浙江錦鑫建設工程有限公司)	641,500	8,941,500	0.57	0	None		Domestic non-state-owned legal person
Wang Caijin* (王財進)	511,300	8,007,938	0.51	0	None		Domestic natural person
Hong Kong Securities Clearing Company Limited	-4,706,142	7,717,823	0.49	0	None		Others
Yan Gang* (嚴罡)	-212,910	6,384,300	0.41	0	None		Domestic natural person
Bohai Bank Co., Ltd. - Sino-European Value Selection Mixed Securities Investment Fund	3,485,600	3,485,600	0.22	0	None		Others
Zhuang Wei* (莊衛)	3,377,700	3,377,700	0.22	0	None		Domestic natural person
China National Gold Group Asset Management Company Limited (中國黃金集團資產管理有限公司)	0	2,980,000	0.19	0	None		State-owned legal person

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

Name of shareholder	Number of outstanding shares held not subject to selling restrictions	Type and number of shares Type	Number
Tianjin Municipal Investment Co., Ltd.* (天津市政投資有限公司)	715,565,186	Ordinary RMB Shares	715,565,186
HKSCC Nominees Limited	338,046,610	H Shares	338,046,610
Zhongtai Securities Co., Ltd. – Huaxia Guozheng Free Cash Flow Tradable Open-ended Index Securities Investment Fund	9,725,733	Ordinary RMB Shares	9,725,733
Zhejiang Jinxin Construction Engineering Co., Ltd.* (浙江錦鑫建設工程有限公司)	8,941,500	Ordinary RMB Shares	8,941,500
Wang Caijin* (王財進)	8,007,938	Ordinary RMB Shares	8,007,938
Hong Kong Securities Clearing Company Limited	7,717,823	Ordinary RMB Shares	7,717,823
Yan Gang* (嚴罡)	6,384,300	Ordinary RMB Shares	6,384,300
Bohai Bank Co., Ltd. - Sino-European Value Selection Mixed Securities Investment Fund	3,485,600	Ordinary RMB Shares	3,485,600
Zhuang Wei* (莊衛)	3,377,700	Ordinary RMB Shares	3,377,700
China National Gold Group Asset Management Company Limited (中國黃金集團資產管理有限公司)	2,980,000	Ordinary RMB Shares	2,980,000
Description of special accounts for repurchasing purposes among the top ten shareholders	Not applicable		

Explanation of the above-mentioned shareholders' proxy voting rights, entrusted voting rights, and waiver of voting rights	Not applicable
Notes on the connected relationship or parties acting in concert among the above shareholders	(1) According to the register of members as provided by HKSCC Nominees Limited, those H shares held by it were held on behalf of various clients. As of the end of the reporting period, Ningbo BSLS Trade Co., Ltd.*（寧波百思樂斯貿易有限公司）and its concert parties Ningbo Ningdian Investment Development Co., Ltd.*（寧波寧電投資發展有限公司）and LVNENG Investment & Development Co., Ltd. (Hong Kong)*（綠能投資發展有限公司(香港)）held a total of 156,956,000 H shares of the Company, representing 9.99% of the total share capital of the Company, and none of the shares held were pledged. (2) The top ten shareholders are not strategic investors of the Company.
Holders of preference shares with their voting rights restored and the number of shares held	N/A

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

Not applicable

§ 4 DIRECTORS AND SENIOR MANAGEMENT

4.1 Changes in the shareholding of the current Directors and senior management and those departed during the reporting period

Not applicable

4.2 Share option incentives granted to Directors and senior management during the reporting period

Not applicable

§ 5 REPORT OF THE BOARD

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

(I) Industries where the Company operates during the reporting period

2026 marks the inaugural year of the 15th Five-Year Plan, with the official promulgation of the Outline of the 15th Five-Year Plan for National Economic and Social Development, alongside the successive issuance and implementation of national-level special plans such as the 15th Five-Year Plan for Urban Renewal, the 15th Five-Year Plan for the Development of a New Energy System, and the 15th Five-Year Plan for Building a Beautiful China. The Ecological Environment Code has been reviewed, approved, and officially put into effect as of August 2026, further clarifying the industry's development direction: First, adhering to the development mindset of systemic governance, coordinating industrial restructuring, pollution prevention and control, ecological protection and climate change response and synergistically promoting carbon reduction, pollution mitigation, ecological expansion and economic growth, following a development path that prioritises ecological conservation, promotes intensive and efficient resource utilisation and pursues green and low-carbon development. Second, leveraging urban renewal policies to accelerate the remediation of shortcomings in urban sewage collection and treatment infrastructure, promoting the establishment of a long-term mechanism for the integrated construction, operation and maintenance of plants and networks and enhancing the quality and efficiency of sewage treatment facilities. Third, focusing on the development of a new energy system, driving the green and low-carbon transformation of the thermal energy sector, actively developing non-fossil energy heating, increasing the recovery and utilisation of waste heat and promoting the adoption of heat pump technologies tailored to local conditions, thereby continuously contributing to the energy conservation and carbon reduction upgrades of the industry. Fourth, the Code mandates the simultaneous construction of sludge treatment and disposal facilities alongside sewage treatment facilities, encourages co-processing and disposal, promotes the coordinated management of industrial wastewater treatment and the standardised full-process control of solid and hazardous waste and supports the recycling and utilisation of treated sewage as a resource.

Overall, the current period represents a critical phase for advancing the construction of a Beautiful China and implementing the "15th Five-Year Plan" ecological and environmental protection policies, the environmental protection industry is upgrading towards systemisation, platformisation and integrated services, with its overall efficiency and value steadily improving. Concurrently, the industry's development landscape is undergoing profound changes. Environmental protection enterprises are accelerating their transformation from traditional "pollution treatment service providers" to "green value creators", and their business models are evolving from singular end-of-pipe treatment to a diversified and integrated ecosystem encompassing circular economy system construction, comprehensive urban intelligent operations and green and low-carbon efficiency-enhancing services. The current industry competition centres on the synergistic reduction of pollution and carbon emissions, driven by the dual engines of technological innovation and business model innovation. Leveraging technology to advance industrial upgrading and enhance industrial development capacity, enterprises that achieve comprehensive upgrades in strategic positioning, market presence and professional capabilities and that possess the ability to provide full-chain integrated environmental solutions, are best positioned to adapt to the new trends of high-quality industry development and continuously consolidate their core competitive advantages.

(II) Principal business of the Company

The Group anchors itself to the "dual carbon" goals, consistently driving its technological R&D and production process innovation through green and low-carbon development. Focusing on core businesses such as sewage treatment, reclaimed water utilisation, sludge resource utilisation, solid waste disposal, resource recycling, new energy cooling and heating and photovoltaic energy storage, the Group continues to deepen and refine its "N-dimensional integration" business model.

During the reporting period, the Group's business scope and operational model remained unchanged from the previous year, continuing to be divided into core businesses and strategic new businesses. Core businesses, including municipal sewage treatment, water supply and recycled water, remain the primary sources of revenue and profit of the Company; strategic new businesses, such as renewable energy cooling and heating, sludge treatment and resource utilisation, hazardous waste management, photovoltaic power generation and energy storage, complement the core businesses by enhancing profitability, economic value-added and investment returns, thereby optimising the overall business structure.

During the reporting period, the Deqing expansion project of the Company was launched, adding 27,000 m^3／day to the scale of equity-based sewage treatment operations. The reclaimed water pipeline network connection project added 21 kilometres of newly connected existing pipelines during the reporting period. As of the end of the reporting period, the total capacity of the Company's water business was 6,404,000 m3 per day. The total capacity of the equity-type water utilities business of the Company amounted to 6,152,000 m3 per day, among which the sewage treatment capacity amounted to 5,307,000 m3 per day, water supply capacity (including tap water and industrial water supply capacity) amounted to 315,000 m3 per day; and recycled water capacity amounted to 530,000 m3 per day, the above projects are distributed in 15 provinces, municipalities and autonomous regions; the sewage treatment capacity under the entrusted operation model was 252,000 m3 per day.

Unit: 0'000 m^3/day

Type of business	**Scale of equity-based business**	**Scale of equity-based business in operation as of the end of the reporting period**	**Scale of entrusted operation**
Processing of sewage water	530.7	506.5	25.2
Water supply (Including tap water and industrial water supply)	31.5	31.5	/
Recycled water business	53	44.5	/

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

During the reporting period, the principal development of Company's strategic new business is as follows:

(1) As regards new energy cooling and heating supply business, as of the end of the reporting period, the total service areas amounted to 6.96 million m2, which was mainly operated in Tianjin under BOT and entrusted operation models.

(2) As regards distributed photovoltaic power generation projects, as of the end of the reporting period, the total designed installed capacity was 35MWp, the projects were mainly distributed in Tianjin and Dalian, and their management mode was mainly fully market-oriented operation.

(3) As regards energy storage, the total designed capacity was 22.381MWh. Energy storage projects at the Company's Beishiqiao, Yuwan, Taochong, Jieshou, Yingshang and Chibi sewage treatment plants have been completed and put into operation, with a total installed capacity of 21.658 MWh. Work on the remaining user-side energy storage projects at out-of-town sewage treatment plants is progressing steadily.

(4) As regards hazardous waste management, as of the end of the reporting period, the Company operates four projects with a combined disposal capacity of 181,300 tons per year, mainly distributed in Shandong and Jiangsu provinces: the Jiangsu Yonghui Hazardous Waste Project (30,000 tons/year), the Gaoyou Compro Hazardous Waste Project (30,000 tons/year), the Tancheng Industrial Waste Treatment and Disposal Centre Project (28,000 tons/year) and the Yishui Lushan Chemical Industrial Park Hazardous Waste Comprehensive Disposal Centre Project (93,300 tons/year); one storage and transfer project with a capacity of 20,000 tons/year; and comprehensive utilisation of waste PAC products amounted to 75,000 tons/year. The hazardous waste business operates under a fully market-oriented model, where the Company independently develops customers, negotiates prices and provides hazardous waste disposal services, collecting disposal service fees accordingly, subject to obtaining the Hazardous Waste Management Licence.

(5) As regards sludge treatment business, as of the end of the reporting period, the total scale was 3,630 tons/day, mainly distributed in Tianjin, Gansu, Zhejiang and Anhui, among which the equity-based sludge treatment business comprises Linxia sludge project and the Jinnan Sludge Treatment Plant project, with a scale of 890 tons/day, while the remaining sludge disposal projects adopt the entrusted operation model, with a scale of 2,740 tons/day.

II. OPERATION DISCUSSION AND ANALYSIS

Guided by the principle of nurturing clean water as a flowing bond, the Company remains steadfast in its mission to "return clean water to the world and bring freshness to humanity", and upholding the development vision of "becoming a first-class modern integrated urban environmental service operator". The Company focuses on its core businesses, including sewage treatment, clean energy application, solid waste disposal and resource utilisation. Through technological innovation and digital empowerment, it deeply cultivates the "N-dimensional integration" business model and implements the comprehensive development model of "deep cultivation in Tianjin, replication in other regions and coordinated expansion of asset-heavy and asset-light operations". During the reporting period, the water treatment volume reached 879 million cubic metres, with an operating load rate of 81.2%. Sludge treatment volume was 120,000 tons, while hazardous waste treatment volume was 40,200 tons. Cooling and heating supply amounted to 208,000 GJ and photovoltaic power generation reached 24.42 million kWh.

(I) Deepening the Path of Technology-Driven Empowerment and Green-Centric High-Quality Development

Technology serves as the core engine driving the transformation and upgrading of the environmental protection industry, and constitutes a critical pillar for the Company's cultivation of new productive forces and implementation of its dual-carbon strategy. The Company has positioned technological innovation as a core strategy for the inaugural year of the "15th Five-Year Plan". With the objective of enhancing the "technological value, green value, innovation value and financial value" of its business operations, the Company is steering its research and development efforts from an "input-oriented" approach towards an "outcome-oriented" one, establishing an integrated innovation system characterised by "market demand driven, technological R&D breakthroughs and industrialisation of outcomes".

1. Consolidating the Digital Infrastructure Foundation to Empower Intelligent Upgrades in Business Management

During the reporting period, capitalising on the opportunities presented by the digital transformation of the environmental protection industry, the Company systematically advanced the development of a comprehensive digital system anchored by the core objectives of "intelligent operations, penetrative management and control and data-driven decision-making". The Company continuously iterates its digital intelligent business system matrix, connecting core data chains across human resources, assets and finance to achieve unified data sources and standardised data collection, so as to establish an integrated, traceable digital management and control system. By optimising the digital top-level architecture, the Company deeply empowered the quality enhancement and upgrade of its "mega-operations" system, continuously strengthened its digital infrastructure foundation, and drove the transformation of its core business management models towards greater sophistication and digital intelligence.

At the operational decision-making level, leveraging its intelligent digital platform, the Company completed the standardised collection, cleansing and intelligent analysis of operational data across all business areas, and established a visualised operational dispatching system, enabling panoramic visibility and dynamic monitoring of overall operational performance and the operational status of each business segment. Through the innovation of digital management modes, a digital management paradigm featuring real-time monitoring, intelligent early warning and dynamic dispatching has been formed, continuously enhancing the precision and efficiency of the operational decisions.

At the level of data governance and risk management, the Company continuously improved its standardised data asset management system, systematically organised and consolidated data resources across all business areas and steadily advanced the transformation of data into resources and value, fully unleashing the enabling value of data elements. The digital supervision platform is continuously iterated to break down cross-business and cross-level data barriers, further promoting the development of penetrative management and control, and the implementation of full-dimensional, full-process penetrative supervision is implemented in phases. Leveraging the digital risk control framework, a closed-loop risk management system encompassing pre-event early warning, in-event control and post-event traceability was established, steadily enhancing the refined governance and intelligent risk control capabilities of the enterprise.

2. *Tackling Difficulties in Core Technology R&D to Facilitate the Green and Low-Carbon Transition*

During the reporting period, the Company deepened scenario development and established a platform for matching technology supply and demand. In response to relevant deployment requirements of the State and Tianjin municipality on scenario-driven innovation, the Company comprehensively reviewed and consolidated its open application scenarios through a list-based management approach. A systematic and targeted mechanism is established to connect advanced technology supply with demand, facilitating the critical links of technology implementation and industrial empowerment. To drive industrial upgrading with scenario innovation, continuously activating the Company's internal momentum for technological innovation.

The Company continues to strengthen its industry-academia-research collaborative innovation system, deeply engaging with the research resources of premier universities such as Tianjin University and Nankai University, so as to establish an efficient and smooth channel for the translation of scientific and technological achievements, promoting the deep integration of cutting-edge research outcomes with industrial scenarios. Through industry exhibition platforms such as the World Intelligence Expo and the Shanghai Environmental Protection Expo, the Company showcased its core treatment processes, smart water solutions and innovative operational models, comprehensively demonstrating its technological hard power and continuously enhancing its industry brand influence and core market competitiveness.

The Company actively promoted the development of innovation platforms, successfully establishing the Bayannur Industrial Sewage Treatment and Resource Utilisation R&D Base and steadily advancing the construction of professional laboratories for industrial sewage and pilot platforms for energy-saving equipment, thereby strengthening the foundation for industrial innovation and R&D. During the reporting period, the Company obtained 8 newly authorised patents and 2 computer software copyrights, further enriching its portfolio of technological achievements. At the same time, we received three prestigious industry honours: the Third Prize of the Tianjin Science and Technology Progress Award, the Third Prize of the Huaxia Construction Science and Technology Award and recognition as a typical case of green and low-carbon development, fully attests the Company's technological innovation strength and benchmark value in the water and environmental protection, as well as green and low-carbon sectors.

The digital and intelligent upgrade of the environmental protection industry continues to advance in breadth and depth, with substantial progress achieved in the construction of plant-level intelligent platforms. Oriented towards the industrialisation, standardisation and scalability of plant-level intelligent platforms, the Company coordinated and formulated a three-year development plan for the plant-level intelligent platform. Taking Jingu Water Plant serving as a core site for in-depth validation and pilot testing, functional validation and application of production scenarios such as intelligent aeration and visual configuration were successfully completed, formulating a replicable and scalable sample for standardised retrofits of smart water plants. Concurrently, smart water development for out-of-town projects in Xi'an and Hangzhou was proactively advanced, steadily expanding the national footprint. Through digital and intelligent retrofits, the traditional water business is empowered to enhance quality and efficiency, forging new competitive advantages for the water industry segment of the Company.

3. *Leveraging Technological Innovation to Empower the Market and Broaden the Diverse Business Development Landscape*

During the reporting period, the Company adhered to a two-way linkage between technological innovation and market development. With water operations as the core foundation, the diversified businesses including photovoltaic energy storage, sewage-source heat pumps, solid and hazardous waste resource utilisation, industrial water treatment and zero-carbon park services are coordinated, leveraging our own scenario resources and mature technology reserves to support market expansion. Aligning with the "dual carbon" policy, the Company actively positioned itself in the zero-carbon park business, integrating sewage treatment, reclaimed water, photovoltaic-storage-charging systems and waste heat utilisation to form a one-stop zero-carbon integrated service solution.

The market development data management platform is launched, enabling functions such as project information collection and management, planning and reserve database management and soliciting feedback on outcome documents. AI-driven digital intelligence is utilised to enhance market information retrieval. The overall architecture of the platform and connectivity with external data are completed, facilitating the collection and governance of business opportunity data across multiple regions nationwide, thereby improving both the quality and efficiency of market development efforts.

(II) Focusing on the "Three Key Dimensions" to Enhance Quality and Efficiency, Deepen Cultivation of Core Businesses to Consolidate the Development Foundation

1. Dig Deeper into the Potential of Existing Assets to Continuously Improve the Performance of Business Operation

Key operating indicators for existing assets showed steady progress, with cost control outperforming annual plans. The Baoying Xianhe Sewage Treatment Plant Upgrading Project and the Phase II of the Weng'an County Phase III Sewage Treatment Plant Construction Project commenced commercial operations in the first half of the year. The Wuhu and Wendeng projects accelerated construction to catch up with schedules, sparing no efforts to safeguard the steady progress of projects under construction.

Existing concession assets are continuously revitalised; a supplementary concession agreement was signed for the Jinghai Water Plant, successfully achieving an upward adjustment of water tariffs, thereby enhancing the profitability of existing projects.

Routine operational special inspections are conducted on an ongoing basis, with 26 on-site inspections covering 23 operational units completed in the first half of the year. A monthly operational analysis and dispatching mechanism was established and standardised cost control tools were refined. Through technological upgrades such as smart flow meters and digital pipeline network platforms, energy consumption and operational maintenance costs were continuously reduced. The standardised procurement system was fully implemented, achieving cost reduction and efficiency enhancement through centralised procurement and online electronic purchasing.

With debt resolution and receivables collection as core priorities, accounts receivable were managed through differentiated strategies based on their categories and a multi-path debt resolution system was initially established. Six toolkits for debt resolution pathways were systematically developed.

2. Precisely Deploying Incremental Business to Cultivate New Momentum for the Growth of the Enterprise

A "1+4+N" comprehensive "mega-development" market expansion system was established and a regional development plan for "deep cultivation in Tianjin and replication in other regions" was formulated, clearly defining the overall approach and implementation pathways for deepening operations in Tianjin and expanding to other regions. In out-of-town regions, a replication model of "one project, one region" was implemented. Asset-heavy business anchored the transformation and upgrading of core operations and the cultivation of new productive forces in the environmental protection field. Through three key pathways—internal synergy and empowerment, external resource expansion and deep cultivation of the Tianjin market—the Company continuously broadened its business landscape and consolidated its industrial foundation. The overall business expansion and operational momentum remained stable and positive. Through a deep restructuring of internal development logic, a pattern of "asset-heavy driving asset-light, with synergistic coordination between the two" was formed.

The strategic new business racetracks were systematically explored. In line with national emerging industry strategies, the Company continued to organise various operating units to conduct comprehensive market research on zero-carbon park businesses, computing centre water resource and energy utilisation and industrial sewage opportunities within provincial-level and above industrial parks in their respective development regions, thereby proactively positioning itself for new growth tracks. Concurrently, efforts were made to transform green technologies such as sewage-source heat pumps and waste heat utilisation into marketable products, providing a basis for decision-making as the Group strategically positions itself and accurately enters three high-growth tracks of "green transformation – zero carbon, computing power and industrial sewage".

3. Concentrating Efforts on Enhancing Quality and Achieving Excellence to Comprehensively Improve Development Quality

The Group's quality and efficiency improvement action plan was fully implemented, with a "one-enterprise, one-policy" governance record established for loss-making enterprises. In the first half of the year, Jinghai Company successfully turned losses into profits and follow-up measures were taken for other loss-making units to continue their loss-reduction initiatives.

Efforts were intensified in both capital and funding management, continuing to deepen cooperation with financial institutions. Diversified financing tools were coordinated and through a combination of measures including early repayments, loan replacements and policy-driven and competitive interest rate reductions, interest expenses were reduced by over RMB30 million compared to the same period last year.

The "large risk control and large supervision" system was fully implemented across all business areas. The 15th Five-Year Plan Comprehensive Risk Prevention and Control System Development Plan was formulated, identifying 156 risks, with a corresponding annual risk list. Dual mechanisms of self-inspection and self-correction, as well as rectification and effectiveness evaluation, were implemented.

Full-process risk control in financial management was implemented. Multiple modules of the Financial Shared Service Centre and Kingdee Treasury Management System went online, with 16 banks achieving direct connectivity. Routine tax health checks for subsidiaries were carried out to prevent tax and fund management risks.

The management and control of safety production is operated on a closed-loop manner. The final tasks of the three-year special campaign to address root causes and enhance capabilities in work safety were strictly implemented. The construction of the dual prevention mechanism was deepened. In the first half of the year, 2,407 safety inspections were conducted, identifying 314 potential hazards with a rectification rate of 100%. A total of 592 safety education sessions and 311 emergency drills were organised, covering more than 12,000 participants. The full-process safety management of outsourced parties was standardised. The development of the Dongjiao Sewage Treatment Plant as a safety production standardisation demonstration project was deepened, with no attributable work safety accidents occurring.

Significant changes in the Company's operating conditions during the reporting period, and events that occurred during the reporting period that had a significant impact on the Company's operating conditions or are expected to have a significant impact in the future

Not applicable

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

During the reporting period, the Company's core competitiveness continued to be reflected in the following four aspects: (1) our ability to operate in a safe, stable, up-to-standard and efficient manner; (2) our practical, leading, systematic and sustainable research and development capabilities; (3) our professional, dedicated, cooperative and innovative staff team; (4) our corporate reputation for being trustworthy, responsible, standardized and reliable. These four core competitiveness complement one another in which corporate integrity, diligent employees and technology innovation provide an ultimate assurance to customers, thereby resulting in the Company's positive brand influence in environmental protection. Through the development in the first half of 2026, the Company continued to build upon its existing strengths to enhance its competitiveness in the industry.

(1) Deepening the "Large Operation" System to Establish Standardised and Intelligent Operational Advantages across All Business Areas. Anchored by the development targets of "safety, compliance, economy and intelligence," and guided by the management philosophy of "strengthening the headquarters and empowering front-line operations," the Company established a three-tier "Large Operation" framework comprising headquarter-level coordination, business unit-level implementation and project-level implementation. The entire operational management system was restructured and a standardised work guidance system encompassing 8 major modules and 22 sub-modules was developed, creating a unified operational standard covering all businesses, including water, sludge, hazardous waste and energy supply, facilitating the transition of various water plants and out-of-town projects from experience-based management to modularised, replicable and standardised operations.

(2) Refining the Full-Chain Technology Innovation System to Amplify the Advantage of Industrialising Technological Outcomes. During the reporting period, the Company focused on our principal responsibilities and businesses, demonstrated courage in transformation and breakthroughs and seized opportunities at the intersection of technological innovation and industrial development, concentrating efforts on tackling difficulties for key core technologies. We continuously improved our technological innovation system, optimised the full-process management of science and technology projects and achieved the integrated and coordinated advancement of research planning, process control and outcome transformation across the entire chain. In the first half of the year, the Company obtained 8 newly authorised patents and 2 software copyrights, continuously strengthening our independent innovation reserves. The Company established a two-way outcome transformation system encompassing "internal empowerment" and "external output": internally, we actively promoted the adoption of achievements such as energy-efficient mixers, permanent magnet motors and plant-level platforms; externally, we advanced the market-based application of phosphorus removal agents and sludge deep-dewatering technologies, continuously facilitating the value realisation of technological innovations. Concurrently, focusing on the directions of intelligence, green development and resource utilisation, the Company strategically positioned itself in areas such as low-carbon environmental protection, solid waste resource utilisation, smart environmental protection and industrial water treatment, strengthening our core technology reserves. We actively built open platforms for technological innovation and application scenarios, coordinating internal and external scientific and technological resources to empower incremental business expansion and ensure the high-quality operation of existing projects.

(3) Establishing a Tiered Talent Development and Empowerment System to Consolidate the Advantage of a Versatile Talent Pool. The Company stimulated internal momentum through institutional innovation and the development of a robust talent pipeline. First, we refined our market-oriented operational mechanisms. We issued the Group's "Remuneration Management System for Senior Management Personnel" and "Remuneration Management Measures for Enterprise Heads, Among Others". We deepened the term-based and contractual management of our management team and optimised our performance appraisal and incentive distribution systems, effectively unlocking the innovative potential of our core employees and providing institutional safeguards for sustainable development. Second, we strengthened strategic forward-looking planning. Aligning with the Group's "15th Five-Year Plan" strategic development plan to define the core directions, key tasks and implementation measures for cadres and talent work over the next five years, thereby making proactive arrangements for the Group's talent system. Third, we deepened the precise empowerment system. Centred on the Group's strategic tasks and job capability enhancement needs, a dual-track "core thematic" and "specialised thematic" training system was systematically established. n the first half of the year, over 10 key training sessions were conducted, covering some 700 person-times of all hands. Leveraging the "Cultural Exchange and Training Centre" physical platform, diverse training programmes were implemented, including a Factory Principals' Seminar, an N-dimensional Integrated Learning Programme for Middle-level Officers and university-enterprise collaborative order-based classes. 1 external training session for business development was conducted through the university-enterprise cooperation platform and over 20 cross-regional practical assignments were organised internally.

(4) Building Brand Influence through Multiple Dimensions to Shape a Reputation for Green, Compliant and Benchmark Corporate Conduct. During the reporting period, the Company was recognised as one of the "Top 10 Influential Enterprises in China's Water Industry" for the 21st consecutive year; was named among the "Top 50 Chinese Environmental Enterprises (by Revenue)" for the eighth consecutive year; achieved a Wind ESG rating of AA, placing us among the top tier in the water industry; in the fourth phase of the E20 Environmental Platforms "Double Hundred Leap" benchmarking selection for sewage treatment plants, the Jingu Sewage Treatment Plant was honoured as a benchmark plant for "Intelligence + Low-Carbon + Resource Recovery," while the Xianyang Road Sewage Treatment Plant was recognised as an ecological benchmark plant; the Company's wholly-owned subsidiary, Tianjin Water Recycling Co., Ltd., was awarded the honorary title of "Advanced Collective for China Water Conservation Award" by the Ministry of Water Resources; the Dongjiao "Dual Carbon" Practice Training Base underwent comprehensive optimisation and enhancement, was officially inaugurated and opened to the public, marking our upgrade from an industry exchange platform to a public welfare environmental science education centre accessible to all citizens; the Company successfully passed the Level 3 ("Stable") certification under the National Data Management Capability Maturity Assessment Model (DCMM) and further advanced the inventory and review of assets based on pilot project outcomes, establishing a standardised data resource catalogue to solidify the foundation for the long-term operation of DCMM Level 3 governance. During the reporting period, the Company received three industry honours: the Third Prize of the Tianjin Science and Technology Progress Award, the Third Prize of the Huaxia Construction Science and Technology Award and recognition as a typical case of green and low-carbon development, demonstrating outstanding progress in cultivating new productive forces. Various operating units across the Company fulfilled the corporate mission within their respective fields, establishing a strong corporate image and brand reputation.

IV. THE PRINCIPAL BUSINESS DURING THE REPORTING PERIOD

(I) Analysis of principal business

1. Analysis of changes in relevant items on financial statements

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year	Change in percentage (%)
Operating revenue	2,249,367,192.71	2,177,915,496.72	3.28
Operating costs	1,350,258,944.70	1,361,599,524.47	-0.83
Selling expenses	7,802,897.87	3,853,033.52	102.51
Administrative expenses	96,435,058.94	91,448,154.98	5.45
Finance expenses	118,304,560.07	146,373,643.87	-19.18
Research and development expenses	14,711,095.43	16,303,446.24	-9.77
Net cash flows from operating activities	916,080,089.58	517,864,524.50	76.90
Net cash flows from investing activities	-450,204,876.20	-664,062,442.29	32.20
Net cash flows from financing activities	-902,706,156.04	-210,528,343.58	-328.78
Gain from investments	0.00	829,978.35	-100.00
Credit impairment losses	-47,948,527.83	25,286,554.13	-289.62
Gains on disposals of assets	0.00	-3,553,929.71	100.00
Non-operating income	138,801.24	286,355.32	-51.53
Non-operating expenses	847,623.38	69,581.34	1,118.18
Minority interests	24,835,419.20	17,982,216.75	38.11

Explanation of reasons for changes in operating revenue: mainly attributable to the increase in revenue from sewage treatment business as the volume of incoming water at the four Tianjin plants increased year-on-year; and the increase in revenue from the construction of sewage treatment, cooling and heating and reclaimed water supporting projects in accordance with project progress.

Explanation of reasons for changes in operating cost: primarily attributable to the Company's continued optimisation of operating costs, leading to a decrease in costs.

Explanation of reasons for changes in sales expense: primarily due to an increase in sales expenses related to the hazardous waste disposal business.

Explanation of reasons for changes in administrative expense: primarily due to an increase in personnel costs.

Explanation of reasons for changes in finance expense: primarily due to a reduction in interest expenses as a result of loan refinancing and interest rate adjustments.

Explanation of reasons for changes in R&D expense: primarily due to a reduction in R&D investment by the Company based on the progress of research projects.

Explanation of reasons for changes in net cash flow from operating activities: primarily due to the receipt of certain historical arrears from the Tianjin Water Affairs Bureau during the current period, with no such matter occurring in the corresponding period of last year.

Explanation of reasons for changes in net cash flow from investing activities: primarily due to lower payments for project construction and investments during the current period compared to the corresponding period of last year.

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

Explanation of reasons for the changes in investment income: primarily due to the recognition of investment income from the disposal of equity interest in Tianjin Capital Environmental Protection (Hong Kong) Limited, a subsidiary, during the corresponding period of last year, with no such matter occurring in the current period.

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

Explanation of reasons for the change in gain on disposal of assets: primarily due to the recognition of corresponding gains on disposal of assets as the landfill project of the subsidiary Shandong Tanchuang Environmental Protection Technology Development Co., Ltd. was terminated during the corresponding period of last year, with no such matter occurring in the current period.

Explanation of reasons for changes in non-operating revenue: primarily due to the receipt of compensation payments in the corresponding period of last year, with no such matter occurring in the current period.

Explanation of reasons for changes in non-operating expense: primarily due to late payment penalties paid by subsidiaries during the current period.

Explanation of reasons for changes in profit or loss for minority shareholders: The net profit of non-wholly-owned subsidiaries was higher than that of the same period last year, and the profits and losses of minority shareholders increased accordingly.

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

N/A

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

Not applicable

(III) Analysis of assets and liabilities

Unit: Yuan Currency: RMB

Name of project	Amount at the end of the current period	Amount at the end of the current period over total assets (%)	Amount at the end of the corresponding period of last year	Amount at the end of the corresponding period of last year over total assets (%)	Change in balance as at the end of the current period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Notes receivable	8,669,604.74	0.03	31,343,964.58	0.12	-72.34	Primarily due to the maturity or endorsement and transfer of bank acceptance bills receivable by subsidiaries during the current period.
Receivables financing	3,000,000.00	0.01	11,277,067.24	0.04	-73.40	Primarily due to the maturity or endorsement and transfer of bank acceptance bills receivable by subsidiaries during the current period.
Development expenditures	3,321,400.42	0.01	1,652,761.39	0.01	100.96	Representing the capitalised R&D expenditure of the intelligent energy integrated management platform of Tianjin Tianchuang Green Energy New Energy Technology Co., Ltd.
Long-term unamortized expenses	4,273,289.01	0.02	14,121,813.77	0.05	-69.74	Primarily due to the amortisation of deferred expenses such as house decoration and fixed asset improvements during the current period.
Other non-current assets	387,509,089.52	1.52	168,385,925.90	0.65	130.13	Primarily due to the purchase of water rights by the subsidiary Inner Mongolia Bayannur Capital Water Co., Ltd. during the current period.
Short-term borrowings	154,507,078.35	0.60	95,663,213.80	0.37	61.51	Mainly due to the new short-term borrowings of subsidiaries in the current period.

Name of project	Amount at the end of the current period	Amount at the end of the current period over total assets *(%)*	Amount at the end of the corresponding period of last year	Amount at the end of the corresponding period of last year over total assets *(%)*	Change in balance as at the end of the current period as compared with balance as at the end of the corresponding period of last year *(%)*	Explanation
Advance receipts	423,085.84	0.002	736,667.61	0.003	-42.57	Primarily due to the conversion of part of the advance rental income received by subsidiaries into costs during the current period.
Employee benefits payable	46,023,148.38	0.18	112,792,860.91	0.43	-59.20	Primarily due to the payment of part of the performance-based salaries accrued at the end of the previous year during the current period.
Other current liabilities	6,688,325.89	0.03	12,984,465.19	0.05	-48.49	Primarily due to the derecognition of discounted notes receivable at the end of the period and a decrease in tax payable on deferred revenues.

Other explanations

None

(IV) Investment analysis

1. Overall Analysis of External Equity Investments

During the reporting period, the Company's external equity investments were concentrated in the water sector, primarily for the establishment of new subsidiaries and capital increases to existing subsidiaries.

1. On 17 April 2026, the sixth meeting of the tenth session of the Board of the Company approved a capital increase to Inner Mongolia Bayannur Capital Water Co., Ltd. to implement the Urat Front Banner Water Rights Transfer Project. The total investment in the project does not exceed RMB242.75 million, with project capital of RMB48.55 million to be funded proportionally by both shareholders of Inner Mongolia Bayannur Capital Water Co., Ltd. through a capital increase, of which the Company will contribute RMB33.985 million from its own funds. During the reporting period, the Company contributed RMB33.985 million of paid-in capital in accordance with our 70% equity ratio.

2. On 8 May 2026, the eighth meeting of the tenth session of the Board of the Company approved the joint establishment of Xiaochang Chuanghuan Water Co., Ltd. (provisional name) with Hubei Shunhe State-owned Capital Investment and Operation Group Co., Ltd. to carry out the Xiaochang County Sewage Treatment Facility Operation Project. The registered capital is RMB10 million, of which the Company will contribute RMB5.8 million in cash, representing a 58% shareholding and Hubei Shunhe State-Owned Capital Investment and Operation Group Co., Ltd. will contribute RMB4.2 million in cash, representing a 42% shareholding. During the reporting period, Xiaochang Chuanghuan Water Co., Ltd. was established on 30 June 2026, but the registered capital has not yet been paid in as of the date of this announcement.

(1) Major equity investments

Not applicable

(2) Major non-equity investments

Not applicable

(3) Financial assets measured at fair value

Not applicable

(V) Disposal of major assets and equities

Not applicable

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

Unit: 0'000 Currency: RMB

Company name	Type of company	Principal business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Hangzhou Tianchuang Capital Water Co., Ltd.	Subsidiary	Operation and maintenance for facilities for sewage treatment and recycled water usage, and supporting services such as its technical services and technical training.	37,744.5	66,930.11	63,534.92	14,499.28	6,150.68	5,193.03

Acquisition and disposal of subsidiaries during the reporting period

Company name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and results
Xiaochang Chuanghuan Water Co., Ltd.* （孝昌創環水務有限公司）	Newly established	None

(VII) *Particulars of structured entities controlled by the Company*

Not applicable

V. OTHER DISCLOSURE

(I) Possible risks

1. Possible risks

(1) Risk of government credit

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

(2) Policy and market risks

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

(3) Operational and management risks

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

(4) Legal risks

The Company faces potential negative legal consequences due to changes in laws, regulations or regulatory policies, contract performance disputes, as well as the transmission of third-party disputes. In terms of business structure, the current principal contract types of the Company cover franchising, construction engineering, material procurement and technical services. Among these, the risks of franchising projects are concentrated on the payment and performance sides. Certain projects are affected by the pace of local government fiscal payments, resulting in delayed service fee payments, which may have phased impact transmitted to the project company's cash flow, and create payment pressure on upstream and downstream entities. Regarding construction engineering projects, these mainly involve EPC, general contracting and specialised subcontracting models. In recent years, with the overall tightening of industry liquidity, certain general contractors or subcontractors have experienced liquidity difficulties, leading to the risk of lawsuits from the actual party who carries out the construction work. Although the Company, as the contracting party, has fulfilled contractual obligations in accordance with the law, there is still a risk of litigation from the actual party who carries out the construction work claiming joint and several liability for "outstanding unpaid construction costs" due to downstream parties' illegal subcontracting or delayed payments.

2. *Risk control measures*

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

To closely monitor domestic and international economic trends, stay abreast of regional and industry development planning policies and intensify research and analysis of industry policies. Proactively plan for the "15th Five-Year Plan" with foresight and high standards, focusing on ecological conservation and green, low-carbon development as primary directions. With a broader perspective, seek new strategic opportunities and pioneer new development pathways, emphasising technology-driven leadership and technical empowerment and vigorously promote the development of new productive forces.

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

Centred on the goals of the "15th Five-Year Plan" comprehensive risk prevention and control system development and following the main thread of "identification – analysis – assessment – response – improvement" against risks, the Company systematically advances the prevention and mitigation of major risks and full-lifecycle risk management of projects. A risk assessment and early warning mechanism is established to conduct risk identification, assessment and response for key business areas such as investment and financing, engineering construction, work safety, financial funds and compliance procurement, thereby strengthening the Company's risk control capabilities. To address government credit risks, the Company promotes the equality of contracting parties, the improvement of performance assessment and profit distribution mechanisms in concession projects and incorporates government performance obligations and investor return rights into contractual protections, effectively reducing credit and financial risks. The legal safeguard mechanism covering the entire lifecycle of contracts is further deepened, including strengthening the creditworthiness review of partners and standardising contract texts at the front end, embedding compliance review nodes and dynamically tracking the performance status of major projects in the middle stage, and implementing tiered and escalated management for case handling at the back end. The Company continuously promotes the coordinated operation of legal affairs, compliance, internal control and risk control, achieving the transformation of legal risk prevention and control from passive response to proactive identification and source governance, laying a solid foundation for the Company's high-quality development.

(3) Enhance the level of operational management and mitigate operational risks

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

(II) Other disclosures

Not applicable

§6 GUARANTEE

Unit: 0'000 Currency: RMB

Guarantees provided to external parties by the Company (excluding guarantees provided to subsidiaries)	
Cumulative amount of guarantees provided during the reporting period (excluding those for subsidiaries)	0
Total balance of guarantees as at the end of the reporting period (A) (excluding guarantees provided to subsidiaries)	0
Guarantees provided to subsidiaries of the Company	
Total amount of guarantees provided to subsidiaries during the reporting period	43,112.34
Total balance of guarantees provided to subsidiaries as at the end of the reporting period (B)	302,692.44
Total amount of guarantees provided by the Company (including guarantees provided to subsidiaries)	
Total amount of guarantees (A+B)	302,692.44
Ratio of total amount of guarantees to net assets of the Company (%)	29.50%
Including:	
Amount of guarantees provided to shareholders, ultimate controllers, and their connected parties (C)	0.00
Amount of guarantees provided directly or indirectly to guaranteed entities with a gearing ratio of over 70% (D)	64,123.38
Total amount of guarantees exceeding 50% of net assets (E)	0.00
Total of the above three classes of guarantees (C+D+E)	64,123.38
Explanation on contingent joint liability for undue guarantees	Not applicable
Explanation of guarantee	None

§7 FINANCIAL REPORTS

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2026

(All amounts in RMB unless otherwise stated)

		As at	
		30 June 2026	31 December 2025
		Unaudited	Audited
	Notes	***RMB***	*RMB*
ASSETS			
Current assets			
Cash and cash equivalents		**4,300,503,007.43**	4,717,706,916.89
Notes receivables		**8,669,604.74**	31,343,964.58
Trade receivables	*7*	**4,045,234,296.74**	3,918,949,753.84
Receivables financing		**3,000,000.00**	11,277,067.24
Prepayments		**51,138,770.33**	47,101,791.53
Other receivables		**712,549,602.85**	730,865,249.95
Inventories		**48,674,378.59**	42,626,289.72
Non-current assets due within one year		**190,007,269.13**	196,809,828.02
Other current assets		**177,421,072.10**	183,583,679.86
Total current assets		**9,537,198,001.91**	9,880,264,541.63
Non-current assets			
Long-term receivables		**3,543,548,849.60**	3,552,746,772.71
Long-term equity investments		**211,866,236.74**	211,866,236.74
Other equity instruments investment		**2,000,000.00**	2,000,000.00
Investment real estate		**13,620,554.30**	13,907,696.27
Fixed assets		**1,588,099,020.94**	1,668,141,164.51
Construction in progress		**260,000,253.59**	262,626,335.81
Right-of-use assets		**40,445,610.33**	43,133,177.00
Intangible assets		**9,863,518,604.98**	10,036,161,493.55
Development expenditures		**3,321,400.42**	1,652,761.39
Long-term unamortized expenses		**4,273,289.01**	14,121,813.77
Deferred income tax assets		**118,010,162.74**	109,864,336.97
Other non-current assets		**387,509,089.52**	168,385,925.90
Total non-current assets		**16,036,213,072.17**	16,084,607,714.62
Total assets		**25,573,411,074.08**	25,964,872,256.25

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2026 (Continued)
(All amounts in RMB unless otherwise stated) (Continued)

		As at	
		30 June 2026	31 December 2025
		Unaudited	Audited
	Notes	***RMB***	*RMB*
LIABILITIES			
Current liabilities			
Short-term borrowings		**154,507,078.35**	95,663,213.80
Trade payables	*8*	**961,742,670.05**	1,083,882,507.33
Advance receipts		**423,085.84**	736,667.61
Contract liabilities	*8*	**375,132,883.85**	330,998,019.83
Wages payables		**46,023,148.38**	112,792,860.91
Taxes payable	*8*	**75,116,927.82**	68,267,444.31
Other payables	*8*	**965,469,793.43**	763,541,710.44
Non-current liabilities due within one year		**1,487,284,152.33**	1,270,951,424.30
Other current liabilities		**6,688,325.89**	12,984,465.19
Total current liabilities		**4,072,388,065.94**	3,739,818,313.72
Non-current liabilities			
Long-term borrowings		**6,515,063,501.29**	7,413,911,544.68
Debentures payable		**1,500,000,000.00**	1,500,000,000.00
Lease liabilities		**3,312,893.02**	3,253,882.12
Long-term payables		**90,100,568.72**	94,240,236.55
Accrued liabilities		**83,755,515.22**	78,248,108.64
Deferred revenue		**1,596,520,481.02**	1,599,979,448.85
Deferred income tax liabilities		**96,442,107.30**	110,383,734.94
Other non-current liabilities		**26,320,000.00**	25,990,000.00
Total non-current liabilities		**9,911,515,066.57**	10,826,006,955.78
Total liabilities		**13,983,903,132.51**	14,565,825,269.50
EQUITY			
Share capital		**1,570,418,085.00**	1,570,418,085.00
Capital surplus		**1,110,030,404.40**	1,110,030,404
Surplus reserve		**938,668,079.24**	938,668,079.24
Undistributed profits		**6,800,411,251.59**	6,640,201,715.97
Total equity attributable to equity of the Company		**10,419,527,820.23**	10,259,318,284.61
Minority interests		**1,169,980,121.34**	1,139,728,702.14
Total owners' equity		**11,589,507,941.57**	11,399,046,986.75
Total liabilities and shareholder's equity		**25,573,411,074.08**	25,964,872,256.25

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR OF 2026
(All amounts in RMB unless otherwise stated)

	Notes	Unaudited Half-year 2026 RMB	2025 RMB
1. Revenue	*2(a)*	**2,249,367,192.71**	2,177,915,496.72
Less: Cost of sales		**1,350,258,944.70**	1,361,599,524.47
Taxation and surcharges		**31,854,923.87**	35,690,376.21
Selling expenses		**7,802,897.87**	3,853,033.52
Administrative expenses		**96,435,058.94**	91,448,154.98
Research and development expenses		**14,711,095.43**	16,303,446.24
Finance expenses – net		**118,304,560.07**	146,373,643.87
Including: interest expenses		**131,655,653.92**	162,323,446.95
interest income		**8,796,145.61**	13,480,060.49
foreign exchange loss, net (net gain shown with "-")		**-5,118,249.54**	-2,884,282.28
Add: Other income		**40,650,918.70**	40,163,815.78
Investment income			829,978.35
Less: Credit impairment losses		**47,948,527.83**	-25,286,554.13
Gain on asset disposal			3,553,929.71
2. Operating profit	*3*	**622,702,102.70**	585,373,735.98
Add: Non-operating income		**138,801.24**	286,355.32
Less: Non-operating expenses		**847,623.38**	69,581.34
3. Total profit		**621,993,280.56**	585,590,509.96
Less: Income tax expense	*4*	**108,730,945.97**	94,687,758.39
4. Net profit		**513,262,334.59**	490,902,751.57
Classified by continuity of operations			
Net profit from continuing operations		**513,262,334.59**	490,902,751.57
Net profit from discontinued operations			
Classified by ownership of the equity			
Attributable to equity of the Company		**488,426,915.39**	472,920,534.82
Minority interests		**24,835,419.20**	17,982,216.75
5. Other comprehensive income, net of tax			
6. Total comprehensive income		**513,262,334.59**	490,902,751.57
Attributable to equity owners of the Company		**488,426,915.39**	472,920,534.82
Attributable to minority shareholders		**24,835,419.20**	17,982,216.75
7. Earnings per share			
Basic earnings per share *(in RMB Yuan)*	*6*	**0.31**	0.30
Diluted earnings per share *(in RMB Yuan)*	*6*	**0.31**	0.30

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the half-year ended 30 June 2026
(All amounts in RMB unless otherwise stated)

1 Basis of preparation of half-year report

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

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the interim report for the period ended 30 June 2026 and any public announcements made by the Group during the interim reporting period.

2 Revenue and segment information

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

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

	Unaudited Half-year	
	2026	2025
	RMB	*RMB*
Operating revenue *(Note 2(b))*	**2,249,367,192.71**	2,177,915,496.72
Other income	**40,650,918.70**	40,163,815.78
	2,290,018,111.41	2,218,079,312.50

(b) Operating segment analysis

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

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

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

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

2 Revenue and segment information (Continued)

(b) Operating segment analysis (Continued)

(i) For the half-year ended 30 June 2026 (Unaudited)

	Sewage water processing and sewage water processing plant construction								
	Tianjin plants *RMB*	Hangzhou plant *RMB*	Other areas *RMB*	Recycled water and pipeline connection *RMB*	Heating and cooling supply and relevant facility construction service *RMB*	Tap-water supply and tap-water plant construction *RMB*	Sale of environmental protection equipment *RMB*	Other segments *RMB*	Consolidated *RMB*
Revenue from external customers	804,624,669.16	143,771,537.72	770,634,097.06	126,540,406.36	105,232,601.94	36,603,795.95	10,530,724.80	251,429,359.72	2,249,367,192.71
Cost for operations	374,264,828.18	73,195,378.94	501,313,533.46	78,225,953.50	90,427,666.48	22,049,390.70	8,295,045.12	202,487,148.32	1,350,258,944.70
Interest income	6,068,844.21	482,170.69	625,696.30	488,867.51	117,425.55	14,321.58	79,190.58	919,629.19	8,796,145.61
Interest expenses	69,326,626.95	23,474.64	44,594,148.03	-92,187.71	3,351,371.70	72,867.91	0.38	14,379,352.02	131,655,653.92
Results before share of profits of an associate	252,769,559.65	63,016,696.78	210,310,104.19	37,471,890.01	13,244,862.32	8,336,829.03	1,907,918.88	34,935,419.70	621,993,280.56
Segment total profit	252,769,559.65	63,016,696.78	210,310,104.19	37,471,890.01	13,244,862.32	8,336,829.03	1,907,918.88	34,935,419.70	621,993,280.56
Income tax expenses	29,776,318.00	6,359,367.83	44,720,461.75	11,119,550.37	5,218,193.31	1,946,179.76	-11,823.87	9,602,698.82	108,730,945.97
Segment net profit	222,993,241.65	56,657,328.95	165,589,642.44	26,352,339.64	8,026,669.01	6,390,649.27	1,919,742.75	25,332,720.88	513,262,334.59
Net profit									513,262,334.59
Depreciation expenses	2,133,561.75	117,281.18	29,254,677.20	246,232.19	35,076,827.97	22,399.19	12,517.48	24,142,299.13	91,005,796.09
Amortization	87,001,636.79	29,094,505.21	132,369,916.84	6,505,488.28	15,859,918.62	8,247,885.42	1,337,770.10	18,672,341.30	299,089,462.56
Segment assets	8,912,255,626.87	623,099,074.97	9,483,525,811.58	1,474,169,087.14	1,263,198,730.88	616,798,605.87	43,957,282.13	2,944,540,617.90	25,361,544,837.34
Long-term equity investment in associate									211,866,236.74
Total assets									25,573,411,074.08
Total liabilities	6,770,273,881.76	22,381,118.68	3,717,832,406.76	1,027,403,676.94	712,195,641.98	89,348,768.53	13,194,344.39	1,631,273,293.47	13,983,903,132.51
Non-current assets addition (iii)	4,380,259.43	3,039,915.62	90,573,778.78	8,855,087.32	17,697,542.88	124,604.43	30,419.54	6,861,863.39	131,563,471.39

2 Revenue and segment information (Continued)

(b) Operating segment analysis (Continued)

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

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

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

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

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

For the half-year ended 30 June 2026, the income from processing of sewage water segment of approximately RMB747,208,666.83 (for the half-year ended 30 June 2025: approximately RMB681,775,788.43) is derived from a single customer, accounting for 33% of the Group's total revenue (for the half-year ended 30 June 2025: 31%).

3 Operating profit

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

	Unaudited Half-year	
	2026	2025
	RMB	*RMB*
Other income	**40,650,918.70**	40,163,815.78
Charging:		
Depreciation and amortisation expenses	**390,095,258.65**	375,130,425.96
Staff costs	**205,624,054.69**	213,808,092.77
Raw materials and consumables used	**171,289,338.23**	156,654,639.80
Repair and maintenance expenses	**71,083,601.71**	70,287,032.28
	838,092,253.28	815,880,190.81

4 Income tax expense

No Hong Kong profits tax has been provided as the Group has no assessable profit in Hong Kong as at 30 June 2026 (30 June 2025: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Income tax comprises:

	Unaudited Half-year	
	2026	2025
	RMB	*RMB*
Current income tax	**130,818,399.38**	107,163,453.52
Deferred income tax	**-22,087,453.41**	-12,475,695.13
	108,730,945.97	94,687,758.39

5 Interim dividend

No interim dividend was proposed by the Board of the Company for the half-year ended 30 June 2026 (30 June 2025: Nil).

6 Earnings per share

	Unaudited Half-year 2026		2025	
	Basic earning per share	**Diluted earnings per share**	Basic earning per share	Diluted earnings per share
Net profit attributable to the ordinary shareholders of the Company	**0.31**	**0.31**	0.30	0.30
Net profit attributable to the ordinary shareholders of the Company after deduction of extraordinary profit and loss	**0.29**	**0.29**	0.25	0.25

7 Trade receivables

Details of the trade receivables are as follows:

	Unaudited 30 June 2026 ***RMB***	Audited 31 December 2025 *RMB*
Trade receivables	**4,531,905,141.25**	4,357,750,901.28
Less: loss allowance	**-486,670,844.51**	-438,801,147.44
	4,045,234,296.74	3,918,949,753.84

(a) Aging of the trade receivables is as follows

	Unaudited 30 June 2026 ***RMB***	Audited 31 December 2025 *RMB*
Within 1 year	**2,147,905,321.26**	2,654,231,039.87
1 to 2 years	**1,049,182,958.67**	1,080,435,935.19
2 to 3 years	**892,547,536.31**	272,823,256.05
3 to 4 years	**138,571,565.83**	213,766,061.52
4 to 5 years	**189,414,833.69**	94,165,099.46
Over 5 years	**114,282,925.49**	42,329,509.19
Total	**4,531,905,141.25**	4,357,750,901.28

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

	Note	**Unaudited 30 June 2026 *RMB***	Audited 31 December 2025 *RMB*
Trade payables		**961,742,670.05**	1,083,882,507.33
Contract liabilities		**375,132,883.85**	330,998,019.83
Other payables		**965,469,793.43**	763,541,710.44
Income tax and other taxes payables		**75,116,927.82**	68,267,444.31
		2,377,462,275.15	2,246,689,681.91

(a) Aging of trade payables is as follows

	Unaudited 30 June 2026 *RMB*	Audited 31 December 2025 *RMB*
Within 1 year (inclusive)	**443,109,396.91**	864,515,799.48
Over 1 year	**518,633,273.14**	219,366,707.85
	961,742,670.05	1,083,882,507.33

Significant trade payables over 1 year or overdue

	30 June 2026	*Notes*
Qujing Water Resources and Hydropower Development Investment Co., Ltd.	**86,582,706.43**	Qujing Chuangye Water Co., Ltd. usually arranges payments in accordance with the instructions of Qujing Water Resources and Hydropower Development Investment Co., Ltd.
Tianjin Fushuiyuan Environmental Protection Technology Co., Ltd.	**20,217,865.70**	Settlement date as per contract has not been reached
China Construction Third Engineering Bureau Group Co., Ltd.	**12,800,758.11**	Settlement date as per contract has not been reached
Tianjin Qingcheng Water Supply Engineering Co., Ltd.	**10,757,388.95**	Settlement date as per contract has not been reached
Zhonghuan Lechuang (Tianjin) Environmental Protection Technology Co., Ltd.	**10,317,547.28**	Settlement date as per contract has not been reached
Beijing Municipal Construction Group Co., Ltd.	**9,668,558.89**	Settlement date as per contract has not been reached
	150,344,825.36	

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

(b) Contract liabilities

	Unaudited 30 June 2026 *RMB*	Audited 31 December 2025 *RMB*
For infrastructure fees from heating and cooling supply service projects	**86,689,553.17**	86,872,441.87
Advance receipts from heating and cooling supply service	**17,871,672.99**	46,803,818.12
For recycled water and pipeline connection services	**191,811,076.96**	179,252,183.06
For toll road fee	**47,310,000.00**	–
For hazardous wastes	**13,007,261.85**	8,278,194.43
For EPC contract prices	**4,824,338.73**	1,382,150.45
Others	**13,618,980.15**	8,409,231.90
	375,132,883.85	330,998,019.83

(c) Details of other payables are as follows:

	Unaudited 30 June 2026 *RMB*	Audited 31 December 2025 *RMB*
Construction costs payable and guarantee deposits	**650,200,935.27**	581,217,499.41
Payable for purchases of fixed assets and intangible assets	**14,786,852.53**	16,394,007.66
Payable for the old Dongjiao sewage plant's demolition assets transfer (a)	**42,137,848.49**	43,447,848.49
Dividend payable	**179,663,375.19**	3,258,719.29
Others	**78,680,781.95**	119,223,635.59
	965,469,793.43	763,541,710.44

As at 30 June 2026, other payables aged over one year mainly represented construction costs payable and guarantee deposits for a sewage treatment project in Honghu, a sewage treatment project in Karamay, a sewage treatment project in Ningxiang Economic Development Zone, a wastewater treatment project in Huize County, a project in Shibing, upgrading projects in Huoqiu, Jieshou, and Tianjin Water Recycling and other construction projects. The balance is yet to be settled as the projects have not been completed.

(a) On behalf of Tianjin Land Consolidation Center, the Company received RMB66,887,408.80 for the transfer of assets of an old Dongjiao sewage plant, which will be subsequently used to pay various expenses for this project. As at 30 June 2026, the remaining other payables amounted to RMB42,137,848.49.

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

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

§ 9 CORPORATE GOVERNANCE CODE

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

§ 10 AUDIT AND RISK CONTROL COMMITTEE

On 31 July 2001, the Board approved the establishment of the Audit Committee to review and supervise the Company's financial reporting procedure and internal controls. The Board approved the renaming of the Audit Committee to the Audit and Risk Control Committee on 2 August 2024, and added responsibilities such as considering and approving, if thought fit, major risk control strategies and risk mitigation plans on top of the existing responsibilities. The Audit and Risk Control Committee comprises non-executive Director, Mr. Wang Yongwei, independent non-executive Directors, Mr. Xue Tao, Mr. Wang Shanggan, and Ms. Liu Fei. The Audit and Risk Control Committee, together with the management of the Company, have reviewed the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including the review of the unaudited interim results and the Interim Report. The Audit and Risk Control Committee agreed with the accounting principles, standards and methods adopted in the preparation of the Group's unaudited interim accounts for the six months ended 30 June 2026.

By order of the Board
Tang Fusheng
Chairman

Tianjin, the PRC
25 August 2026

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

* *For identification purpose only*