Tianjin Capital Environmental Protection Group Company Limited
天津創業環保集團股份有限公司

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

First Quarterly Report 2015

1. Important

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

1.2

The Company's chairman	Mr. Liu Yujun
The officer in charge of the accounting function	Ms. Cao Shuo
The officer in charge of the accounting department (the chief accountant)	Mr. Liu Tao

Mr. Liu Yujun, the Company's chairman, Ms. Cao Shuo, the officer in charge of the accounting function, and Mr. Liu Tao, the officer in charge of the accounting department (the chief accountant) have warranted the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

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

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

2.1 Major Financial Data

Unit: 0'000 Currency: RMB

	As at the end of this reporting period	**As at the end of the previous year**	**Comparison between the end of this reporting period and the end of the previous year Increase / decrease (%)**
Total assets	1,097,371.6	1,085,948.2	1.05
Net assets attributable to the shareholders of the Company	414,176.1	417,048.4	-0.69
	From the beginning of the year to the end of the reporting period (January to March)	**From the beginning of the previous year to the end of the corresponding reporting period of the previous year (January to March)**	**Compared with the same period of the previous year Increase / decrease (%)**
Net cash flows from operating activities	49,856.5	2,768.70	1,700.72
	From the beginning of the year to the end of the reporting period	**From the beginning of the previous year to the end of the corresponding reporting period of the previous year**	**Compared with the same period of the previous year Increase / decrease (%)**
Operating income	44,915.7	39,717.1	13.09
Net profits attributable to the shareholders of the Company	7,118.3	5,961.0	19.41
Net profit attributable to the shareholders of the Company after deduction of extraordinary items	7,046.4	5,911	19.21
Weighted average return ratio on net assets (%)	1.71	1.51	Increased by 0.20 percentage point
Basic earnings per share (Yuan/share)	0.050	0.042	19.05
Diluted earnings per share (Yuan/share)	0.050	0.042	19.05

Extraordinary items and amounts

Unit: 0'000 Currency: RMB

Items	Amounts for the current period (January to March)
Gain and loss from disposal of non-current assets	-2.8
Government grants included in profit or loss for the current period other than those closely related to the normal operation of the Company, in compliance with national policies and regulations, as well as the government grants entitled continuously in accordance with certain standard quota or quantity basis	90.5
Other non-operating income and expenditure except for those mentioned above	8.5
Impact on minority interests (after tax)	-0.2
Impact on income tax	-24.1
Total	71.9

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

Total number of shareholders					90,158, of which 78 were shareholders of H shares
Shareholdings of the top ten shareholders					
Name of shareholder	**Nature of shareholder**	**Percentage of shareholding (%)**	**Total number of shares held (shares)**	**Number of restricted shares held (shares)**	**Number of shares pledged or frozen (shares)**
Tianjin Municipal Investment Company Limited	State-owned legal person	50.14	715,565,186	0	Pledged 116,300,000
HKSCC Nominees Limited	Unknown	23.48	335,096,900	0	Unknown
Chen Hexiang	Unknown	0.41	5,786,482	0	Unknown
Agricultural Bank of China Limited—SWS MU CSI Environmental Protection Industry Index Classified Securities Investment Fund (申萬菱信中證環保產業指數分級證券投資基金)	Unknown	0.40	5,679,323	0	Unknown
Shenyang Railway Coal Group Co., Ltd.	Unknown	0.21	3,000,000	0	Unknown
Yu Wencan	Unknown	0.11	1,511,100	0	Unknown
HO MAN PING	Unknown	0.10	1,414,000	0	Unknown
China Construction Bank Corporation—New China CSI Environmental Protection Industry Index Classified Securities Investment Fund (新華中證環保產業指數分級證券投資基金)	Unknown	0.09	1,342,546	0	Unknown
FUNG CHUN KIT	Unknown	0.08	1,130,000	0	Unknown
China Electronics Financial Co., Ltd.	Unknown	0.07	1,050,000	0	Unknown

Shareholdings of the top ten shareholders of non-restricted circulating shares		
Name of shareholder	**Number of non-restricted circulating shares held as at the end of the period (shares)**	**Type of shares**
Tianjin Municipal Investment Company Limited	715,565,186	Ordinary RMB Shares
HKSCC Nominees Limited	335,096,900	H Shares
Chen Hexiang	5,786,482	Ordinary RMB Shares
Agricultural Bank of China Limited—SWS MU CSI Environmental Protection Industry Index Classified Securities Investment Fund (申萬菱信中證環保產業指數分級證券投資基金)	5,679,323	Ordinary RMB Shares
Shenyang Railway Coal Group Co., Ltd.	3,000,000	Ordinary RMB Shares
Yu Wencan	1,511,100	Ordinary RMB Shares
HO MAN PING	1,414,000	H Shares
China Construction Bank Corporation—New China CSI Environmental Protection Industry Index Classified Securities Investment Fund (新華中證環保產業指數分級證券投資基金)	1,342,546	Ordinary RMB Shares
FUNG CHUN KIT	1,130,000	H Shares
China Electronics Financial Co., Ltd.	1,050,000	Ordinary RMB Shares
Notes on the connected relationship or parties acting in concert among the above shareholders	It is not certain whether there is any connected relationship among the top ten shareholders. It is not certain whether there is any connected relationship between the top ten shareholders of non-restricted circulating shares and the top ten shareholders. Notes: (1) According to the register of members as provided by HKSCC Nominees Limited, those H shares held by it were held on behalf of various clients. There was no client who owned 5% or more interest in the total share capital of the Company. (2) None of the top ten shareholders are strategic investors of the Company.	

3. Major Events

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

As at 31 March 2015, the Company and its subsidiaries had total assets in the amount of RMB10,973.72 million, representing an increase of 1% or RMB114.23 million as compared to the beginning of the year. Total liabilities were RMB6,661.33 million, representing an increase of 2% or RMB139.83 million as compared to the beginning of the year. Equity interest attributable to the shareholders of the Company was RMB4,141.76 million, representing a decrease of 1% or RMB28.72 million as compared to the beginning of the year. Net profit attributable to the Company for the period from January to March of 2015 was RMB71.18 million, representing an increase of 19% or RMB11.57 million as compared to the same period last year.

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

Unit: 0'000 Currency: RMB

Items	31 March 2015	31 December 2014	Amount of increase/ decrease	Change (%)	Explanation of change
Currency funds	120,586	82,009	38,577	47.04	In accordance with the repayment scheme of Tianjin Sewage Company, the Company received the first payment of the outstanding sewage water treatment service fees of RMB500 million on 5 March 2015.
Notes receivables	80	—	80	N/A	Increase in the subsidiaries' notes receivables
Short-term borrowings	2,000	5,000	-3,000	-60.00	The Company's partial repayment of the short-term borrowings due.
Dividend payable	16,024	6,034	9,990	165.56	Mainly the provision for dividends payable for the year of 2014.
Non-current liabilities due within one year	50,073	30,422	19,651	64.59	Increase in the Company's long-term borrowings due within one year

Unit: 0'000 Currency: RMB

Items	January to March 2015	January to March 2014	Amount of increase/ decrease	Change (%)	Explanation of change
Selling expenses	100	—	100	N/A	Increase in selling expenses arising from the increased market development of Tianjin Kaiying Technology Development Company Limited.
Profit or loss attributable to minority shareholders	213	52	161	309.62	Increase in the non-wholly-owned subsidiaries' net profit for the current period.
Net cash flows from operating activities	49,857	2,769	47,088	1,700.72	Increase in operating cash inflow after the Company's receipt of the first payment of the outstanding sewage water treatment service fees of RMB500 million from Tianjin Sewage Company on 5 March 2015.
Net cash flows from investing activities	-12,729	-25,447	12,718	49.98	Decrease in investment expenses for the current period as a result of the completion of the main relocation and construction works of Jizhuangzi Sewage Water Treatment Plant and Recycled Water Plant.
Net cash flows from financing activities	1,450	-12,896	14,346	111.24	Net cash inflow was reflected by the decrease in cash inflow and outflow from financing activities for the current period as compared with the same period of the previous year, as well as the larger borrowing amount than the repayment amount for the current period.
Net increase in cash and cash equivalents	38,577	-35,575	74,152	208.44	The combined impact of the above three kinds of activities.

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

☐ Applicable ✓ Not applicable

3.3 Implementation of commitments made by the Company and shareholders holding more than 5% of share capital

☐ Applicable ✓ Not applicable

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

☐ Applicable ✓ Not applicable

By order of the Board
Liu Yujun
Chairman

Tianjin, the PRC
29 April 2015

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

4. Appendices

Consolidated Balance Sheet
As at 31 March 2015

Unit: '000 Currency: RMB

Items	Balance as at the end of the period	Balance as at the beginning of the year
CURRENT ASSETS:		
Currency funds	1,205,861	820,092
Notes receivable	800	—
Trade receivables	2,341,977	2,563,114
Prepayments	129,631	106,412
Other receivables	6,656	5,707
Inventories	13,544	14,392
Other current assets	60,160	62,250
Total current assets	3,758,629	3,571,967
NON-CURRENT ASSETS:		
Available-for-sale financial assets	2,000	2,000
Long-term receivables	324,476	326,147
Long-term equity investments	29,134	31,347
Investment properties	104,018	104,936
Fixed assets	480,148	488,528
Construction in progress	3,671	4,133
Intangible assets	6,263,599	6,321,963
Other non-current assets	8,041	8,461
Total non-current assets	7,215,087	7,287,515
TOTAL ASSETS	10,973,716	10,859,482

Items	Balance as at the end of the period	Balance as at the beginning of the year
CURRENT LIABILITIES:		
Short-term borrowings	20,000	50,000
Trade payables	70,547	54,319
Advances	790,722	776,190
Wages payable	9,571	13,650
Taxes payable	23,474	26,400
Dividend payable	160,243	60,337
Other payables	637,601	666,433
Non-current liabilities due within one year	500,728	304,221
Other current liabilities	3,182	4,251
Total current liabilities	2,216,068	1,955,801
NON-CURRENT LIABILITIES:		
Long-term borrowings	1,441,566	1,564,566
Debentures payables	1,390,011	1,388,975
Long-term payables	259,374	262,454
Deferred income	1,208,873	1,209,201
Deferred income tax liabilities	91,711	86,778
Other non-current liabilities	53,727	53,727
Total non-current liabilities	4,445,262	4,565,701
TOTAL LIABILITIES	6,661,330	6,521,502
OWNERS' EQUITY (or SHAREHOLDERS' EQUITY):		
Paid-in capital (or share capital)	1,427,228	1,427,228
Capital reserves	382,311	382,311
Surplus reserves	395,062	395,062
Undistributed profits	1,937,160	1,965,883
Total equity attributable to the owners of the Company	4,141,761	4,170,484
Minority interests	170,625	167,496
Total owners' equity	4,312,386	4,337,980
TOTAL LIABILITIES AND OWNERS' EQUITY	10,973,716	10,859,482

Balance Sheet of the Company
As at 31 March 2015

Unit: '000 Currency: RMB

Items	**Balance as at the end of the period**	**Balance as at the beginning of the year**
CURRENT ASSETS:		
Currency funds	654,258	295,231
Trade receivables	2,104,873	2,371,956
Prepayments	234	259
Other receivables	115,000	95,792
Inventories	4,842	4,336
Other current assets	137,380	77,380
Total current assets	3,016,587	2,844,954
NON-CURRENT ASSETS:		
Available-for-sale financial assets	2,000	2,000
Long-term receivables	324,476	326,147
Long-term equity investments	1,372,236	1,353,236
Investment properties	81,362	82,154
Fixed assets	153,831	157,880
Construction in progress	197	197
Intangible assets	3,617,393	3,648,936
Other non-current assets	114,468	134,468
Total non-current assets	5,665,963	5,705,018
TOTAL ASSETS	8,682,550	8,549,972

Items	Balance as at the end of the period	Balance as at the beginning of the year
CURRENT LIABILITIES:		
Short-term borrowings	20,000	50,000
Trade payables	38,325	21,540
Advances	6,400	6,841
Wages payable	6,243	7,930
Taxes payable	15,562	14,987
Dividend payable	160,243	60,337
Other payables	1,029,700	1,029,776
Non-current liabilities due within one year	287,899	91,391
Total current liabilities	1,564,372	1,282,802
NON-CURRENT LIABILITIES:		
Long-term borrowings	627,850	725,850
Debentures payables	1,390,011	1,388,975
Long-term payables	259,374	262,454
Deferred income	966,650	967,167
Deferred income tax liabilities	38,867	36,584
Total non-current liabilities	3,282,752	3,381,030
TOTAL LIABILITIES	4,847,124	4,663,832
OWNERS' EQUITY (or SHAREHOLDERS' EQUITY):		
Paid-in capital (or share capital)	1,427,228	1,427,228
Capital reserves	380,788	380,788
Surplus reserves	395,063	395,063
Undistributed profits	1,632,347	1,683,061
Total owners' equity (or shareholders' equity)	3,835,426	3,886,140
TOTAL LIABILITIES AND OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)	8,682,550	8,549,972

Consolidated Income Statement

January to March 2015

Unit: '000 Currency: RMB

Items	Amount for the current period	Amount for the previous period
1. Total operating income	449,157	397,171
Including: Operating income	449,157	397,171
2. Total cost for operations	350,551	313,388
Including: Cost for operations	262,344	224,787
Business tax and surcharges	4,104	4,097
Selling expenses	1,000	—
Administrative expenses	30,531	31,623
Financial expenses	52,572	52,881
Add: Investment income (losses are stated by "-")	-2,213	-1,728
Including: Investment income from associate companies and joint venture companies	-2,213	-1,728
3. Operation profit (losses are stated by "-")	96,393	82,055
Add: Non-operating income	962	789
Less: Non-operating expenses	68	63
Including: Losses on disposal of non-current assets	28	33
4. Total profit (total losses are stated by "-")	97,287	82,781
Less: Income tax expenses	23,975	22,651
5. Net profit (net losses are stated by "-")	73,312	60,130
Net profit attributable to the owners of the Company	71,183	59,610
Profit or loss attributable to minority shareholders	2,129	520
6. Other comprehensive income, net of tax	—	—
7. Total comprehensive income	73,312	60,130
Total comprehensive income attributable to the owners of the Company	71,183	59,610
Total comprehensive income attributable to minority shareholders	2,129	520
8. Earnings per share (Yuan) :		
(1) Basic earnings per share	0.050	0.042
(2) Diluted earnings per share	0.050	0.042

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

Income Statement of the Company
January to March 2015

Unit: '000 Currency: RMB

Items	**Amount for the current period**	**Amount for the previous period**
1. Operating income	243,978	212,295
Less: Cost for operations	126,782	102,148
Business tax and surcharges	1,935	2,032
Administrative expenses	17,970	18,826
Financial expenses	32,220	35,099
2. Operation profit (losses are stated by "-")	65,071	54,190
Add: Non-operating income	518	518
3. Total profit (total losses are stated by "-")	65,589	54,708
Less: Income tax expenses	16,397	13,677
4. Net profit (net losses are stated by "-")	49,192	41,031
5. Other comprehensive income, net of tax	—	—
6. Total comprehensive income	49,192	41,031
7. Earnings per share (Yuan) :		
(1) Basic earnings per share	0.034	0.029
(2) Diluted earnings per share	0.034	0.029

Consolidated Cash Flow Statement

January to March 2015

Unit: '000 Currency: RMB

Items		Amount for the current period	Amount for the previous period
1.	**Cash flows from operating activities:**		
	Cash received from sales of goods and rendering of services	689,560	175,485
	Taxes and levies rebate received	3	215
	Cash received relating to other operating activities	57,610	81,934
	Sub-total of cash inflow from operating activities	747,173	257,634
	Cash paid for goods and services	125,494	105,741
	Cash paid to and on behalf of employees	75,797	70,023
	Payments of taxes and levies	32,052	25,589
	Cash payments relating to other operating activities	15,265	28,594
	Sub-total of cash outflow from operating activities	248,608	229,947
	Net cash flows from operating activities	498,565	27,687
2.	**Cash flows from investing activities:**		
	Cash received from returns on investments	219	676
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2	0
	Sub-total of cash inflow from investing activities	221	676
	Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	127,515	255,146
	Sub-total of cash outflow from investing activities	127,515	255,146
	Net cash flows from investing activities	-127,294	-254,470
3.	**Cash flows from financing activities:**		
	Cash received from investments	1,000	—
	Including: Cash received by subsidiaries from minority shareholders' investments	1,000	—
	Cash received from borrowings	100,000	218,840
	Sub-total of cash inflow from financing activities	101,000	218,840
	Cash paid for repayments of debts	56,120	318,364
	Cash paid for distribution of dividends and profits or for interest expenses	30,382	29,438
	Sub-total of cash outflow from financing activities	86,502	347,802
	Net cash flows from financing activities	14,498	-128,962
4.	**Effect of foreign exchange rate changes on cash or cash equivalents**	—	—
5.	**Net increase in cash and cash equivalents**	385,769	-355,745
	Add: Balance of cash and cash equivalents at the beginning of period	814,892	994,982
6.	**Balance of cash and cash equivalents at the end of period**	1,200,661	639,237

Cash Flow Statement of the Company

January to March 2015

Unit: '000 Currency: RMB

Items		Amount for the current period	Amount for the previous period
1.	**Cash flows from operating activities:**		
	Cash received from sales of goods and rendering of services	514,344	32,124
	Cash received relating to other operating activities	50,238	228,395
	Sub-total of cash inflow from operating activities	564,582	260,519
	Cash paid for goods and services	54,442	40,149
	Cash paid to and on behalf of employees	34,680	33,962
	Payments of taxes and levies	17,781	15,499
	Cash payments relating to other operating activities	65,677	59,579
	Sub-total of cash outflow from operating activities	172,580	149,189
	Net cash flows from operating activities	392,002	111,330
2.	**Cash flows from investing activities:**		
	Cash received from returns on investments	—	676
	Sub-total of cash inflow from investing activities	—	676
	Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	69,278	165,238
	Cash paid for investments	19,000	—
	Sub-total of cash outflow from investing activities	88,278	165,238
	Net cash flows from investing activities	-88,278	-164,562
3.	**Cash flows from financing activities:**		
	Cash received from borrowings	100,000	180,000
	Sub-total of cash inflow from financing activities	100,000	180,000
	Cash paid for repayments of debts	31,000	272,000
	Cash paid for distribution of dividends and profits or for interest expenses	13,697	13,895
	Sub-total of cash outflow from financing activities	44,697	285,895
	Net cash flows from financing activities	55,303	-105,895
4.	**Effect of foreign exchange rate changes on cash or cash equivalents**	—	—
5.	**Net increase in cash and cash equivalents**	359,027	-159,127
	Add: Balance of cash and cash equivalents at the beginning of period	292,731	342,090
6.	**Balance of cash and cash equivalents at the end of period**	651,758	182,963