綠色動力

綠色動力環保集團股份有限公司
Dynagreen Environmental Protection Group Co., Ltd.

(A joint stock limited liability company incorporated in the People's Republic of China)
Stock Code : 1330

2014 Interim Report

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Corporate Information

Non-executive Directors
Mr. ZHI Jun *(Chairman)*
Mr. GUO Yanbin *(Deputy Chairman)*#
Ms. SUN Jing
Mr. LIU Shuguang
Mr. YAO Ji#

Executive Director
Mr. QIAO Dewei *(General Manager)*

Independent Non-executive Directors
Mr. LAI Desheng
Ms. CHEN Xin
Mr. KWAN Kai Cheong

Audit Committee
Mr. KWAN Kai Cheong *(Chairman)*
Ms. CHEN Xin
Mr. YAO Ji

Remuneration and Appraisal Committee
Ms. CHEN Xin *(Chairman)*
Ms. SUN Jing
Mr. LAI Desheng

Nomination Committee
Mr. LAI Desheng *(Chairman)*
Mr. GUO Yanbin
Mr. KWAN Kai Cheong

Strategy Committee
Mr. ZHI Jun *(Chairman)*
Ms. SUN Jing
Mr. LIU Shuguang
Mr. QIAO Dewei
Mr. LAI Desheng

Joint Company Secretaries
Mr. ZHU Shuguang
Mrs. SENG SZE, Ka Mee Natalia

Authorized Representatives
Mr. QIAO Dewei
Mr. ZHU Shuguang

Legal Advisor as to Hong Kong Law
Allen & Overy

Auditor
KPMG

Compliance Advisor
Somerley Capital Limited

Principal Bankers
China Merchants Bank Co., Ltd.
Bank of Communications Co., Ltd.
China Development Bank

Share Registrar
Tricor Investor Services Limited
Level 22, Hopewell Centre,
183 Queen's Road East, Wanchai,
Hong Kong

Company's Website
www.dynagreen.com.cn

Registered Office (Principal Place of Business in the PRC)
2nd Floor, Northeastern Wing,
Jiuzhou Electronic Building,
007 Keji South 12th Street,
Nanshan District,
Shenzhen, the PRC

Place of Business in Hong Kong
1st Floor, Xiu Ping Commercial Building,
104 Jervois Street,
Hong Kong

Stock Code
1330

For details, please refer to the List of Directors and their Role and Function published by the Company on 20 August 2014.

Management Discussion and Analysis

Business Review

2014 marks a meaningful milestone for the Group's development. With strong support from the shareholders, regulatory authorities and the parties concerned, the Group has successfully gained access to the international capital market which has laid a strong foundation for achieving sustainable healthy development in the future.

With the continuous economic growth in the PRC and the demand arising from the structural transformation of the economy, the environmental industry continued to maintain favorable momentum of growth. In the first half of 2014, the Group continued to promote waste-to-energy business steadily, continuously raised the management standard, strengthened the awareness of standardized management of various projects under operation, ensured the projects "operate stably and meet emission standard", efficiently drove the construction process of both work in progress and planned projects while making all endeavours to build quality project works. The Group also continued to strengthen research and development of technology, to expand the source of financing and to develop new projects, all of which would ensure the Group's sustainable development.

However, owing to the nature of our construction services, and the fact that projects under construction were at the early stage of construction during the first half of 2014, and the revenue from BOT construction service recognized was relatively low, which led to the drop in the Group's revenue and profit in the first half of 2014 as compared to the same period last year. In the first half of 2014, the Group's recognized turnover was RMB391.24 million, representing a drop of 45% as compared to the same period of the previous year; and total recognized profit was RMB34.43 million, representing a drop of 71% as compared to the same period of the previous year. In terms of our revenue from waste-to-energy project operation services and construction services, the Group recorded RMB128.78 million and RMB220.15 million respectively during the first half of 2014, representing an increase of 70% and a decrease of 63%, respectively, as compared to the same period in 2013. As of 30 June 2014, the Group's total assets was RMB4,117.82 million and the total equity was RMB1,946.59 million.

(1) Rapid progress in the listing, successful access to the international capital market

As a leading enterprise in the waste-to-energy industry in the PRC, the Group successfully listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 19 June 2014 and gained access to the international capital market. Being the first enterprise that engages in the waste-to-energy business becoming listed on the Hong Kong Stock Exchange, the listing of the Company was well received by various investors. The international placing and Hong Kong public offering were both over-subscribed. After becoming listed on the Hong Kong Stock Exchange, the Sole Global Coordinator (as defined in the prospectus of the Company dated 9 June 2014) fully exercised the Over-Allotment Option (as defined in the prospectus of the Company dated 9 June 2014) and the issue of shares was completed on 3 July 2014. As at 3 July 2014, an aggregate of HK$1,190.25 million was raised from the listing. After deducting various share issuance costs, the net proceeds was HK$1,126 million, which further built up the Company's capital strength, expanded the market influence of the Company's brand, and this has laid a sound foundation for the development of the Company.

(2) **Safe and steady operation of projects under operation, meeting environmental standard, handling an aggregate of 0.953 million tons domestic waste and realizing on-grid electricity 193 million kWh**

In the first half of the year, the Group continued to adhere to 'standardized management' as the focus of operation management and operated closely under the concept of 'safe, environmental friendly, civilized and effective', while kept on strengthening the awareness of standardized management of each operation project. Fairly good results were achieved in the management of each project under operation as evidenced by the fact that no safety incident had occurred and the environmental standard of emission was met. The Group has been focusing on further enhancing the economic efficiency and maintaining the growth of operating service income by increasing the electricity generated per ton of waste and lowering the electricity consumption of our own factories.

In the first half of 2014, the Group treated 0.953 million tons of domestic waste, representing an increase of 70.09% as compared to the same period in 2013. In the first half of 2013, the Company realized on-grid electricity of 114 million kWh and experienced a growth of of 69.3% to 193 million kWh in the first half of 2014.

(3) **Projects under construction progressing well and relevant work are ahead of schedule**

In the first half of the year, the Group had 4 projects under construction or pre-construction preparation, namely the Huizhou Landfills Project, the Anshun Project, the Jurong Project and the Jixian Project. The project construction works are in steady progress. The landfill work of Huizhou Project continued smoothly in the first half of the year and the relevant landfill work is mostly completed at this moment. The waste storage tanks and the underground slag pool of the main plant of Anshun Project were completed; the construction work of Jurong Project commenced in June and the excavation of the main body has begun; the foundation construction of Jixian Project commenced and the site formation was almost completed. As stated in the prospectus of the Company dated 9 June 2014, the designed daily waste treatment capacity of the Huizhou Project, the Anshun Project, the Jurong Project and the Jixian Project were 1,200 tons, 700 tons[1], 700 tons[2] and 700 tons[3], respectively.

(4) **Success in procuring new project, positive results in financing activities and breakthrough in technology research and development**

In respect of procurement of new projects, through leveraging on the Group's competitive advantage in developing waste-to-energy projects, we successfully procured Longhui Project in Hunan with a designed total capacity of 1,050 tons per day, where one of the phases processes 700 tons per day and the aggregate investment amounted to approximately RMB283 million for Phase I. The concession period of the Longhui Project is 30 years, starting from the date on which the power plant begins to operate. The waste treatment fee shall be RMB73 per ton of municipal solid waste, subject to adjustment under the prevailing market conditions.

1 The waste treatment capacity of Phase I was 700 tons per day, while that of Phase II was an additional 350 tons per day.

2 The waste treatment capacity of Phase I was 700 tons per day, while that of Phase II was an additional 350 tons per day.

3 The waste treatment capacity of Phase I was 700 tons per day, while that of Phase II was an additional 350 tons per day.

In respect of financing, the Group continued to expand financing channels, strengthen cooperation with different financial institutions, and actively apply for credit from banks. Since 2013, the Group received credit facilities of RMB60 million from China Merchants Bank and RMB150 million from China Everbright Bank, and also obtained credit approval for a RMB220 million credit facility from Bank of Beijing for constructing the Huizhou Landfills Project, the Anshun Waste-To-Energy Project and the Jurong Waste-To-Energy Project respectively. The Group was also granted a loan of RMB210 million from China Merchants Bank and entrusted loans of RMB200 million from Ping An Trust for repaying the Group's short-term loans.

In respect of technology research and development, as a high-tech environmental enterprise, the Group places emphasis on high-tech innovation in leading the development of the Group. In the first half of 2014, the design research and development of a new 400-ton triple drive grate waste incinerator was completed. The project of oxygen-enriched waste incineration processes which was jointly researched and developed with Huazhong University of Science and Technology had commenced and the Group achieved a breakthrough in the technology on the additives ratio in flue gas deacidification and the collection of leachate (煙氣脫酸加料配比和滲濾液收集技術). The Group also applied for two utility patents, namely "The technique on the quantitative ratio of additives in the purifying system for the deacidification of flue gas from the incineration of domestic waste" (生活垃圾焚燒煙氣脫酸淨化系統定量配比加料工藝) and "a device for collecting leachate drained from the waste pool of waste-to-energy power plant" (關於垃圾焚燒發電廠垃圾池滲濾液排出收集的一種裝置方法).

(5) Further regulation on the internal control of the Group and various areas of internal management

In the first half of the year, the Group further improved its internal control system to cope with the requirements of a listed company. Amendments were made to the Articles of Association, the rules and procedures of the shareholders' general meeting, the Board and the supervisory committee and other internal management manuals. With further regulation on the management of the Company, the Group further raised the efficiency of management.

In respect of human resources, the Group put strong emphasis on human resources management, focusing on nurturing and selecting talents. In the first half of the year, the Group further enforced the professional management of human resources. Under the concept "standardizing operations, streamlining procedures, enhancing efficiency, improving services", the Group's human resources procedures were rationalized, optimized and integrated. Meanwhile, the Group also endeavoured to expand the channels of recruitment, placing bigger effort in recruiting candidates of high calibre and adopting a system of internal referral of talents. A total of 46 staff were recruited (10 of which were senior management personnel). The Group optimized the orientation program for the middle and senior management and the assessment of new staff after probation and established scientifically-designed training programs for fresh graduates so as to ensure the supply of talents for the Group's development.

As at 30 June 2014, the Group had a total of 812 staff and the total staff cost was RMB42.87 million in the first half of 2014.

In respect of internal control, the Group placed emphasis on internal management, and continued to enhance its system and mechanism on internal control. The Group also strengthened its management on legal affairs so that legal professionals could participate more in the Company's operation with a view to minimizing our legal risks. The Group formulated its internal audit plan and conducted its internal audits pursuant to the requirements for listed companies in Hong Kong. The Group also conducted planned specific audits on projects of its subsidiaries as well as key departments and key posts.

In respect of intellectual property rights, the Group continued to upgrade its protection for intellectual property rights and took the initiative in applying for patents for the innovative achievements in the research and development by its technology department. The patent for its "Leachate drainage device of waste pool in incinerating plant" (焚燒廠垃圾池滲濾液導排裝置) had been granted. The Group also applied patents for utility model as well as the invention of its "The technique on the quantitative ratio of additives in the purifying system for the deacidification of flue gas from the incineration of domestic waste" (生活垃圾焚燒煙氣脫酸淨化系統定量配比加料工藝), and the patent for the utility model of its "New sealing technique for the ceiling of waste warehouse in waste incinerating plant" (垃圾焚燒廠垃圾庫頂密封新工藝) and "New anticorrosive technique for the ceiling of waste warehouse in waste incinerating plant" (垃圾焚燒廠垃圾庫頂防腐新工藝) under the technology innovation of its procurement department.

Business Outlook

Industry Prospect

While the attention to the people's livelihood by the PRC government escalates, more and more emphasis is being placed on the environmental protection industry. The progress of urbanisation, the building of a beautiful China and the realisation of the Chinese Dream remain as the strong driving forces behind the growth of the environmental protection industry. More regulations will be in place to regulate market competition in the environmental protection industry. Listed enterprises who own independent intellectual property rights for core technologies, possessing extensive experience in construction and operation, with standardised operation and management as well as ample funds will be able to secure more resources through their operation in the regulated market and will be able to develop more rapidly.

The progress of modern urbanization drives the setting up of waste treatment facilities in small and mid-size cities, which is in line with the country's general policy. Modern urbanization and the establishment of modern villages are the main objectives of the country's modernisation process for the next decade. In such context, the government's dedication to improve the environment in small and mid-sized cities as well as modern villages will create an emerging market for services in the environmental protection industry, and waste treatment facilities will reach further to small and mid-sized cities. The more stringent emission standards and tighter regulations escalate the cost of service. Despite the adoption of European Union standards in newly-built incinerators in various Chinese cities nowadays, relatively large discrepancies exist between the standards adopted by them and the internationally accepted ones. The implementation of more rigorous standards and stricter regulations will be China's main direction of regulation in the future.

Through reviewing the development process of the developed countries' waste incineration industry around the world, the industry had to undergo a process from the early stage to the stage of competition and then to the exploration of market for survival, and finally to the stage of large-scale restructuring. It is an inexorable trend of development. In addition, the current economic transformation in China will also have a profound impact on the market competition environment of the waste incineration industry. Industry merger/consolidation will be further intensified. Being comprehensive, large-scale and market-oriented will be the inevitable direction of development for the industry. Against the backdrop that the country places strong emphasis on environmental protection and the development of the environmental industry, the development of the environmental services industry has become the main driving force of promoting the development of environmental industry, and the industry will continue to undergo in-depth transformation and upgrade.

Development Prospect of the Company

Being one of the leading waste-to-energy companies in the PRC, the Group will build on its comprehensive competitive edges under the favourable national policy and continue to strive for excellence in construction, operation and management of every project. The Group will also ride on its core competitiveness in its research and development and constant innovation as well as its top management capabilities to enlarge and strengthen its waste-to-energy business so as to create greater contributions to the environmental protection industry in the PRC.

In addition, the Group will continue to expand into the domestic waste-to-energy market and consolidate its investment presence in the Yangtze River Delta region, Pearl River Delta region and Bohai region, and continue to expand its footprint in the PRC based on its development strategy.

Looking ahead, the environmental protection industry will continue to benefit from the strong support of national policy. As a pioneer in the field of waste treatment, the Group is committed to upholding its core principle of "generating social benefits is the primary goal while economic efficiency is the basis". The Group is dedicated to provide professional, high-quality and efficient municipal solid waste treatment services for the government, provide systematic solutions in order to reduce the toxicity and volume of municipal solid waste and transform it into a useful resource, improve environmental standards in the cities, make greater contributions to the environmental management and generate better returns for its shareholders.

Financial Review

Financial Position

During the first half of 2014, the Group achieved a turnover of RMB391.24 million and a total profit of RMB34.43 million. As at 30 June 2014, the total assets and the total liabilities of the Group amounted to RMB4,117.82 million and RMB2,171.23 million, respectively; the total equity amounted to RMB1,946.59 million; the gearing ratio (calculated by total liabilities over total assets) was 52.73%, and the net asset value per share attributable to equity shareholders of the Company was RMB1.95.

Administrative Expenses and Listing Expenses

During the first half of 2014, the administrative expenses and listing expenses of the Group amounted to approximately RMB43.83 million (same period in 2013: RMB20.97 million), accounting for approximately 11.2% (same period in 2013: 2.97%) of the turnover of the Group. The increase in the administrative expenses and listing expenses over the same period of the previous year was mainly attributable to the listing expenses for the initial public offering and to the Company's continuing expansion of its scale, as compared with the same period of the previous year, resulting in the increases in various expenses.

Finance Costs

During the first half of 2014, the finance costs for this period amounted to RMB62.77 million, representing an increase of approximately RMB30.72 million over the same period of the previous year, which was mainly attributable to the following reasons: (1) the three projects in Wuhan, Taizhou and Rushan commenced operation successively in the second half of 2013 and, accordingly, their interests on loans could not be capitalized in this period and had to be expensed in the profit and loss account; (2) during the second half of 2013, the Group borrowed RMB200 million from Beijing Venture Capital Co., Ltd. and drew down a loan of RMB205 million from the Asian Development Bank, resulting in the increase in the finance costs for this period.

Income tax

During the first half of the year, the income tax expenses of the Group amounted to approximately RMB19.52 million (same period in 2013: RMB30.53 million), accounting for approximately 36.2% (same period in 2013: 20.7%) of the profit before taxation of the Group.

Financial Resources and Liquidity

The Group adopts the prudent principle in cash and financial management to ensure proper risk control and low costs of funds. It finances its operations primarily from cash flow generated internally and loan facilities from banks. As at 30 June 2014, the Group had a cash balance of approximately RMB1,017,637,000, representing an increase of RMB515,470,000 as compared to RMB502,167,000 as at the end of 2013. The increase in cash balances was mainly attributable to the funds raised through the listing. Currently, the Group's cash is denominated in either Renminbi or Hong Kong dollars.

Loans and Borrowings and Pledge of Assets

As at 30 June 2014, the Group had total outstanding borrowings of approximately RMB1,629,936,000, representing a decrease of RMB79,512,000 as compared to RMB1,709,448,000 at the end of 2013. The borrowings included secured loans of RMB855,231,000 and unsecured loans of RMB774,705,000. The borrowings of the Group are all denominated in Renminbi. Most of the borrowings of the Group are at floating rates. As at 30 June 2014, the Group had banking facilities in the total amount of RMB2,385,206,000, of which RMB755,270,000 have not been utilized. The banking facilities have terms ranging from 1 year to 12 years. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risks and will consider other necessary actions when significant interest rate risks are anticipated.

Certain receivables and operating rights in connection with the Group's service concession arrangements (including intangible assets, gross amounts due from customers for contract work and trade and other receivables) and the Group's investment in Rushan Dynagreen Renewable Energy Co., Ltd. were pledged under the banking facilities. The book value of the pledged receivables and operating rights amounted to approximately RMB2,212,258,000 as at 30 June 2014.

Contingent Liabilities

The Company has issued financial guarantees to banks in respect of the banking facilities granted to certain subsidiaries. The directors of the Company (the "**Directors**") do not consider it is probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 31 December 2013 and 30 June 2014 under the guarantees issued is the facility drawn down by the subsidiaries of RMB881,621,000 and RMB864,308,000, respectively.

Commitments

As at 31 December 2013 and 30 June 2014, the Group had outstanding purchase commitments in connection with the Group's construction contracts not provided for in the Group's interim financial report of RMB132,528,000 and RMB373,006,000, respectively.

As at 31 December 2013 and 30 June 2014, the Group and the Company had outstanding capital commitment in connection with the Company's investment in the associate, Beijing Tian Neng Shen Chuang Environmental Protection Co., Ltd., not provided for in the Group's interim financial statements of RMB14,000,000.

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Within one year	**31**	430

Foreign Exchange Risks

The functional currency of the Group is Renminbi while a portion of funds raised by the Group from the initial public offering is still in the form of bank deposits denominated in Hong Kong dollars. Therefore, it may be subject to the risks of exchange rate fluctuations of the Renminbi and the Hong Kong dollars. Apart from the above, most of the assets and transactions of the Group are dominated in Renminbi, and the Group mainly settles its operating expenses in the PRC with income generated in Renminbi, thus the Group is not exposed to any significant foreign exchange risks. The Group currently has no hedging policy with respect to the foreign exchange risks.

Significant Investments, Acquisitions and Disposals

During the six months ended 30 June 2014, the Group did not make any significant investments, acquisitions or disposals in relation to its subsidiaries and associated companies.

The investment or projects in preparation of the Group in the coming year had been stated in the prospectus dated 9 June 2014 and announcement dated 8 July 2014, respectively. Such investment or projects in preparation will be financed by the internal funds of the Group, bank loans as well as the proceeds raised from listing.

Human Resources

As at 30 June 2014, the Group had a total of 812 staff. The total staff cost was RMB42.87 million for the first half of 2014.

The Group also uses a fixed set of criteria in staff evaluation. The Group continuously seeks to improve its staff remuneration and benefits programs. In addition to statutory contributions, the Group also provides voluntary benefits to its employees. These benefits include supplemental medical insurance plans and annual bonuses for its current employees.

The Group also provides systematic training. By facilitating self-study, after-work training, on-the-job training and off-the-job training, the Group educates its employees about the history, culture, vision, beliefs and basic rules of the Company, as well as its systems and operation management, environmental and safety issues, waste-to-energy industry know-how, relevant laws and regulations as well as the Group's core technologies and production procedures. In particular, the Group recruits recent graduates with high levels of education from technical schools, secondary technical schools, colleges and universities and trains them through trainee mentoring programs so as to nurture a pool of back-up personnel.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2014 (the "**Reporting Period**").

Disclosure of Interests

Directors', Supervisors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 30 June 2014, the interests and short positions of the incumbent directors, supervisors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) at that date as recorded in the Register of directors', supervisors' and chief executives' interests and short positions required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules, are as follows:

Directors	Number of shares held	Nature of interest	Approximate percentage of shareholding in the relevant class of shares[1]	Approximate percentage of shareholding in the total share capital of the Company[2]
Mr. Qiao Dewei[3]	20,918,478 Unlisted Shares	Interest in controlled corporation	3.24%	2.09%

Notes:

(1) The calculation is based on the percentage of shareholding in unlisted shares of the Company immediately after the Global Offering (as defined in the prospectus of the Company dated 9 June 2014) based on the situation that the Over-allotment option was not exercised at that moment.

(2) The calculation is based on the total number of 1,000,000,000 shares in issue immediately after the Global Offering (as defined in the prospectus of the Company dated 9 June 2014) based on the situation that the Over-allotment option was not exercised at that moment.

(3) Immediately after the completion of the Global Offering (as defined in the prospectus of the Company dated 9 June 2014) based on the situation that the Over-allotment option was not exercised at that moment, Shenzhen Jingxiu Investment Partnership (Limited Partnership) ("**Jingxiu Investment**") held 20,918,478 unlisted shares, representing 3.24% of the unlisted share capital and approximately 2.09% of the total share capital of the Company respectively. As Mr. Qiao Dewei is a general partner of Jingxiu Investment according to the partnership agreement of Jingxiu Investment, pursuant to the SFO, Mr. Qiao Dewei is deemed to be interested in the unlisted shares held by Jingxiu Investment.

Apart from the above, none of the directors, supervisors and chief executives of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2014 as recorded in the Register required to be kept under Section 352 of the SFO or which were required to be notified to the Company or the Hong Kong Stock Exchange pursuant to the Model Code.

Apart from the above, at no time during the period from 19 June 2014 (i.e. the listing date) to 30 June 2014 was the Company or its associated corporations (within the meaning of Part XV of the SFO) a party to any arrangement to enable the directors, supervisors or chief executives of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures

According to the Register kept under Section 336 of the SFO, the Company has been notified of the following shareholders who had 5% or more interests or short positions in the shares and underlying shares of the Company as at 30 June 2014:

Shareholders	Number of shares held	Nature of interest	Approximate percentage of shareholding in the relevant class of shares	Approximate percentage of shareholding in the total share capital of the Company
Beijing State-Owned Assets Management Co. Ltd. ("**BSAM**")(1)	505,689,618 Unlisted Shares (Long position)	Interest in controlled corporation/ Beneficial owner	78.38%	50.57%
BSAM/Beijing State-Owned Assets Management (Hong Kong) Company Limited ("**BSAM (HK)**")(2)	24,859,792 H Shares (Long position)	Interest in controlled corporation/ Beneficial owner	7.01%	2.48%
	24,859,000 H Shares (Short position)	Interest in controlled corporation/ Beneficial owner	7.01%	2.48%
National Council for Social Security Fund	30,313,000 H Shares (Long position)	Beneficial owner	8.54%	3.03%
Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership)(3)	69,725,295 Unlisted Shares (Long position)	Beneficial owner	10.81%	6.97%
Beijing Green Innovation Investment Company Limited(3)	69,725,295 Unlisted Shares (Long position)	Interest in controlled corporation	10.81%	6.97%
Beijing Zhixinheng Jin Investment Co., Ltd.(3)	69,725,295 Unlisted Shares (Long position)	Interest in controlled corporation	10.81%	6.97%
Bai Hongtao(3)	69,725,295 Unlisted Shares (Long position)	Interest in controlled corporation	10.81%	6.97%
Pan Ling(3)	69,725,295 Unlisted Shares (Long position)	Interest in controlled corporation	10.81%	6.97%

Shareholders	Number of shares held	Nature of interest	Approximate percentage of shareholding in the relevant class of shares	Approximate percentage of shareholding in the total share capital of the Company
Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership)[(4)]	48,806,817 Unlisted Shares (Long position)	Beneficial owner	7.57%	4.88%
Poly Longma Asset Management Co. Ltd.[(4)]	48,806,817 Unlisted Shares (Long position)	Interest in controlled corporation	7.57%	4.88%
Poly Communications Ltd.[(4)]	48,806,817 Unlisted Shares (Long position)	Interest in controlled corporation	7.57%	4.88%
UBS AG	23,888,000 H Shares (Long position)/	Beneficial owner/	6.73%	2.38%
	450,000 H Shares (Short position)	Person having a security interest in shares	0.13%	0.04%
CITIC Securities Corporate Finance (HK) Limited[(5)]	45,000,000 H Shares (Long position)/	Beneficial owner	12.68%	4.5%
	45,000,000 H Shares (Short position)		12.68%	4.5%
CITIC Securities International Company Limited[(5)]	45,000,000 H Shares (Long position)/	Interest in controlled corporation	12.68%	4.5%
	45,000,000 H Shares (Short position)		12.68%	4.5%
CITIC Securities Company Limited[(5)]	45,000,000 H Shares (Long position)/	Interest in controlled corporation	12.68%	4.5%
	45,000,000 H Shares (Short position)		12.68%	4.5%
CLSA Limited[(6)]	45,000,000 H Shares (Long position)/	Beneficial owner	12.68%	4.5%
	45,000,000 H Shares (Short position)		12.68%	4.5%
CLSA B.V.[(6)]	45,000,000 H Shares (Long position)/	Interest in controlled corporation	12.68%	4.5%
	45,000,000 H Shares (Short position)		12.68%	4.5%

Disclosure of Interests

(1) BSAM directly or indirectly holds 505,689,618 unlisted shares, representing 78.38% of the unlisted share capital and approximately 50.57% of the total share capital of the Company respectively. BSAM is also interested in 62.37% of the total share capital of Beijing Venture Capital Co., Ltd. ("**Beijing Venture Capital**") and Beijing Venture Capital is interested in 3.06% of the unlisted shares, representing 1.97% of the total share capital of the Company. BSAM is therefore also deemed to be interested in the unlisted shares held by Beijing Venture Capital pursuant to the SFO.

(2) BSAM (HK) is a wholly-owned subsidiary of BSAM and holds 24,859,792 H Shares, representing approximately 2.48% of the total share capital of the Company. Pursuant to the SFO, BSAM is deemed to be interested in the H Shares held by BSAM (HK).

(3) 53.33% equity interest of Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership) is held by Beijing Green Innovation Investment Company Limited. 45.78% equity interest of Beijing Green Innovation Investment Company Limited is held by Beijing Zhixinheng Jin Investment Co., Ltd.. The equity interest of Beijing Zhixinheng Jin Investment Co., Ltd. is held as to 50% by each of Bai Hongtao and Pan Ling. Based on the above and pursuant to the SFO, each of Beijing Green Innovation Investment Company Limited, Beijing Zhixinheng Jin Investment Co., Ltd., Bai Hongtao and Pan Ling is therefore deemed to be interested in the unlisted shares held by Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership).

(4) 40% equity interest of Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership) is held by Poly Longma Asset Management Co. Ltd.. 45% equity interest of Poly Longma Asset Management Co. Ltd. is held by Poly Communications Ltd.. Based on the above and pursuant to the SFO, each of Poly Longma Asset Management Co. Ltd. and Poly Communications Ltd. is therefore deemed to be interested in the unlisted shares held by Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership).

(5) 100% equity interest of CITIC Securities Corporate Finance (HK) Limited is held by CITIC Securities International Company Limited. 100% equity interest of CITIC Securities International Company Limited is held by CITIC Securities Company Limited. Based on the above and pursuant to the SFO, each of CITIC Securities International Company Limited and CITIC Securities Company Limited is therefore deemed to be interested in the H shares held by CITIC Securities Corporate Finance (HK) Limited.

(6) 100% equity interest of CLSA Limited is held by CLSA B.V.. Based on the above and pursuant to the SFO, CLSA B.V. is therefore deemed to be interested in the H Shares held by CLSA Limited. The equity interest is jointly held by CLSA Limited and CITIC Securities Corporate Finance (HK) Limited.

Apart from the above, as at 30 June 2014, no other interests required to be recorded in the Register kept under Section 336 of the SFO have been notified to the Company.

Corporate Governance

The Group has committed to achieving high corporate governance standards in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company has adopted the Code Provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance. From the date of listing on the Hong Kong Stock Exchange and up to 30 June 2014, the Company has complied with the code provisions set out in the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in compliance with the Listing Rules. During the Reporting Period, the Audit Committee of the Company comprised two independent non-executive Directors, namely Mr. Kwan Kai Cheong and Ms. Chen Xin, and a non-executive Director, namely Mr. Yao Ji. Mr. Kwan Kai Cheong was the chairman of the Audit Committee.

The primary responsibilities of the Audit Committee include (but not limited to): (i) proposing appointment, re-appointment or removal of external auditors; (ii) reviewing and monitoring external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (iii) reviewing the financial information of the Company; (iv) overseeing the financial reporting system and internal control procedures of the Company; and (v) enhancing communication channels which the Group's employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee had reviewed the interim report for the year ended 30 June 2014 of the Group.

REMUNERATION AND APPRAISAL COMMITTEE

The Company has established a remuneration and appraisal committee (the "**Remuneration Committee**") in compliance with the Listing Rules. During the Reporting Period, the Remuneration Committee comprised two independent non-executive Directors, namely Mr. Lai Desheng and Ms. Chen Xin, and a non-executive Director, namely Ms. Sun Jing. Ms. Chen Xin was the chairman of the Remuneration Committee.

The primary responsibilities of the Remuneration Committee include (but not limited to): (i) researching and recommending to the Board on the Company's remuneration structure and policy for all Directors, Supervisors (the "**Supervisors**") and senior management of the Company; (ii) determining, with delegated responsibilities from the Board, or recommending to the Board the remuneration packages of individual executive Directors and members of the senior management; (iii) recommending to the Board on the remuneration of non-executive Directors; (iv) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct; and (v) monitoring the implementation of remuneration policies of Directors, Supervisors and senior management.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "**Nomination Committee**") in compliance with the Listing Rules. During the Reporting Period, the Nomination Committee comprised two independent non-executive Directors, namely Mr. Lai Desheng and Mr. Kwan Kai Cheong, and a non-executive Director, namely Mr. Guo Yanbin. Mr. Lai Desheng was the chairman of the Nomination Committee.

The primary responsibilities of the Nomination Committee include (but not limited to): (i) making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors; (ii) reviewing the structure, size and composition of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; and (iii) identifying individuals suitably qualified to become Directors, selecting or recommending to the Board on the selection of individuals nominated for directorships or providing advice to the Board in respect thereof.

STRATEGY COMMITTEE

The Company has also established a strategy committee (the "**Strategy Committee**"). During the Reporting Period, the Strategy Committee comprised three non-executive Directors, namely Mr. Zhi Jun, Ms. Sun Jing and Mr. Liu Shuguang, an executive Director, namely Mr. Qiao Dewei, and an independent non-executive Director, namely Mr. Lai Desheng. Mr. Zhi Jun was the chairman of the Strategy Committee.

The primary responsibilities of the Strategy Committee include (but not limited to): (i) researching and recommending on the medium to long term strategic and development plans of the Company; (ii) researching and recommending on significant capital expenditure, investment and financing projects of our Company; and (iii) researching and recommending on significant matters relating to the development of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

From the listing date on 19 June 2014 and up to 30 June 2014, the Board had complied with (1) the requirement that the Board of a listed issuer must include at least three independent non-executive directors under Rule 3.10(1) of the Listing Rules; (2) the requirement that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules; and (3) the requirement that the number of independent non-executive directors must represent at least one-third of the Board under Rule 3.10A of the Listing Rules.

TRADING OF SHARES BY DIRECTORS AND SUPERVISORS

The Company has adopted Management Measures on Securities Transactions by Directors, Supervisors and Senior Management Personnel (the "**Management Measures**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules. The Company had made specific inquiries to all of the Directors and the Supervisors on whether they had complied with the Management Measures since the date on which the Company became listed on the Hong Kong Stock Exchange and up to 30 June 2014, and all of the Directors and the Supervisors had confirmed that they had all complied with the Management Measures.

PURCHASE, SALE AND REDEMPTION OF SECURITIES OF THE COMPANY

From the date on which the Company became listed on the Hong Kong Stock Exchange and up to 30 June 2014, there has been no purchase, sale or redemption of the Company's securities (for PRC issuers, as defined in Appendix 16 of the Listing Rules) by the Company or any of its subsidiaries.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, from the date on which the Company became listed on the Hong Kong Stock Exchange and up to 30 June 2014, the Company had maintained a public float as required under the Listing Rules.

GLOBAL OFFERING

On 19 June 2014, the H Shares of the Company became listed on the Main Board of the Hong Kong Stock Exchange, pursuant to which the Company issued 300,000,000 new H Shares at a price of HK$3.45 per H Share.

SHARE OPTION SCHEME

Since the establishment of the Company, no share option scheme was adopted.

USE OF PROCEEDS

The Company raised a total of HK$1,190.25 million of proceeds after the completion of the Global Offering (as defined in the prospectus of the Company dated 9 June 2014) of H Shares on 19 June 2014 and the completion of the Over-allotment Option (as defined in the prospectus of the Company dated 9 June 2014) on 3 July 2014. The net proceeds amounted to approximately HK$1,126 million after deducting various share issuance costs. None of the proceeds was utilised during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

(i) Increase in the registered share capital

Pursuant to the exercise of Over-allotment Option (as defined in the prospectus of the Company dated 9 June 2014), the registered share capital of the Company increased by RMB45,000,000 to RMB1,045,000,000 on 3 July 2014, divided into 1,045,000,000 ordinary shares at par value of RMB1.00 each.

(ii) The exercise of Over-allotment Option

Pursuant to the exercise of the Over-allotment Option (as defined in the prospectus of the Company dated 9 June 2014) granted under the Global Offering (as defined in the prospectus of the Company dated 9 June 2014) on 29 June 2014, the Company allotted an aggregate of 45,000,000 new H Shares on 3 July 2014. The total number of issued shares of the Company therefore increased by 4.5%.

Interim Financial Report
Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014 — unaudited (Expressed in Renminbi)

		Six months ended 30 June	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Turnover	*4*	**391,235**	706,008
Direct costs and operating expenses		**(245,969)**	(522,407)
		145,266	183,601
Other revenue	*5*	**7,375**	13,965
Other net income	*5*	**7,941**	2,994
Listing expenses	*6(c)*	**(15,065)**	—
Administrative expenses		**(28,761)**	(20,971)
Other operating expenses		**(40)**	(1)
Profit from operations		**116,716**	179,588
Finance costs	*6(a)*	**(62,773)**	(32,054)
Profit before taxation	*6*	**53,943**	147,534
Income tax	*7*	**(19,516)**	(30,527)
Profit for the period		**34,427**	117,007
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences on translation of financial statements, net of nil tax		**144**	(999)
Total comprehensive income for the period attributable to equity owners of the Company		**34,571**	116,008
Basic and diluted earnings per share	*8*	**RMB0.05**	RMB0.17

The notes on pages 23 to 35 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2014 — unaudited (Expressed in Renminbi)

	Note	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Non-current assets			
Vehicles and equipment		6,933	7,055
Intangible assets	9	1,383,195	1,345,774
Investment in an associate		3,500	3,500
Other receivables	10	153,938	167,357
Gross amounts due from customers for contract work	11	1,230,024	1,078,144
Deferred tax assets		5,824	—
		2,783,414	2,601,830
Current assets			
Inventories		5,834	6,021
Trade and other receivables	10	280,788	209,849
Gross amounts due from customers for contract work	11	9,142	9,628
Restricted deposits		21,000	21,000
Cash and cash equivalents	12	1,017,637	502,167
		1,334,401	748,665
Current liabilities			
Loans and borrowings	13	568,895	410,023
Trade and other payables	14	272,637	209,703
Current taxation		10,078	8,302
		851,610	628,028
Net current assets		482,791	120,637
Total assets less current liabilities		3,266,205	2,722,467

The notes on pages 23 to 35 form part of this interim financial report.

Consolidated Statement of Financial Position (continued)

At 30 June 2014 — unaudited (Expressed in Renminbi)

	Note	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Non-current liabilities			
Loans and borrowings	13	**1,061,041**	1,299,425
Deferred tax liabilities		**56,298**	43,391
Trade payables	14	**202,274**	168,218
		1,319,613	1,511,034
NET ASSETS		**1,946,592**	1,211,433
CAPITAL AND RESERVES			
Capital	15	**1,000,000**	700,000
Reserves		**946,592**	511,433
TOTAL EQUITY		**1,946,592**	1,211,433

The notes on pages 23 to 35 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014 — unaudited (Expressed in Renminbi)

	Note	Capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2014		**700,000**	**–**	**80,035**	**14,594**	**(16,764)**	**433,568**	**1,211,433**
Changes in equity for six months ended 30 June 2014:								
Profit for the period		–	–	–	–	–	34,427	34,427
Other comprehensive income		–	–	–	–	144	–	144
Total comprehensive income		–	–	–	–	144	34,427	34,571
Dividends approved in respect of the previous years	*15(a)(ii)*	–	–	–	–	–	(70,000)	(70,000)
Shares issued upon initial public offering	*15(b)(i)*	300,000	470,588	–	–	–	–	770,588
At 30 June 2014		**1,000,000**	**470,588**	**80,035**	**14,594**	**(16,620)**	**397,995**	**1,946,592**
At 1 January 2013		700,000	–	200,955	7,396	(15,564)	303,865	1,196,652
Changes in equity for six months ended 30 June 2013:								
Profit for the period		–	–	–	–	–	117,007	117,007
Other comprehensive income		–	–	–	–	(999)	–	(999)
Total comprehensive income		–	–	–	–	(999)	117,007	116,008
Acquisition of subsidiary under common control		–	–	(120,920)	–	–	–	(120,920)
At 30 June 2013		700,000	–	80,035	7,396	(16,563)	420,872	1,191,740

The notes on pages 23 to 35 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2014 — unaudited (Expressed in Renminbi)

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Operating activities		
Cash used in operations	**(128,759)**	(166,467)
People's Republic of China ("PRC") income tax paid	**(10,657)**	(9,970)
Net cash used in operating activities	**(139,416)**	(176,437)
Net cash used in investing activities	**(95)**	(61,405)
Financing activities		
Net proceeds from initial public offering	**791,843**	—
Payment of listing expenses	**(9,730)**	—
Other cash flows (used in)/arising from financing activities	**(135,111)**	201,465
Net cash generated from financing activities	**647,002**	201,465
Net increase/(decrease) in cash and cash equivalents	**507,491**	(36,377)
Cash and cash equivalents at 1 January	**502,167**	185,206
Effect of foreign exchange rate changes	**7,979**	(794)
Cash and cash equivalents at 30 June	**1,017,637**	148,035

The notes on pages 23 to 35 form part of this interim financial report.

Notes to the Interim Financial Report

(All amounts in RMB unless otherwise stated)

1 Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). This interim financial report was authorized for issuance on 20 August 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the financial information of the Company for each of the years ended 31 December 2011, 2012 and 2013, for inclusion in the prospectus of the Company, dated 9 June 2014 (the "Prospectus"), except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (the "Group") since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included on page 36.

The financial information relating to the financial year ended 31 December 2013 that is included in the interim financial report does not constitute the Company's statutory financial statements for that financial year. The financial information is derived from the Prospectus.

2 Changes in accounting policies

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

— Amendments to IFRS 10, *Consolidated financial statements,* IFRS 12*, Disclosure of interests in other entities and* IAS 27*, Separate financial statement — Investment entities*

— Amendments to IAS 32, *Financial instruments: Presentation — Offsetting financial assets and financial liabilities*

— Amendments to IAS 36, *Impairment of assets — Recoverable amount disclosure for non-financial assets*

The above amendments have no material impact to the Group's interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(All amounts in RMB unless otherwise stated)

3 Segment reporting

The Group operates in a single business segment which engages in waste-to-energy project construction and operation services in the PRC. Accordingly, no segmental analysis is presented.

4 Turnover

The Group is principally engaged in the waste-to-energy project construction and operation services.

Turnover represents the revenue from construction services under Build-Operate-Transfer ("BOT") and Build-Transfer ("BT") arrangements, revenue from waste-to-energy project operation services and finance income under the BOT arrangements, as well as technical consulting income. Further details regarding the Group's BOT arrangements are disclosed in note 11. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Revenue from waste-to-energy project construction services	**220,145**	597,965
Revenue from waste-to-energy project operation services	**128,778**	75,932
Finance income	**42,312**	30,642
Technical consulting income	**—**	1,469
	391,235	706,008

The Group has transactions with the PRC local government authorities and power grid companies which in aggregate exceeded 10% of the Group's turnover. Turnover from provision of waste-to-energy project construction and operation services and finance income derived from local government authorities and power grid companies in the PRC for each of the six months ended 30 June 2013 and 2014 amounted to RMB 704,539,000 and RMB 391,235,000 respectively.

5 Other revenue and net income

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Other revenue		
Bank interest income	**1,347**	581
Government grants*	**580**	2,000
Value-added tax refund*	**5,242**	10,657
Others	**206**	727
	7,375	13,965
Other net income		
Net foreign exchange gain	**7,941**	2,994

* The government grants (unconditional) and value-added tax refund of the Group were recognised as income when there is reasonable assurance that they will be received.

6 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Interest on bank and entrusted loans	**57,057**	33,517
Other interest expenses	**6,941**	4,935
	63,998	38,452
Less: interest expense capitalised into intangible assets*	**(1,225)**	(6,398)
	62,773	32,054

* The borrowing costs have been capitalised at a rate of 6.15%~7.04% during the six months ended 30 June 2014 (six months ended 30 June 2013: 6.55%~7.76%).

(All amounts in RMB unless otherwise stated)

6 Profit before taxation (continued)

(b) Staff costs

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Contributions to defined contribution retirement plans	**4,245**	2,185
Salaries, wages and other benefits	**38,622**	31,831
	42,867	34,016

(c) Other items

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Cost of construction service*	**164,529**	475,635
Operating lease charges	**877**	951
Amortisation	**27,782**	14,875
Depreciation	**1,045**	623
Reversal of impairment loss on trade and other receivables	**(102)**	(210)
Listing expenses	**15,065**	—

* Cost of construction service include RMB7,965,000 and RMB7,194,000 for the six months ended 30 June 2013 and 2014 respectively relating to staff costs of employees in the construction service, whose amount is also included in the respective total amounts disclosed separately in note 6(b).

7 Income tax

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Current tax		
Provision for PRC income tax for the period	**12,144**	10,204
Under-provision in respect of prior year	**290**	415
	12,434	10,619
Deferred tax		
Origination and reversal of temporary differences	**7,082**	19,908
Income tax expense	**19,516**	30,527

Taxation for the PRC operations is charged at the statutory rate of 25% of the assessable profits under taxation ruling in the PRC. During the six months ended 30 June 2013 and 2014, certain PRC subsidiaries are subject to tax concessions under the relevant tax rules and regulations.

8 Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB117,007,000 and RMB34,427,000 and the weighted average number of 700,000,000 and 719,890,000 ordinary shares in issue for the six months ended 30 June 2013 and 2014 respectively.

Diluted earnings per share

The Company did not have any potential dilutive shares during the six months ended 30 June 2013 and 2014. Accordingly, diluted earnings per share is the same as basic earnings per share.

9 Intangible assets

	Computer software RMB'000	Waste-to-energy project operating rights RMB'000	Construction license RMB'000	Total RMB'000
Cost:				
At 31 December 2013 and 1 January 2014	557	1,442,965	6,529	1,450,051
Additions	—	65,097	—	65,097
Exchange adjustments	—	118	—	118
At 30 June 2014	**557**	**1,508,180**	**6,529**	**1,515,266**
Accumulated amortisation:				
At 31 December 2013 and 1 January 2014	109	104,168	—	104,277
Charge for the period	29	27,660	93	27,782
Exchange adjustments	—	12	—	12
At 30 June 2014	**138**	**131,840**	**93**	**132,071**
Net book value:				
At 31 December 2013	448	1,338,797	6,529	1,345,774
At 30 June 2014	**419**	**1,376,340**	**6,436**	**1,383,195**

The cost of waste-to-energy project operating rights (the "Operating Rights") represented the fair value of operating rights acquired. The Operating Rights was deemed to be definite life intangible assets as the BOT arrangements stated that the operation periods vary from 25 years to 30 years. It is expected to generate long-term net cash inflow to the Group.

For those waste-to-energy projects which have not yet commenced operation, the recoverable amount of the Operating Rights is estimated based on its future cash inflow forecast and using after-tax discount rates of 7.08%~8.57%. The recoverable amount is estimated to be higher than the carrying amount, and no impairment is required.

Amortisation of intangible assets is included in "direct costs and operating expenses" in the consolidated statements of comprehensive income of the Group.

(All amounts in RMB unless otherwise stated)

10 Trade and other receivables

As of the end of each reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Within 1 month	52,034	53,057
More than 1 month to 3 months	18,574	7,045
More than 3 months to 6 months	4,132	718
Over 6 months	1,494	7,775
Trade receivables net of allowance for doubtful debts	76,234	68,595
Prepayments for construction	116,899	78,013
Other receivables, deposits and prepayments	241,593	230,598
	434,726	377,206
Less: Non-current portion — Other receivables	(153,938)	(167,357)
	280,788	209,849

Included in "Other receivables, deposits and prepayments" of the Group at 31 December 2013 and 30 June 2014 were retention receivables of RMB30,000,000 and RMB35,000,000 respectively, which were expected to be recovered after more than one year.

Other receivables, deposits and prepayments of the Group include balances of RMB33,623,000 and RMB36,751,000 at 31 December 2013 and 30 June 2014 respectively, which bear interest at rates ranging from 6.61% to 7.71% per annum and represent finance income receivables under BOT arrangements. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT arrangements.

Other receivables of the Group of RMB152,067,000 and RMB147,835,000 as at 31 December 2013 and 30 June 2014 respectively were unsecured, interest-bearing at 0.74% per annum, due from an unrelated party and will be repaid by instalments until 2020.

The remaining trade and other receivables are expected to be recovered or recognised as expense within one year.

Trade receivables are due within 10 days to 30 days from the date of billing. Management has a credit policy in place and the exposures to the credit risks are monitored on an ongoing basis. Trade receivables of the Group mainly represent receivables in respect of revenue from waste-to-energy project operation services. There was no recent history of default in respect of the Group's trade receivables. Since most of the trade receivables are due from local government authorities and power grid companies in the PRC and based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. Specific allowances for doubtful debts of RMB301,000 in respect of the Group's trade receivables were recognised at 30 June 2014 (31 December 2013: RMB301,000).

(All amounts in RMB unless otherwise stated)

11 Gross amounts due from customers for contract work

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Contract costs incurred plus recognised profits less anticipated losses	**1,261,482**	1,106,199
Less: Progress billings	**(22,316)**	(18,427)
Net contract work	**1,239,166**	1,087,772
Representing:		
Gross amounts due from customers for contract work		
— Non-current	**1,230,024**	1,078,144
— Current	**9,142**	9,628
Total	**1,239,166**	1,087,772

Certain subsidiaries of the Group entered into service concession arrangements with the local government authorities in the PRC (the "grantors"). Pursuant to the service concession arrangements, the Group has to design, construct and operate and manage waste-to-energy projects in the PRC for a period of 25 to 30 years. The Group has the obligation to maintain the waste-to-energy power plants in good condition. The grantors guarantee that the Group will receive minimum annual payments for certain service concession arrangements. Upon expiry of the concession periods, the waste-to-energy power plants and the related facilities will be transferred to the local government authorities.

The service concession arrangements do not contain renewal options. The standard rights of the grantors to terminate the agreements include failure of the Group to construct or operate the waste-to-energy projects and in the event of a material breach of the terms of the agreements. The standard rights of the Group to terminate the agreements include failure of the grantors to make payment under the agreements and in the event of a material breach of the terms of the agreements.

Revenue relates to the construction services provided in constructing the waste-to-energy projects is recognised as "Gross amounts due from customers for contract work" and "Waste-to-energy project operating rights".

"Gross amounts due from customers for contract work" mainly represent part of the revenue from construction under BOT arrangements and bear interest at rates ranging from 6.61% to 7.71% per annum for the six months ended 30 June 2013 and 2014. The amounts for BOT arrangements are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT arrangements.

(All amounts in RMB unless otherwise stated)

12 Cash and cash equivalents

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Cash at bank and in hand	1,017,637	502,167

The majority of the cash at bank and in hand of the Group are dominated in Renminbi and Hong Kong dollars. Remittance of funds out of PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

13 Bank loans and other borrowings

At 30 June 2014, the loans and borrowings were repayable as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Within 1 year or on demand	568,895	410,023
After 1 year but within 2 years	145,161	348,049
After 2 years but within 5 years	473,233	446,315
After 5 years	442,647	505,061
	1,061,041	1,299,425
	1,629,936	1,709,448

At 30 June 2014, the loans and borrowings were secured as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Bank loans		
— secured	855,231	896,343
— unsecured	774,705	613,105
	1,629,936	1,509,448
Unsecured entrusted loans from an equity owner	—	200,000
	1,629,936	1,709,448

13 Bank loans and other borrowings (continued)

Certain banking facilities of the Group as at 31 December 2013 and 30 June 2014 were secured by certain receivables and operating rights in connection with the Group's service concession arrangements. Such banking facilities were utilized to the extent of RMB855,231,000 and the relevant book value of secured assets amounted to RMB2,212,258,000 as at 30 June 2014 (31 December 2013: RMB896,343,000 of utilized banking facilities and RMB2,216,013,000 of book value of secured assets).

Apart from the above, the Company's investment in Rushan Dynagreen Renewable Energy Co., Ltd. ("Rushan Dynagreen") of RMB100,880,000 was pledged for the long-term bank loans borrowed by Rushan Dynagreen as at 31 December 2013 and 30 June 2014.

Banking facilities of RMB622,990,000 as at 30 June 2014 were subject to the fulfillment of covenants relating to certain of the Group's financial ratios. If the Group were to breach the covenants, the Group shall indemnify each lender against any cost, loss or liability incurred by such lender (including any loss of margin) within three business days of demand. At 30 June 2014, such facilities were utilized to the extent of RMB205,000,000. The Group regularly monitors its compliance with these covenants. As at 30 June 2014, none of the covenants relating to drawn down facilities had been breached.

14 Trade and other payables

As at the end of the reporting period, the ageing analysis of trade creditors is as follows:

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Due within 1 month or on demand	**114,313**	145,095
Due after 1 month but within 3 months	**11,196**	1,207
Due after 3 months but within 6 months	**7,830**	8,071
Due after 6 months but within 9 months	**2,362**	2,983
Due after 9 months but within 12 months	**3,353**	2,275
Due after 12 months	**202,930**	168,218
Total trade payables	**341,984**	327,849
Other payables and accruals	**132,927**	50,072
	474,911	377,921
Less: Non-current portion — trade payables	**(202,274)**	(168,218)
	272,637	209,703

(All amounts in RMB unless otherwise stated)

14 Trade and other payables (continued)

Trade payables of RMB173,537,000 and RMB207,659,000 as at 31 December 2013 and 30 June 2014 respectively were unsecured, interest-bearing ranging from 5.94% to 7.23% per annum, due to unrelated suppliers and will be repaid by installments during the service concession period of the Group's respective BOT arrangements, among which RMB168,218,000 and RMB202,274,000 respectively were not expected to be settled within one year.

Except as disclosed above, all of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

15 Capital and reserves

(a) Dividends

(i) Dividends payable to equity shareholders attributable to the interim period

The directors do not propose the payment of interim dividends for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

(ii) Dividends payable to equity shareholders attributable to the previous financial years, approved but not paid during the interim period

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Dividends in respect of the previous financial years, approved during the interim period ended 30 June 2014 of RMB1 per 10 shares (six months ended 30 June 2013: Nil)	**70,000**	—

(b) Share capital

(i) Authorised and issued share capital

	At 30 June 2014		At 31 December 2013	
	Number of Shares	***RMB'000***	Number of Shares	*RMB'000*
Ordinary shares, issued and fully paid				
At 1 January	**700,000,000**	**700,000**	700,000,000	700,000
Shares issued upon initial public offering	**300,000,000**	**300,000**	—	—
At 30 June/31 December	**1,000,000,000**	**1,000,000**	700,000,000	700,000

15 Capital and reserves (continued)

(b) Share capital (continued)

(i) Authorised and issued share capital (continued)

On 19 June 2014, 300,000,000 ordinary shares with par value at RMB1 each were issued at a price of HK$3.45 per share under the initial public offering of the Company. Proceeds of RMB300,000,000 representing the par value of these ordinary shares, were credited to the Company's share capital and the excess of the proceeds over the nominal value of the total number of ordinary shares issued after offsetting share issuance costs of RMB51,036,000, were credited to the share premium account of the Company. After the completion of the initial public offering, 354,859,792 shares of the Company were listed on The Stock Exchange of Hong Kong Limited as at 30 June 2014.

On 29 June 2014, the Company announced that the Over-allotment Option described in the Prospectus has been fully exercised by the sole global coordinator in respect of an aggregate of 45,000,000 additional ordinary shares. The ordinary shares were issued by the Company at HK$3.45 per share on 3 July 2014. The additional gross proceeds received by the Company on 3 July 2014 in connection with the over-allotment issue were approximately HK$155,250,000 (approximately RMB123,357,000), which were credited to the share capital and share premium accounts subsequent to 30 June 2014. After the completion of the over-allotment, a total number of 404,359,792 shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

(c) Share Premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

16 Commitments

(a) The Group had outstanding purchase commitments in connection with the Group's construction contracts not provided for in the this interim financial report of RMB132,528,000 and RMB373,006,000 at 31 December 2013 and 30 June 2014 respectively.

(b) The Group and the Company had outstanding capital commitment in connection with the capital contribution to the associate, Beijing Tian Neng Shen Chuang Environmental Protection Co., Ltd., not provided for in the this interim financial report of RMB14,000,000 at 31 December 2013 and 30 June 2014.

(c) Operating Lease Commitments

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Within one year	**31**	430

(All amounts in RMB unless otherwise stated)

17 Contingent Liabilities

The Company has issued financial guarantees to banks in respect of the banking facilities granted to certain subsidiaries. The directors do not consider it is probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 31 December 2013 and 30 June 2014 under the guarantees issued is the facility drawn down by the subsidiaries of RMB881,621,000 and RMB864,308,000, respectively.

Due to the related party nature of the instruments, the directors considered it is not practicable to estimate the fair values of the financial guarantees and therefore they have not been recognized in the interim financial report.

18 Material related party transactions

(a) Transactions with related parties

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Interest paid to equity owners	**3,080**	5,913
Service fee to Changzhou Zhengyuan Environmental Protection Resources Untilization Co., Ltd. ("Changzhou Zhengyuan")*	**717**	475
Management Service fee to Changzhou Zhengyuan	**500**	500
Heating service income from Changzhou Zhengyuan	**—**	31
Collection of slag processing fee on behalf of Changzhou Zhengyuan	**1,133**	1,257

* Changzhou Zhengyuan is the PRC joint venture partner of Changzhou Dynagreen Environmental and Thermoelectric Co., Ltd., a subsidiary of the Company.

(b) Corporate guarantee provided from the immediate holding company in respect of banking facilities granted to the Company amounted to RMB622,990,000 as at 31 December 2013 and 30 June 2014.

18 Material related party transactions (continued)

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors are as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Short-term employee benefits	**2,648**	2,344
Contributions to defined contribution retirement plans	**128**	112
Within 1 year	**2,776**	2,456

Independent Review Report

Review report to the board of directors of

Dynagreen Environmental Protection Group Co., Ltd.

(Established in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 18 to 35 which comprises the consolidated statement of financial position of Dynagreen Environmental Protection Group Co., Ltd. as of 30 June 2014 and the related consolidated statement of comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

20 August, 2014