
SUMMARY

This summary aims to give you an overview of the information contained in this Prospectus. Since it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in our Offer Shares. Information contained in our website, located at www.dynagreen.com.cn, does not form part of this prospectus.

There are risks associated with any investment. Some of the particular risks in investing in our Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are one of the leading waste-to-energy (“WTE”) companies in the PRC focusing on municipal solid waste treatment. According to the 2013 annual research report published by *solidwaste.com.cn* and EY Advisory, we are one of the earliest enterprises to build, upgrade and develop advanced international incinerator technologies for waste treatment in the PRC. According to EY Advisory, as of December 31, 2013, we were among the top ten companies engaged in waste incineration in the PRC based on actual waste treatment capacity, with a daily waste treatment capacity of 5,250 tons (which represents an estimated market share of 3.7% in the PRC based on the estimated total treatment capacity of the PRC waste incineration market) and these top ten companies together accounted for more than one-third of the estimated total waste treatment capacity in the PRC. As of the same date, we ranked third among WTE companies and second among companies using grate incinerator technology in the PRC in terms of total contracted waste treatment capacity, with a total contracted waste treatment capacity of approximately 20,000 tons on a daily basis. Total contracted capacity includes the waste treatment capacity of a company’s projects in operation, under development and in the preparation stage. We had 20 projects in operation, under development or in the preparation stage across the PRC as of December 31, 2013, including two projects in commercial operation, five projects in trial operation, 11 projects under development and two projects in preparation for which we have signed non-legally binding framework agreements, and ranked second among WTE companies and first among companies using grate incinerator technology in the PRC in terms of number of projects in operation or under development, according to EY Advisory.

We are engaged in the investment, technical consulting, construction, operation and maintenance of WTE plants in the PRC treating municipal solid waste using waste incineration technology and have accumulated almost 13 years of experience in technological research relating to waste incineration, project investment, operation and management. We provide three main services, namely project operation, project construction and technical consulting. Our project operation and project construction services primarily involve the construction and operation of WTE projects on a “build-operate-transfer” (“BOT”) basis for local municipal authorities in small and mid-sized PRC cities. In addition, we provide technical consulting services to members of our Group and to third parties, for which we are paid a fee. We also intend to sell equipment and systems containing our patented technologies to other companies engaged in the WTE business and to provide consulting services, including project planning, feasibility studies, project design, project integration and operation management services, and after-sale services such as installation, adjustments and technical assistance.

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Due to the accounting treatment of the BOT business model, there is a mismatch between our revenue (as recognized in our consolidated statement of comprehensive income) and our cashflows, and our results of operations are affected by such accounting treatment. We generate turnover primarily from our project construction and project operation services. Revenue is recognized during both the construction and operation phases of each project.

Turnover from the construction phase expected to be generated from a project is estimated and valued at the time we enter into the relevant agreements for the project. The consideration receivable for construction services is determined by the fair value of construction services assessed by an independent valuer typically as follows:

- the independent valuer assesses the fair value of construction services of a BOT project by considering the budgeted construction cost and the estimated return on cost for the project;
- the budgeted construction cost is estimated based on our assessment of market conditions, costs of raw material and equipment, and other operating costs, among other factors; and
- the estimated return on cost is assessed by referencing comparable mark-ups, as of the respective valuation dates, of similar engineering companies that provide services to energy companies.

During the construction phase, we recognize project construction turnover, which is the fair value of consideration for project construction services, on a percentage completion basis and correspondingly allocate it between intangible assets and gross amounts due from customers for contract work on our balance sheet when the construction services commence as follows:

- gross amounts due from customers for contract work is the present value of the minimum guaranteed waste treatment fee received from the relevant government authority as stipulated in the BOT concession agreement; and
- intangible assets is the difference between the fair value of consideration for project construction services and gross amounts due from customers for contract work.

While we recognize turnover from project construction and finance income accrues on the outstanding gross amounts due from customers for contract work, using the effective interest method, from the time we recognize the relevant gross amounts due from customers for contract work, cash inflows are not generated until a project becomes operational and a project in the construction phase will not generate cash inflows even though we recognize revenue on the construction work. As a result, we experienced net operating cash outflows during the Track Record Period when we had multiple projects under construction and we may experience net operating cash outflows in the future as construction commences on our projects under development.

Turnover recognized during the operational phase accounts for the remainder of the total turnover from such projects and generates cash inflows comprising fees from the provision of waste treatment services and for sales of electricity, hot water and steam. Waste treatment fees comprise total fees collected related to waste treatment services rendered during a given year minus the amount of guaranteed waste treatment fee for that year, which has already been recognized as gross amounts due from customers for contract work during the construction period as discussed above.

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The total fees related to waste treatment services rendered in a given period are reflected in trade receivables, including the billable portion of the guaranteed waste treatment fee which is transferred from gross amounts due from customers for contract work prior to collection. When cash payments for waste treatment fees are received, they are used to settle trade and other receivables which include the portion transferred to offset gross amounts due from customers for contract work for that period and will be accounted for in the cash flow statements. Finance income continues to accrue on the outstanding gross amounts due from customers for contract work and is reflected in trade receivables along with the corresponding billable amount of the minimum waste treatment fee.

We assess the impairment of our WTE project operating rights and gross amounts due from customers for contract work in accordance with IAS 36, Impairment of Assets, and IAS 39, Financial Instruments: Recognition and Measurement, throughout the concession period and perform impairment testing when required.

As of the Latest Practicable Date, we had seven WTE projects in operation (including our projects in Changzhou and Haining, which are in commercial operation, and our projects in Pingyang, Yongjia, Rushan, Taizhou and Wuhan, which are in trial operation and are expected to commence commercial operation in 2014), 11 projects under development and two projects in preparation for which we have signed non-legally binding framework agreements in the PRC, among which one project (Huizhou) commenced construction in late 2013, and we expect to commence construction on three WTE projects by the end of 2014. For three of our projects under development (Qingdao, Sheyang and Jintan), no specific construction timetable has been set. In addition, as of the Latest Practicable Date, we have signed non-legally binding framework agreements for an additional two projects in Thailand and Malaysia.

The major characteristics of the BOT business model include significant BOT expenditure and working capital requirements for project construction, which we fund through revenue from our operational projects and external borrowings. Once construction is completed, we typically operate our BOT projects for a concessionary period of 23 to 30 years. Based on the terms of the BOT agreements and internal projections, the estimated average project investment payback period for each BOT project from the commencement of operations is approximately 8 to 12 years. We believe that we will be able to finance our projects under development primarily due to our well-established relationships with major financial institutions, including Asian Development Bank, which enable us to meet our funding requirements. As of December 31, 2013, we had unutilized banking facilities of RMB890.4 million. In addition, we plan to use the majority of proceeds from the Global Offering to repay bank borrowings, which we believe will improve our financial condition and enable us to obtain new borrowings as necessary.

We prioritize the control of emissions from our WTE projects and strive to reduce our environmental impact and strictly comply with all applicable national environmental regulations. In particular, we have successfully reduced our dioxin emissions to levels significantly below the limits set by PRC emissions standards and our projects in commercial operation were able to meet the more stringent standards applicable in jurisdictions such as Japan and Europe as evidenced in the majority of inspections conducted during the Track Record Period. For the years ended December 31, 2011, 2012 and 2013, our environmental compliance costs were RMB9.3 million, RMB8.8 million and RMB19.0 million, respectively. We have not violated any applicable laws and regulations in relation to emissions and environmental protection in any material respect and are not aware of any material breaches throughout the Track Record Period and as of the Latest Practicable Date.

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We believe the PRC's growing population, urbanization and improved average incomes will generate substantial growth in municipal solid waste and increase the need for environmentally sustainable municipal solid waste treatment solutions. The development of waste treatment in the PRC is still at an early stage. As of December 31, 2012, the amount of municipal solid waste generated per year in the PRC's cities was 237 million tons, while total waste treatment capacity was estimated to be only approximately 179 million tons per year, of which only approximately 19.0% of such waste treatment capacity was through incineration. The PRC government has adopted various policies to encourage development of the WTE industry. A WTE facility is considered part of a municipality's infrastructure and, in a small or mid-sized city, would typically enjoy a certain degree of geographical exclusivity to process waste from the city. We believe that the favorable policies and market dynamics in the PRC present significant opportunities for growth and expansion of our business. As of December 31, 2012, the 10 largest WTE companies in the PRC had a total municipal solid waste treatment capacity of 157,000 tons per day (including projects in the preparation, construction and operational stages), of which the top three industry players collectively represent a total waste treatment capacity of 70,000 tons per day, representing 46% of the top 10 largest WTE companies in the PRC.

We have developed a deep understanding of the characteristics of waste in the PRC and tailored our proprietary technologies to process municipal solid waste typically found in PRC households. In particular, we apply grate incinerator technology, including our proprietary multiple drive expeller grate waste incinerator technology, which enjoys advantages in performance, environmental protection and policy support compared to certain other types of incineration technologies.

We seek to enhance our leading position in the PRC WTE industry by continuing to focus on small and mid-sized PRC cities with increasing standards of living and rising waste treatment requirements. In addition, we are continuously exploring the development of new incineration technologies and processes to meet the needs of the PRC waste treatment industry. We intend to promote our technical consulting service, expand our business into the treatment of other similar types of solid waste and implement new business models to further diversify our operations. We expect our expansion plans to have a positive impact on our business, operations and financial condition.

For the years ended December 31, 2011, 2012 and 2013, we generated turnover of RMB442.8 million, RMB932.1 million and RMB975.2 million, respectively, of which our project operation service generated RMB103.3 million, RMB114.0 million and RMB201.1 million, respectively, and our project construction service generated RMB313.0 million, RMB773.0 million and RMB714.9 million, respectively.

OVERVIEW OF FINANCIAL INFORMATION

The following summary of our operating results is extracted from "Appendix I — Accountants' Report" contained in this prospectus and should be read in conjunction with "Appendix I — Accountants' Report" and the notes thereto.

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The following table sets forth the key items in our summary consolidated statements of comprehensive income for the periods indicated:

	Year ended December 31,					
	2011		2012		2013	
	Amount	Percentage of total turnover	Amount	Percentage of total turnover	Amount	Percentage of total turnover
	(RMB '000)	(%)	(RMB '000)	(%)	(RMB '000)	(%)
Turnover	442,781	100.0	932,126	100.0	975,185	100.0
Project construction	312,982	70.7	773,027	82.9	714,944	73.3
Project operation	103,263	23.3	114,023	12.2	201,096	20.6
Electricity tariffs	70,643	15.9	82,165	8.8	155,596	16.0
Waste treatment fees	28,142	6.4	23,134	2.5	40,004	4.0
Others	4,478	1.0	8,724	0.9	5,496	0.6
Technical consulting	3,407	0.8	7,090	0.8	1,469	0.2
Finance income ⁽¹⁾	23,129	5.2	37,986	4.1	57,676	5.9
Direct costs and operating expenses	(309,700)	(69.9)	(698,949)	(75.0)	(688,022)	(70.6)
Gross profit	133,081	30.1	233,177	25.0	287,163	29.4
Profit from operations	122,371	27.6	203,070	21.8	259,632	26.6
Finance costs	(21,624)	(4.9)	(36,615)	(3.9)	(74,290)	(7.6)
Profit for the year	75,777	17.1	146,340	15.7	150,901	15.5

- (1) Finance income relates to the gross amounts due from customers for contract work. For the guaranteed waste treatment fee from the relevant government authority as stipulated in relevant BOT concession agreements, our Group recognized the relevant financial assets which are measured at amortized cost using an effective interest rate. The financial income represents the income generated from such financial assets.

The following table sets forth certain key items of our summary consolidated statements of assets and liabilities as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	(RMB '000)		
Total current assets	535,865	500,710	748,665
Total non-current assets	1,012,221	1,912,483	2,601,830
Total current liabilities	113,933	435,080	628,028
Total non-current liabilities	383,855	781,461	1,511,034

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The following table sets forth our summary consolidated statements of cash flows for the periods indicated:

	<u>Year ended December 31,</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
	(RMB '000)		
Net cash used in operating activities	(216,871)	(475,062)	(255,620)
Net cash generated from/(used in) investing activities	4,434	(155,176)	(133,351)
Net cash generated from financing activities	190,566	570,758	706,749
Net (decrease)/increase in cash and cash equivalents	(21,871)	(59,480)	317,778
Cash and cash equivalents at beginning of year	269,589	244,674	185,206
Effect of foreign exchange rate changes	(3,044)	12	(817)
Cash and cash equivalents at the end of year	<u>244,674</u>	<u>185,206</u>	<u>502,167</u>

Our projects require substantial amounts of working capital during the construction stage and do not produce cash inflows until after they enter operation. We experienced net cash outflows from operating activities during the Track Record Period due to the relatively high number of projects under construction as we expanded our business operations.

The following table presents a summary of financial ratios for the dates indicated:

	<u>As of/For the year</u> <u>ended December 31,</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Gearing ratio (%) ⁽¹⁾	29.1	76.1	141.1
Net debt to equity ratio (%) ⁽²⁾	5.8	60.6	99.7
Return on total assets (%) ⁽³⁾	4.9	6.1	4.5
Return on equity (%) ⁽⁴⁾	7.2	12.2	12.5
Current ratio ⁽⁵⁾	4.7	1.2	1.2
Quick ratio ⁽⁶⁾	<u>4.7</u>	<u>1.1</u>	<u>1.2</u>

- (1) Gearing ratio is calculated based on total debt (loans and borrowings) divided by total equity at the end of the respective period.
- (2) Net debt to equity ratio is calculated based on net debt (loans and borrowings less cash and cash equivalent) divided by total equity at the end of the respective period.
- (3) Return on total assets is calculated based on the profit for the year divided by total assets at the end of the respective period.
- (4) Return on equity is calculated based on the profit for the period divided by the total equity at the end of each period.
- (5) Current ratio is calculated by dividing current assets by current liabilities.
- (6) Quick ratio is calculated by dividing current assets less inventories by current liabilities.

Our gearing ratio increased during the Track Record Period from 29.1% as of December 31, 2011 to 76.1% as of December 31, 2012 and further increased to 141.1% as of December 31, 2013. The increase was primarily attributable to an increase in total debt drawn down to finance construction of our projects.

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The following table summarizes key operating data for our operational projects for the periods indicated:

	<u>Year ended December 31,</u>			<u>Utilization Rate (%)⁽¹⁾</u>		
	<u>Year ended December 31,</u>			<u>Year ended December 31,</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<i>In Commercial Operation</i>						
Changzhou project						
Amount of municipal solid waste received (tons)	446,800	492,500	450,700			
Amount of municipal solid waste treated (tons)	340,800	360,800	367,500	88.9	94.1	95.9
Amount of electricity produced (MWh)	99,500	98,000	104,200	71.0	69.9	74.3
Amount of on-grid electricity (MWh)	78,200	74,900	83,200			
Haining project						
Amount of municipal solid waste received (tons)	190,100	206,500	194,200			
Amount of municipal solid waste treated (tons)	176,800	194,100	190,800	80.7	88.6	87.1
Amount of electricity produced (MWh)	57,500	63,600	62,300	87.5	96.8	94.8
Amount of on-grid electricity (MWh)	47,100	51,800	53,300			
<i>In Trial Operation</i>						
Pingyang project						
Amount of municipal solid waste received (tons)	—	—	213,500			
Amount of on-grid electricity (MWh)	—	—	52,300			
Yongjia project						
Amount of municipal solid waste received (tons)	—	—	280,400			
Amount of on-grid electricity (MWh)	—	—	62,400			
Rushan project						
Amount of municipal solid waste received (tons)	—	—	8,300			
Amount of on-grid electricity (kWh)	—	—	1,400			
Taizhou project						
Amount of municipal solid waste received (tons)	—	—	62,300			
Amount of on-grid electricity (MWh)	—	—	7,200			
Wuhan project						
Amount of municipal solid waste received (tons)	—	—	199,200			
Amount of on-grid electricity (MWh)	—	—	40,700			

(1) Utilization rate is calculated based on the actual production data divided by the annualized production capacity (365 days).

COMPETITIVE STRENGTHS

We believe the following strengths enable us to maintain our leading position in the PRC WTE market:

- Market-leading position in the PRC WTE industry;
- Favorable industry dynamics and supportive government policies;
- Well-developed proprietary technologies adapted to the PRC waste treatment market;
- Socially responsible and environmentally-friendly enterprise;

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- Ability to deliver comprehensive services to customers and generate stable revenue; and
- Stable and experienced management team with proven track record of success.

BUSINESS STRATEGIES

We seek to enhance shareholder value by maintaining and enhancing our leading position in the WTE industry in the PRC through expanding our market share and broadening the scope of our services. The strategies we have adopted to attain this goal include the following elements:

- Consolidate our leading role in the municipal waste incinerator market;
- Continue to develop and promote new core technologies;
- Further expand into new business areas and broaden the scope of our services; and
- Expand internationally into other markets.

COMPETITION

Our existing and potential competitors primarily comprise major state-owned enterprises and private companies engaged in waste incineration and WTE, including Everbright International, Shanghai Environmental, Weiming Group Co. Ltd., CSEG, C&G and Hangzhou Jinjiang Group. We believe we can compete effectively by virtue of (i) our strong project execution capabilities and extensive track record; (ii) our cost-effective and highly efficient proprietary technologies; (iii) our well-established market position and reputation; and (iv) our focus on treatment of municipal solid waste for developed small and mid-sized cities. According to EY Advisory, as of December 31, 2013, we were among the top ten companies engaged in waste incineration in the PRC based on actual waste treatment capacity. As of the same date, we ranked third among WTE companies and second among companies using grate incinerator technology in the PRC in terms of total contracted waste treatment capacity.

OUR CUSTOMERS AND SUPPLIERS

Our principal customers for WTE facilities are local government authorities and SOEs in small and mid-sized cities located in the developed areas of the PRC. Because our business is project-driven, we are not dependent on any specific customer or vendor for the success of our business. For the years ended December 31, 2011, 2012 and 2013, our single largest customer accounted for 34.8%, 22.6% and 32.1%, respectively, and our five largest customers in aggregate accounted for 88.2%, 84.3% and 83.5%, respectively, of our total turnover.

We procure various raw materials and equipment for the operation and construction of our projects. For the years ended December 31, 2011, 2012 and 2013, purchases from our largest supplier of equipment and materials accounted for 22.6%, 12.0% and 7.8%, respectively, and purchases from our five largest suppliers of equipment and materials in aggregated accounted for 45.2%, 39.0% and 26.5%, respectively, of our total direct costs and operating expenses.

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Raw materials and procurement of our project construction service primarily include equipment purchasing costs, construction costs and equipment installation costs. Generally, our construction contracts require our contractors to supply basic construction materials, including steel and cement, and to bear the risk of any increase in raw material prices. We generally engage construction and installation service providers to undertake the construction of our BOT projects, typically selecting our providers through a tender process. Under our typical arrangements with service providers, we make progress payments to them at various stages of project completion.

GLOBAL OFFERING STATISTICS

The statistics set forth in the table below are based on the assumptions that (i) the Global Offering is completed and 300,000,000 H Shares are issued in the Global Offering, (ii) the Over-allotment Option is not exercised and (iii) 1,000,000,000 Shares are issued and outstanding after the completion of the Global Offering. Please see “Financial Information — Unaudited Pro Forma Statement of Adjusted Net Tangible Assets” in this prospectus for additional details.

	<u>Based on an indicative Offer Price of HK\$3.00 per H Share</u>	<u>Based on an indicative Offer Price of HK\$3.70 per H Share</u>
Market capitalization of our Shares (in million)	HK\$3,000.0	HK\$3,700.0
Unaudited pro forma adjusted consolidated net tangible assets per Share	HK\$ 0.64	HK\$ 0.84

DIVIDEND POLICY

We may distribute dividends by way of cash or by other means that we consider appropriate. Any proposed distribution of dividends shall be formulated by our Board and will be at their discretion, and will be subject to shareholders’ approval. During the three years ended December 31, 2011, 2012 and 2013, the dividends distributed by us were RMB90.5 million, nil and RMB14.0 million, respectively. At a meeting of our Board of Directors on April 10, 2014, our Directors approved a resolution to distribute dividends of RMB1.00 for every 10 shares, totaling RMB70 million. The dividend distribution was approved by Shareholders at our annual general meeting of Shareholders, which was held on May 28, 2014. This dividend distribution is expected to be paid in cash in July 2014.

A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, future prospects and other factors that our Directors may consider important.

After the Listing, the declaration of dividends will be subject to the approvals of our Board after considering the above factors, and by our Shareholders. There is, however, no assurance that we will be able to declare dividends of such amount or any amount in any year. In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or by financing agreements that we may enter into in the future.

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FUTURE PLANS AND USE OF PROCEEDS

We estimate that the net proceeds we will receive from the Global Offering (after deducting underwriting commissions, fees and anticipated expenses payable by us in connection with the Global Offering) will be approximately HK\$914.1 million, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$3.35 per H Share, being the mid-point of the Offer Price range of HK\$3.00 to HK\$3.70 per H Share as stated in this prospectus. If the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK\$149.2 million (after deducting underwriting commissions, fees and other relevant expenses payable by us in connection with the Global Offering), assuming an Offer Price of HK\$3.35 per H Share, being the mid-point of the Offer Price range of HK\$3.00 to HK\$3.70 per H Share as stated in this prospectus. In order to further highlight and enhance core competitiveness, to improve profitability and subsequent development capacity, and to achieve our strategic goals, we currently intend to apply these net proceeds toward repayment of bank borrowings of our Group, developing our domestic WTE business, developing our offshore WTE business, enhancing research and development capabilities and providing further liquidity for our Company, details of which are as follows (assuming the Over-allotment Option is not exercised):

Amount (HK\$ in millions)	Percentage of the total estimated net proceeds	Intended use of the net proceeds
685.6	75%	Developing our WTE business in the PRC through repayment of debt upon Listing (such debt, comprising RMB106.4 million in bank loans obtained by the Rushan Company, RMB254.7 million in bank loans obtained by the Wuhan Company and RMB184.5 million in bank loans obtained by the Taizhou Company, was incurred to finance project construction and carries interest ranging from 6.55% to 7.21% per annum as of December 31, 2013 and maturity ranging from seven to 10 years from the Latest Practicable Date)
91.4	10%	Developing our offshore WTE business, particularly for further capital contribution to Blue-ocean Environment for expanding offshore projects, including conducting feasibility studies, performing environmental impact assessments and undertaking other preliminary work pursuant to the non-legally binding framework agreements to construct WTE projects in Thailand and Malaysia
45.7	5%	Enhancing research and development capabilities and investing in research and development of waste incineration technology, including approximately RMB5 million shall be applied to improving our 350-ton grate incinerator; approximately RMB10 million shall be applied to developing a 400-ton grate incinerator; approximately RMB5 million shall be applied to developing waste incineration flue gas purification processes; and approximately RMB10 million shall be applied towards developing oxygen-enriched waste incineration processes, among others
91.4	10%	Providing further working capital to our Company

We will adjust our allocation of the net proceeds for the above purposes on a pro rata basis should the amount of the proceeds differ from the estimated amount, assuming the Over-allotment Option is not exercised.

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If the Offer Price is set at HK\$3.70 per H Share (being the high end of the Offer Price range), and assuming that the Over-allotment Option is not exercised, the net proceeds from the Global Offering will increase by approximately HK\$99.2 million. If the Offer Price is set at HK\$3.00 per H Share (being the low end of the Offer Price range), and assuming that the Over-allotment Option is not exercised, the net proceeds from the Global Offering will decrease by approximately HK\$99.2 million. Additional net proceeds received due to the exercise of any Over-allotment Option will be used for the above purposes on a pro rata basis in the event that the Over-allotment Option is exercised.

To the extent that the net proceeds are not immediately applied to the above purposes, we intend to deposit the same into short-term deposits with banks or financial institutions in Hong Kong or the PRC as permitted by the relevant laws and regulations. Our PRC legal advisors, Tian Yuan Law Firm, are of the view that there is no legal impediment in remittance to the PRC provided the relevant registration with SAFE for the Listing is completed within 15 working days after the Global Offering. We will comply with the PRC laws in respect of foreign exchange registration and proceeds remittance.

CONTROLLING SHAREHOLDERS

Immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), our Controlling Shareholder, BSAM, will hold approximately 53.06% of the total share capital of our Company. For further details, please refer to the sections headed “History, Reorganization and Corporate Structure”, “Relationship with Controlling Shareholders” and “Substantial Shareholders” in this prospectus.

BSAM is a large-scale state-owned investment company authorized by the Beijing municipal government to engage in capital operations and to operate and manage important state-owned assets in Beijing. As the implementer and operator of major projects in Beijing, BSAM focuses its business operations on four major fields: financial and modern services; technology, modern manufacturing and new energies; urban functionality development and environmental protection; and culture and creativity, tourism and sports. We are the operating platform for the urban functionality development and environmental protection businesses within the BSAM Group. Our core business includes the investment, technical consulting, construction, operation and maintenance of WTE plants in the PRC treating municipal solid waste using waste incineration technology (“**Core Business**”). We provide three main services, namely project operation, project construction and technical consulting. BSAM and our Company confirm that the BSAM Group is not currently operating any business that competes with our Core Business, and they will not compete, directly or indirectly with our Core Business. During the Track Record Period, we have not provided goods or services to the BSAM Group.

During the Track Record Period, our Company entered into a term loan facility agreement with the Asian Development Bank (“**ADB**”) to borrow up to the RMB equivalent of US\$100,000,000 made available by ADB (“**ADB Loan**”). As a condition of such borrowing, BSAM, as the Controlling Shareholder of our Company, shall provide a parent guarantee in favor of ADB for our Company’s performance under such facility agreement (“**BSAM Guarantee**”). We do not intend to release the BSAM Guarantee before Listing because, as advised by ADB, it is standard practice for ADB to require credit enhancement for its loans which may include parent guarantees for some of them. Generally, all companies or institutions cooperating with ADB comply with this

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requirement. For further details, please refer to sections headed “Relationship with Controlling Shareholders” and “Connected Transactions” in this prospectus.

RISK FACTORS

There are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and the WTE industry; (ii) risks relating to doing business in the PRC; and (iii) risks relating to the Global Offering. Potential investors should carefully consider all of the information in this prospectus, especially risks in relation to investing in our Shares, before making an investment in our H Shares. Further details in relation to such risks please refer to section headed “Risk Factors” in this prospectus. Any of the following developments may have a material and adverse effect on our business, financial condition, results of operations and prospects:

- Failure to obtain capital, or on terms acceptable to us, may cause our projects to be delayed and increase our financing costs;
- Our focus on BOT projects exposes us to financial and operational risks;
- Public opposition including but not limited to objections to the choice of project site;
- Uncertainties and adverse changes in government initiatives and policies that affect the WTE industry may have an adverse effect on our business and results of operations; and
- We experienced cash outflows from operating activities during the Track Record Period.

LISTING EXPENSES

The total amount of listing expenses and commissions, together with the SFC transaction levy and Stock Exchange trading fee that will be borne by us in connection with the Global Offering is estimated to be approximately RMB72.3 million (based on the mid-point indicative price range for the Global Offering). Out of the total expenses, RMB3.8 million was charged to our income statements during the Track Record Period. It is estimated that listing expenses of RMB46.4 million will be charged to equity after the Listing and the remaining RMB22.1 million will be charged to our income statement for the year ending December 31, 2014. Prospective investors should note that our financial performance for the year ending December 31, 2014, in particular for the six months ending June 30, 2014, would be affected by the estimated listing expenses mentioned above.

RECENT DEVELOPMENTS

Subsequent to December 31, 2013, we continued to complete the construction of our existing projects, for which we recorded a total turnover of RMB83.1 million for the three months ended March 31, 2014. In addition, our project operation service generated turnover of RMB59.3 million and we generated finance income of RMB20.6 million for the three months ended March 31, 2014. For the three months ended March 31, 2014, we recorded a total turnover of RMB163.0 million and gross profit of RMB58.2 million. The financial information

SUMMARY

disclosed above is derived from our consolidated financial statements for the three months ended March 31, 2014, which are unaudited but have been reviewed by our reporting accountants in accordance with the Hong Kong Standards on Review Engagements 2410 “Review on Interim Financial Information Performed by the Independent Auditor of the Entity”.

During the year ended December 31, 2013, five of our projects were under construction in Pingyang, Yongjia, Rushan, Taizhou, and Wuhan, which commenced trial operation in April, May, July, August and October 2013, respectively. During the three months ended March 31, 2014, only our project in Huizhou was under construction. Accordingly, our turnover from project construction services for the three months ended March 31, 2014 amounted to RMB83.1 million, comparatively lower than the turnover from project construction services recorded during the corresponding period in 2013. According to our schedule, we expect to commence construction of our projects in Anshun, Jurong and Jixian in June, July and August 2014, respectively. Therefore, the turnover from project construction services in relation to the Anshun, Jurong and Jixian projects will be minimal during the six months ending June 30, 2014 and it is expected that turnover from project construction services for the six months ending June 30, 2014 will decrease substantially as compared with the same period in 2013. As of March 31, 2014, the unrecognized construction income of our Huizhou project, which is currently under construction, and three contracted projects (Jurong, Jixian and Anshun) for which construction is expected to begin in 2014 is estimated to be approximately RMB684.0 million and RMB999.9 million, respectively. Construction of our Anshun and Jurong projects is expected to be completed in late 2015 and construction of our Huizhou and Jixian projects is expected to be completed in early 2016.

With the commencement of the operation of our Pingyang, Yongjia, Rushan, Taizhou and Wuhan projects, turnover from our project operation service and finance income for the three months ended March 31, 2014 amounted to RMB59.3 million and RMB20.6 million, respectively, comparatively higher than the turnover from our project operation service and finance income recorded during the corresponding period in 2013.

Our turnover and net profit are primarily generated from our project construction service and the actual number of projects under construction and their respective construction progress would significantly affect our results. The progress of each project might be affected by factors beyond our control, including delays in receiving requisite approvals, licenses or permits and shortages of equipment, materials or labor, among other things. Further, listing expenses incurred and to be incurred as mentioned above would impact our results for the six months ending June 30, 2014 and the year ending December 31, 2014.

Our Directors confirm that there has not been any material adverse change in our financial or trading position or prospects subsequent to the Track Record Period and up to the Latest Practicable Date. As far as we are aware, there was no material change in the general market conditions in the PRC WTE industry that had, or would have, a material adverse effect on our business operations or financial condition.