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

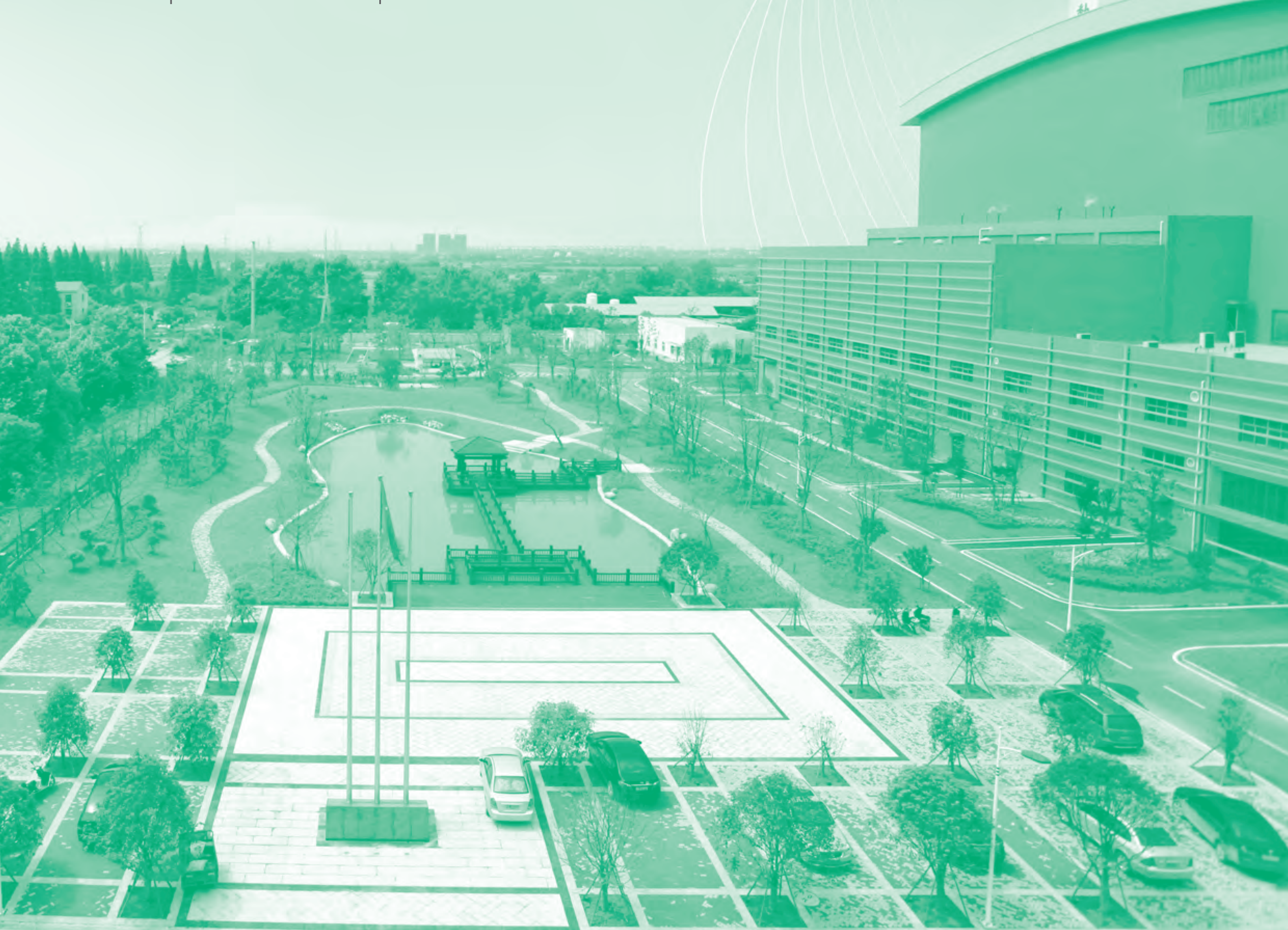
(A joint stock limited liability company incorporated in the People's Republic of China)

Stock Code : 1330

INTERIM REPORT 2015

CONTENTS

Corporate Information	2
Management Discussion and Analysis	4
Disclosure of Interests	11
Corporate Governance	14
Interim Financial Report (Unaudited)	18
Independent Review Report	38



CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Directors

Mr. ZHI Jun *(Chairman)*
Ms. SUN Jing
Mr. LIU Shuguang
Mr. MA Xiaopeng

Executive Directors

Mr. QIAO Dewei *(General Manager)*
Mr. HU Shengyong

Independent non-executive Directors

Mr. LAI Desheng*
Ms. CHEN Xin
Mr. KWAN Kai Cheong
Mr. OU Yuezhou^

AUDIT COMMITTEE

Mr. KWAN Kai Cheong *(Chairman)*
Ms. CHEN Xin
Mr. MA Xiaopeng

REMUNERATION AND APPRAISAL COMMITTEE

Ms. CHEN Xin *(Chairman)*
Ms. SUN Jing
Mr. LAI Desheng*
Mr. OU Yuezhou^

NOMINATION COMMITTEE

Mr. OU Yuezhou^ *(Chairman)*
Mr. MA Xiaopeng
Mr. KWAN Kai Cheong
Mr. LAI Desheng*

STRATEGY COMMITTEE

Mr. ZHI Jun *(Chairman)*
Ms. SUN Jing
Mr. LIU Shuguang
Mr. QIAO Dewei
Mr. OU Yuezhou^
Mr. LAI Desheng*

SUPERVISORY COMMITTEE

Mr. LUO Zhaoguo *(Chairman)*
Mr. LIU Jinsong
Ms. HU Fang

JOINT COMPANY SECRETARIES

Mr. ZHU Shuguang
Ms. 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

CORPORATE INFORMATION (CONTINUED)

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

* Resigned on 19 June 2015
^ Appointed on 19 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Environmental resources restriction is currently an imminent conflict against the economic and societal development of China. It is a crucial and pressing task to resolve energy-saving and environmental issues for the purpose of upgrading the Chinese economy through the expansion of domestic demand, stabilization of growth and restructuring. As one of the seven strategic emerging industries of the country which is undergoing accelerated nurture and development, the energy-saving and environmental protection industry is met with valuable historic opportunities.

2015 is the last year of the "12th Five-Year Plan" as well as the beginning of the rule of law policy. The development of environmental protection can hopefully start a new chapter with the emphasis of environmental governance shifting from quantity to quality as seen in the introduction of a variety of policies, laws and regulations including the new environmental law, the "Ten Measures for Soil" ("土十條") and the second batch of exemplary projects under public-private partnership (PPP).

In the first half of 2015, with an aim to fulfil strategic goals set at the beginning of the year, the Group strengthened the awareness of standardized management of various projects under operation, continued to ensure the projects "have stable operation and meet the emission standards", efficiently drove the construction process of both projects in progress and planned projects, and proactively developed new projects and expanded existing projects. It successfully entered the municipal waste-to-energy market in first tier cities of China and reinforced its leading position in the municipal waste-to-energy industry by continuous expansion in the number and scale of municipal waste-to-energy projects. Furthermore, the Company attached great importance to technological innovation and continued to strengthen its design and research and development capabilities in the environmental protection industry. It also made efforts to expand the capacity of environmental projects and to improve production processes. These not only maintained and consolidated the Company's leading position in the industry but also laid a solid foundation for the long-term development of the Group.

In the first half of 2015, the Group achieved a turnover of approximately RMB651.55 million (representing an increase of 67% as compared to the same period last year), profit before taxation of approximately RMB147.78 million (representing an increase of 174% as compared to the same period last year), and profit for the period of approximately RMB110.39 million (representing an increase of 221% as compared to the same period last year). As at 30 June 2015, the total assets and the total equity of the Group amounted to approximately RMB4,676.26 million and approximately RMB2,287.42 million respectively.

(1) Steady and safe operation of projects under operation, meeting environmental standard, treating an aggregate of 1.30 million tons of municipal solid waste and realizing 262 million kWh of on-grid electricity

In the first half of 2015, the Group continued to adhere to 'standardized management' as the focus of its operation management and operated around the concept of 'safe, environmental friendly, civilized and effective', while continued to strengthen the awareness of standardized and refined management of each operation project. Good results were achieved in the management of each project under operation as evidenced by the fact that the environmental standard of emission was met. The Group focused 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 its own factories.

In the first half of 2015, the Group treated 1.30 million tons of municipal solid waste, representing an increase of 36.4% as compared to the same period in 2014. In the first half of 2015, the Company realized on-grid electricity of 262 million kWh, representing growth of 35.75% as compared to 193 million kWh in the first half of 2014.

(2) Projects under construction progressing steadily and ahead of schedule

In the first half of 2015, the Group had 4 projects under construction, namely the Anshun Project, Jurong Project, Jixian Project and Huizhou Project. The project construction works were in steady progress. As at 30 June 2015, 62% of the total construction work of the Anshun Project was completed and all of its Phase I production preparation was completed. 75%, 68% and 49% of the total construction works of Jixian Project, Jurong Project and Huizhou Project were completed, respectively. 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.

(3) Success in procuring new projects, outstanding achievements in financing activities and rapid progress in technology research and development

With regard to project development, the Group leveraged on its integrated competitive edges, proactively developed waste-to-energy projects, and made breakthroughs in the municipal waste-to-energy market and large projects in first tier cities. On 30 December 2014, the Group successfully procured the Miyun Project. On 8 April 2015, it procured the Tongzhou Project in Beijing with a designed capacity of 2,250 tons per day and the aggregate investment amounts to approximately RMB1,160 million. The concession period of the Tongzhou Project is 27 years.

With regard to financing, the Group made breakthroughs in offshore financing by continuing to expand financing channels, strengthening cooperation with various financial institutions, and actively obtaining credit facilities from banks. In the first half of 2015, the Group received a three-year working capital loan of RMB200 million from Bank of Communications, and a one-year domestic credit facility of RMB50 million and an offshore credit facility of HK$50 million from HSBC. Furthermore, the Company made a number of drawdowns from credit facilities granted by China Everbright Bank and Bank of Communications for repaying loans for the Haining Project and working capital loans from China Merchants Bank to lower finance costs.

With regard to technology research and development, the Group finished the installation, trial run and operational instruction of incinerators under the Anshun Project, Jurong Project and Jixian Project, as well as the pre-delivery cold-state trial and quality inspection of components of the three 400-ton incinerators under the Huizhou Project. With respect to flue gas treatment systems, the Group applied for invention patent for the "technique on combining deacidification with dedusting for flue gas from the incineration of municipal solid waste" (生活垃圾焚燒煙氣組合式脱酸除塵工藝), which enables effective removal of toxic and harmful exhaust gases in flue gas such as heavy metals, dioxins, sulfur oxides (SOx), hydrogen chloride (HCl) and hydrogen fluoride (HF).

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

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

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

(4) Further standardization on the internal control of the Group and various areas of internal management

In the first half of 2015, the Group further improved its internal control system. With further standardization on the management of the Company, the Group further raised the efficiency of management.

In respect of human resources, the Group strengthened the structure of its human resources management team and replenished it with professionals. The Group also endeavoured to expand the channels of recruitment, built up a base of high-calibre candidates and revised the system of internal referral of talents. In order to build a pool of core technicians for the Group, the Group sub-divided and optimized the staff training framework. The Group also optimized and revised assessment guidelines for projects under construction and projects under operation to motivate staff.

As at 30 June 2015, the Group had a total of 1,009 staff members.

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

In respect of intellectual property rights, the Group continued to strengthen its protection for intellectual property rights. In the first half of 2015, six new patent applications were made and five new patents were granted. Currently, the Group owns five invention patents and sixteen utility model patents.

BUSINESS OUTLOOK

Industry Prospect

Consumption of resources and damage to the environment have been severe due to decades of extensive economic growth in China, which has rendered the new government to steer the direction of economic growth towards transformation into a green economy. Under such transformation, the environmental protection industry is naturally the first to benefit.

Waste-to-energy treatment fits squarely within the environmental and energy strategic positioning of China with its advantages of waste treatment, coal replacement, reduction of greenhouse gas emission such as methane arising from landfills and reduction of underground water pollution. It is a mainstream solution to garbage siege whether in technical or policy terms.

Severe garbage siege and the deficiency of treatment are putting waste-to-energy treatment in rapid development in the coming years. According to the data of the Environment and Health Engineering Research Center of the Housing and Urban-Rural Construction Department (住房和城鄉建設部環境衛生工程技術研究中心), the rate of municipal waste detoxification treatment in zoned cities of China reached 89.3% as at the end of 2014, of which 70% was treated by landfill and 26% by incineration. Pursuant to the "12th Five-Year Plan" for Municipal Waste Detoxification Treatment Facilities Construction Nationwide (《"十二 • 五"全國城鎮生活垃圾無害化處理設施建設規劃》), it is expected that there will be over 300 municipal waste power stations under operation and construction by the end of 2015 with a waste treatment capacity reaching 100 million tons per year.

It can be seen from the shift from "quantity" to "quality" with respect to environmental quality improvements under the "13th Five-Year Plan" for environmental protection that China's thinking in environmental governance has changed from being only concerned with the number of waste treatment facilities to pursuing quality and outcome, which will open a new chapter for environmental protection and facilitate the upgrading of the sector. Accordingly, it is expected that the waste incineration capacity and the proportion thereof in China will further grow and expand and construction management will become more refined. The waste-to-energy industry will enter another stage of extensive and rapid development on the back of continuous investments expected to stay in the region of RMB100 billion during the "13th Five Years".

Prospect of the Company

In the new environmental protection framework, companies with technical and management competitive edges will stand out and become leaders in the industry and can enjoy more room for development. Being one of the leading waste-to-energy companies in the PRC, the Group will build on its integrated 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 leverage on its core competitiveness in its research and development and constant innovation as well as its top management capabilities to expand and strengthen its waste-to-energy business. It will reinforce its leading position in the waste-to-energy industry and gain larger market share by striving to develop new income sources and reduce expenses through efficient corporate governance, strengthening core competitiveness through the development of intrinsic potential and diversifying and enhancing the value and influence of its brand, so as to create greater contributions to the environmental protection industry in the PRC.

Looking ahead, the Group will continue to benefit from the support of national policy with respect to the environmental protection industry. As a leading company in the waste treatment industry, the Group will stay committed to upholding its core principle of "generating social benefits as the primary goal while economic efficiency serves as the basis" and assume social responsibility in developing environmental projects of high quality, high standards, high technological level and high efficiency. It will treat social responsibility as its mission by caring for public welfare in order to make due contribution to social development, economic growth and environmental governance. In addition, it aims to climb to an even higher peak of corporate development and maximize return to its shareholders by taking advantage of its advanced operational philosophy and strategies.

FINANCIAL REVIEW

Financial Position

For the first half of 2015, the Group achieved a turnover of approximately RMB651.55 million and profit for the period of approximately RMB110.39 million. As at 30 June 2015, the total assets and the total liabilities of the Group amounted to approximately RMB4,676.26 million and RMB2,388.84 million respectively; the total equity amounted to approximately RMB2,287.42 million. The gearing ratio (calculated as total liabilities over total assets) was approximately 51.08%, and the net asset value per share attributable to equity shareholders of the Company was approximately RMB2.19.

Administrative Expenses

For the first half of 2015, the administrative expenses of the Group amounted to approximately RMB33.26 million (same period in 2014: RMB28.76 million), accounting for approximately 5.1% (same period in 2014: 7.4%) of the turnover of the Group. The increase in the administrative expenses over the same period in the previous year was mainly attributable to the increase in labour costs and in business tax on entrusted loans within the Group.

Finance Costs

For the first half of 2015, the finance costs for the current period amounted to approximately RMB62.51 million, representing a decrease of approximately RMB0.26 million over the same period in the previous year.

Income tax

In the first half of the year, the income tax expenses of the Group amounted to approximately RMB37.38 million (same period in 2014: approximately RMB19.52 million), accounting for approximately 25.3% (same period in 2014: 36.2%) of the profit before tax of the Group. The ratio of income tax expenses to profit before taxation decreased mainly because of the decrease in overall income tax rate of the Group resulting from preferential income tax treatment given to its three subsidiaries.

Financial Resources and Liquidity

The Group adopts the prudence principle in cash and financial management to ensure proper risk control and reduction in costs of funds. It finances its operations primarily from cash flow generated internally and loans from principal banks. As of 30 June 2015, the Group had a cash balance of approximately RMB556,126,000, representing a decrease of RMB206,230,000 as compared to RMB762,356,000 at the end of 2014. The decrease in cash balance was mainly attributable to investments in waste incineration projects under construction of its subsidiaries. Currently, the Group's cash is denominated in either Renminbi or Hong Kong dollars.

Loans and borrowings and pledge of assets

As of 30 June 2015, the Group has total outstanding borrowings of approximately RMB1,695,510,000, representing an increase of RMB104,143,000 as compared to RMB1,591,367,000 at the end of 2014. The borrowings included secured loans of RMB502,656,000 and unsecured loans of RMB1,192,854,000. All of the Group's borrowings were denominated in Renminbi. Most of the Group's borrowings were at floating rates. As of 30 June 2015, the Group had banking facilities in the amount of RMB2,112,576,000, of which RMB390,054,000 had not been utilized. The credit facilities had terms ranging from 1 year to 12 years. The Group currently does not have any interest rate hedging policies. However, the management team monitors the Group's interest rate risks and would 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 Company's investment in Rushan Dynagreen Renewable Energy Co., Ltd. were pledged under the credit facilities. The book value of the pledged receivables and operating rights amounted to approximately RMB1,252,053,000 as of 30 June 2015.

Contingent Liabilities

The Company has issued financial guarantees to banks in respect of the banking credit 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 of 31 December 2014 and 30 June 2015 under the guarantees was the facility drawn down by the subsidiaries of RMB620,537,000 and RMB653,333,000, respectively.

Commitments

As of 31 December 2014 and 30 June 2015, the Group's outstanding purchase commitments in relation to construction contracts which had not been provided for in the Group's interim financial statements were RMB515,280,000 and RMB301,176,000, respectively.

As of 31 December 2014 and 30 June 2015, the Group's and the Company's outstanding commitments in relation to the investment in associate Beijing Tian Neng Shen Chuang Environmental Protection Co., Ltd. which had not been provided for in the Group's interim financial statements were RMB14,000,000.

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

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Within 1 year	**3,263**	3,511
More than 1 year but within 5 years	**280**	1,004

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 denominated 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

For the six months ended 30 June 2015, the Group did not make any significant investments, acquisitions or disposals in relation to its subsidiaries and associated companies.

Details of Future Material Investment and Capital Assets Planning

Apart from the projects invested in by the Group in its ordinary course of business, the Group currently does not have any material investment and capital assets plans. Such projects will be financed by internal funds of the Group as well as bank loans.

Human Resources and Remuneration Policies

As at 30 June 2015, the Group had a total of 1,009 staff. The total staff remuneration was RMB57.09 million for the first half of 2015.

The Group also uses a fixed set of criteria in staff evaluation. The Group continuously seeks to improve its staff remuneration and benefits programs.

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 operations 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 monitoring programs so as to nurture a pool of back-up personnel.

Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2015.

DISCLOSURE OF INTERESTS

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests and short positions of the Directors, supervisors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in the Listing Rules were as follows:

Director	Number of shares held	Capacity	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 (Long position)	Interest in controlled corporation	3.27%	2.00%

Notes:

(1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 30 June 2015.

(2) The calculation is based on the total number of 1,045,000,000 Shares in issue as at 30 June 2015.

(3) Shenzhen Jingxiu Investment Partnership (Limited Partnership) ("Jingxiu Investment") held 20,918,478 unlisted shares, representing 3.27% of the unlisted share capital and approximately 2.00% 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 2015 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 1 January 2015 to 30 June 2015 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 OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

Save as disclosed in the section headed "Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" according to the Register kept under Section 336 of the SFO, the following shareholders who had 5% or more interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO as at 30 June 2015:

Shareholders	Number of shares held	Capacity	Approximate percentage of shareholding in the relevant class of shares[(1)]	Approximate percentage of shareholding in the total share capital of the Company[(2)]
Beijing State-Owned Assets Management Co. Ltd. ("BSAM")[(3)]	501,189,618 unlisted Shares (Long position)	Interest in controlled corporation/Beneficial owner	78.23%	47.96%
Beijing State-Owned Assets Management (Hong Kong) Company Limited ("BSAM (HK)")[(4)]	24,859,792 H Shares (Long position)	Beneficial owner	6.14%	2.38%
BSAM[(4)]	24,859,792 H Shares (Long position)	Interest in controlled corporation	6.14%	2.38%
National Council for Social Security Fund	34,813,000 H Shares (Long position)	Beneficial owner	8.61%	3.33%
Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership)[(5)]	69,725,295 unlisted Shares (Long position)	Beneficial owner	10.88%	6.67%
Beijing Green Innovation Investment Company Limited[(5)]	69,725,295 unlisted Shares (Long position)	Interest in controlled corporation	10.88%	6.67%
Beijing Zhixinheng Jin Investment Co., Ltd.[(5)]	69,725,295 unlisted Shares (Long position)	Interest in controlled corporation	10.88%	6.67%
Bai Hongtao[(5)]	69,725,295 unlisted Shares (Long position)	Interest in controlled corporation	10.88%	6.67%
Pan Ling[(5)]	69,725,295 unlisted Shares (Long position)	Interest in controlled corporation	10.88%	6.67%

Shareholders	Number of shares held	Capacity	Approximate percentage of shareholding in the relevant class of shares(1)	Approximate percentage of shareholding in the total share capital of the Company(2)
Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership)(6)	48,806,817 unlisted Shares (Long position)	Beneficial owner	7.62%	4.67%
Poly Longma Asset Management Co. Ltd.(6)	48,806,817 unlisted Shares (Long position)	Interest in controlled corporation	7.62%	4.67%
Poly Communications Ltd.(6)	48,806,817 unlisted Shares (Long position)	Interest in controlled corporation	7.62%	4.67%

Notes:

(1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 30 June 2015.

(2) The calculation is based on the total number of 1,045,000,000 Shares in issue as at 30 June 2015.

(3) BSAM directly or indirectly holds 501,189,618 unlisted shares, representing 78.23% of the unlisted Shares and approximately 47.96% 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 19,571,266 Shares representing approximately 1.87% 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.

(4) BSAM (HK) is a wholly-owned subsidiary of BSAM. Pursuant to the SFO, BSAM is deemed to be interested in the H Shares held by BSAM (HK), holding 24,859,792 H Shares, representing approximately 6.14% of the H Shares of the Company and approximately 2.38% of the total share capital of the Company.

(5) 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).

(6) 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).

Apart from the above, as at 30 June 2015, no other interests required to be recorded in the Register kept under Section 336 of the SFO have been notified to the Company.

Mr. Zhi Jun, Ms. Sun Jing and Mr. Ma Xiaopeng, non-executive Directors of the Company, are employees of BSAM or entities under the BSAM group.

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. During the period from 1 January 2015 to 30 June 2015, the Company has complied with the code provisions set out in the CG Code, except that the Board Diversity Policy (which states a number of factors to be considered when deciding on appointments to the Board and the continuation of those appointments) was only adopted at a Board meeting held on 20 March 2015 in compliance with Rule A.5.6 of the CG Code, which was due to the recent listing of the Company in 2014. 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 the following Directors:

Independent non-executive Directors

Kwan Kai Cheong *(Chairman)*
Chen Xin

Non-executive Director

Ma Xiaopeng

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 as at 30 June 2015 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 the following Directors:

Independent non-executive Directors

Chen Xin *(Chairman)*
Lai Desheng *(resignation with effect from 19 June 2015)*
Ou Yuezhou *(appointment with effect from 19 June 2015)*

Non-executive Director

Sun Jing

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 the following Directors:

Independent non-executive Directors

Lai Desheng *(resignation with effect from 19 June 2015)*
Ou Yuezhou *(Chairman) (appointment with effect from 19 June 2015)*
Kwan Kai Cheong

Non-executive Director

Ma Xiaopeng

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 the following Directors:

Non-executive Directors

Zhi Jun *(Chairman)*
Sun Jing
Liu Shuguang

Executive Director

Qiao Dewei

Independent non-executive Directors

Lai Desheng (*resignation with effect from 19 June 2015)*
Ou Yuezhou *(appointment with effect from 19 June 2015)*

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

During the period from 1 January 2015 and up to 30 June 2015, 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, SUPERVISORS AND EMPLOYEES

The Company has adopted Management Measures on Securities Transactions by Directors, Supervisors and Senior Management Personnel (the "**Management Measures**") on terms no less stringent 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 during the reporting period, and all of the Directors and the Supervisors had confirmed that they had all complied with the Management Measures.

The Company has entered into Employees Written Guidance (the "**Employees Written Guidance**") for its employees who may hold unpublished internal information in relation to dealing in securities with terms no less favourable than the Model Code. The Company was not aware of any matters in relation to the breaches of the Employees Written Guidance by any employee.

PURCHASE, SALE AND REDEMPTION OF SECURITIES OF THE COMPANY

From 1 January 2015 to 30 June 2015, 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 1 January 2015 to 30 June 2015, the Company had maintained a public float as required under the Listing Rules.

SHARE OPTION SCHEME

No share option scheme was adopted by the Company since its establishment.

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.

As of the date of this interim report, HK$1,096,200,000 has been utilized for the purpose stated on the ordinary resolution in relation to change of use of proceeds passed on the second extraordinary general meeting in 2014 held on 7 November 2014.

EVENTS AFTER THE REPORTING PERIOD

On 10 August 2015, the Company won the bid for the municipal solid waste-to-energy project in Bengbu City, Anhui Province, the PRC (the "**Bengbu Project**"). The Bengbu Project will have a daily capacity of 1,500 tons of municipal waste, which will be implemented in two phases. Phase I of the project has a waste treatment capacity of 1,000 tons of municipal waste per day. The total investment on Phase I of the project is estimated to be approximately RMB504 million, and the project has a concessionary period of 30 years. For further details on the successful bid for this new project, please refer to the Company's announcement dated 11 August 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015 — unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2015 RMB'000	2014 RMB'000
Turnover	4	**651,550**	391,235
Direct costs and operating expenses		**(418,938)**	(245,969)
		232,612	145,266
Other revenue	5	**11,435**	7,375
Other net income	5	**341**	7,941
Listing expenses	6(c)	**—**	(15,065)
Administrative expenses		**(33,263)**	(28,761)
Other operating expenses		**(840)**	(40)
Profit from operations		**210,285**	116,716
Finance costs	6(a)	**(62,510)**	(62,773)
Profit before taxation	6	**147,775**	53,943
Income tax	7	**(37,383)**	(19,516)
Profit for the period		**110,392**	34,427
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences on translation of financial statements, net of nil tax		**(365)**	144
Total comprehensive income for the period attributable to equity shareholders of the Company		**110,027**	34,571
Basic and diluted earnings per share	8	**RMB0.11**	RMB0.05

The notes on pages 23 to 37 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 — unaudited
(Expressed in Renminbi)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current assets			
Vehicles and equipment		**7,184**	6,647
Intangible assets	9	**1,711,954**	1,597,826
Investment in an associate		**3,500**	3,500
Other receivables	10	**172,241**	154,425
Gross amounts due from customers for contract work	11	**1,800,881**	1,566,826
Deferred tax assets		**—**	1,038
		3,695,760	3,330,262
Current assets			
Inventories		**7,454**	7,322
Trade and other receivables	10	**380,277**	327,566
Gross amounts due from customers for contract work	11	**11,274**	10,897
Restricted deposits		**25,366**	23,814
Cash and cash equivalents	12	**556,126**	762,356
		980,497	1,131,955
Current liabilities			
Loans and borrowings	13	**312,261**	551,361
Trade and other payables	14	**265,407**	332,158
Current taxation		**25,750**	22,815
		603,418	906,334
Net current assets		**377,079**	225,621
Total assets less current liabilities		**4,072,839**	3,555,883

The notes on pages 23 to 37 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2015 — unaudited
(Expressed in Renminbi)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current liabilities			
Loans and borrowings	13	**1,383,249**	1,040,006
Deferred tax liabilities		**76,165**	62,635
Trade payables	14	**326,006**	275,850
		1,785,420	1,378,491
NET ASSETS		**2,287,419**	2,177,392
CAPITAL AND RESERVES			
Capital	15	**1,045,000**	1,045,000
Reserves		**1,242,419**	1,132,392
TOTAL EQUITY		**2,287,419**	2,177,392

The notes on pages 23 to 37 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015 — 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
Balance at 1 January 2014		700,000	—	80,035	14,594	(16,764)	433,568	1,211,433
Changes in equity for the 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)	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
Changes in equity for the six months ended 31 December 2014:								
Profit for the period		—	—	—	—	—	107,618	107,618
Other comprehensive income		—	—	—	—	(180)	—	(180)
Total comprehensive income		—	—	—	—	(180)	107,618	107,438
Shares issued upon initial public offering	15(b)	45,000	78,362	—	—	—	—	123,362
Balance at 31 December 2014		1,045,000	548,950	80,035	14,594	(16,800)	505,613	2,177,392
Balance at 1 January 2015		**1,045,000**	**548,950**	**80,035**	**14,594**	**(16,800)**	**505,613**	**2,177,392**
Changes in equity for the six months ended 30 June 2015:								
Profit for the period		**—**	**—**	**—**	**—**	**—**	**110,392**	**110,392**
Other comprehensive income		**—**	**—**	**—**	**—**	**(365)**	**—**	**(365)**
Total comprehensive income		**—**	**—**	**—**	**—**	**(365)**	**110,392**	**110,027**
Balance at 30 June 2015		**1,045,000**	**548,950**	**80,035**	**14,594**	**(17,165)**	**616,005**	**2,287,419**

The notes on pages 23 to 37 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2015 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Operating activities		
Cash used in operations	**(238,136)**	(128,759)
People's Republic of China ("PRC") income tax paid	**(19,880)**	(10,657)
Net cash used in operating activities	**(258,016)**	(139,416)
Net cash generated from/(used in) investing activities	**2,419**	(95)
Financing activities		
Net proceeds from initial public offering	**—**	791,843
Payment of listing expenses	**(2,201)**	(9,730)
Other cash flows generated from/(used in) financing activities	**51,589**	(135,111)
Net cash generated from financing activities	**49,388**	647,002
Net (decrease)/increase in cash and cash equivalents	**(206,209)**	507,491
Cash and cash equivalents at 1 January	**762,356**	502,167
Effect of foreign exchanges rate changes	**(21)**	7,979
Cash and cash equivalents at 30 June	**556,126**	1,017,637

The notes on pages 23 to 37 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

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"). It was authorised for issue on 21 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any 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 2014 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 38.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from 2014 annual report. Statutory financial statements for the year ended 31 December 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 12 March 2015.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company.

- *Annual Improvements to IFRSs 2010–2012 Cycle*
- *Annual Improvements to IFRSs 2011–2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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	
	2015	2014
	RMB'000	RMB'000
Revenue from waste-to-energy project construction services	**398,586**	220,145
Revenue from waste-to-energy project operation services	**186,237**	128,778
Finance income	**66,727**	42,312
	651,550	391,235

The Group has transactions with the PRC local government authorities and power grid companies which in aggregate exceeded 10% of the Group's revenue. Revenue 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 the six months ended 30 June 2015 amounted to RMB651,550,000 (six months ended 30 June 2014: RMB391,235,000).

(Expressed in Renminbi unless otherwise indicated)

5 OTHER REVENUE AND NET INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Other revenue		
Interest income	**3,999**	1,347
Government grants (i)	**1,546**	580
Value-added tax refund (ii)	**5,482**	5,242
Others	**408**	206
	11,435	7,375
Other net income		
Net foreign exchange gain	**341**	7,941

(i) The government grants (unconditional) of the Group were recognised as income when received.

(ii) Value-added tax fund represented the tax exemption granted by local tax bureaus, and 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	
	2015	2014
	RMB'000	RMB'000
Interest on bank and entrusted loans	**53,270**	57,057
Other interest expenses	**10,713**	6,941
	63,983	63,998
Less: interest expense capitalised into intangible assets*	**(1,473)**	(1,225)
	62,510	62,773

* The borrowing costs have been capitalised at rates of 5.65%–6.15% during the six months ended 30 June 2015 (six months ended 30 June 2014: 6.15%–7.04%).

6 PROFIT BEFORE TAXATION (continued)

(b) Staff costs

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Contributions to defined contribution retirement plans	**4,283**	4,245
Salaries, wages and other benefits	**50,132**	38,622
	54,415	42,867

(c) Other items

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Cost of construction service*	**315,212**	164,529
Operating lease charges	**2,026**	877
Amortisation	**29,358**	27,782
Depreciation	**1,044**	1,045
Impairment loss of intangible assets	**16,690**	—
Reversal of impairment loss on trade and other receivables	**—**	(102)
Listing expenses	**—**	15,065

* Cost of construction service include RMB12,548,000 for the six months ended 30 June 2015 (six moths ended 30 June 2014: RMB7,194,000) 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).

(Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current tax		
Provision for PRC income tax for the period	**22,158**	12,144
Under-provision in respect of prior year	**657**	290
	22,815	12,434
Deferred tax		
Origination and reversal of temporary differences	**14,568**	7,082
Income tax expense	**37,383**	19,516

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 2014 and 2015, 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 the Company of RMB110,392,000 (six months ended 30 June 2014: RMB34,427,000) and the weighted average number of 1,045,000,000 ordinary shares in issue for the six months ended 30 June 2015 (six months ended 30 June 2014: 719,890,000).

Diluted earnings per share

The Company did not have any potential dilutive shares during the six months ended 30 June 2014 and 2015. 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 2014 and 1 January 2015	557	1,762,454	6,529	1,769,540
Additions	—	160,179	—	160,179
At 30 June 2015	557	1,922,633	6,529	1,929,719
Accumulated amortisation and impairment loss:				
At 31 December 2014 and 1 January 2015	166	171,386	162	171,714
Charge for the period	24	29,258	76	29,358
Impairment loss	—	16,690	—	16,690
Exchange adjustments	—	3	—	3
At 30 June 2015	190	217,337	238	217,765
Net book value:				
At 31 December 2014	391	1,591,068	6,367	1,597,826
At 30 June 2015	367	1,705,296	6,291	1,711,954

The cost of waste-to-energy project 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 these waste-to-energy projects which have not yet commenced operation, the Group assesses the recoverable amount of each operating right at the end of each period. At 30 June 2015, the recoverable amounts of the operating right are estimated to be higher than the carrying amount, and no impairment is required (2014: nil).

For those waste-to-energy projects which have commenced operation, the Group assesses the recoverable amount of each operating right when there is an impairment indication. In the first half year of 2015, Rushan Dynagreen Renewable Energy Co., Ltd. ("Rushan Dynagreen") suffered operating loss since its operation starting from the end of 2013. The accumulated operating loss was resulted from the unexpected low quantity of waste available to process. During the six months period ended 30 June 2015, the Group provided an further impairment loss of RMB16,690,000 on the operating right of Rushan Dynagreen and the total impairment of Rushan Dynagreen as at 30 June 2015 is RMB27,559,000 (31 December 2014: RMB10,869,000). As the net book value of the operating rights has been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT(CONTINUED)

(Expressed in Renminbi unless otherwise indicated)

9 INTANGIBLE ASSETS (continued)

The recoverable amounts of each operating right are determined based on value-in-use calculations. The Group assessed the recoverable amounts of calculations use cash flow projections based on financial budgets covering each specific operating period. The cash flows are discounted using a discount rate of 8.15%–9.60% (31 December 2014: 8.15%–9.60%). The discount rates used are pre-tax and reflect specific risks relating to the relevant operating rights.

Amortisation of intangible assets is included in "direct costs and operating expenses" in the consolidated statement of profit or loss and other comprehensive income of the Group.

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 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 month	**64,392**	70,011
More than 1 month but within 3 months	**33,759**	17,952
More than 3 months but within 6 months	**8,604**	8,100
More than 6 months	**18,418**	11,962
Trade receivables net of allowance for doubtful debts	**125,173**	108,025
Prepayments for construction	**127,477**	120,604
Other receivables, deposits and prepayments	**299,868**	253,362
	552,518	481,991
Less: Non-current portion		
— Other receivables	**(172,241)**	(154,425)
	380,277	327,566

Included in "Other receivables, deposits and prepayments" of the Group at 30 June 2015 were retention receivables of RMB21,200,000 (31 December 2014: RMB16,000,000), which were expected to be recovered after more than one year.

10 TRADE AND OTHER RECEIVABLES (continued)

Included in "Other receivables, deposits and prepayments" and "Non- current portion — Other receivables" of the Group include balances of RMB64,928,000 at 30 June 2015 (31 December 2014: RMB47,736,000), which represent the financial income receivables under BOT arrangements and is calculated based on gross amounts due from customers for contract work at interest rates ranging from 6.61% to 7.87% (2014: 6.61% to 7.71%) . 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.

Included in "Non-current portion — Other receivables" and "Other receivables, deposits and prepayments" of the Group of RMB143,861,000 as at 30 June 2015 (31 December 2014: RMB143,375,000) 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 RMB350,000 in respect of the Group's trade receivables were recognised at 30 June 2015 (31 December 2014: RMB350,000).

11 GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Contract costs incurred plus recognised profits less anticipated losses	**1,844,720**	1,604,840
Less: Progress billings	**(32,565)**	(27,117)
Net contract work	**1,812,155**	1,577,723
Representing:		
Gross amounts due from customers for contract work		
— Non-current	**1,800,881**	1,566,826
— Current	**11,274**	10,897
Total	**1,812,155**	1,577,723

(Expressed in Renminbi unless otherwise indicated)

11 GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK (continued)

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 7.87% per annum for the six months ended 30 June 2015 (six months ended 30 June 2014: 6.61% to 7.71%). 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.

12 CASH AND CASH EQUIVALENTS

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Cash at bank and in hand	**556,126**	762,356

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

13 LOANS AND BORROWINGS

At 30 June 2015, the loans and borrowings were repayable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year or on demand	**312,261**	551,361
After 1 year but within 2 years	**126,061**	113,961
After 2 years but within 5 years	**754,105**	486,049
After 5 years	**503,083**	439,996
	1,383,249	1,040,006
	1,695,510	1,591,367

At 30 June 2015, the loans and borrowings were secured as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Bank loans		
— secured	**502,656**	535,160
— unsecured	**1,192,854**	1,056,207
	1,695,510	1,591,367

13 LOANS AND BORROWINGS (continued)

(a) Secured bank loans

Banking facilities of the Group amounting to RMB643,046,000 as at 30 June 2015 (31 December 2014: RMB756,069,000) 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 RMB502,656,000 (31 December 2014: RMB535,160,000) and the relevant book value of secured assets amounted to RMB1,252,053,000 as at 30 June 2015 (31 December 2014: RMB1,938,538,000).

Apart from the above, the Company's investment in Rushan Dynagreen of RMB100,880,000 was pledged for the long-term bank loans borrowed by Rushan Dynagreen as at 31 December 2014 and 30 June 2015.

(b) Unsecured bank loans

Unsecured banking facilities of the Group amounting to RMB622,990,000 as at 30 June 2015 (31 December 2014: RMB622,900,000) were guaranteed by an equity shareholder of the Group. Such banking facilities were granted for a period of 10 years, which would be due in April 2023. At 30 June 2015, such banking facilities were utilised to the extent of RMB622,990,000 (31 December 2014: RMB455,000,000) and letters of credit amounting to RMB20,000,000 were issued by the Company to guarantee the interests payment in respect of the loan drawn down under such banking facilities.

(c) Fulfillment of covenants

Banking facilities of RMB622,990,000 as at 30 June 2015 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. The Group regularly monitors its compliance with these covenants. As at 30 June 2015, none of the covenants relating to drawn down facilities had been breached (31 December 2014: nil).

(Expressed in Renminbi unless otherwise indicated)

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 2015 RMB'000	At 31 December 2014 RMB'000
Due within 1 month or on demand	178,044	215,949
Due after 1 month but within 3 months	1,119	1,708
Due after 3 months but within 6 months	9,820	6,804
Due after 6 months but within 9 months	2,627	5,049
Due after 9 months but within 12 months	1,913	28,972
Due after 12 months	326,006	275,850
Total trade payables	519,529	534,332
Other payables and accruals	71,884	73,676
	591,413	608,008
Less: Non-current portion — trade payables	(326,006)	(275,850)
	265,407	332,158

Included in "Trade payables" and "Non-current portion — trade payables" RMB331,707,000 as at 30 June 2015 (31 December 2014: RMB282,966,000) were unsecured, interest-bearing ranging from 5.94% to 8.60% (31 December 2014: 5.94% to 8.60%) 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 RMB326,006,000 (31 December 2014: RMB275,850,000) 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 2015 (six months ended 30 June 2014: 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	
	2015 RMB'000	2014 RMB'000
Dividends in respect of the previous financial years, approved during the interim period ended 30 June 2015 (six months ended 30 June 2014: RMB1 per 10 shares)	**–**	70,000

(b) Share capital

Authorised and issued share capital

	2015		2014	
	Number of shares ('000)	**Amount RMB'000**	Number of shares ('000)	Amount RMB'000
Ordinary shares, issued and fully paid				
At 1 January	**1,045,000**	**1,045,000**	700,000	700,000
Shares issued upon initial public offering	**–**	**–**	345,000	345,000
At 30 June/31 December	**1,045,000**	**1,045,000**	1,045,000	1,045,000

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.

15 CAPITAL AND RESERVES (continued)

(b) Share capital (continued)

Authorised and issued share capital (continued)

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 this interim financial report of RMB301,176,000 at 30 June 2015 (31 December 2014: RMB515,280,000).

(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 this interim financial report of RMB14,000,000 at 31 December 2014 and 30 June 2015.

(c) Operating lease commitments

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year	**3,263**	3,511
After 1 year but within 5 years	**280**	1,004

(Expressed in Renminbi unless otherwise indicated)

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 at 30 June 2015 under the guarantees issued is the facility drawn down by the subsidiaries of RMB653,333,000 (31 December 2014: RMB620,537,000).

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 recognised in the interim report.

18 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Interest paid to equity owners	**–**	3,080
Service fee to Changzhou Zhengyuan Environmental Protection Resources Utilization Co., Ltd. ("Changzhou Zhengyuan")*	**855**	717
Management Service fee to Changzhou Zhengyuan	**500**	500
Collection of slag processing fee on behalf of Changzhou Zhengyuan	**1,413**	1,133

* 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 2014 and 30 June 2015.

(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	
	2015	2014
	RMB'000	RMB'000
Short-term employee benefits	**2,868**	2,648
Contributions to defined contribution retirement plans	**129**	128
Total	**2,997**	2,776

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 37 which comprises the consolidated statement of financial position of Dynagreen Environmental Protection Group Co., Ltd. as of 30 June 2015 and the related consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and condensed consolidated cash flow statement for the six month 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 2015 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

21 August 2015