

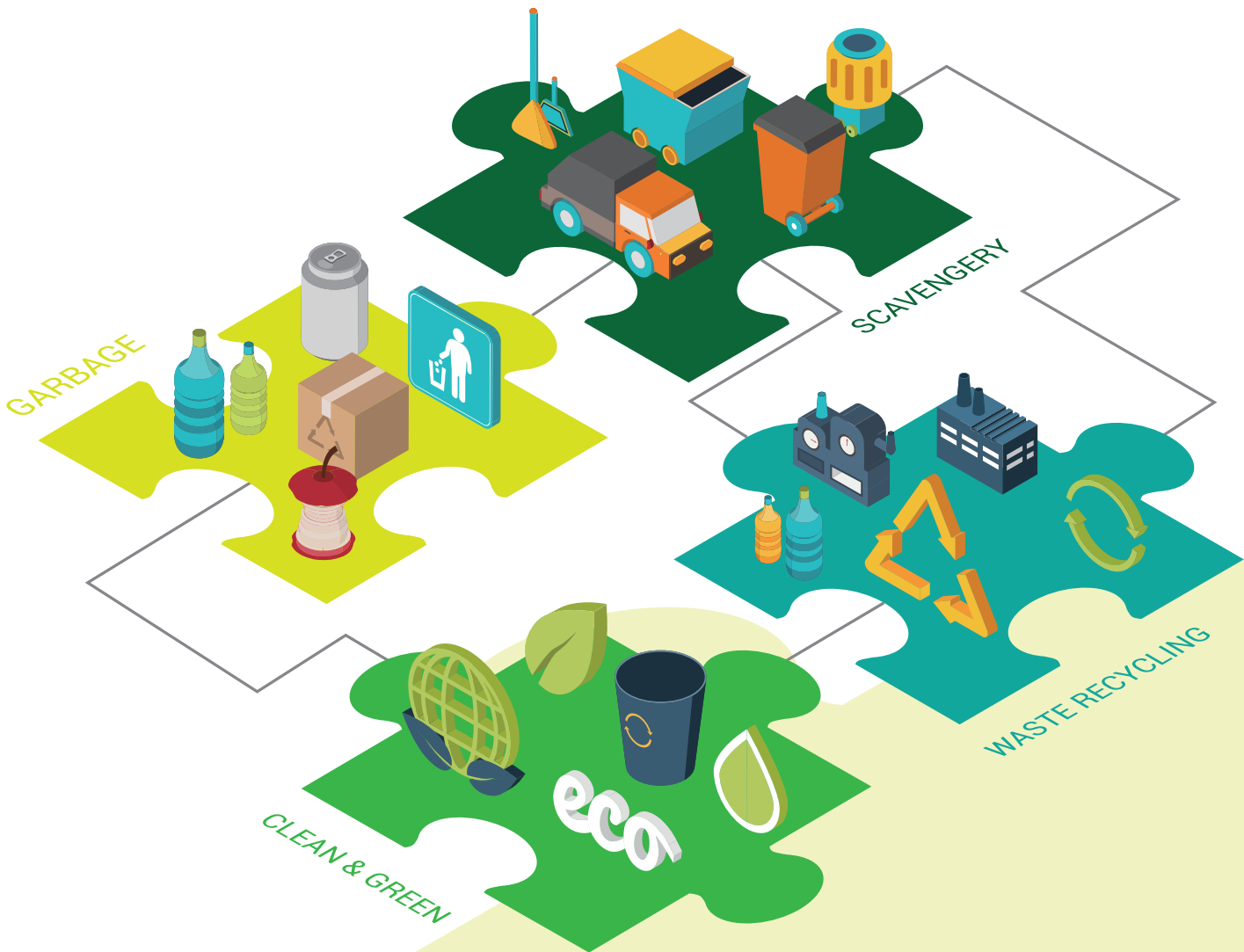


DONGJIANG ENVIRONMENTAL COMPANY LIMITED*

東江環保股份有限公司

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

(Stock Code: 00895)



Annual Report
2015

* For identification purpose only

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

ZHANG Wei Yang (*Chairman*)
CHEN Shu Sheng (*Chief executive*)
LI Yong Peng (*Vice president*)

NON-EXECUTIVE DIRECTORS

FENG Tao (*Vice chairman*)
SUN Ji Ping

INDEPENDENT NON-EXECUTIVE DIRECTORS

WONG Hin Wing
QU Jiu Hui
SU Qi Yun (*appointed on 16 March 2015*)
WANG Ji De (*resigned on 16 March 2015*)

SUPERVISORS

YUAN Wei
CAI Wen Sheng (*resigned on 15 March 2016*)
LIU An
HUANG Wei Ming (*appointed on 15 March 2016*)

COMPANY SECRETARY

WANG Tian

AUDIT COMMITTEE

WONG Hin Wing (*Chairman*)
QU Jiu Hui
SU Qi Yun (*appointed on 15 March 2015*)
WANG Ji De (*resigned on 16 March 2015*)

REMUNERATION AND APPRAISAL COMMITTEE

SU Qi Yun (*Chairman*) (*appointed on 15 March 2015*)
QU Jiu Hui
WONG Hin Wing
WANG Ji De (*resigned on 16 March 2015*)

NOMINATION COMMITTEE

QU Jiu Hui (*Chairman*)
ZHANG Wei Yang
WONG Hin Wing

STRATEGIC DEVELOPMENT COMMITTEE

ZHANG Wei Yang (*Chairman*)
FENG Tao
QU Jiu Hui

AUTHORISED REPRESENTATIVES

ZHANG Wei Yang
WANG Tian

STOCK CODES

A shares listed on Shenzhen Stock Exchange: 002672
H shares listed on The Stock Exchange of Hong Kong Limited: 00895

AUTHORISED REPRESENTATIVE TO ACCEPT SERVICE OF PROCESSES AND NOTICES

Loong & Yeung

AUDITORS

ShineWing Certified Public Accountants

LEGAL ADVISERS

Loong & Yeung (*as to Hong Kong law*)
北京國楓律師事務所 (*as to China law*)

PRINCIPAL BANKER

China Merchants Bank

HONG KONG H SHARE REGISTRAR

Tricor Tengis Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

1st Floor, 3rd Floor, North of 8th Floor
9th-12th Floor
Dongjiang Environmental Building
No. 9 Langshan Road
North Zone of Hi-tech Industrial Park
Nanshan District, Shenzhen
The People's Republic of China

COMPANY'S WEBSITE

<http://www.dongjiang.com.cn>

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2001-2006, 20th Floor
Jardine House, 1 Connaught Place
Central, Hong Kong

FINANCIAL SUMMARY

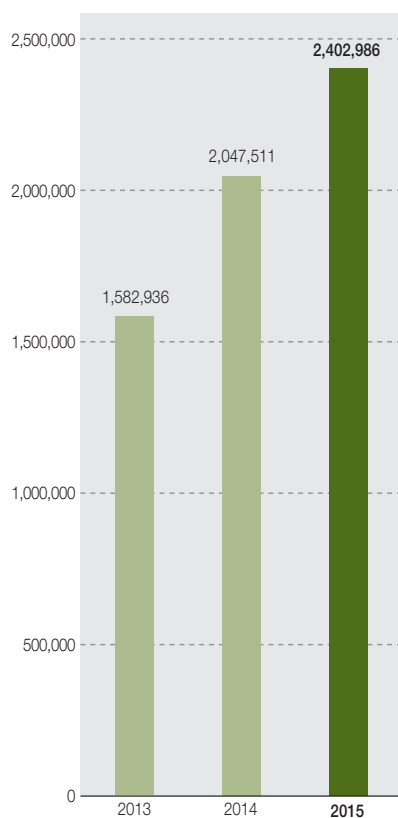


	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Results					
Total operating revenue	2,402,986	2,047,511	1,582,936	1,521,518	1,501,074
Gross profit	778,727	665,310	482,537	561,703	522,685
Gross profit margin	32.41%	32.49%	30.48%	36.92%	34.82%
Net profit attributable to shareholders of the Company	332,534	251,610	208,282	266,706	203,725

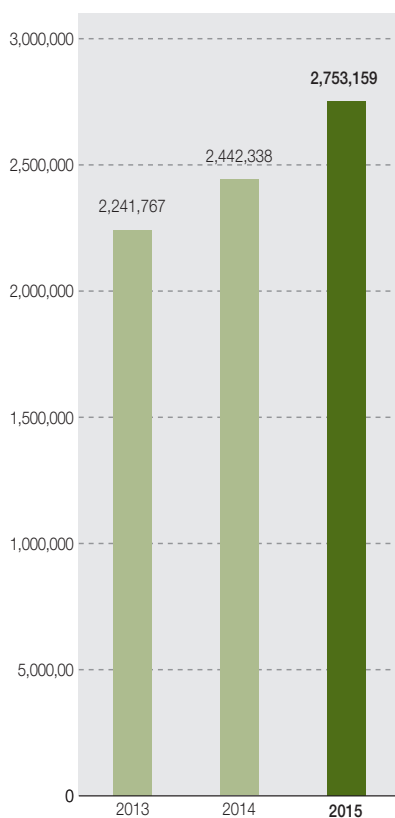
Financial position as at end of year

Total assets	6,685,217	4,985,470	3,267,457	3,109,606	1,983,716
Total liabilities	3,465,681	2,146,894	817,494	836,660	934,033
Minority interests	466,375	396,237	208,195	178,923	103,338
Equity attributable to shareholders of the Company	2,753,159	2,442,338	2,241,767	2,094,023	946,346

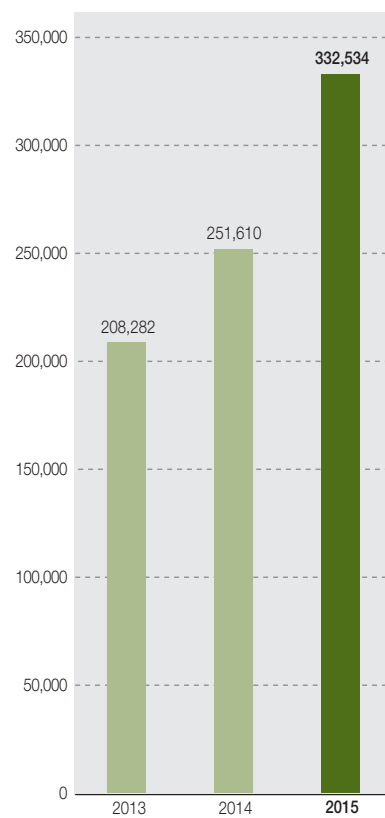
Total operating revenue RMB'000



Equity attributable to shareholders of the Company RMB'000



Net profit attributable to shareholders of the Company RMB'000



(As at 31 December)





CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Dongjiang Environmental Company Limited* (the "Company"), I am pleased to report the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015 (the "Reporting Period").

OVERVIEW

2015 was the end of the "12th Five-Year Plan" but also the year for preparing the "13th Five-Year Plan". During the Reporting Period, various environmental protection policies were promulgated, especially the programmatic documents such as "Opinions on Accelerating the Ecological Civilization Construction" and "General Proposal for the Reform for Promoting Ecological Progress", as well as the new Environmental Laws was duly implemented, symbolizing the establishment of framework system of the environmental policy in China and creating long-term and deep impact to the establishment of ecological civilization and industrial development. During the Reporting Period, under the mission of "zero waste on earth", the Group followed the trend of the industry, actively promoted the adjustment and improvement of the strategy, continued to optimize the business structure, deepened the district layout, and have achieved gratifying results. During the year 2015, the Group's industrial waste treatment business grew rapidly, and basically realized the transformation of industrial waste recycling business to detoxification disposal treatment, which has become the main principal operation business of the Company.

During the Reporting Period, with the joint and coordinated development of all businesses, the Group achieved a stable growth. For the year of 2015, the Group achieved an operating revenue of RMB2,402,986,382.18, representing an increase of 17.36% as compared to the same period of 2014. The net profit attributable to the shareholders of the listed company was RMB332,534,009.33, representing an increase of 32.16% as compared to the same period of 2014.

The Group has expanded its processing capacity by "internal growth and external expansion" in recent years. As at 2015, the Group obtained the industrial hazardous waste treatment capability amounted to 1.36 million tonnes/year, representing an increase of 89% as compared to 2014. With diversified capacity, complete industrial chain, huge processing scale, large geographical coverage and strong technical capability, the Group continues to consolidate its leading position in industrial hazardous waste treatment industry. Besides, during the reporting period, the growth of the Group's environmental protection service business, municipal waste treatment business remained stable, operating revenue generated in total represented approximately 26.97% of the total operating revenue of the Group. The Group has positioned itself in industrial and municipal waste recycling and detoxification and resource utilization business, which can enhance the core competitiveness of principal business and the risk prevention ability of the Company, so as to better respond to the external economy risk.

During the Reporting Period, in order to cooperate with the rapid business development, the Group put considerable effort in respect of internal operational management and enhancement of capital market image, which cultivated a benign ecological loop of each business segment, and established a good brand in the PRC's environmental protection industry, further improving its image in the capital market. The Company was awarded the "2015 Solid Waste Industry Segment Leading Award", "2014 Top Ten Management Team" in the evaluation for Chinese listed companies, "2015 Most Reputable Listed Chinese Companies – Best Secretaries Award" and enlisted on "China's Most Respected Listed Companies by the Investors".



OUTLOOK

From “12th Five-Year Plan” to “13th Five-Year Plan”, the energy saving environmental protection industry has developed into a pillar industry from strategic emerging industries. Under the new norm of economy development, the supply and demand of the state prefers structural reform, and resources are diverted to the energy saving environmental protection industry, which has more development potential. Environmental protection industry is expected to be the new growth point for economy development. This brings a significant development opportunity. As for the industry, along with the environmental protection standard become more stringent and the higher requirement of the “13th Five-Year Plan”, each field in the energy saving industry has chance to grow. In 2016, the Group continues to follow its strategic objectives and creates a customer symbiosis market atmosphere in adherence to the concept of safety and environmental protection so as to strengthen its optimization of capital structure, continues to enhance the overall competitiveness of the Company, and to bring great returns to the investors with good performance.

ACKNOWLEDGEMENTS

Finally, on behalf of the Board, I would like to express my gratitude to the shareholders, clients, suppliers, partners, and staff who make unremitting effort to the Group's development.

Dongjiang Environmental Company Limited*

Chen Shu Sheng

Executive Director

Shenzhen • Guangdong • PRC

24 March 2016

* *for identification purpose only*



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERVIEW

2015 was the end of the “12th Five-Year Plan” but also the year for preparing the “13th Five-Year Plan”. During the Reporting Period, various environmental protection policies were promulgated, especially the programmatic documents such as “Opinions on Accelerating the Ecological Civilization Construction” and “General Proposal for the Reform for Promoting Ecological Progress”, as well as the New Environmental Laws was duly implemented, which symbolized the establishment of the national environmental policies framework and brought a profound effect on establishment of the ecological civilization and industry development. The Group grasped the industry developing opportunities, actively pushed ahead the upgrade of its strategic positioning, continued to optimize the business structure, intensify the regional layout and build a comprehensive environmental protection platform. In 2015, with the joint and coordinated development of all businesses, the Group achieved a stable growth. For the year of 2015, the Group achieved an operating revenue of RMB2,402,986,382.18, representing an increase of 17.36% as compared to the same period of 2014. The net profit attributable to the shareholders of the listed company was RMB332,534,009.33, representing an increase of 32.16% as compared to the same period of 2014. In 2015, the total assets was RMB6,685,217,204.54, representing an increase of 34.09% as compared to the beginning of the Reporting Period; the equity interests attributable to the shareholders of the Company was RMB2,753,159,779.70, representing an increase of 12.73% as compared to the beginning of the Reporting Period.

Industrial waste treatment

The industrial waste treatment industry has high barriers to entry with advanced technical requirements and long construction period. In recent years, the industrial waste treatment industry was benefited from the strict regulatory policies, a surge in market demand, severe shortage in corresponding treatment facilities and imbalance of supply and demand. Facing the favorable market opportunities, the Group has expanded its processing capacity by “internal growth and external expansion” in recent years. As at 2015, the Group obtained the industrial hazardous waste treatment capability amounted to 1.36 million tonnes/year, representing an increase of 89% as compared to 2014. Among which, the detoxification processing capacity of industrial waste, such as landfill, incineration and physical-chemical, reached to 650,000 tonnes/year, representing a growth of 240% as compared with the same period last year and amount to 48% of the processing capacity of the industrial hazardous waste treatment of the Group. As at 2015, the Group generally transformed its business from utilization of industrial hazardous waste resources to detoxification, which strengthened the risk resistance of the Group against continuous price drop of non-ferrous metals. During the Reporting Period, the detoxification business achieved an operating revenue of approximately RMB587,023,500, representing an increase of 48.40% as comparing with the same period last year, and achieved a gross profit of approximately RMB302,755,800 and became the major profitable business of the Group.

As a pioneer in the industrial hazardous waste treatment industry with diversified capacity, complete industrial chain, huge processing scale, large geographical coverage and strong technical capability, the Group continues to consolidate its leading position in industrial hazardous waste treatment industry and gradually establishes a comprehensive solid waste service platform.

For external expansion, during the Reporting Period, the Group continued to strengthen its detoxification business by completing 9 equity merger and acquisition projects with total investment contract amounts of RMB1.0 billion and added detoxification business capacity of nearly 126,000 tonnes/year, and add resources business capacity of nearly 56,000 tonnes/year. The Group opened its first industrial hazardous waste landfill business in Yangtze River Delta region and established its complete industrial hazardous waste industry chain in that area. For geographical distribution, the Group focused its business in Jiangsu and Zhejiang provinces and the northern and central China by acquisition of the projects such as Jianglian Environmental, Rudong Daheng and Nantong Hui Tian Ran as well as Hengshui Ruitao, furthering its coverage in industrial hazardous waste industry in Yangtze River Delta region and enhancing its synergistic effects in eastern China.



Meanwhile, the Group greatly pushed ahead the new production capacity expansion projects. The production bases of Jiangmen Dongjiang, Shajing Treatment Base, Huizhou Dongjiang and Xiamen luzhou gained new resources with newly added processing capacity of approximately 450,000 tonnes/year. In particular, the North Guangdong Hazardous Waste Treatment and Disposal Center, the strategic project of the Group, received the incineration capacity of 9,500 tonnes/year. The Jiangxi Solid Waste Center also obtained the incineration capacity of 15,000 tonnes/year in February 2016. The above projects laid a solid foundation for further expansion in the industrial waste collection and detoxification treatment market in Guangdong and Jiangxi provinces.

Benefited from the gradual unleashed of production capacity and the comprehensive distribution of the Group, the customer groups of the Group continuously expanded, such that the conventional passive service was no longer satisfied business development needs. During the Reporting Period, the Group brought in new business models and developed a business model integrating online consultation and transaction and offline “one-stop” waste collection, transportation, storage, treatment and reuse through internet platforms in order to create a new customer development and service system oriented to customer value and gradually establish a platform of trust and cooperation between the Group and customers and create a customer symbiosis market atmosphere.

Environmental protection service business

During the Reporting Period, new development opportunities presented themselves in the environmental protection sector with the gradual clarification of governmental policies with respect to third-party pollution prevention and the public-private partnership (PPP) mode to introduce professional third-party treatment through market-oriented mechanisms. Given this background, the Group seized the opportunities to push ahead its market expansion and management in environmental protection service business. During the Reporting Period, the Group had an outstanding performance and achieved an operating revenue of approximately RMB199,958,000, representing an increase of approximately 25.49% as compared with the same period last year and recorded a gross profit growth of 24.16% as compared with last year. In respect of environmental engineering and operation business, the Group has achieved a well market expansion result by successfully obtaining 9 project contracts, carrying out 41 projects for targeted customers and introducing 3 new operating projects. In the same time, the Group also started to expand its business to external area such as Zhejiang, Jiangsu and Nanchang with providing one-stop service in industrial zone and promoting a new model of platform collaborative development.

As for environmental monitoring business, in 2015, the external environmental monitoring business of Shenzhen Huabao Technology Co., Ltd., a wholly-owned subsidiary of the Group, achieved a satisfactory development by increasing the monitoring projects by obtaining more appointments in relation to the ecological surveys and monitoring business emphasized by the city government, also gained a good market reputation in respect of the professional services of environmental monitoring. In 2015, the environmental monitoring business achieved an operating revenue of approximately RMB9,603,200 in aggregate, representing a growth of 52.01% as compared with the same period last year. Huabao Technology achieved a satisfactory result.

In order to adapt to the rapid growth of environmental protection business, the Company embarked on function reorganization and merged its project construction team into the Environmental Protection Services Department to enable the department the full workflow spanning demand – design – construction – inspection – delivery – operation. Regarding business development, as having model of operational resources and profits among the Marketing Department and other departments was introduced to produce synergy and higher efficiency.



MANAGEMENT DISCUSSION AND ANALYSIS

Municipal waste treatment and waste electrical appliance disassembling business

During the Reporting Period, the Group steadily promoted the municipal waste treatment business, achieved an operating revenue of approximately RMB272,622,000, representing an increase of approximately 30.33% as compared with the same period last year. Business growth was mainly derived from the Xiaping Landfill Site operation service project and the new municipal sewage treatment business.

As for municipal waste treatment and disposal business, the Group successful bid for the Xiaping Landfill Site operation service project, which including landfill services, operation services of landfill deodorization improvement construction, leachate treatment and depth treatment, with a total contract sum of over RMB100 million. Moreover, the Group acquired the first municipal waste treatment operation project and treated a total volume of 110,000 tonnes/day of municipal sludge. The Group successfully expanded its business into municipal sludge treatment, which was important to the Company for extending its environmental protection industry chain and enhancing its overall capacity in urban environmental services business

As for renewable energy utilization, 2 new power generators with grid connection were added in the Xiaping landfill gas power generation project during the Reporting Period. The Group obtained an overall landfill scale power generation to 24 MWh with an on-grid power generation to 152,850,000 kwh and achieved an operating revenue of approximately RMB89,188,900.

Waste electrical appliance disassembling business

The treatment targets of the waste electrical appliance disassembling business are mainly the waste electrical appliances of “Four Devices and One Computer”. The Group has set up a complete production chain comprising the collection, disassembling, treatment and recycling of waste electrical appliances. During the Reporting Period, the Group achieved an operating revenue of approximately RMB394,779,200, representing an increase of 78.47% as compared with the same period last year.

During the Reporting Period, the Group strengthened the construction and operation management of the waste electrical appliance disassembling business. The attainment for necessary qualifications and expansion of capacity of the waste electrical appliances disassembling and integrated utilization base of Qingyuan Dongjiang, Hubei Dongjiang and Hubei Tianyin, the newly acquired company, achieved a significant improvement. During the Reporting Period, the Group obtained a treatment qualification of 186,300 tonnes/year in aggregate, representing an increase of 33% as compared with the same period in 2014, which laid a solid foundation for its business development and benefit contributions.



RESEARCH AND DEVELOPMENT

The Technological R&D Department underwent reorganization during the Reporting Period to strive to build up a marketing/production and application-oriented model for corporate clients by expanding its R&D management service platform and gradually establishing proprietary and introducing new models combining development. During the Reporting Period, the Group completed the technical skills standardization management system and established a standardized procedure and system aiming for production and promoted production application to lay the foundation for the subsequent standardization of technical skills. Moreover, the Group implemented the reporting modular management for project achievements. During the Reporting Period, the Group successfully reported various projects and awarded the government subsidies of RMB34,493,200 representing a significant increase as compared with last year. Also, the Group has first completed the patent strategy plan and carried out the patent management normalization. The Group had obtained 27 new patents and filed PCT international patent application for the first time during the Reporting Period. By virtue of its strength in technological innovation, the Group was awarded the “Guangdong Environmental Protection Science and Technology Award First Prize” and the “Science and Technology Progress Award First Prize by Ministry of Education” as well as the 2015 Environmental Protection Technology Award Third Prize by Ministry of Environmental Protection for the first time. Moreover, during the Reporting Period, the Company recognized as Guangdong Province Hazardous Waste Recycling and Harmless Engineering Technology Research Center and Shenzhen Hazardous Waste Wastewater Treatment Technology Engineering Laboratory successively, the hazardous waste disposal and treatment centre of Shaoguan Green in northern Guangdong was recognized as an exemplary unit of the Guangdong recycling economy pilot scheme and included in the list of “City Mining Exemplary Bases”.

CORPORATE DEVELOPMENT

In 2015, the Group completed its corporate culture system based on “sincerity”, which represents the foundation for corporate development. The Group will make adequate promotion of its corporate culture and become a mental driver to the rapid growth of the Group. During the Reporting Period, the Group awarded the “2015 Solid Waste Industry Segment Leading Award”, “2014 Top Ten Management Team” in the evaluation for Chinese listed companies, “2015 Most Reputable Listed Chinese Companies-Best Secretaries Award” and enlisted on “China’s Most Respected Listed Companies by the Investors”, which further enhanced the Group’s image in the capital market.

Also, during the Reporting Period, the Group initiated a non-public issue of A shares project in April 2015. In view of the significant change in China’s capital market and take account of various factors such as the current financing environment and timing and the benefits of the Company’s shareholders and subscribers, the Group submitted the application to the China Securities Regulatory Commission (CSRC) to terminate the review in March 2016 and received the “Notice of Administrative Approval for Terminating the Review by CSRC”. Currently, the Group’s internal operating cash flow and banking facilities are sufficient and the Company will satisfy its capital needs by various financing methods, including but not limited to bonds and equity financing. According to the developing strategies of the Company and the capital market conditions, the Company may launch the refinancing program which is suitable for its needs in the future.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Total Operating Revenue

For the year ended at 31 December 2015, the Group's total operating revenue increased by 17.36% to RMB2,402,986,382 (2014: RMB2,047,511,528). The main reasons for the increase are the implementation of more environmental protection policies and the active environment in the industry. The Company grasped the opportunities for development, actively promoted strategic adjustment and continuously expanded the business of detoxification disposal of wastes. Through implementing a combined development model of internal growth and external expansion, the Company also actively developed in new sectors and markets so as to increase the production capacity and market shares.

Profit

For the year ended 31 December 2015, the Group's gross profit increased by approximately 17.05% to approximately RMB778,727,373 (2014: RMB665,310,419). During the year, save that the operating income and the gross profit of recycled products reduced due to the decrease of metal price, the gross profit of the other businesses increased as compared with 2014. The first reason for such increase is that the Group actively explored the market, accelerated in promoting the construction of production capacity, increased the market share and expanded the business scale, increasing the total operating revenue; secondly, the Company continued to enhance its control over the costs and expenses during the Reporting Period, promoted overall budget management, and actively conducted production activities in relation to energy and consumption conservation, which effectively controlled the costs.

For the year ended 31 December 2015, the Group's comprehensive gross profit margin was 32.41% (2014: 32.49%), representing a decrease of approximately 0.08% as compared to the last year.

For the year ended 31 December 2015, net profit attributable to shareholders of the Company increased by approximately 32.16% to RMB332,534,009 as compared with the corresponding period in 2014 (2014: RMB251,610,695). The main reason for the increase is that the business scale expanded while the market share increased. Secondly, during the Reporting Period, the Company continued to expand its control over the cost and expenses, promoted the overall budget management, and actively conducted production activities in relation to energy and consumption conservation, which effectively controlled the costs.

Sales Expenses

For the year ended 31 December 2015, the Group's sales expenses was RMB53,479,227 (2014: RMB32,464,522), representing approximately 2.23% (2014: 1.59%) of the total operating revenue. The increase in sales expenses is mainly due to the Group having intensified the efforts on market development and increased investment in promoting products to increase the market share in waste treatment business in the general circumstance of the entire domestic economy worse than expected; secondly, the Company expanded its scale with an increase in business volume as compared with the corresponding period of last year.

Administrative expenses

For the year ended 31 December 2015, the Group's administrative expenses was RMB298,298,983 (2014: RMB284,962,606), representing 12.41% (2014: 13.92%) of the Group's total operating revenue. The main reason for the increase in administration expenses is that the Company continued to enhance input in research and development; secondly, the Company expanded its scale and the number of subsidiaries increased as compared with the corresponding period of last year.





Finance Costs

For the year ended 31 December 2015, the Group's finance cost was RMB64,511,337 (2014: RMB24,204,951), representing 2.68% (2014: 1.18%) of the Group's total operating revenue. The main reason for the increase in finance costs is that the demands for funds having increased along with the expansion of the Company, interest for the corporate bonds and bank loans increased so as to the increase in interest expenses.

Income Tax Expenses

For the year ended 31 December 2015, the Group's income tax expenses was RMB64,178,987 (2014: RMB39,045,324), representing 14.28% of the Group's total profits (2014: 12.41%). The increase in income tax expenses was mainly due to the increase in the total profit of the Group.

Financial Position and Liquidity

As at 31 December 2015, the Group's net current assets accounted for approximately RMB-269,948,304 (2014: RMB923,597,023), including cash and cash equivalent of RMB815,961,535 (2014: RMB1,024,299,019).

As at 31 December 2015, the Group's total liabilities was RMB3,465,681,663 (2014: RMB2,146,894,681). The Group's gearing ratio was 51.84% (2014: 43.06%) in terms of the Group's total liabilities and total assets. The current liabilities of the Group was RMB2,592,766,217 (2014: RMB1,317,418,212). As at 31 December 2015, the Group had outstanding bank loans of RMB2,001,992,965 (2014: RMB1,078,123,022).

The Board believes that the Group has a stable and strong financial position and will have sufficient liquidity to meet the needs of its operations and future business development.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

In January 2015, the Company invested RMB300,000,000 to incorporate a wholly-owned subsidiary, namely Shenzhen Dongjiang Huiyuan Micro Finance Company Limited (深圳市東江匯圓小額貸款有限公司).

In January 2015 and June 2015 respectively, according to the installment investment agreement, the Company invested RMB20,000,000 in the wholly-owned subsidiary of the Company, Jiangxi Dongjiang Environmental Technology Co. (江西東江環保技術有限公司), Ltd., respectively, totaling RMB40,000,000.

In February 2015, the Company entered into a share transfer agreement to acquire equity interests in Shenzhen Hengjian Tongda Investment Management Co., Ltd. (深圳市恒建通達投資管理有限公司) ("Hengjian Tongda") at RMB212,000,000 in cash. Upon completion of the transaction, Hengjian Tongda is owned as to 100% by the Company.

In February 2015, the Company entered into a capital increase agreement to increase the capital of Jiangsu Suntime Environmental Remediation Co., Ltd. (江蘇上田環境修復有限公司) ("Jiangsu Suntime") at RMB13,431,700 in cash. Upon the completion of transaction, the Company owns 10% equity interest in Jiangsu Suntime Environmental.

In February 2015, the Company invested in RMB800,000 to incorporate a subsidiary, namely Shenzhen Chaoyue Dongchuang Carbon Asset Investment Consulting Co., Ltd. (深圳市超越東創碳資產投資諮詢有限公司), in which the Company owns 40% equity interest.



MANAGEMENT DISCUSSION AND ANALYSIS

In March 2015, the Company entered into a share transfer and capital increase agreement to acquire and increase capital in Hubei Tianyin Circulation Economic Development Co., Ltd. (湖北天銀循環經濟發展有限公司) (“Hubei Tianyin”) at RMB73,500,000 in cash. Upon completion of the transaction, the Company owns 60% of Hubei Tianyin.

In June 2015, the Company entered into an equity transfer and capital increase agreement to acquire Zhuhai Yongxingsheng Environmental Industrial Waste Recycling and Integrated Treatment Co., Ltd (珠海市門門區永興盛環保工業廢棄物回收綜合處理有限公司) (“Zhuhai Yongxingsheng Environmental”) at RMB220,100,000 in cash. Upon the completion of transaction, the Company owns 80% equity interest in Zhuhai Yongxingsheng.

In June 2015, the Company entered into an equity transfer and capital increase agreement to acquire Xiantao Luyi Environmental Technology Co., Ltd. (仙桃綠怡環保科技有限公司) (“Xiantao Luyi Environmental”) at RMB40,500,000 in cash. Upon the completion of transaction, the Company owns 55% equity interest in Xiantao Luyi.

In July 2015, the Company entered into a capital injection and share transfer agreement to acquire Hengshui Ruitao Environmental Technology Co., Ltd. (衡水睿韜環保技術有限公司) (“Hengshui Ruitao Environmental”) at RMB85,000,000 in cash. Upon the completion of transaction, the Company owns 85% equity interest in Hengshui Ruitao.

In November 2015, the Company entered into a share transfer agreement to acquire Zhejiang Jianglian Environmental Investment Co., Ltd. (浙江江聯環保投資有限公司) (“Zhejiang Jianglian Environmental”) at RMB75,558,000 in cash. Upon the completion of transaction, the Company owns 60% equity interest in Zhejiang Jianglian Environmental.

In November 2015, the Company entered into a share transfer agreement to acquire Jiangsu Rudong Daheng Hazardous Waste Treatment Company Limited (江蘇如東大恒危險廢物處理有限公司) (“Jiangsu Rudong Daheng”) at RMB100,000,000 in cash. Upon the completion of transaction, the Company owns 100% of Jiangsu Rudong Daheng.

In November 2015, the Company entered into a share transfer agreement to acquire Nantong Hui Tian Ran Solid Waste Landfills Co., Ltd. (南通惠天然固體廢物填埋有限公司) (“Nantong Hui Tian Ran”) at RMB150,000,000 in cash. Upon the completion of transaction, the Company owns 100% of Nantong Hui Tian Ran.

In December 2015, the Company entered into a capital increase agreement to acquire Jiangsu Dongheng Konggang High and New Tech Zone Co., Ltd. (江蘇東恒空港高新技術產業園有限公司) (“Dongheng Konggang”) at RMB45,000,000 in cash. Upon the completion of transaction, the Company owns 56.25% equity interests of Dongheng Konggang.

Save as disclosed in this report, the Group does not have any substantial investments, acquisitions and disposals of subsidiaries and associated companies.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Saved as disclosed in this report, the Group does not have other future plans for material investments or capital assets.





INTEREST RATE RISK

The Group is exposed to the fair value interest rate risks as a result of the Group's fixed-rate bank loans. The Group currently has no interest rate hedging policy. However, the management of the Group closely monitors the interest rate risk and should a significant risk be foreseeable, it will consider taking necessary actions.

The Group is also exposed to cash flow interest rate risk as a result of the Group's floating-rate bank loans. The Group's policy is to maintain the floating-rate bank loans to reduce the cash flow interest rate risk.

The Group's cash interest rate risk mainly results from the Group's RMB borrowings, and is subject to the fluctuations of the interest rate benchmark published by the People's Bank of China.

FOREIGN EXCHANGE RISK

The Group's functional currency is RMB, and the majority of transactions are denominated in RMB. However, certain bank balances of trade and other receivables and other payables are denominated in currencies other than RMB. Expenses of the Group's overseas operations are also denominated in foreign currencies.

PLEDGE OF ASSETS

As at 31 December 2015, certain assets of the Group were pledged to secure bank borrowings, guarantees and letters of credit facilities granted to the Group, as follows:

	2015	2014
Fixed assets	175,300,121.09	38,452,620.88
Cash and bank balances	41,767,769.31	3,451,118.87
Intangible assets	109,718,571.27	41,807,474.90
Construction in process	143,088,288.75	-
Total	469,874,750.42	83,711,214.65

INFORMATION ON EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the number of full-time employees stood at 3,927 (2014: 3,146) with a total staff cost of approximately RMB324,707,166.91 (2014: approximately RMB272,785,625). The Group offered continual training, remuneration package of additional benefits to its employees, including retirement benefits, housing fund, and medical insurance.

CONTINGENT LIABILITIES

Pursuant to the method of collection and treatment of industrial waste adopted by the Group, since its incorporation, the Group has not incurred any material expenses due to environmental restoration. However, there is no guarantee that the Chinese authorities will not implement stringent environmental policies and guidelines/environmental restoration standards in the future which would cause the Group to take environmental protection measures. The financial position of the Group may be adversely affected due to any environmental liabilities which may arise as a result of the promulgation of new environmental policies, guidelines and standards.

Save as disclosed above, the Group had no significant contingent liabilities for the years ended 31 December 2014 and 2015.



MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENT

As at 31 December 2015, the capital commitment of the Group was as follows:

Item	2015	2014
Capital expenditures contracted for but not provided for in the financial statements		
– Foreign investment	287,770,205.00	87,071,400.00
– Construction in progress	269,059,919.77	219,636,663.88
– Acquisition of plant and machinery	143,815,792.00	30,187,750.00
Total	700,645,916.77	336,895,813.88

FUTURE PROSPECTS

1. Development trend

2016 is the beginning year of the “13th Five-Year Plan” and the year of further establishment of ecological civilization in China. Under the new normal in economy, the central government of the PRC actively promotes five development concepts, including Innovation, Coordination, Green, Open and Sharing. After passing the revised Environmental Protection Law in the National People’s Congress, the government will further consolidate the strategic position of environmental protection. Environmental protection and related industry will have more room for development. It is estimated that the society and environmental protection investment of the “13th Five-Year Plan” will reach RMB17 trillion in aggregate. Environmental protection industry is expected to be the main driver to boost the economic growth. Implementing stringent environmental protection regulatory policies will continue to trigger the restructuring in hazardous waste treatment industry and will eliminate the weak players, which enable the leading companies in the hazardous waste treatment segment in the environmental industry to differentiate themselves from their competitors and on the track of transforming, upgrading and greening.

2. Business Plan in 2016:

In 2016, the Group continues to follow its strategic objectives and creates a customer symbiosis market atmosphere in adherence to the concept of safety and environmental protection so as to strengthen its optimization of capital structure. Leveraging on full exploitation of business potential and added values and strong internal management foundation, the Group carries out its own operation to increase efficiency and promotes the technology innovative development in order to keep enhancing the Group’s integrated competitiveness. The business plan of 2016 is as follow:

(1) Accelerate the construction of new production capacity and stabilize the operation of completed projects in order to provide new sources of profit

The Group accelerates the construction of production capacity of projects under construction or expansion, including the major treatment bases namely Jiangxi Dongjiang landfill project, Coastal Solid Waste 30,000 tonnes/year incineration project, Nantong Huitianran landfill site project, Zhuhai Yongxingsheng 20,000 tonnes/year incineration project, which will be put into operation during 2016, and conducts the adjustment and testing for the completed projects such as Rudong Daheng incineration project, Jiangxi Dongjiang incineration project, Wosen Environmental detoxification project and Shaoguan Green incineration project to ensure the stable income from the operation.



(2) Optimize the business structure, improve the business distribution and endeavor to develop the environmental service platform business

Giving a strong foothold in the Pearl River Delta and Yangtze River Delta area, the Group is focusing on the industry waste detoxification business development and is developing the environmental service platform business and soil remediation for heavy metal pollution business. The Group has also completed the marketing promotion activities in new developed cities across Eastern China, Hubei, Xinjiang and Hebei.

(3) Continue to strengthen the technological innovation and drive the Company forward with innovative technology

The Group finalizes its technology development strategic plan, improves its technology development and management platform, strengthens its platform to combine internal and external resources and provide management service, and introduces technical cooperation with universities to achieve the advanced technology development and utilization so as to provide technical support for the Company's production business.

(4) Implement safety and environmental protection measures and protect its smooth operation

The Group implements the general production skills standardization and establishes a standard management system for large scale facilities such as water evaporation and concentration as well as incineration system. The Group also secures the product will meet the quality standard with an increase in the rate of qualified products as well as enhances its qualified emission technology. The subsidiaries of the Group will also strengthen the safety and environment management and Supervision and inspection pursuant to EHS management system to ensure a safe and environmental friendly production operation.

(5) The Group will strengthen its human resources management to relieve the bottleneck of the business development and enable the Company to sustainably establish its key human resources ranking system and remuneration portfolio and formulate the talent pool system and plan as well as the retirement and elimination mechanism. The Group also establishes and implements long term staff incentive mechanism to attract and retain talents. By continuously implementing corporate culture, establishing the value of Dongjiang and building a good corporate image, the Group is able to achieve a sustainable development.

(6) Formulating various financing proposals to meet capital requirements

In order to guarantee the fund sufficient for the Company's rapid operating development, the Group will consider and formulate various financing methods such as corporate bonds, green bonds, buyout funds to open up its financing channels and implement proposals such as assets consolidation. The capital issues of the Company can be solved by accelerating the implementation of such measures.



3. Risk and solutions

(1) Policy risk

The Group is engaged in environmental protection industry, which is supervised by environmental protection department of the state, province, county (city) three levels of government. Each level of the department has formulated relevant policies. The implementation of various environmental protection policies by the government has actively boosted the rapid development of the environmental protection industry, also has set a higher environmental protection standard of the industry. The Company has strictly complied with the operating requirements of the environmental protection department. In line with the continuous improvement of the environmental protection standard, the Company will increase its operating cost to comply with the environmental protection laws and regulations, which has an impact on the operating benefits of the Company to a certain extent.

(2) Risks relating to more intense competition in the industry

The current industrialization and concentration in the industrial waste treatment market remains in a low level. However, many large-scale central and local state-owned enterprises and private companies enter the industrial waste treatment industry, especially higher competition in the industrial waste detoxification market in terms of brand and capital requirements. The capital requirements, technical and marketing capability will reflect the core competitiveness of the company. Supporting by the government policies in relation to industrial waste treatment segment in the environmental protection industry, the environmental protection industry is stepping into a rapid growth with many potential competitors entering the industry by project investment, merger and acquisition and joint cooperation, which further enhances the industry competition. It is expected that the Company will face a severe industry competition.

(3) Scale expansion risk

The assets and production scale and business diversification of the Company will be further expanded. If the developing strategies and management level of the Company fail to meet the rapid scale expansion as well as the structure, management, internal control, risk control, decision making and incentive systems fail to improve and adjust following the expansion of the Company, the market competitiveness of the Company will be weakening, which has an impact on the continuous rapid growth of the Company.

(4) Financial Risk

According to the strategic development plan of the Group, the construction and the distribution of the projects in the future needs sufficient capital for the Company's business development. The current major financing method of the Group is bank facilities. Signal financing channel will need more financing fees, which will give pressure on the operation of the Group. In 2016, according to the annual operation and investment plan, the Group will expand its financing channels in all aspects and fully utilize the financing methods in the capital market platform and launch the refinancing proposal which is suitable for the Company in a timely manner so as to increase its capital reserve and ensure it is sufficient for the Company's future capital needs.



EXECUTIVE DIRECTORS

Mr. Zhang Wei Yang (張維仰), aged 51, is the chairman of the Board, an executive Director and the founder of the Group. Mr. Zhang is responsible for the overall strategic development and policy of the Group. He has over 20 years of experience in the field of environmental protection and chemical technology, including his employment in Shenzhen environmental protection authorities for approximately five years, and in Shenzhen Fang Yuan Petrochemical Industries Co., Ltd. (深圳市方元化工實業有限公司) for six years. Mr. Zhang Wei Yang is currently a delegate to the People's Congress for Shenzhen, Deputy Supervisor of Central Energy and Resources and Environment Committee of China Democratic National Construction Association (民主建國會中央能源與資源環境委員會), Deputy Chairman of the Sixth Session of Committee of China Democratic National Construction Association in Shenzhen, Vice Chairman of Shenzhen Federation of Industry & Commerce (深圳市總商會), Director of China Siyuan Foundation for Poverty Alleviation (中華思源工程扶貧基金會), Executive Director of China Association of Environmental Protection Industry (中國環保產業協會) and Vice Chairman of Environmental Service Industry Association of All-China Federation of Industry & Commerce (中華全國工商業聯合會環境服務業商會). Mr. Zhang is an uncle of Mr. Li Yong Peng, an executive Director. Mr. Zhang was appointed as an executive Director on 16 September 1999. Mr. Zhang is the chairman of the strategic development committee of the Company, and a member of the nomination committee of the Company. He is also the authorised representative of the Company.

Mr. Chen Shu Sheng (陳曙生), aged 50, is an executive Director and the chief executive of the Company. He obtained a bachelor degree from the Chemistry Department of Jiangxi University (江西大學) in 1988, majoring in chemistry. Mr. Chen worked in Jiangxi Provincial Research Institute of Rare Earth (江西省稀土研究所) for about 13 years. Mr. Chen joined the Group in July 2001. Mr. Chen was appointed as an executive Director on 2 June 2005. In October 2012, Mr. Chen was appointed as the chief executive of the Company, and is responsible for overseeing the general operation of the Group.

Mr. Li Yong Peng (李永鵬), aged 41, is an executive Director and the vice president of the Company. He graduated from Zhong Nan Finance University (中南財經大學) (currently known as Zhong Nan Finance & Law University (中南財經政法大學)) with a bachelor degree in economics in 1998, majoring in state-owned assets management. Mr. Li was appointed as the vice president of the Company in October 2012, and is responsible for the business divisions and the management of market operation of the Group. Mr. Li is a nephew of Mr. Zhang Wei Yang, the chairman of the Board, an executive Director and the founder of the Group. Mr. Li was appointed as an executive Director on 28 November 2001.

NON-EXECUTIVE DIRECTORS

Mr. Feng Tao (馮濤), aged 49, is a non-executive Director and the vice-chairman of the Board. Mr. Feng Tao obtained a master degree in science from the Department of Statistics and Applied Probability from the University of Alberta in 1992. Since 1999, he had been serving as the vice president officer of the State Planning Committee, State Economic and Trade Commission and The Foundation of Development in Science and Technology of the China Science Academy (國家計劃委員會、國家經濟貿易委員會、中國科學院科技促進基金委員會) of the PRC. He is a director of Ecogreen Fine Chemicals Group Limited (listed on the Main Board of the Stock Exchange, Stock Code: 2341). He was a director of Venturepharm Laboratories Limited (listed on the Growth Enterprise Market of the Stock Exchange ("GEM") (Stock code: 8225)) (now renamed as "China Health Group Inc.") before 26 November 2014. Mr. Feng was appointed as a non-executive Director on 28 November 2001. Mr. Feng is a member of the strategic development committee of the Company.





MANAGEMENT PROFILE

Ms. Sun Ji Ping (孫集平), aged 60, is a non-executive Director. Ms. Sun graduated from Beijing Television Broadcast University (北京廣播電視大學) specializing in Chinese and obtained a diploma in economics from Capital University of Economics & Trade (首都經濟大學) in 2002. She worked with China Petroleum and Chemical Group Limited (中國石油化學工業部) for about three years and with Petrochina Group Limited (中國石油天然氣集團公司) for over 20 years. Ms. Sun was the senior vice president of China Venture Capital Inc. (中國風險投資有限公司) from 2000 to December 2015. She is also a director of Jiangsu Welle Environmental Co., Ltd (listed on ChiNext of the Shenzhen Stock Exchange (Stock code: 300190)). Ms. Sun was appointed as a non-executive Director on 28 November 2001.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Su Qi Yun (蘇啓雲), aged 52, is an independent non-executive Director. He was the manager of the industrial investment department in China Ping An Insurance Company and a cadre of Shenzhen Industry and Commerce Administration Bureau. He has served as a managing partner of Deheng Law Firm Shenzhen Office since 2002. Mr. Su Qi Yun is an independent director of Shenzhen Chiwan Wharf Holdings Ltd., a company whose shares are listed on the Shenzhen Stock Exchange (stock code: A stock/B stock: 000022/200022). Mr. Su Qi Yun is also an independent director of Shenzhen Beauty Star Co., Ltd from November 2015, a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002243). Mr. Su has over 20 years of experiences in the areas of legal, investment and finance sector.

Mr. Qu Jiu Hui (曲久輝), aged 58, is an independent non-executive Director. Mr. Qu is an Academician of Chinese Academy of Engineering and a researcher of Research Center for Eco-Environmental Sciences of Chinese Academy of Sciences. He also serves as the Vice Chairman of All-China Environment Federation, Vice Chairman of Chinese Society for Environmental Sciences and Vice Chairman of Chinese Society for Sustainable Development and member of the National Environmental Consultation Committee. Mr. Qu is also an independent non-executive director of Guodian Technology & Environment Group Corporation Limited (Stock Code: 01296) whose shares are listed on the Main Board of the Stock Exchange. Mr Qu is the independent non-executive director of Southern Pump Co., Ltd. (listed on ChiNext of Shenzhen Stock Exchange (Stock Code: 300145)) and Beijing Capital Co. Ltd. (listed on Shanghai Stock Exchange (Stock Code: 600008)) from November 2015 and December 2014. Mr Qu specializes in water science and the research of engineering technology. He has made various breakthroughs in the theory and technology of water pollution control and securing safe drinking water.

Mr. Wong Hin Wing (黃顯榮), aged 53, is an independent non-executive Director. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Chartered Institute of Certified Public Accountants of England and Wales, the Chartered Association of Certified Accountants, the Hong Kong Institute of Directors and the Institute of Chartered Secretaries and Administrators. He is also a member of the American Institute of Certified Public Accountants and a chartered member of the Chartered Institute for Securities & Investment. He is also a council member of the Chinese University of Hong Kong, a member of Anhui Provincial Committee of the Chinese People's Political Consultative Conference and a member of the Nursing Council of Hong Kong. He has been the founder and the chief executive officer of Legend Capital Partners, Inc., since 1997. Mr. Wong is also an independent non-executive director of Aeon Credit Service (Asia) Company Limited (Stock Code: 00900), whose shares are listed on the Main Board of the Stock Exchange. Mr. Wong is the independent non-executive director of Chinese Railway Construction of High-tech Equipment Limited (listed on Hong Kong Stock Exchange (Stock Code: 1786) since December 2015. Mr. Wong has 30 years of experience in accounting, finance, investment management and advisory.



SUPERVISORS

Ms. Yuan Wei (袁桅), aged 46, is a supervisor of the Company. Ms. Yuan graduated from Tsinghua University (清華大學) in 1993 majoring in environmental engineering and business management, and obtained a master degree in philosophy, majoring in technology and philosophy from Tsinghua University (清華大學) in 1995. Ms. Yuan worked in the Science and Technology Department of the PRC (中國科學技術部) for about four years. From August 2000 to January 2009, she had been an investment manager, an investment director and a partner of Shanghai New Margin Venture Capital Co., Ltd. (上海聯創創業投資有限公司). She was a partner of Redpoint Ventures (紅點投資). She is the director of Sound Environmental Resources Co., Ltd. (listed on Shenzhen Stock Exchange Main Board (Stock Code: 000826) from October 2015. She is a funding and managing partner of South River Capital Partners (無錫江南仁和新能源投資管理中心(有限合伙)) from 2011 to 2014. She also has been the managing director of Tas-Financial Group since 2014. Mrs. Yuan is a director of Tus-sound Resources Co., Ltd. (listed on the main board of the Shenzhen Stock Exchange (Stock code:000826)) from October 2015. Ms. Yuan was appointed as a supervisor of the Company on 28 November 2001.

Mr. Cai Wen Sheng (蔡文生), aged 50, is a supervisor of the Company. Mr. Cai graduated from the Department of Law in Shenzhen University (深圳大學) with a bachelor degree in laws in July 1988. He worked for the Shenzhen Yuan Lin Group (深圳市圓林集團) between 1988 and 1991, and was a lawyer in Shenzhen Pengcheng Law Firm (深圳市鵬城律師事務所) between 1991 and 1993. He has been a lawyer in Guangdong Gewei Law Firm (廣東格威律師事務所) since 1993. Mr. Cai was appointed as a supervisor of the Company on 9 December 2010 and resigned for personal reason on 15 March 2016.

Mr. Liu An (劉安), aged 44, is a supervisor of the Company. Mr. Liu had been working in the chief executive officer's office of the Company and one of the subsidiaries since 2005 when he joined the Company. He is currently the senior manager of the purchasing department of the Company. He has over 10 years of experience in the field of corporate management. Mr. Liu was appointed as a supervisor of the Company on 19 June 2008.

Mr. Huang Wei Ming (黃偉明), aged 49, is a supervisor of the Company, From December 1994 to January 2011, Mr. Huang served as a credit officer of branch, branch president, the head of team and deputy branch manager of the Asset Management Department of Guangdong Development Bank. From January 2011 to 2013, he served as a general manager of Shenzhen Tong Hai Chemical Co., Ltd and standing deputy general manager of Shenzhen Jieda Investment Group Co. Ltd.* (深圳市皆大投資集團有限公司). Since January 2015, he has served as a general manager of Shenzhen Dongjiang Huiyuan Micro Finance Company Limited* (深圳市東江匯圓小額貸款公司), a wholly-owned subsidiary of the Company. He served as Supervisor of the Company since 15 March 2016.

COMPANY SECRETARY

Ms. Wang Tian (王恬), aged 40, is the vice president of the Group, the secretary of the Board and company secretary and authorised representative of the Company. Ms. Wang joined the Group in March 2002. She graduated from Zhongshan University (中山大學) in 1999 majoring in international finance and obtained a master degree in economics from University of Birmingham in the United Kingdom. Ms. Wang has over 10 years of experience in the field of investment and management. On 17 December 2012, Ms. Wang was appointed as the company secretary and authorised representative of the Company, and was appointed as the vice president of the Group on 10 June 2014.

SENIOR MANAGEMENT

Mr. Cao Ting Wu (曹庭武), aged 50, is the vice president of the Group, in charge of investment management. Mr. Cao had been the financial controller of the Company until his resignation with effect from 8 November 2013. Mr. Cao graduated in statistics from Jiang Xi University of Finance and Economics (江西財經大學) in 1989, and obtained a degree of MBA in finance from Chinese University of Hong Kong. Mr. Cao joined the Group in March 2007. Mr. Cao has over 20 years of experience in financial management.





MANAGEMENT PROFILE

Mr. Lan Yong Hui (蘭永輝), aged 57, is the vice president of the Group, in charge of management of environment, health and safety of the Group and the senior engineer of the Group. Mr. Lan graduated from Northwest University of Light Industry (西北輕工業學院) with a master degree in polymer materials and engineering in 1988. From 1991 to 2003, Mr. Lan worked with China Merchants Group in management position. After joining the Group in 2004, Mr. Lan acted as the general manager of several subsidiaries of the Group. Mr. Lan has rich experience in the technology and management.

Ms. Wang Tian (王恬), aged 40, is the vice president of the Group, the secretary of the Board and the company secretary and authorised representative of the Company. Please refer to the section headed "Company secretary" above for the biographical details of Ms. Wang.

Mr. Tian Huachen (田華臣), aged 45, has been the financial controller of the Group since 8 November 2013 and is mainly responsible for the financial management work of the Group. Mr. Tian was acted as vice-president at Synertone Communication Corporation (Stock Code: 1613). Mr. Tian joined the Group on 8 November 2013. Mr. Tian possesses rich experience in management.

Mr. Zhou Yao Ming (周耀明), aged 45, is the vice president of the Group Since 31 December 2015. After joining the Company in 1999, Mr. Zhou has been the senior management of industrial hazardous waste treatment business and environmental protection enterprise and business department.



The Directors present this report and the audited financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the processing and sale of recycled products, the provision of waste treatment services, the construction and provision of environmental protection systems and services, and the trading of chemical products. Details of the principal activities of the subsidiaries are set out in note VIII to the financial statements. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

RESULTS

The results of the Group for the Reporting Period are set out in the consolidated income statement on page 45 of this report.

DIVIDENDS

The Board recommends the payment of a final dividend of RMB0.08 per share of the Company (inclusive of tax) (2014:RMB0.15) to all shareholders of the Company based on the total number of shares of 869,382,102 shares of the Company, accordingly, the total amount of dividend to be paid is RMB69,550,568.16. No bonus shares will be awarded and no capital reserves will be converted into shares. The above said proposal is subject to approval by the shareholders of the Company at the 2015 annual general meeting ("AGM") to be convened and held. The Company will make further announcement in accordance with the Listing Rules upon the record date to ascertain holders of H shares and holders of A shares entitled to the final dividends is determined. Upon approval by the shareholders at the AGM, the final dividend is expected to be paid to the holders of the H shares of the Company on or before 15 July 2016.

INCREASE OF CAPITAL BY SHARE ISSUE CONVERTED FROM CAPITAL RESERVE

On 20 April 2015, the Company announced its proposal to issue shares to all shareholders on the basis of 15 new shares per every 10 existing shares of the Company on the Record Date through conversion of capital reserve. The proposal of the issue of shares of the Company was approved by the shareholders in the annual general meeting, the class meeting of H shares and the class meeting of A shares of the Company held on 5 June 2015.

On 26 June 2015 the Company issued 401,627,761 A shares and 120,082,500 H shares. Due to the issue, the total number of issued shares of the Company increased to 869,517,102 shares (including 669,379,602 A shares and 200,137,500 H shares). The Articles of Association of the Company was amended after the completion of the share issue converted from capital reserve on 26 June 2015.

For details of the increase of capital by share issue converted from capital reserve, please refer to the announcements of the Company dated 20 April 2015, 5 June 2015 and 25 June 2015, and the circular of the Company dated 20 April 2015.

NON-PUBLIC ISSUE OF NEW A SHARES

On 26 April 2015, the Board proposed to convene an extraordinary general meeting and class meetings to seek shareholders' approval to grant special authorization to issue 57,860,000 new A shares by non-public issue.

On 12 June 2015, the proposal of the issue of new A shares by non-public issue was approved by the shareholders in the extraordinary general meeting, the class meeting of A shares and the class meeting of H shares of the Company held on 12 June 2015.





DIRECTORS' REPORT

On 2 July 2015, China Securities Regulatory Commission (“CSRC”) accepted the application of the “Non-public issue of shares of listed companies” submitted by the Company.

On 1 March 2016, the board and supervisory committee of the Company respectively agreed to terminate the non-public issue of A shares, and the CSRC decided to terminate the application for non-public issue of A shares of the Company according to Article 20 of the “Rules of the Implementation Programme of Administrative Permission of China Securities Regulatory Commission.

For details of the non-public issue of A shares, please refer to the announcements of the Company dated 26 April 2015, 12 June 2015, 2 July 2015, 16 February 2016, 1 March 2016 and 15 March 2016; and the circular dated 14 May 2015.

RESTRICTIVE A SHARE INCENTIVE PROGRAMME

On 26 November 2013, the board reviewed and approved the adoption of Restrictive A Share Incentive Scheme and the proposal to grant such A shares.

The share incentive targets of the Restrictive A Share Incentive Scheme are the directors, senior management and core key employees of the Company at the time the Restrictive A Share Incentive Scheme is implemented.

According to the Restrictive A Share Incentive Scheme, the total number of restrictive A shares that can be granted shall not exceed 6,710,000 A shares. The Restrictive A Share Incentive Scheme shall be effective within 48 months from the date on which the restrictive shares are granted.

The proposal of adoption of the Restrictive A Share Incentive Scheme was approved by the shareholders in the extraordinary general meeting held on 13 January 2014, the class meeting of H shares and the class meeting of A shares of the Company held on 13 January 2014.

On 26 March 2015, the unlocking conditions of the first unlocking of the Restrictive Shares granted for the first time under the Restrictive A Share Incentive Scheme were satisfied, and within that 1st unlocking period (that means the first trading day after 12 months from the first granting date to the last trading day within 24 months), 20% of the Restrictive Shares under the first granting will be unlocked and can be applied for by the incentive targets of the related shares within that 1st unlocking period. As at 7 April 2015, a total of 99 share incentive targets applied for unlocking of a total of 1,671,000 Restrictive Shares, and such Unlocked Restrictive Shares were listed on the Shenzhen Stock Exchange on 10 April 2015.

On 5 January 2016, the unlocking conditions of the first unlocking period of the reserved portion granted under the Restrictive A Share Incentive Scheme were satisfied, and within that first unlocking period (that means the first trading day after 12 months from the granting date of the reserved portion of Restrictive A Share to the last trading day within 24 months from the granting date of the reserved portion of Restrictive A Share), 20% of the total of reserved portion of Restrictive Shares will be unlocked and can be applied for by the incentive targets within that 1st unlocking period. As at 11 January 2016, a total of 63 share incentive targets applied for unlocking of a total of 425,000 Restrictive Shares, and such Unlocked Restrictive Shares were listed on the Shenzhen Stock Exchange on 14 January 2016.

For details of the Restrictive A Share Incentive Scheme and each granting, please refer to the announcements of the Company dated 19 September 2013, 26 September 2013, 8 November 2013, 27 November 2013, 28 November 2013, 27 December 2013, 13 January 2014, 23 January 2014, 12 February 2014, 21 February 2014, 20 November 2014, 10 December 2014, 17 December 2014, 24 December 2014, 7 January 2015, 26 March 2015, 7 April 2015, 5 January 2016, 11 January 2016, and the circular dated 28 November 2013.



FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 3 of this report. This summary does not form part of the audited financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the Reporting Period are set out in note IV.15 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital are set out in note VI.38 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the PRC, being the jurisdiction in which the Company was established, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 15 April 2015, the Company had purchased a total of 30,000 of its own restricted A Shares of RMB1.00 each at the price of approximately RMB12.91 per A Share. The aggregate purchase price was approximately RMB387,400. All these shares have been subsequently cancelled on 17 April 2015. The restricted A Shares under the repurchase represented approximately 0.01% of the total capital of the Company immediately prior to the repurchase. For details, please refer to the announcement dated 17 April 2015.

On 17 December 2015, the Company had respectively purchased a total of 60,000 and 75,000 of its own restricted A Shares of RMB1.00 each at the price of approximately RMB5.1653 and RMB6.5560 per A Share respectively. The aggregate purchase price was approximately RMB801,620. All these shares have been subsequently cancelled on 21 December 2015. The restricted A Shares under the repurchase represented approximately 0.02% of the total capital of the Company immediately prior to the repurchase. For details, please refer to the announcement dated 21 December 2015.

Saved as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in shareholders' equity on pages 51 to 52 of this report.





DIRECTORS' REPORT

DISTRIBUTABLE RESERVES

During the Reporting Period, the Company's reserves available for distribution as dividends, calculated in accordance with the relevant rules and regulations, amounted to approximately RMB1,254,876,760.73. In addition, no amount in the Company's share premium account is available for distribution by way of capitalization issues.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, sales to the Group's five largest customers accounted for approximately 20.58% of the total sales for the year and sales to the largest customer included therein amounted to approximately 12.09%. Purchases from the Group's five largest suppliers accounted for approximately 8.65% of the total purchases for the year and purchase from the Group's largest supplier accounted for approximately 2.06% for the Reporting Period.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or in the Group's five largest suppliers.

CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTOR, MEMBER OF THE AUDIT COMMITTEE AND CHAIRMAN OF THE REMUNERATION AND APPRAISAL COMMITTEE

On 10 December 2014, Mr. Wang Ji De tendered a resignation from his positions as the independent non-executive Director, member of the audit committee and chairman of the remuneration and appraisal committee of the Company after having considered the "Opinions on Further Regulation on Party and Political Leaders and Cadres Working Part-time (Holding Office) in Enterprises" issued by the Organisation Department of the CPC Central Committee (the "Opinion"). Pursuant to the requirements of the Opinion, retired government officials and leaders are not allowed to have any economic interest in any economic entities.

Following the proposed resignation of Mr. Wang, the appointment of Mr. Su Qi Yun (蘇啟雲) to be an independent non-executive Director was approved by the Shareholders at the general meeting held on 16 March 2015 to fill the vacancies and the resignation of Mr. Wang became effective on the same day.

For details of the change, please refer to the announcements dated 10 December 2014, 11 December 2014 and 16 March 2015 and the circular dated 28 January 2015.

DIRECTORS AND SUPERVISORS

The Directors during the Reporting Period and up to the date of this report were: Mr. Zhang Wei Yang, Mr. Chen Shu Sheng and Mr. Li Yong Peng as the executive Directors; Mr. Feng Tao and Ms. Sun Ji Ping as the non-executive Directors; Mr. Wong Hin Wing, Mr. Qu Jiu Hui and Mr. Su Qi Yun as the independent non-executive Directors.

The supervisors of the Company ("Supervisors") during the Reporting Period were: Ms. Yuan Wei, Mr. Cai Wen Sheng and Mr. Liu An, and up to the date of this report the Supervisors are Ms. Yuan Wei, Mr. Huang Wei Ming and Mr. Liu An.



DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors, Supervisors and the senior management of the Company are set out on pages 17 to 20 of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Except Mr. Su Qi Yun and Mr. Huang Wei Ming, each of the Directors (including independent non-executive Directors) and Supervisors has entered into a service contract with the Company for a term of three years commencing from the conclusion of the annual general meeting held on 10 June 2014. Mr. Su Qi Yun entered into a service contract with the Company for a term commencing from 16 March 2015 and ending on the expiry of the term of the fifth session of the Board. Mr. Huang Wei Ming entered into a service contract with the Company for a term commencing from 15 March 2016 and ending on the expiry of the term of the fifth session of the Supervisor Committee. None of the Directors or the Supervisors had entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or a Supervisor had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

Save as disclosed in this report, no contract of significance has been entered into during the Reporting Period between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiary.

EMOLUMENTS FOR DIRECTORS, SUPERVISORS AND EMPLOYEES

Details of the emoluments for Directors, Supervisors and employees of the Company are set out in note XI.4(1) to the financial statements.

The emoluments of the Directors are recommended by the remuneration and appraisal committee of the Company, and approved by the Board, as authorised by shareholders in the annual general meeting of the Company, having regard to their time commitment and responsibilities, the salaries paid by comparable companies, employment conditions elsewhere in the Group and desirability of performance-based remuneration. No Directors are involved in deciding their own remuneration.





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

As at 31 December 2015, the interests and short positions of the Directors, Supervisors and 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 (the "SFO")) as recorded in the register of interests required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise 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 Appendix 10 of the Listing Rules were as follows:

Long positions in the ordinary shares of the Company

Name	Capacity	Number and class of shares held	Approximate percentage of equity of the Company/ shareholding in this class
Zhang Wei Yang	Beneficial owner	242,769,173 A shares	27.92%/36.28%
Li Yong Peng	Beneficial owner	36,741,495 A shares	4.23%/5.49%
Chen Shu Sheng	Beneficial owner	14,379,182 A shares	1.65%/2.15%

Save as disclosed above, as at 31 December 2015, none of the Directors, Supervisors or chief executive of the Company had any interest 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 recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed above in respect to certain Directors, as at 31 December 2015, the Directors, Supervisors and chief executive of the Company are not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) who has interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the interests required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE H SHARES

During the Reporting Period, none of the Directors, Supervisors and chief executive of the Company was granted options to subscribe for H shares of the Company. As at 31 December 2015, none of the Directors, Supervisors and chief executive of the Company had any rights to acquire H shares of the Company.

SHARE OPTION SCHEME

No share option scheme was adopted by the Company as at 31 December 2015.

CONNECTED TRANSACTIONS

Continuing Connected Transactions

Details of continuing connected transactions of the Group during the Reporting Period are set out as follows:

The Company entered into a sales agreement (the "Sales Agreement") with Heritage Dongjiang Micronutrients Additive (Shenzhen) Company Limited ("Shenzhen Micronutrients") (a company owned as to 62% by Heritage Technologies LLC ("Heritage") and as to 38% by the Company), pursuant to which Shenzhen Micronutrients agreed to purchase chemical products from the Group and associated companies of the Company from time to time, with a maximum amount of RMB130 million for the period from 1 January 2015 to 31 December 2015. During the Reporting Period, the aggregate amount paid by Shenzhen Micronutrients to the Group under the Sales Agreement amounted to RMB77,684,703.

Heritage owns 38% equity interest in, and is therefore a major shareholder of, (Shenzhen Dongilang Heritage Technologies Company) ("DJ Heritage" (深圳東江華瑞科技有限公司)), which is a 62% owned subsidiary of the Company. Heritage and Shenzhen Micronutrients are therefore related parties of the Company. The Sales Agreement constituted a continuing connected transaction of the Company.

As the value of each of total assets, profits and revenue of DJ Heritage represents less than 10% of the relevant percentage ratios in the latest three financial years, the transactions contemplated under the Sales Agreement are exempted from reporting, annual review, announcement and independent shareholders' approval pursuant to Rule 14A.33(4) of the Listing Rules (effective until 30 June 2014). The new amendments to the Listing Rules on connected transactions came into effect on 1 July 2014 (the "New Connected Transaction Rules"). Subsequent to the New Connected Transaction Rules becoming effective, as each of the percentage ratios regarding total assets, profits and revenue of DJ Heritage is less than 10% for each of the latest three financial years, DJ Heritage is an insignificant subsidiary (as defined under the New Connected Transaction Rules) of the Company and thus Shenzhen Micronutrients is no longer a connected person of the Company.





DIRECTORS' REPORT

Service Contracts

The related party transactions in relation to the emoluments of Directors, Supervisors and employees as disclosed in Note XI.4(1) to the consolidated financial statements in this annual report are connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(6) of the Listing Rules.

Financial Guarantee Provided by Controlling Shareholders

The related party transactions in relation to the financial guarantee given by controlling shareholders as disclosed in Note XI.2(3) to the consolidated financial statements in this annual report are connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

Save as disclosed above, all the related party transactions of the Group for the Reporting Period disclosed in note XI to the consolidated financial statements did not constitute connected transactions or continuing connected transactions of the Company that are subject to reporting, announcement or independent shareholders approval under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public for the Reporting Period and up to the date of this report.

COMPETING BUSINESS

During the Reporting Period and up to the date of this report, none of the Directors, Supervisors, chief executive or the management shareholders of the Company and their respective associates are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group. For details, please refer to p.16 of this report.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group and staff: the development of the Group is to integrate the development of environmental protection industry with the value of environment and staff's benefits in order to realize a unified harmonious development of the corporate efficiency, staff and social value.

The Group and suppliers: the Group informs suppliers of the Group's current development, ready-to-develop products and demand on the raw materials and auxiliary materials in future through various means including meeting with suppliers, which allows suppliers to get valid information about our products in advance and to prepare required raw materials for production. Such practice reduces cost on one hand, and allows us to make the most suitable procurement with less time cost on the other.

The Group and customers: the Group establishes strong relationship with customers with the principle of "Improving quality, providing considerate services, mutually understanding and building mutual trust".

The Group uses its best endeavour to achieve harmonious development with its suppliers and customers to create value and share the success. The Group pays attention to the communication and coordination with relevant parties to build a trustful and cooperative platform.



ENVIRONMENTAL POLICIES

The Group is principally engaged in the processing and sale of recycled products, the provision of waste treatment services, the construction and provision of environmental protection systems and services, and the trading of chemical products. In addition, adhering to the operation philosophy of “Circulating Economy and Sustainable Development”, the Company insists on the waste treatment principle of “reduction, detoxification and recycling” and continues to develop new technology and technique for waste disposal business. Also, the Company strives to provide a green, healthful and safe working environment with an aim to “set up a green corporate image among Shenzhen enterprises, become an international environmental protection company”, securing the safe and sustainable development of the Company and creating a “harmonious and win-win” situation for the Company, society and environment.

COMPLIANCE WITH LAWS AND REGULATIONS

Our Group has to comply with relevant laws and regulations in the jurisdictions where the Group operates. The Group’s operations are mainly carried out by the Company’s subsidiaries in the PRC. Accordingly, our operations shall comply with relevant laws and regulations in the PRC. During the year ended 31 December 2015 and up to the date of this report, the Group does not have any violation of relevant laws and regulations which gives rise to significant impact to the Group’s development, performance and businesses.

AUDITORS

The current auditor of the Company is ShineWing Certified Public Accountants. A resolution to re-elect ShineWing Certified Public Accountants as the Company’s auditor will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

Dongjiang Environmental Company Limited

Chen Shu Sheng

Executive Director

Shenzhen, Guangdong Province, the PRC

24 March 2016



SUPERVISORY COMMITTEE'S REPORT

**To all shareholders of
Dongjiang Environmental Company Limited* (the "Company")**

During the year, the supervisory committee of the Company (the "Supervisory Committee") has duly carried out its supervisory duties in a stringent manner to effectively protect the interests of the Company and its shareholders (the "Shareholders") in accordance with the relevant provisions of the PRC Company Law and the requirement of the relevant laws and regulations of Hong Kong and articles of association of the Company (the "Articles").

On 24 March 2016, the Supervisory Committee convened a meeting, at which the 2015 financial statements of the Group and a preliminary draft of the independent auditor's report were reviewed and approved. The Supervisory Committee is of the view that the financial statements have been prepared in accordance with the relevant accounting standards and fairly reflect the financial conditions and results of operations of the Group.

The Supervisory Committee concluded that, during the year, all members of the Board and senior management of the Group had, under the principles of diligence, fairness and honesty, duly performed the responsibilities as stipulated in the Articles of the Company, carefully implemented all resolutions of the general meetings and the Board had never breached any laws, regulations and the Articles of the Company.

In the coming year, the Supervisory Committee shall continue to carry out its duties in accordance with the Articles of Association of the Company and the applicable rules governing listing of shares, and commit to perform supervisory duties honestly and diligently, with the aim of protecting the interests of the Company and its shareholders as a whole.

By Order of the Supervisory Committee
Dongjiang Environmental Company Limited

YUAN Wei

Chairman of the Supervisory Committee

Shenzhen, the PRC

24 March 2016



CORPORATE GOVERNANCE PRACTICES

The Company is firmly committed to achieving and maintaining high overall standards of corporate governance and has always recognised the importance of accountability and communication with shareholders through continuous effort in improving its corporate governance practices and processes. Through the establishment of a quality and effective Board, a comprehensive internal control system and a stable corporate structure, the Company strives to achieve completeness and transparency in its information disclosure, enhance stable operation and consolidate and increase shareholders' value and profit.

The Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules during the Reporting Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding securities transactions by the Directors on terms no less than Appendix 10, "Model Code for Securities Transactions by Directors of Listed Issuers", to the Listing Rules (the "Model Code"). Having made specific enquiries of all the Directors, the Company was not aware of any non-compliance with the Model Code and the Company's code of conduct regarding securities transactions by the Directors throughout the Reporting Period.

THE BOARD

The Board is responsible to the shareholders of the Company. The primary task of the Board is firstly, to formulate development guidance and strategies for the Group; and to monitor the implementation of policies and strategies as well as the performance of the management. Moreover, the Board is responsible for formulating and reviewing the basic systems and procedures of the Group, approving the annual budgets, quarterly and annual results; as well as approving major transactions and other significant operational and financial matters.

The Board currently comprises three executive directors, being Mr. Zhang Wei Yang, Mr. Chen Shu Sheng and Mr. Li Yong Peng; two non-executive directors, being Mr. Feng Tao and Ms. Sun Ji Ping; and three independent non-executive directors, being Mr. Wong Hin Wing, Mr. Qu Jiu Hui and Mr. Su Qi Yun. Mr. Zhang Wei Yang is the chairman of the Board. The skills and expertise among the existing directors are considered appropriate to the business and nature of the Group. The experience and qualifications of directors and senior management and the relationship among them are set out on pages 17 to 20 of this report.

According to the articles of association of the Company (the "Articles"), the Board delegates day-to-day operations of the Group to the executive directors and senior management of the Company, including responsibility for managing the Group's business and the implementation of major strategies and initiatives adopted by the Board. On the other hand, the Board reserves certain key matters in making strategic decisions for its approval.

The day-to-day management, administration and operation of the Company are delegated to the chief executive and the senior management, including the preparation of annual and interim accounts for the Board's approval before public reporting; implementation of strategies approved by the Board; the implementation of internal control procedures; and the ensuring of compliance with relevant statutory requirements and other regulations and rules.

The Company has arranged appropriate insurance cover in respect of legal actions against its directors and senior management, and the coverage of this insurance is being reviewed each year.





CORPORATE GOVERNANCE REPORT

The Board meets regularly at approximately quarterly intervals. Notice of a regular board meeting is given at least 14 days in advance to give all Directors an opportunity to attend. The agenda of the regular meeting is set in consultation with members of the Board so that all Directors are given an opportunity to include matters in the agenda. The Board documentation are circulated not less than 3 days before regular meetings.

The Board held 21 meetings during the Reporting Period. The following table shows the attendance record of individual Directors during the Reporting Period:

Name of Directors	Attendance/Number of meeting(s) held
Executive Directors	
Mr. Zhang Wei Yang (<i>Chairman</i>)	20/21
Mr. Chen Shu Sheng (<i>Chief Executive</i>)	21/21
Mr. Li Yong Peng (<i>Vice President</i>) (<i>Note 1</i>)	21/21
Non-executive Directors	
Mr. Feng Tao (<i>Vice Chairman</i>)	21/21
Ms. Sun Ji Ping	21/21
Independent Non-executive Directors	
Mr. Wang Ji De (<i>Note 2</i>)	4/4
Mr. Wong Hin Wing	21/21
Mr. Qu Jiu Hui	21/21
Mr. Su Qi Yun (<i>Note 3</i>)	17/17
Average attendance rate	99.47%

Notes:

1. Mr. Li Yong Peng (executive Director) is a nephew of Mr. Zhang Wei Yang (Chairman and executive Director).
2. Mr. Wang Ji De resigned as an independent non-executive Director on 16 March 2015. Mr. Wang attended 4 out of 4 Board meetings held during his tenure in the year ended 31 December 2015.
3. Mr. Su Qi Yun was appointed as an independent non-executive Director on 16 March 2015. Mr. Su attended 17 out of 17 Board meetings held during his tenure in the year ended 31 December 2015.

Save as disclosed above, there are no other relationship (including financial, business, family or other material/relevant relationship(s)) among members of the Board.



CHAIRMAN AND CHIEF EXECUTIVE

Mr. Zhang Wei Yang serves as the chairman of the Board and Mr. Chen Shu Sheng serves as the chief executive of the Company.

The Chairman is primarily responsible for leadership and effective functioning of the Board, ensuring key issues are promptly addressed by the Board, as well as providing strategic direction of the Group, and also taking primary responsibility for ensuring good corporate governance practices and procedures are established. The chief executive together with other executive directors are responsible for the Company's daily operation and the effective implementation of corporate strategy and policies.

Details of the responsibilities of the chairman and chief executive of the Company are set out in the Articles.

NON-EXECUTIVE DIRECTORS

Since the listing of the Company, two-third of the Board comprised non-executive directors among which one-third are independent non-executive directors. Non-executive directors have appropriate professional qualification, and therefore, independent judgments can be effectively exercised, and the non-executive directors are of sufficient caliber and number for their views to carry weight. The Board has received a written confirmation from each of the independent non-executive directors confirming their independence to the Company pursuant to Rule 3.13 of the Listing Rules, and considers that all of the independent non-executive directors are independent.

Except Mr. Su Qi Yun, each of the Directors (including non-executive Directors) has entered into a service contract with the Company for a term of three years. Mr. Su has entered into a service contract with the Company for a term of commencing from 16 March 2015 and ending on the expiry of the term of the fifth session of the Board.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Directors have participated in continuous professional development to develop and refresh their knowledge and skills in respect of the corporate governance requirements and relevant rules and regulations relating to the listing of the Company. Set out below are the details of each Director's participation during the Reporting Period:

Name of Directors	Attending training/briefing session	Reading materials
Executive Directors		
Mr. Zhang Wei Yang (<i>Chairman</i>)	√	√
Mr. Chen Shu Sheng (<i>Chief executive</i>)	√	√
Mr. Li Yong Peng (<i>Vice President</i>)	√	√
Non-executive Directors		
Mr. Feng Tao (<i>Vice Chairman</i>)	√	√
Ms. Sun Ji Ping	√	√
Independent Non-executive Directors		
Mr. Wang Ji De	√	√
Mr. Wong Hin Wing	√	√
Mr. Qu Jiu Hui	√	√
Mr. Su Qi Yun	√	√





NOMINATION, ELECTION AND RE-ELECTION OF DIRECTORS

Subject to the election by shareholders of the Company in the general meeting, the selection and nomination of a director are determined by the Board. The Board's nomination procedures of a new director are: 1) collecting the candidate recommendation letter, or seeking and identifying by itself (or by agencies) the qualified candidates; 2) examining the qualifications of the prospective candidates, and determining the final director candidates at Board meeting; 3) proposing the final candidate to the general meeting of shareholders of the Company for election through ordinary resolution.

The nomination committee of the Company searches for the director candidates, compiles written reports, convenes the meeting of the nomination committee and conducts examination of the qualification of the initial candidates and makes recommendations to the Board regarding candidates for filling in vacancies on the Board.

The criteria for prospective candidates for nomination is: 1) the skills, knowledge and working experiences to carry out the duties of a director; 2) compliance of the qualifications set out in the Articles, the Company Law of the PRC and the Listing Rules for acting as a director and, where applicable, qualifications to act as an independent non-executive director. The new director will be provided with the information prepared by an external lawyer and instruction on the Company's background and business from the senior management.

The Board is responsible for reviewing its structure, size, composition and its diversity regularly and making any changes to complement the Company's corporate strategy. During the Reporting Period, the Board has adopted the board diversity policy and reviewed and concluded that its existing structure, size, composition and diversity are appropriate.

According to the Articles, the terms of office of the directors (including non-executive directors) shall be three years and the directors shall be eligible for re-election upon expiry of the said term.

GENERAL MEETINGS WITH SHAREHOLDERS

The Company held 3 general meetings during the Reporting Period. Set out below is the record of attendance of the Directors at these general meetings during the Reporting Period:

Name of Directors	Attendance/Number of meeting(s) held
Executive Directors	
Mr. Zhang Wei Yang (<i>Chairman</i>)	2/3
Mr. Chen Shu Sheng (<i>Chief Executive</i>)	3/3
Mr. Li Yong Peng (<i>Vice President</i>)	3/3
Non-executive Directors	
Mr. Feng Tao (<i>Vice Chairman</i>)	1/3
Ms. Sun Ji Ping	1/3
Independent Non-executive Directors	
Mr. Wang Ji De (<i>Note 1</i>)	1/1
Mr. Wong Hin Wing	3/3
Mr. Qu Jiu Hui	3/3
Mr. Su Qi Yun (<i>Note 2</i>)	2/2
Average Attendance Rate	79.17%



Note:

1. Mr. Wang Ji De resigned as an independent non-executive director on 16 March 2015. Mr. Wong attended 1 out of 1 general meetings held during his tenure in the year 31 December 2015.
2. Mr. Su Qi Yun was appointed as an independent non-executive director on 16 March 2015. Mr. Su attended 2 out of 2 general meetings held during his tenure in the year 31 December 2015.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 14 January 2003 with written terms of reference, for the purpose of reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, formulating and implementing policies in relation to the non-audit services provided by auditors, reviewing the Company's financial information and its disclosure, monitoring the Company's internal control system and its implementation, reviewing and providing supervision over the Group's financial reporting process and internal control of the Company.

The Audit Committee currently comprises three independent non-executive directors, namely, Mr. Qu Jiu Hui, Mr. Su Qi Yun and Mr. Wong Hin Wing. Mr. Wong Hin Wing has been appointed as the chairman of the Audit Committee. The Audit Committee has reviewed the Company's financial statements for the Reporting Period and this report.

The principal responsibilities of the Audit Committee include:

- a. To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
- b. To formulate and implement policies in relation to the non-audit services provided by auditors;
- c. To review the Company's financial information and its disclosure;
- d. To monitor the Company's internal control system and its implementation; and
- e. To review and provide supervision over the Group's financial reporting process and internal control system.

The Audit Committee met 4 times during the Reporting Period to discuss the Group's quarterly and annual financial reports, and review the accounting principles and practices and internal controls adopted by the Group. The following table shows the attendance record of individual members of the Audit Committee:

Name of Audit Committee members	Attendance/Number of meeting(s) held
Mr. Wong Hin Wing (<i>Chairman</i>)	4/4
Mr. Qu Jiu Hui	4/4
Mr. Su Qi Yun (<i>Note 1</i>)	4/4
Average attendance rate	100%

Notes:

1. Mr. Su Qi Yun was appointed as an independent non-executive director on 16 March 2015. Mr. Su attended 4 out of 4 committee meetings held during his tenure in the year 31 December 2015.





REMUNERATION AND APPRAISAL COMMITTEE

The remuneration and appraisal committee of the Company (the “Remuneration and Appraisal Committee”) was established in June 2005 with written terms of reference detailing the duties of the Remuneration and Appraisal Committee.

The Remuneration and Appraisal Committee currently comprises three independent non-executive directors, namely, Mr. Su Qi Yun, Mr. Qu Jiu Hui and Mr. Wong Hin Wing. Mr. Su Qi Yun has been appointed as the chairman of the Remuneration and Appraisal Committee.

The principal responsibility of the Remuneration and Appraisal Committee is to review the remuneration and assessment schemes of the Directors and the senior management of the Company as well as other related remuneration matters instructed by the Board.

The model of making recommendations to the Board on remuneration packages of individual executive directors and the members of senior management is adopted.

The Remuneration and Appraisal Committee met once during the Reporting Period to discuss the remuneration of the Directors and senior management and the relevant assessment policy. The following table shows the attendance records of individual members of the Remuneration and Appraisal Committee during the Reporting Period:

Name of Remuneration and Appraisal Committee members	Attendance/Number of meeting(s) held
Mr. Wong Hin Wing	1/1
Mr. Qu Jiu Hui	1/1
Mr. Su Qi Yun (<i>Note 1</i>)	1/1
Average attendance rate	100%

Notes:

- Mr. Su Qi Yun was appointed as an independent non-executive director on 16 March 2015. Mr. Su attended 1 out of 1 committee meeting held during his tenure in the year 31 December 2015.

NOMINATION COMMITTEE

The nomination committee of the Company (the “Nomination Committee”) was established on 9 November 2010 with written terms of reference detailing the duties of the Nomination Committee. The Nomination Committee comprises two independent non-executive directors, namely Mr. Qu Jiu Hui and Mr. Wong Hin Wing, and one executive director, namely Mr. Zhang Wei Yang. Mr. Qu has been appointed as the chairman of the Nomination Committee. The principal responsibilities of the Nomination Committee are to review the structure, size, composition, diversity policy and the independent element of the Board, and make recommendations to the Board regarding candidates to fill vacancies on the Board.

The Nomination Committee met twice during the Reporting Period to review the structure, size and composition of the Board, assess the independence of independent non-executive directors and make recommendation to the Board regarding candidates for filling vacancies on the Board. The following table shows the attendance records of individual members of the Nomination Committee during the Reporting Period:

Name of Nomination Committee members	Attendance/Number of meeting(s) held
Mr. Zhang Wei Yang	2/2
Mr. Wong Hin Wing	2/2
Mr. Qu Jiu Hui (<i>Chairman</i>)	2/2
Average attendance rate	100%



STRATEGIC DEVELOPMENT COMMITTEE

The strategic development committee of the Company (the “Strategic Development Committee”) was established on 9 November 2010 with written terms of reference detailing the duties of the Strategic Development Committee. The Strategic Development Committee comprises one executive director, namely, Mr. Zhang Wei Yang, one non-executive director, namely, Mr. Feng Tao and one independent non-executive director, namely Mr. Qu Jiu Hui. Mr. Zhang has been appointed as the chairman of the Strategic Development Committee. The principal responsibility of the Strategic Development Committee is to make recommendations to the Board regarding the development of strategic planning, major investment and financing programs, major capital operation, assets, operations research projects, etc.

The Strategic Development Committee met once during the Reporting Period to discuss the long term strategic planning and major investment and financing programs of the Company. The following table shows the attendance records of individual members of the Strategic Development Committee during the Reporting Period:

Name of Strategic Development Committee members	Attendance/Number of meeting(s) held
Mr. Zhang Wei Yang (<i>Chairman</i>)	1/1
Mr. Feng Tao	1/1
Mr. Qu Jiu Hui	1/1
Average attendance rate	100%

AUDITORS' REMUNERATION

The remuneration paid to the Company's auditor, SHINEWING CERTIFIED PUBLIC ACCOUNTANTS, for audit services during the Reporting Period was in total RMB1,200,000. During the Reporting Period, there was no non-audit service provided by our external auditor.

COMPANY SECRETARY

Ms. Wang Tian has been appointed as the company secretary of the Company since 17 December 2012 and Ms. Wang had taken no less than 15 hours of relevant professional training during the Reporting Period.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

Shareholders are encouraged to attend the general meeting for which at least 45 days' notice is given. According to the Articles, Shareholders who possess over 10% (including 10%) voting shares issued by the Company has the right to call for extraordinary general meeting by submitting written request to the Board. Shareholders enjoy the right to supervise business activities of the Company and make recommendations and queries.

Shareholders and public investors are welcome to make enquiries and contribute comments and suggestions. The Company also sets up the section of investor relations on its website to publish the updated and key information of the Group. The Board makes efforts to attend general meetings so they may answer any questions raised by Shareholders.





CORPORATE GOVERNANCE REPORT

Shareholders may at any time send their enquiries and concerns to the Board in writing through delivery in-person, by fax, email, courier, registered air mail, etc, whose contact details are as follows:

Addressee: Ms. Wang Na
Address: 11th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, North zone of Hitech Industrial Park, Nanshan District, Shenzhen, the People's Republic of China
Email: ir@dongjiang.com.cn
Tel No.: 86 (755) 86676092
Fax No.: 86 (755) 86676002

or by leaving message at the Company's website at <http://www.dongjiang.com.cn> under the section headed "Investor Relations".

PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

According to the Articles, where the Company holds a general meeting, the shareholders holding at least three percent (3%) of the shares with voting rights of the Company shall be entitled to bring forward a new proposal in writing and the Company shall list the matters in the proposal within the duties of the general meeting into the proceedings of this general meeting.

CHANGES IN THE COMPANY'S CONSTITUTIONAL DOCUMENTS

As the issue of shares by conversion of capital reserve was approved in the 2014 annual general meeting and the class meetings and H Shares and A Shares were issued in June 2015, the Articles was amended to take into account of the increase in the Company's registered capital and the number of H Shares and A Shares. Please refer to the circular of the Company dated 21 April 2015 for details of the aforesaid.

Save as disclosed above, there has been no material changes in the Company's constitutional documents during the Reporting Period.

SENIOR MANAGEMENT'S REMUNERATION

Remuneration by band	Number of senior management
0 – RMB837,800 (approximately HKD1,000,000)	–
RMB837,800 – RMB1,675,600 (approximately HKD1,000,001 – HKD2,000,000)	5

Particulars regarding senior management's remuneration and the five individuals with highest emoluments for the Reporting Period are set out in the note XI.4(2) to the financial statements in this report.



CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the Code. As at the date of this report, the Board has reviewed and monitored: (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the Code disclosures requirements.

INTERNAL CONTROL AND INTERNAL AUDIT

The Board has conducted a review of the effectiveness of the Group's internal control system during the Reporting Period. The scope of reviews covers all material controls including finance, operations and regulatory compliance and risk management. After reviewing, the Board considered that nothing has come to its attention to cause the Board to believe that the internal control system is inadequate.

The Company's system of internal control includes a complete internal management system and approving procedures which apply to all members of the Group. The Group has formulated a comprehensive budget management system, pursuant to which, business plans and budgets are prepared annually by the management of subsidiaries and individual core businesses and subject to review and approval by the executive directors. Each month the executive Directors meet with the management of subsidiaries and individual businesses to review monthly operating performance and address potential business risks and countermeasures.

The Company has established an internal audit function to ensure the effectiveness of its internal control system, as well as identify and prevent any potential risk. The head of internal audit submits working reports and recommendations on a regular basis to the executive Directors. The 2015 annual audit report for the Reporting Period was submitted to the Board, and no major issues had been identified.

FINANCIAL REPORTING

The Directors acknowledged their responsibility for the preparation of financial statements which gives a true and fair view. In preparing financial statements which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. It is the auditors' responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion to the Company's shareholders. The responsibilities of the auditors are set out in the report of the auditors on page 40 of this report.



REPORT OF THE AUDITORS

XYZH/2016SZA10125

TO ALL SHAREHOLDERS OF DONGJIANG ENVIRONMENTAL COMPANY LIMITED

We have audited the accompanying financial statements of Dongjiang Environmental Company Limited (hereinafter referred to as "Dongjiang Environmental Company"), which comprise the consolidated and Company balance sheets as at 31 December 2015, the consolidated and Company income statements, the consolidated and Company cash flow statements and the consolidated and Company statements of changes in shareholders' equity for the year then ended and notes to these financial statements.

1. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The management of Dongjiang Environmental Company is responsible for the preparation and the fair presentation of the financial statements. These responsibilities include (1) preparing financial statements in accordance with Accounting Standards for Business Enterprises that are fairly presented; (2) designing, implementing and maintaining internal controls relevant to the preparation of the financial statements that are free from material misstatement whether due to fraud or error.

2. CERTIFIED PUBLIC ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the certified public accountant's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, certified public accountant considers the internal controls relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. AUDITING OPINION

In our opinion, the financial statements have been prepared in accordance with Accounting Standards for Business Enterprises and present fairly, in all material aspects, the consolidated and Company financial position of Dongjiang Environmental Company as at 31 December 2015 and of their financial performance and their cash flows for the year then ended.

ShineWing Certified Public Accountants

Wang Jianxin

Chinese Certified Public Accountant

Qiu Lequn

Chinese Certified Public Accountant

Beijing, China

24 March 2016

CONSOLIDATED BALANCE SHEET

31 December 2015



Unit: RMB

Item	Note	31/12/2015	31/12/2014
Current Assets:			
Bank balances and cash	VI.1	857,729,303.89	1,027,750,137.40
Financial assets at fair value through profit and loss	VI.2	1,546,950.00	2,054,460.00
Notes receivable	VI.3	37,323,244.22	78,904,823.06
Accounts receivable	VI.4	708,871,228.45	471,463,000.99
Prepayments	VI.5	72,927,079.31	62,972,114.89
Interest receivable	VI.6	7,360,824.92	
Dividend receivable			
Other accounts receivable	VI.7	111,520,062.60	85,181,888.39
Purchase and resale of financial assets			
Inventories	VI.8	269,269,500.71	300,312,175.25
Loans	VI.9	164,909,000.00	
Assets classified to held for sale			
Non-current asset due within one year	VI.10	29,880,000.00	28,680,000.00
Other current assets	VI.11	61,480,719.63	183,696,635.45
Total current assets		2,322,817,913.73	2,241,015,235.43
Non-current assets:			
Granted and entrustee loans and advances			
Available-for-sale financial assets	VI.12	14,431,700.00	
Held-to-maturity investment			
Long-term accounts receivable	VI.13	178,451,741.32	102,098,599.96
Long-term equity investment	VI.14	135,103,824.53	101,383,642.95
Investment properties	VI.15	53,870,800.00	53,870,800.00
Fixed assets	VI.16	1,300,163,729.23	790,008,632.11
Construction in progress	VI.17	920,813,006.28	724,412,543.84
Engineering material			
Disposal of fixed assets			
Intangible assets	VI.18	734,909,614.71	503,966,799.34
Development expenditure			
Goodwill	VI.19	678,249,563.02	345,402,506.21
Long-term unamortized expenses	VI.20	4,526,303.98	1,578,863.29
Deferred income tax assets	VI.21	16,869,453.90	17,467,808.84
Other non-current assets	VI.22	325,009,553.84	104,265,197.84
Total non-current assets		4,362,399,290.81	2,744,455,394.38
Total assets		6,685,217,204.54	4,985,470,629.81
Current liabilities:			
Short-term borrowings	VI.23	1,271,195,143.96	559,264,227.46
Financial liabilities at fair value through profit and loss			
Notes payable			
Accounts payable	VI.24	446,944,120.12	290,733,139.43
Receipts in advance	VI.25	78,560,760.37	34,837,458.01
Employee benefits payables	VI.26	43,408,407.97	48,915,674.57





CONSOLIDATED BALANCE SHEET

31 December 2015

Unit: RMB

Item	Note	Year End Balance	Year Beginning Balance
Tax payable	VI.27	52,059,636.23	35,843,004.36
Interest payable	VI.28	4,549,891.86	2,255,536.85
Dividend payable	VI.29	8,199,300.00	1,593,150.00
Other accounts payable	VI.30	313,756,577.15	176,415,524.54
Items classified to be held for sale liabilities in disposition group			
Non-current liabilities repayable within one year	VI.31	358,101,112.94	157,902,710.91
Other current liabilities	VI.32	15,991,266.68	9,657,786.27
Total current liabilities		2,592,766,217.28	1,317,418,212.40
Non-current liabilities:			
Long-term borrowings	VI.33	378,612,454.33	376,459,453.45
Bonds payable	VI.34	356,373,249.26	355,632,555.15
Including: Preferred shares			
Perpetual bond			
Long-term accounts payables	VI.35	4,349,002.35	6,162,843.75
Long-term employee benefits payables			
Special accounts payable			
Estimated liabilities			
Deferred income	VI.36	124,524,127.11	83,059,965.96
Deferred income tax liabilities	VI.21	2,227,324.26	1,992,514.63
Other non-current liabilities	VI.37	6,829,288.18	6,169,135.84
Total non-current liabilities		872,915,445.49	829,476,468.78
Total liabilities		3,465,681,662.77	2,146,894,681.18
Shareholders' equity:			
Share capital	VI.38	869,382,102.40	347,836,841.40
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserve	VI.39	360,917,434.35	874,710,682.20
Less: treasury share	VI.40	99,934,300.00	122,701,500.00
Other comprehensive income	VI.41	-963,853.76	-738,312.10
Special reserves	VI.42	146,004.53	
Surplus reserves	VI.43	153,885,483.70	133,231,913.01
Generic risk reserve	VI.44	2,473,635.00	
Undistributed profits	VI.45	1,467,253,273.48	1,209,998,595.99
Total equity attributable to shareholders of the Company		2,753,159,779.70	2,442,338,220.50
Minority interests	VI.46	466,375,762.07	396,237,728.13
Total shareholders' equity		3,219,535,541.77	2,838,575,948.63
Total liabilities and shareholders' equity		6,685,217,204.54	4,985,470,629.81

Zhang Wei Yang
Legal representative

Tian Hua Chen
Chief Financial Officer

Wang Min Yan
Head of Financial Section

BALANCE SHEET OF THE COMPANY



31 December 2015

Unit: RMB

Item	Note	31/12/2015	31/12/2014
Current assets:			
Bank balances and cash	XVII.1	385,142,403.44	718,896,468.89
Financial assets at fair value through profit and loss	XVII.2	1,546,950.00	2,054,460.00
Notes receivable	XVII.3	12,951,241.20	50,586,141.65
Accounts receivable	XVII.4	245,449,290.56	176,279,053.50
Prepayments	XVII.5	10,228,931.61	161,959,188.72
Interest receivable	XVII.6	6,956,697.92	
Dividend receivable			
Other accounts receivable	XVII.7	1,643,552,908.75	933,650,930.73
Inventories	XVII.8	25,382,242.24	34,816,504.03
Assets classified to held for sale			
Non-current asset due within one year	XVII.9	29,880,000.00	28,680,000.00
Other current assets	XVII.10	5,163,637.80	8,265,832.66
Total current assets		2,366,254,303.52	2,115,188,580.18
Non-current assets:			
Available-for-sale financial assets	XVII.11	14,431,700.00	
Held-to-maturity investment			
Long-term accounts receivable	XVII.12	174,457,445.32	102,098,599.96
Long-term equity investment	XVII.13	2,587,963,442.17	1,666,552,933.60
Investment properties	XVII.14	53,870,800.00	53,870,800.00
Fixed assets	XVII.15	181,368,587.45	183,677,239.73
Construction in progress	XVII.16	94,177,364.03	67,723,165.91
Engineering material			
Disposal of fixed assets			
Intangible assets	XVII.17	70,034,949.44	90,754,826.98
Development expenditure			
Goodwill			
Long-term unamortized expenses			
Deferred income tax assets	XVII.18	10,984,736.58	11,040,843.44
Other non-current assets	XVII.19	205,074,363.90	14,758,129.50
Total non-current assets		3,392,363,388.89	2,190,476,539.12
Total assets		5,758,617,692.41	4,305,665,119.30





BALANCE SHEET OF THE COMPANY

31 December 2015

Unit: RMB

Item	Note	31/12/2015	31/12/2014
Current liabilities:			
Short-term borrowings	XVII.20	1,179,439,143.96	484,576,227.46
Financial liabilities at fair value through profit and loss			
Notes payable			
Accounts payable	XVII.21	223,519,658.75	148,575,737.11
Receipts in advance	XVII.22	28,843,607.22	27,547,961.59
Employee benefits payables	XVII.23	19,383,741.62	32,660,328.58
Tax payable	XVII.24	25,683,829.65	24,111,747.57
Interest payable	XVII.25	4,164,292.16	2,255,536.85
Dividend payable	XVII.26	2,385,300.00	1,593,150.00
Other accounts payable	XVII.27	814,195,436.97	398,925,385.60
Items classified to be held for sale liabilities in disposition group			
Non-current liabilities repayable within one year	XVII.28	280,000,000.00	111,500,000.00
Other current liabilities	XVII.29	6,746,083.10	2,173,549.75
Total current liabilities		2,584,361,093.43	1,233,919,624.51
Non-current liabilities:			
Long-term borrowings	XVII.30	210,400,000.00	285,400,000.00
Bonds payable	XVII.31	356,373,249.26	355,632,555.15
Including: preferred shares			
Perpetual bond			
Long-term accounts payable			
Long-term employee benefits payable			
Special accounts payable			
Estimated liabilities			
Deferred income	XVII.32	11,760,536.11	25,502,696.12
Deferred income tax liabilities	XVII.18	2,227,324.26	1,992,514.63
Other non-current liabilities	XVII.33	2,224,277.36	2,309,000.00
Total non-current liabilities		582,985,386.99	670,836,765.90
Total liabilities		3,167,346,480.42	1,904,756,390.41
Shareholders' equity:			
Share capital	XVII.34	869,382,102.40	347,836,841.40
Other equity instruments			
Including: preferred shares			
Perpetual bond			
Capital reserve	XVII.35	427,106,920.28	935,440,478.92
Less: treasury share	XVII.36	99,934,300.00	122,701,500.00
Other comprehensive income			
Special reserves			
Surplus reserves	XVII.37	139,839,728.58	119,186,157.89
Undistributed profits	XVII.38	1,254,876,760.73	1,121,146,750.68
Total shareholders' equity		2,591,271,211.99	2,400,908,728.89
Total liabilities and shareholders' equity		5,758,617,692.41	4,305,665,119.30

Zhang Wei Yang
Legal representative

Tian Hua Chen
Chief Financial Officer

Wang Min Yan
Head of Financial Section

CONSOLIDATED INCOME STATEMENT

For Year 2015



Unit: RMB

Item	Note	2015	2014
I. Total operating revenue		2,402,986,382.18	2,047,511,528.29
Including: operating revenue	VI.50	2,373,341,795.34	2,047,511,528.29
Interest income	VI.50	29,644,586.84	
Premium income			
Handling charges and commission income			
II. Total operating cost		2,070,161,725.91	1,781,151,044.46
Including: Cost of operation	VI.50	1,624,259,009.25	1,382,201,109.45
Interest expenses			
Handling charges and commission expenses		20,175.96	
Sales tax and levies	VI.52	17,381,387.31	9,596,811.00
Selling expenses	VI.53	53,479,226.74	32,464,521.51
Administrative expenses	VI.54	298,298,983.15	284,962,606.10
Finance costs	VI.55	64,511,336.58	24,204,951.38
Impairment loss for assets	VI.56	12,211,606.92	47,721,045.02
Add: Gain on fair value changes	VI.57	-507,510.00	713,150.00
Investment income	VI.58	29,653,709.13	36,165,521.77
Share of profit in associates and jointly controlled entity		28,489,687.90	32,105,728.07
Exchange gain			
III. Operating profit (Loss represented in “-” signs)		361,970,855.40	303,239,155.60
Add: Non-operating income	VI.59	92,155,412.99	29,150,448.19
Including: Disposal income on non-current asset		200,277.98	326,537.55
Less: Non-operating expenses	VI.60	4,773,213.68	10,876,751.04
Including: Disposal loss on non-current asset		1,134,330.53	2,357,064.94
IV. Total Profit		449,353,054.71	321,512,852.75
Less: Income tax expenses	VI.61	64,178,987.43	39,045,324.21
V. Net profit		385,174,067.28	282,467,528.54
Net profit attributable to shareholders of the Company		332,534,009.33	251,610,695.08
Profit and loss attributable to minority interests		52,640,057.95	30,856,833.46
VI. Other comprehensive income, net of tax	VI.67	-225,541.66	-410,955.88
Other comprehensive income to shareholders of the Company, net of tax		-225,541.66	-410,955.88
(1) Items cannot be classified to profit and loss in future periods			
(2) Items can be classified to profit and loss when qualified in the future periods		-225,541.66	-410,955.88
1. Exchange difference on translation of financial statement in foreign currency		-225,541.66	-410,955.88
Other comprehensive income attributable to minority interests, net of tax			
VII. Total comprehensive income		384,948,525.62	282,056,572.66
Attributable to shareholders of the Company		332,308,467.67	251,199,739.20
Attribute to minority interests		52,640,057.95	30,856,833.46
VIII. Earnings per share			
(1) Basic earnings per share	VI.66	0.39	0.30
(2) Diluted earnings per share	VI.66	0.39	0.30

Zhang Wei Yang
Legal representative

Tian Hua Chen
Chief Financial Officer

Wang Min Yan
Head of Financial Section



INCOME STATEMENT OF THE COMPANY

For Year 2015

Unit: RMB

Item	Note	2015	2014
I. Operating revenue	XVII.42	1,026,653,845.33	1,092,413,391.82
Less: Operating cost	XVII.42	704,508,457.84	716,913,934.40
Sales tax and levies	XVII.43	7,378,768.60	3,793,289.75
Selling expenses	XVII.44	22,398,753.43	13,364,910.24
Administrative expenses	XVII.45	109,415,144.37	141,806,205.54
Finance costs	XVII.46	56,890,240.67	18,400,280.85
Impairment loss for assets	XVII.47	2,417,704.38	5,711,735.25
Add: Gain on fair value changes	XVII.48	-507,510.00	713,150.00
Investment income	XVII.49	83,770,324.90	52,287,126.99
Share of profit in associates and jointly controlled entity		28,489,687.90	32,105,728.07
II. Operating profit (Loss represented in "-" signs)		206,907,590.94	245,423,312.78
Add: Non-operating income	XVII.50	22,245,077.61	12,699,438.18
Including: Disposal income on non-current asset		142,099.56	106,630.00
Less: Non-operating expenses	XVII.51	967,418.63	7,343,711.97
Including: Disposal loss on non-current asset		430,747.60	1,649,219.08
III. Total Profit		228,185,249.92	250,779,038.99
Less: Income tax expenses	XVII.52	21,649,543.03	25,812,913.18
IV. Net profit		206,535,706.89	224,966,125.81
V. Other comprehensive income, net of tax			
(1) Items cannot be classified to profit and loss in future periods			
(2) Items can be classified to profit and loss when qualified in the future periods			
VI. Total comprehensive income		206,535,706.89	224,966,125.81
VII. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Zhang Wei Yang
Legal representative

Tian Hua Chen
Chief Financial Officer

Wang Min Yan
Head of Financial Section



CONSOLIDATED CASH FLOW STATEMENT

For Year 2015



Unit: RMB

Item	Note	2015	2014
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		2,462,783,664.93	1,999,171,282.20
Refund of taxes and levies		36,894,313.55	6,854,365.19
Other cash receipts relating to operating activities	VI.69	85,718,691.51	57,789,358.39
Sub-total of cash inflows from operating activities		2,585,396,669.99	2,063,815,005.78
Cash paid for goods and services		1,246,230,923.64	1,306,738,725.53
Cash paid to and on behalf of employees		347,033,161.17	256,946,664.68
Payments of taxes and levies		204,728,342.77	123,401,979.13
Other cash payments relating to operating activities	VI.69	559,620,792.26	211,190,231.09
Sub-total of cash outflows from operating activities		2,357,613,219.84	1,898,277,600.43
Net cash flows from operating activities		227,783,450.15	165,537,405.35
II. Cash flows from investing activities			
Cash received from investments		4,904,820.69	554,760.00
Cash received from returns on investments		24,066,135.56	37,350,503.19
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		282,086.48	548,001.78
Net cash received from disposal of subsidiaries and other operating units			
Other cash receipts relating to investing activities	VI.69	145,804,820.69	
Sub-total cash inflows from investing activities		175,057,863.42	38,453,264.97
Cash paid to acquire fixed assets, intangible assets and other long-term assets		475,898,039.74	500,956,254.16
Cash paid on investments		230,955,350.00	116,000,000.00
Net cash paid on acquisition of subsidiaries and other operating units		368,971,249.39	362,567,710.32
Other cash payments relating to investing activities	VI.69	14,837,500.00	28,780,000.00
Sub-total cash outflows from investing activities		1,090,662,139.13	1,008,303,964.48
Net cash flows used in investing activities		-915,604,275.71	-969,850,699.51





CONSOLIDATED CASH FLOW STATEMENT

For Year 2015

Unit: RMB

Item	Note	2015	2014
III. Cash flows from financing activities			
Cash received from financing		8,480,000.00	132,217,700.00
Including: Cash received by subsidiaries from investment from minority shareholders		8,480,000.00	4,480,000.00
Cash received from borrowings		1,696,909,049.09	1,094,598,243.11
Cash received from issuing bonds			350,000,000.00
Cash received from other financing activities	VI.69	99,084,840.00	8,560,000.00
Sub-total cash inflows from financing activities		1,804,473,889.09	1,585,375,943.11
Cash payments for settlement of borrowings		982,828,118.16	541,900,708.52
Cash payments for interest expenses, distribution of dividend or interests		248,158,511.55	128,164,453.68
Including: cash payments for distribution of dividends and profit by subsidiaries to minority shareholders		44,716,281.28	23,140,000.00
Other cash payments relating to financing activities	VI.69	93,778,376.11	21,164,968.23
Sub-total cash outflows from financing activities		1,324,765,005.82	691,230,130.43
Net cash flows from financing activities		479,708,883.27	894,145,812.68
IV. Effect of foreign exchange rate changes		-225,541.66	-410,955.88
V. Net Increase in cash and cash equivalents		-208,337,483.95	89,421,562.64
Add: Cash and cash equivalents at beginning of year		1,024,299,018.53	934,877,455.89
VI. Cash and cash equivalents at end of year		815,961,534.58	1,024,299,018.53

Zhang Wei Yang
Legal representative

Tian Hua Chen
Chief Financial Officer

Wang Min Yan
Head of Financial Section

CASH FLOW STATEMENT OF THE COMPANY

For Year 2015



Unit: RMB

Item	Note	2015	2014
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		943,489,539.51	1,062,700,399.34
Refund of taxes and levies		10,876,518.81	
Other cash receipts relating to operating activities	XVII. 56	93,181,171.80	66,110,531.32
Sub-total of cash inflows from operating activities		1,047,547,230.12	1,128,810,930.66
Cash paid for goods and services		423,539,830.35	745,973,691.25
Cash paid to and on behalf of employees		132,230,047.76	101,984,674.08
Payments of taxes and levies		67,516,710.97	41,450,607.12
Other cash payments relating to operating activities	XVII. 56	138,890,407.65	98,696,573.20
Sub-total of cash outflows from operating activities		762,176,996.73	988,105,545.65
Net cash flows from operating activities		285,370,233.39	140,705,385.01
II. Cash flows from investing activities			
Cash received from investments		2,100,000.00	648,995.23
Cash received from returns on investments		78,200,143.32	53,249,303.18
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		12,096,794.47	
Net cash received from disposal of subsidiaries and other operating units		5,916,000.00	
Other cash receipts relating to investing activities	XVII. 56	20,804,820.69	
Sub-total cash inflows from investing activities		119,117,758.48	53,898,298.41
Cash paid to acquire fixed assets, intangible assets and other long-term assets		57,545,655.58	113,996,721.95
Cash paid on investments		583,475,350.00	48,733,500.00
Net cash paid on acquisition of subsidiaries and other operating units		467,570,931.00	479,956,500.00
Other cash payments relating to investing activities	XVII. 56	345,499,400.00	299,530,000.00
Sub-total cash outflows from investing activities		1,454,091,336.58	942,216,721.95
Net cash flows from investing activities		-1,334,973,578.10	-888,318,423.54





CASH FLOW STATEMENT OF THE COMPANY

For Year 2015

Unit: RMB

Item	Note	2015	2014
III. Cash flows from financing activities			
Cash received from investments			122,701,500.00
Cash received from borrowings		1,617,749,681.64	1,016,263,118.31
Cash received from issuing bonds			350,000,000.00
Cash received from other financing activities	XVII. 56	99,084,840.00	8,560,000.00
Sub-total cash inflows from financing activities		1,716,834,521.64	1,497,524,618.31
Cash payments for settlement of borrowings		829,386,765.14	460,286,890.85
Cash payments for interest expenses, distribution of dividend or interests		138,497,823.91	102,653,146.00
Other cash payments relating to financing activities	XVII. 56	72,689,603.77	7,815,869.12
Sub-total cash outflows from financing activities		1,040,574,192.82	570,755,905.97
Net cash flows from financing activities		676,260,328.82	926,768,712.34
IV. Effect of foreign exchange rate changes			
V. Net Increase in cash and cash equivalents		-373,343,015.89	179,155,673.81
Add: Cash and cash equivalents at beginning of year		718,396,468.89	539,240,795.08
VI. Cash and cash equivalents at end of year		345,053,453.00	718,396,468.89

Zhang Wei Yang
Legal representative

Tian Hua Chen
Chief Financial Officer

Wang Min Yan
Head of Financial Section



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY



Year 2015

Unit: RMB

Item	The Year									
	Attributable to shareholders of the Company									
	Share Capital	Capital Reserve	Less: Treasury Share	Other Consolidated Income	Special Reserve	Surplus Reserve	General Risk Reserve	Undistributed Profits	Minority Interests	Total Shareholders' Equity
I. Balance at the end of last year	347,836,841.40	874,710,682.20	122,701,500.00	-738,312.10		133,231,913.01		1,209,998,595.99	396,237,728.13	2,838,575,948.63
Add: changes in accounting policy										
Correction of previous years										
Combination of entities under common control										
Others										
II. Balance at beginning of year	347,836,841.40	874,710,682.20	122,701,500.00	-738,312.10		133,231,913.01		209,998,595.99	396,237,728.13	2,838,575,948.63
III. Movement of the year										
(Minus represented by "-" signs)	521,545,261.00	-513,793,247.85	-22,767,200.00	-225,541.66	146,004.53	20,653,570.69	2,473,635.00	257,254,677.49	70,138,033.94	380,959,593.14
(1) Total comprehensive income				-225,541.66				332,534,009.33	52,640,057.95	384,948,525.62
(2) Contribution from shareholders and reduction of capital	-165,000.00	7,917,013.15	-22,767,200.00						62,214,257.26	92,733,470.41
1. Injection of ordinary shares from shareholders									8,480,000.00	8,480,000.00
2. Injection from holders of other equity instruments										
3. Share-based payment included in the amount of stockholders' equity	-165,000.00	7,917,013.15	-22,767,200.00							30,519,213.15
4. Others									53,734,257.26	53,734,257.26
(3) Profits appropriation						20,653,570.69	2,473,635.00	-75,279,331.84	-44,716,281.27	-96,868,407.42
1. Extract from surplus reserve						20,653,570.69		-20,653,570.69		
2. Extract from general risk reserve						2,473,635.00	-2,473,635.00			
3. Distribution to holders (or shareholders)								-52,152,126.15	-44,716,281.27	-96,868,407.42
4. Others										
(4) Internal transfer of shareholders' equity	521,710,261.00	-521,710,261.00								
1. Transfer of capital reserve to share capital	521,710,261.00	-521,710,261.00								
2. Transfer of surplus reserve to share capital										
3. Surplus reserve to compensate deficit										
4. Others										
(5) Special reserve					146,004.53					146,004.53
1. Extract this year					619,267.34					619,267.34
2. Usage this year					473,262.81					473,262.81
(6) Others										
IV. Balance at end of year	869,382,102.40	360,917,434.35	99,934,300.00	-963,853.76	146,004.53	153,885,483.70	2,473,635.00	1,467,253,273.48	466,375,762.07	3,219,535,541.77



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year 2015

Unit: RMB

Item	Last Year									
	Attributable to shareholders of the Company									
	Share Capital	Capital Reserve	Less: Treasury Share	Other Consolidated Income	Special Reserve	Surplus Reserve	General Risk Reserve	Undistributed Profits	Minority Interests	Total Shareholders' Equity
I. Balance at the end of last year	225,714,561.40	855,365,333.07		-327,356.22		110,735,300.43		1,050,279,781.79	208,195,873.30	2,449,963,493.77
Add: changes in accounting policy										
Correction of previous years										
Combination of entities under common control										
Others										
II. Balance at beginning of year	225,714,561.40	855,365,333.07		-327,356.22		110,735,300.43		1,050,279,781.79	208,195,873.30	2,449,963,493.77
III. Movement of the year										
(Minus represented by "-" signs)	122,122,280.00	19,345,349.13	122,701,500.00	-410,955.88		22,496,612.58		159,718,814.20	188,041,854.83	388,612,454.86
(1) Total comprehensive income				-410,955.88				251,610,695.08	30,856,833.46	282,056,572.66
(2) Contribution from shareholders and reduction of capital	6,340,000.00	135,127,629.13	122,701,500.00						172,325,021.37	191,091,150.50
1. Injection of ordinary shares from shareholders									4,480,000.00	4,480,000.00
2. Injection from holders of other equity instruments										
3. Share-based payment included in the amount of Stockholders' equity	6,340,000.00	135,127,629.13	122,701,500.00							18,766,129.13
4. Others									167,845,021.37	167,845,021.37
(3) Profits appropriation						22,496,612.58		-91,891,880.88	-15,140,000.00	-84,535,268.30
1. Extract from surplus reserve						22,496,612.58		-22,496,612.58		
2. Extract from general risk reserve										
3. Distribution to holders (or shareholders)								-69,395,268.30	-15,140,000.00	-84,535,268.30
4. Others										
(4) Internal transfer of shareholders' equity	115,782,280.00	-115,782,280.00								
1. Transfer of capital reserve to share capital	115,782,280.00	-115,782,280.00								
2. Transfer of surplus reserve to share capital										
3. Surplus reserve to compensate deficit										
4. Others										
(5) Special reserve										
1. Extract this year										
2. Usage this year										
(6) Others										
IV. Balance at end of year	347,836,841.40	874,710,682.20	122,701,500.00	-738,312.10		133,231,913.01		1,209,998,595.99	396,237,728.13	2,838,575,948.63

Zhang Wei Yang
Legal representative

Tian Hua Chen
Chief Financial Officer

Wang Min Yan
Head of Financial Section

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY



Year 2015

Unit: RMB

Item	The Year							Total Shareholders' Equity
	Share Capital	Capital Reserve	Less: Treasury Share	Other Consolidated Income	Special Reserve	Surplus Reserve	Undistributed Profit	
I. Balance at the end of last year	347,836,841.40	935,440,478.92	122,701,500.00			119,186,157.89	1,121,146,750.68	2,400,908,728.89
Add: changes in accounting policy								
Correction of previous years								
Others								
II. Balance at beginning of year	347,836,841.40	935,440,478.92	122,701,500.00			119,186,157.89	1,121,146,750.68	2,400,908,728.89
III. Movement of the year								
(Minus represented by "-" signs)	521,545,261.00	-508,333,558.64	-22,767,200.00			20,653,570.69	133,730,010.05	190,362,483.10
(1) Total comprehensive income							206,535,706.89	206,535,706.89
(2) Contribution from shareholders and reduction of capital	-165,000.00	13,376,702.36	-22,767,200.00					35,978,902.36
1. Injection of ordinary shares from shareholders								
2. Injection from holders of other equity instruments								
3. Share-based payment included in the amount of stockholders' equity	-165,000.00	13,376,702.36	-22,767,200.00					35,978,902.36
4. Others								
(3) Profits appropriation						20,653,570.69	-72,805,696.84	-52,152,126.15
1. Extract from surplus reserve						20,653,570.69	-20,653,570.69	
2. Distribution to holders (or shareholders)							-52,152,126.15	-52,152,126.15
3. Others								
(4) Internal transfer of shareholders' equity	521,710,261.00	-521,710,261.00						
1. Transfer of capital reserve to share capital	521,710,261.00	-521,710,261.00						
2. Transfer of surplus reserve to share capital								
3. Surplus reserve to compensate deficit								
4. Others								
(5) Special reserve								
1. Extract this year								
2. Usage this year								
(6) Others								
IV. Balance at end of year	869,382,102.40	427,106,920.28	99,934,300.00			139,839,728.58	1,254,876,760.73	2,591,271,211.99





STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

Year 2015

Unit: RMB

Item	Share Capital	Capital Reserve	Last Year		Special Reserve	Surplus Reserve	Undistributed Profit	Total Shareholders' Equity
			Less: Treasury Share	Other Consolidated Income				
I. Balance at the end of last year	225,714,561.40	916,095,129.79				96,689,545.31	988,072,505.75	2,226,571,742.25
Add: changes in accounting policy								
Correction of previous years								
Others								
II. Balance at beginning of year	225,714,561.40	916,095,129.79				96,689,545.31	988,072,505.75	2,226,571,742.25
III. Movement of the year								
(Minus represented by "-" signs)	122,122,280.00	19,345,349.13	122,701,500.00			22,496,612.58	133,074,244.93	174,336,986.64
(1) Total comprehensive income							224,966,125.81	224,966,125.81
(2) Contribution from shareholders and reduction of capital	6,340,000.00	135,127,629.13	122,701,500.00					18,766,129.13
1. Injection of ordinary shares from shareholders								
2. Injection from holders of other equity instruments								
3. Share-based payment included in the amount of stockholders' equity	6,340,000.00	135,127,629.13	122,701,500.00					18,766,129.13
4. Others								
(3) Profits appropriation						22,496,612.58	-91,891,880.88	-69,395,268.30
1. Extract from surplus reserve						22,496,612.58	-22,496,612.58	
2. Distribution to shareholders							-69,395,268.30	-69,395,268.30
3. Others								
(4) Internal transfer of shareholders' equity	115,782,280.00	115,782,280.00						
1. Transfer of capital reserve to share capital	115,782,280.00	-115,782,280.00						
2. Transfer of surplus reserve to share capital								
3. Surplus reserve to compensate deficit								
4. Others								
(5) Special reserve								
1. Extract this year								
2. Usage this year								
(6) Others								
IV. Balance at end of year	347,836,841.40	935,440,478.92	122,701,500.00			119,186,157.89	1,121,146,750.68	2,400,908,728.89

Zhang Wei Yang
Legal representative

Tian Hua Chen
Chief Financial Officer

Wang Min Yan
Head of Financial Section

NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)



I. GENERAL INFORMATION

Dongjiang Environmental Company Limited (東江環保股份有限公司) (Formerly known as Shenzhen Dongjiang Environmental Company Limited (深圳市東江環保股份有限公司), hereinafter referred as the “Company”) was incorporated as a joint stock limited company in the People’s Republic of China (the “PRC”) in accordance with the Company Law of the PRC on 18 July 2002. The business registration licence number is 440301103492937. The legal representative is Mr. Zhang Wei Yang. The registered address of the Company is 1st Floor, 3rd Floor, North of 8th Floor, 9th-12th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, North Zone of Hitech Industrial Park, Nanshan District, Shenzhen, the PRC.

With the approval of Ministry of Finance Caiqi [2002] No. 267 “The Approval of Ministry of Finance to the Issues of Management of State-owned Shares of Shenzhen Dongjiang Environmental Limited Company (under preparation)” and approval of Shenzhen Municipal Government Shen Fu Gu [2002] No. 26, the Company was reorganised from the original Shenzhen Dongjiang Environmental Technology Limited Company (深圳市東江環保技術有限公司) to Shenzhen Dongjiang Environmental Company Limited by its 7 shareholders, also the promoters namely Mr. Zhang Wei Yang, Shanghai New Margin Venture Capital Co., Limited, Shenzhen Wen Ying Trading Limited (“Wen Ying Trading”), Shenzhen Fang Yuan Petrochemical Industries Co., Limited (“Fang Yuan Petrochemical”), China Venture Capital Inc., Shenzhen High and New Technology Industry Investment Service Company and He Jianjun. The net assets value of the original Shenzhen Dongjiang Environmental Technology Limited Company as at 31 March 2002 amounted to RMB46,565,460.00 and was converted on 1 to 1 basis into 46,565,460 shares of the Company at RMB1.00 per share. The Company obtained business registration licence on 18 July 2002 with registered share capital of RMB46, 565,460.00.

On 28 January 2003, the Company offered its H shares to global public at the Growth Enterprises Market of the Stock Exchange of Hong Kong Limited. The shares were listed after the public issue has completed. The par value of the H shares offered for subscription was RMB0.10 each. The Company issued 177,900,000 H shares comprising 16,172,728 shares converted from state-owned shares and 161,727,272 new shares (of which 154,327,272 new shares were issued as scheduled and 7,400,000 shares were for over-subscription). The issue price for each share was HK\$0.338. The Company completed the changes in business registration on 2 June 2003, thereafter share capital of the Company was RMB62,738,187.20.

Pursuant to the resolution approved in a general meeting held on 31 May 2010 in respect of the proposal of profit appropriation for 2009 and capitalisation issue, the Company issued 1 bonus share for every 1 share held by the shareholders. Share capital of the Company was then increased by RMB62,738,187.20 by issuing 627,381,872 shares at par value of RMB0.1 per share and transferring RMB31,369,093.60 from the balance of capital reserves and RMB31,369,093.60 from undistributed profits as at 31 December 2007. After the capitalisation issue, share capital of the Company amounted to RMB125,476,374.40, comprising 898,963,744 domestic shares and 355,800,000 H shares.

The Company obtained approval for the transfer of listing from the Growth Enterprises Market to the Main Board from China Securities Regulatory Commission (“CSRC”) and the Stock Exchange of Hong Kong Limited on 9 August 2010 and 16 September 2010 respectively. The shares of the Company were delisted from the Growth Enterprises Market on 28 September 2010 and listed on the Main Board at the same time with stock code of 00895.

Pursuant to the approval of Shenzhen Market Administration Notice (Record) [2010] No. 3185143, name of the Company was changed to Dongjiang Environmental Company Limited on 10 December 2010.





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

I. GENERAL INFORMATION *(Continued)*

On 26 March 2012, after approval by China Securities Regulatory Commission “CSRC[2014] No. 413”, the Company made a public offer of 25,000,000 Renminbi ordinary shares. These shares were listed on the Small and Medium-size Enterprises Board of Shenzhen Stock Exchange on 26 April 2012. The stock code was 002672. After the public offer, the Company’s registered capital was RMB150,476,374.40. The capital increment was verified by ShineWing Certified Public Accountants on 20 April 2012 with the capital verification report numbered XYZH/2009SZA1057-11 issued. The changes in industrial and commercial registration were completed on 16 May 2012.

Pursuant to the resolution approved in the 2012 annual general meeting, the first class meeting of the holders of H shares in 2013 and the first class meeting of the holders of A shares in 2013 held on 14 June 2013 in respect of the proposal of profit appropriation for 2012, the Company distributed a cash dividend of RMB4.00 for every 10 shares (tax inclusive), based on the total share capital of 150,476,374 shares as at 31 December 2012, total cash dividends distributed amounted to RMB60,190,549.60. The retaining earnings carry over to the subsequent periods. Meanwhile, based on the total share capital of 150,476,374 shares as at the end of 2012, the Company transferred 5 shares for each existing 10 shares from capital reserve to the registered capital, upon which 75,238,187 shares in total were transferred. Since then, total share capital has increased to 225,714,561 shares.

On 13 January 2014, pursuant to the resolution approved on the first extraordinary shareholders meeting of the Company in 2014, the first class meeting of the holders of A shares in 2014, the first class meeting of the holders of H shares in 2014 and passed on the 56th board meeting of the forth Board of Directors, the Company issued an additional 5,850,000.00 shares at the price of RMB19.37 per share, pursuant to the share incentive scheme, amount invested totaled RMB113,314,500.00, the granting date was 23 January 2014, fully paid up by one-off payment by the 104 original shareholders of the Company and the registered capital of the Company was RMB231,564,561.00 thereafter.

On 10 June 2014, as passed on the 2013 general meeting and class meetings of the Company, the Company issued an additional 5 shares for every 10 shares held by each shareholder out of the capital reserve based on the total capital of 231,564,561 shares, totaling an addition of 115,782,280 shares, upon which the registered capital of the Company amounted to RMB347,346,841.00.

On 20 November 2014, upon passing the “Resolution in relation to the repurchase and cancellation of granted but not yet unlocked restrictive shares held by former incentive participants” on the 13th meeting of the fifth Board of Directors and the sixth meeting of the fifth Supervisory Committee, since the original incentive participants of the Company Su Shiyong, Chen Jinfang, Xue Chengbing and Chen Shi had resigned from the Company and were not qualified under the conditions of the incentive scheme, the Company decided to repurchase and cancel a total of 390,000 restrictive shares granted to them but not yet unlocked, thus the registered capital of the Company decreased from RMB347,346,841 to RMB346,956,841.



I. GENERAL INFORMATION *(Continued)*

Pursuant to the resolution approved on the first extraordinary shareholders meeting in 2014, the first class meeting of holders of A shares in 2014, the first class meeting of holders of H shares in 2014, the 13th meeting of the fifth Board of Directors and the 14th meeting of the fifth Board of Directors, the Company reserved a total of 880,000 restrictive shares, part of the restrictive shares as incentive to grant to 66 individuals, upon which the registered capital was RMB347,836,841.00.

On 26 March 2015, upon the passing the “Resolution in relation to the first unlocking period under the first grant of the restricted share scheme of the Company” on the 19th meeting of the fifth Board of Directors, the Board considered that the first unlocking period under the first grant of the reduction of “Incentive Scheme” of the restricted shares of the Company have been satisfied, and 1,671,000 shares were unlocked. The number of shares unlocked was 20% of total number of restricted shares under the first grant.

On 2 April 2015, upon passing the “Resolution on the repurchase and cancellation of Restricted Shares held by former Share Incentive Participant which are granted but remain unlocked” on the 20th meeting of the fifth Board of Directors and 10th meeting of the fifth Supervisory Committee, it is agreed to repurchase and cancel all the 30,000 Restricted Shares, which are granted but remain unlocked, held by the Share Incentive Participant, Wu Xuzhong, which has resigned, thus the registered capital of the Company decreased from RMB347,346,841 to RMB346,956,841.

On 6 June 2015, upon passing at the 2014 annual general meeting of the Company, by using 347,806,841 shares as the basis number, which is the total share capital of the Company, 15 shares were added and transferred to all shareholders for every 10 shares they hold out of capital reserves, altogether there were 521,710,261 shares added and transferred. After the addition and transfer, the registered capital of the Company was RMB869,517,102 shares.

On 3 December 2015, upon passing of the “Resolution on the repurchase and cancellation of Restricted Shares held by former Share Incentive Participant which are granted but remain unlocked” on the 34th meeting of the fifth Board of Directors and the fifth Supervisory Committee, the Board decided to repurchase a total of 60,000 restrictive shares granted but not yet unlocked to Xu Lei, the first incentive participant, and decided to repurchase a total of 75,000 restrictive shares granted but not yet unlocked to Feng Yubin, Lu Zhipeng and Rao Bingyou, the incentive participants for equity incentive reserve, the registered capital decreased from RMB869,517,102.00 to RMB869,382,102.00. As such, the number of restricted shares granted but remain unlock decreased from 2,200,000 shares to 2,125,000 shares, the targets of restricted shares of incentive scheme decreased from 66 to 63.





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

I. GENERAL INFORMATION (Continued)

As at 31 December 2015, the share capital and capital structure of the Company were as follows:

	Number of Shares (shares)	Proportion of Shareholdings (%)
I. Selling Restricted Shares		
1. Incentive restricted shares	18,775,000.00	2.16
2. Shares held by senior management	221,281,360.00	25.45
3. Individual shares before IPO	-	-
	240,056,360.00	27.61
II. Selling Unrestricted Shares		
1. RMB ordinary shares	429,188,242.40	49.37
2. overseas listed foreign shares	200,137,500.00	23.02
	629,325,742.40	72.39
III. Total shares	869,382,102.40	100.00

As at 31 December 2015, the Company had 869,382,102 shares in total, of which 629,325,742 shares were tradable shares, representing 72.39% of total capital of the Company; 240,056,360 shares were non-tradable shares, representing 27.61% of total capital of the Company.

The Company and its subsidiaries (collectively referred to as the "Company") are engaged in environmental protection industry. The operation scope mainly includes: disposal of waste and recycling (permit have to apply separately), treatment of wastewater, waste gas and noise; design, construction and operation of environmental facilities; trading of chemicals (dangerous goods shall obtain operation permit before operation); production and trading of environmental material, recycled products, environmental equipment (production site license shall be applied separately); development, promotion and application of new environmental products and technologies; establish industrial enterprises (specific projects shall be applied separately); import and export of goods and technology (not including distribution of goods which the state have control in sale); property leasing.

The major products of the Company include dozens series of inorganic salts, organic solvents, basic industrial oil which are widely applicable in animal feeds, agricultural pesticides, wood preservatives, and dyes, pharmaceutical industries; and conversion of methane in landfill field gas into electricity.

The controlling shareholder of the Company and ultimate controller of the Company is Mr. Zhang Wei Yang. The Company has established functional departments such as Guangdong Department, Eastern China Department, Environmental Protection Services Department, Municipal Solid Waste Department, Fujian Department, Jiangxi Department, Hubei Department, Northwestern China Department, Shaoguan Luran Department, Chief Executive Office, Financial Management Department, Investment Management Department, Legal Department, Administrative Human Resources Department, Internal Audit Department and EHS Department. Major branches include Shajing Treatment Base, Engineering Branch and Haobao Technology (Huizhou Branch).



II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company covers 55 companies including Dongjiang Heritage, Longgang Dongjiang, Huizhou Dongjiang, Qiandeng Wastes Treatment, Qingyuan Xinlv, Qingyuan Dongjiang, Jiaxing Deda, Dongguan Hengjian, Xiamen Luzhou Environmental (full name of subsidiaries listed under Note VIII.1). Compared with last year, 8 subsidiaries including Hengjian Tongda, Hubei Tianyin, Zhuhai Yongxingsheng were added as a result of business combination of enterprises not under common control, and 1 new subsidiary has been established, including Huiyuan Small-Scale Loan.

III. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

1. Basis for preparation

The financial statement of the Group is made based on the going concern and the transaction and trade actually occurred and in line with Accounting Standards for Enterprises – Basic Standards issued by Ministry of Finance and other relevant regulations (hereinafter referred to as Accounting Standard for Business Enterprises), as well as Information Disclosure Rule for the Companies Public Offering Securities, No.15 – General Provisions for Financial Statement (revised in 2014) issued by China Securities Regulatory Commission, the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and Hong Kong Companies Ordinance. Note IV to the financial statement of the Group is also made based on the Accounting Policies and Estimates applied for the Group.

2. Going concern

As at 31 December 2015, the current assets amounted to RMB 2,322,817,913.73, the current liabilities and the net current assets of the Company amounted to RMB2,592,766,217.28 and RMB-269,948,303.55 respectively. These conditions indicate the existence of an uncertainty which may cast doubt on the Group’s ability to continue as a going concern. Therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period given that:

- (i) the Company has been recording profits in operating income in recent years;
- (ii) the directors of the Company anticipate that the Company and its subsidiaries will maintain adequate cash flows for its operations and existing investments or financing needs; and
- (iii) the objective of senior management staff is to keep committed credit lines available to maintain flexibility in funding.

The directors of the Company are of the opinion that it is justifiable to prepare the condensed consolidated financial statements on a going concern basis.





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Declaration of compliance with Accounting Standards for Business Enterprises

The financial statements for the year 2015 have been prepared in accordance with the Accounting Standards for Business Enterprises, and reflect a true and fair view of information such as financial position, the results of operation and the cash flows of the Company as at 31 December 2015.

2. Accounting year

The accounting year is from 1 January to 31 December.

3. Reporting currency

The functional currency of the Company and its domestic subsidiaries is Renminbi ("RMB"). The functional currency for the overseas subsidiaries is the currency of the country in which they operate.

The financial statements of the Company are expressed in RMB.

4. Accounting treatments for a business combination involving enterprises under and not under common control

The assets and liabilities obtained by the Company (as the acquirer) by business combination under common control, are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combinations adjusted to capital reserve. If the balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

For identifiable net assets, liabilities and contingent liabilities of the acquiree obtained on the acquisition date through business combination under common control are measured at fair value. The cost of business combination is the fair value of consideration, including cash and non-cash assets, liabilities undertaken, debts and equity securities issued for the controlling interest of the acquiree at the acquisition date and the sum of all expenses incurred during the business combination (For business combination achieved in stages, the cost of combination is the sum of cost for each single transaction). Goodwill is recognized by the difference between the cost of business combination over the fair value of net identifiable assets acquired. If cost of business combination less than fair value of net identifiable assets of the acquiree, review fair values of each identifiable assets, liabilities and contingent liabilities obtained during combination, and fair values of those non-cash assets or equity securities firstly. After review, if fair value of net identifiable assets of the acquiree still excess the cost of business combination, it will be recognized in non-operating income for the current period.



IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

5. Preparation of consolidated financial statements

The scope of consolidated financial statements includes the Company and its controlled subsidiaries.

When preparing the consolidated financial statements, if the accounting policy and the accounting period that subsidiaries adopted are inconsistent with the Company, necessary adjustments are made to the financial statements of those subsidiaries according to the accounting policies or accounting period of the Company.

When preparing consolidated financial statements, all significant internal transactions, balances and un-realised profits within the scope of combination shall be offset. Proportion of shareholder's equity of the subsidiaries which do not belong to the parent company, and proportion of profit or loss for the current period, other comprehensive income and total comprehensive income which belong to the equity of minority shareholders, which shall be listed under "equity of minority shareholders, profit or loss of minority shareholders, other comprehensive income attributable to minor shareholders and total comprehensive income attributable to the minority shareholders".

For subsidiaries acquired through business combination not under common control, its operating results and cash flows shall be included in the consolidated financial statement since the beginning of combination. When preparing comparative consolidated financial statements, adjustment shall be made to the related items in the financial statements for the last year, regarding as the reporting subject which was formed after combination has existing since the final controller started control.

For shareholding of the investee under common control through different transactions in stages which ultimately constitute a business combination, the accounting method under the combined financial statement should be disclosed during the reporting period when control was obtained. For example, shareholding acquired through different transactions in stages and obtained shareholding of the investee under common control and finally become business combination, when preparing consolidated financial statements, shall be regarded as the final controller started the control and adjustment was made under current status. When preparing comparative financial statements, time limit is the time not earlier than the Company and the investee are both under the control of final controller, related assets and liabilities of the investee shall be included into the comparative statements of the consolidated financial statements of the Group, and net assets added due to combination adjusted related items under shareholder's equity in the comparative statements. In order to prevent double calculation of the value of net assets of the investee, for long-term equity investment held by the Company before combination, from the date of obtaining original shareholding and the date on which the Company and the acquire are under the same control, whichever is earlier, to the date of combination, the related profit or loss recognized, other comprehensive income and other change in assets, shall be written off retained income at the beginning of the comparative period and profit or loss for the current period.

For subsidiaries acquired through business combination not under common control, its operating results and cash flows shall be included in the consolidated financial statement since the Company obtained its control. When preparing consolidated financial statements, adjustment shall be made to financial statements of the subsidiaries using the fair values of each identifiable assets, liabilities and contingent liabilities as basis, which were determined on date of acquisition.





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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

5. Preparation of consolidated financial statements *(Continued)*

Shareholding acquired through different transactions in stages and obtained shareholding of the investee under common control and finally become business combination, when preparing consolidated financial statements, for shareholding of the investee which was holding before the date of acquisition, have to be remeasured according to the fair value of such shareholding on the date of acquisition, difference between the fair value and the carrying value shall be included as the investment income for the current period. Other comprehensive income involving equity calculated under equity method which it holds before the related date of acquisition, and change in equity of other shareholders, besides net profit or loss, other comprehensive income and profit distribution, and change to investment profit or loss during the period which date of acquisition belong, except other comprehensive income incurred by the change in net liabilities or net assets from the newly measured defined benefit plan.

Proceeds from disposal of part of the equity investment in the subsidiaries without losing control and the disposal of long-term equity investment should enjoy the difference between the proportion of net assets calculated from the date of acquisition or date of combination, and adjust the share premium. In case the capital reserve is insufficient for offset, retained earnings will be adjusted.

When the Company loss control in the investee due to reasons such as disposal of part of the equity investment, remaining shareholding will be remeasured based on the fair value on the date of loss of control when preparing the consolidated financial statements. The sum of proceeds obtained from the disposal of equity and fair value of the remaining shareholding, and less the difference of the proportion of net assets calculated from the date of acquisition or combination according to the original shareholding proportion, and included into the investment profit or loss of loss of control for the current period, and also goodwill will be written off. Other comprehensive income related to the original equity investment in the subsidiary, will be changed to investment profit or loss for the current period upon loss of control.

For loss of control by the Company through different transactions and disposed shareholding in subsidiaries in stages, in case when each transaction that the Group loss control through disposal of shareholding in subsidiaries belongs to package deal, accounting treatment for each transaction shall be treated as one transaction which involves disposal of subsidiary with loss of control. However, the difference between the proceeds for each disposal before loss of control and the proportion of net assets corresponding to the disposal of such subsidiary, shall be recognized as other comprehensive income in the consolidated financial statements, and transfer to investment profit or loss of loss of control for the current period upon loss of control.

6. Classification of joint arrangement and accounting method for joint operation

Joint arrangement of the Company includes joint operation and joint venture. As for joint operation projects, the Company, as the joint venture party in the joint operation, recognizes assets and liabilities that it holds and assumes individually, and the assets and liabilities that it holds or assumes in proportion, and related income and fees will be recognized according to the related agreed individual or in proportion assets and liabilities. For assets transactions that are purchased or sale under joint operation that do not constitute business, only when profit or loss incurred from that transaction attributable to the other parties under the joint operation.



IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

7. Cash and cash equivalents

Cash in the cash flow statement of the Company indicates the cash on hand and the deposit in bank available for payment at any time. Cash equivalents cash flow statement are terms which are less than three months, highly liquid that are easily convertible to known amounts of cash and subject to an insignificant risk of value change.

8. Foreign currency transactions and translation of financial statements denominated in foreign currencies

(1) *Foreign currency transactions*

Foreign currency transactions are translated into RMB at the spot exchange rate of the transaction dates.

On the balance sheet date, monetary items in foreign currency are translated into RMB at the spot exchange rate of the balance sheet date. Except for from the exchange difference caused by specific foreign currency loans made to purchase or manufacture assets which will be capitalised, the exchange difference is accounted into profit and loss for the period. For non-monetary accounts measured in foreign currency under historical cost method, the foreign currency is also translated into RMB at the spot exchange rate. For non-monetary items in foreign currency measured at fair value, the exchange rate on the date when the fair value is recognized which is applied and the exchange difference is accounted into profit and loss for the period as a result of fair value change, or recognized as other comprehensive income and recorded into capital reserves.

(2) *Translation of financial statements denominated in foreign currencies*

Asset and liability items in the balance sheet of foreign operations are translated at the spot exchange rates at the balance sheet date; equity items other than undistributed profits are translated at the spot exchange rate at the date on which they arose. Income and expense items in the income statements are translated at spot exchange rate at the date of transaction. All resulting translation differences are presented under the item of other comprehensive income. The cash flows in foreign currencies are translated at the rates prevailing at the date when the cash flows incurred. The effect arising from the foreign currency translation on the cash and cash equivalents is presented separately in the cash flow statement.

9. Financial assets and financial liabilities

When the Company becomes a party in the financial instrument contract, a financial asset or financial liability will be recognized.

(1) *Financial assets*

1) Classification of financial assets, basis of recognition and method of measurement

The Company classified financial assets into financial assets at fair market value through profit or loss, held-to-maturity investments, receivables and financial assets available for sale according to the investment purpose and the economic stance.





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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial assets and financial liabilities *(Continued)*

(1) Financial assets *(Continued)*

1) Classification of financial assets, basis of recognition and method of measurement *(Continued)*

Financial assets at fair value through profit or loss include trading financial assets and financial assets designated into financial assets at profit or loss at initial recognition. Financial asset is classified as held for trading if one of the following conditions is satisfied: It has been acquired principally for the purpose of selling in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and there is objective evidence that the Company has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured. A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognizing the gains or losses on them on different bases; or the financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; hybrid instruments which contain one or more embedded derivatives, unless the embedded derivatives does not have a substantial effect on the cash flows of the hybrid instruments, or the embedded derivatives obviously should not be separated from the relevant hybrid instruments; hybrid instruments that have to be separated but cannot be individually measured after it has been obtained or the balance sheet date afterwards. Such kind of financial assets designated by the Company mainly includes listed equity instrument investments under financial assets held for trading. The Company applies subsequent measurement based on fair value in respect of such kind of financial assets. Changes in fair values include in the fair value profit or loss; interests or cash dividends obtained during the period of holding assets, shall be recognized as investment income; difference between the fair value and the amount initial record, recognized as investment income on disposal, and the fair value change profit or loss will be adjusted at the same time.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognized in the consolidated income statement when the investments are derecognized or impaired, as well as through the amortization process.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are subsequently measured at amortised cost using the effective interest rate method. Gains or losses arising from amortization or impairment are recognized in the current profit and loss.





IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial assets and financial liabilities (Continued)

(1) Financial assets (Continued)

1) Classification of financial assets, basis of recognition and method of measurement (Continued)

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available-for-sale and other financial assets which do not fall into any of the above categories. For equity instruments which do not have quotations in active market and the fair values of which cannot be reliably measured and linked to that equity instrument, and derivatives linked to such equity instrument and settled through delivery of such equity instrument, will be Subsequently measured at cost; other such assets which have quotations in active market or which do not have quotations in active market but the fair value of which can be reliably measured, are measured at fair value, and changes in fair value are recorded in other comprehensive income. For these financial assets which are subsequently measured at fair value, except for impairment loss and exchange gain or loss arising from foreign currency monetary financial assets, changes in fair value of available-for-sale financial assets are directly recorded in shareholders' equity. Until such financial assets are derecognized, the accumulated change in the amount of fair value previous recorded in equity is transferred to the profit and loss account for the period. Interests for the period in which the assets are held are calculated using the effective interest method is recorded in profit or loss for the period as 'Investment income'. Cash dividends declared by the investee company relating to available-for-sale equity instruments are recorded in profit or loss for the period as 'Investment income'. As for instruments that do not have quotation in active market and the fair values of which cannot be reliably measured, they are measured subsequently at cost.

2) Recognition basis of transfer of financial assets and measure method

A financial asset is derecognized when any one of the following conditions is satisfied: (1) the rights to receive cash flows from the asset expire, (2) the financial asset has been transferred and the Company transfers substantially all risks and rewards relating to the financial assets to the transferee, (3) the financial asset has been transferred to the transferee, and the Company has given up its control of the financial asset although the Group neither transfers nor retains all risks and rewards of the financial asset.

Where an enterprise neither transfers nor retains substantially all risks and rewards of financial asset and does not give up the control over such financial asset, then the entity recognizes such financial asset to the extent of its continuous involvement and recognizes the corresponding liabilities.

In the case where the financial asset as a whole qualifies for the de-recognition conditions, the difference between the carrying value of transferred financial asset and the sum of the amount received for transfer and the accumulated amount of changes in fair value that was previously recorded under other comprehensive income is recorded into profit or loss for the period.

In the case where only part of the financial asset meets the criteria for de-recognition, the carrying amount of financial asset being transferred is allocated between the portions that to be derecognized and the portion that continued to be recognized according to their relative fair value. The difference between the amount of consideration received for the transfer and the accumulated amount of changes in fair value that was previously recorded in other comprehensive income of the part qualifies for derecognition and the above-mentioned allocated carrying amount recorded profit or loss for the period.





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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial assets and financial liabilities *(Continued)*

(1) *Financial assets (Continued)*

3) Testing of impairment of financial assets and accounting method

Other than financial assets at fair value through profit or loss, the Company assesses the carrying amount of financial assets at each balance sheet date. Impairment loss is provided when there is objective evidence indicating that a financial asset is impaired.

When the fair value of available-for-sale financial assets occurs, the cumulative losses arising from the decline in fair value that had been recognized directly in equity are transferred out from equity and into impairment loss. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognized, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the previously recognized impairment loss is reversed into profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognized, the increase in its fair value in a subsequent period is recognized directly in owner's equity.

(2) *Financial Liabilities*

1) Classification of financial liabilities, recognition basis and measure method

Financial liabilities of the Company are classified as "financial liabilities at fair value through profit or loss" and other financial liabilities" on initial recognition.

Financial liabilities at fair value through profit or loss include trading financial liabilities and financial liabilities held-for-trading and those designated as fair value through profit or loss on initial recognition. They are subsequently measured at fair value. The net gain or loss arising from changes in fair value; dividends and Interest expenditure related to such financial liabilities are recorded in profit or loss for the period in which they are incurred.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

2) Conditions of derecognition of financial liabilities

A financial liability (or a part of financial liability) is derecognised when and only when the obligation specified in the contract is discharged or cancelled. An agreement between the Company and an lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. As for substantive changes made to the contract terms (whole or in part) of the existing financial liabilities, the existing financial liabilities (or part of it) will be derecognized. And financial liabilities after term revision will be recognized as a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss for the period.



IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial assets and financial liabilities *(Continued)*

(3) Method for determination of fair values of financial assets and financial liabilities

For financial assets at fair value through profit or loss of the Company, fair value of financial assets and financial liabilities are measured based on their prices in principal markets. For those without a principal market, fair value of such financial assets and financial liabilities are measured based on the most favorable market prices, and valuation methods supported by sufficient available information and other data that is applicable at the moment are adopted. Inputs used to measure the fair value is divided into 3 levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities available on the date of measurement; Level 2 inputs are related assets or liabilities (other than those included in Level 1) that are directly or indirectly observable; and Level 3 inputs are unobservable inputs to the related assets or liabilities. The Company priorities the Level 1 input firstly and the Level 3 inputs lastly. Listed equity instruments under financial assets held-for-trade uses the Level 1 input. The level to which the result of fair value measurement belongs to is determined based on the lowest level of input that has significant meaning to the overall fair value measurement.

10. Bad debts provision for receivables

Receivables include accounts receivable and other receivables, etc. The Company's accounts receivable from selling products and providing services are initially recorded at consideration of contract value from buyer or service receiver.

Criteria for provision for bad debts: provision for bad debts on receivable is made when the debtors are dissolved, bankrupt, insolvent, in significant financial difficulty, or suspended its business due to natural disaster and unable to settle the debts in the foreseeable period; or the receivable are defaulted for over three years; or when there are objective evidences indicating the debts are not recovered or not likely to be recoverable.

Provision for bad debts is made using allowance account method. At the end of the year, receivables are assessed for impairment on individual or group basis and the provision for bad debts is recognized in the profit or loss for the current period. When there are objective evidences indicating the receivable cannot be collected, it is written off against the provision for bad debts as a loss of bad debts according to the required procedures of approval of the Company.





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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Bad debts provision for receivables *(Continued)*

Impairment loss of receivables is estimated individually and collectively at the same time.

(1) *Receivables that are individually significant and provided for bad debts on individual basis*

Recognition criteria of individually significant receivable	Receivable of more than RMB5 million is regarded as individually significant receivable
Method of provision for bad debts for individually significant receivables on individual basis	Provision for bad debts is made as the excess of the carrying amount over the present value of the estimated future cash flows

(2) *Receivables provided for bad debts based on portfolio of credit risks characteristics*

Method of provision of bad debts on portfolio basis:

Aged group	Bad debts provided based on aging analysis
Related party group	Generally, no provision for bad debts will be made
Collateral group	Generally, no provision for bad debts will be made
Government related receivables	Generally, no provision for bad debts will be made

1) Proportion of provision for bad debts for aged group:

Aged	Proportion to accounts receivable (%)	Proportion to other receivables (%)
0-90 days	1.50	1.50
91-180 days	3.00	3.00
181-365 days	5.00	5.00
1-2 years	20.00	20.00
2-3 years	50.00	50.00
Over 3 years	100.00	100.00





IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Bad debts provision for receivables *(Continued)*

(2) *Receivables provided for bad debts based on portfolio of credit risks characteristics (Continued)*

2) Provision for bad debts for receivables made by other method:

Related party group	Provision for bad debts are generally not made for related parties of the Company (such as jointly controlled entities and associates) where the difference between the present value of future cash flows and their carrying amount is small.
Collateral group	Provision for bad debts are generally not made for those such as rental deposits, advanced payment for purchases and petty cash where the difference between the present value of future cash flows and their carrying amount is small.
Government related receivables	Mainly includes receivables from governmental departments in relation to dismantling business and municipal waste treatment business, provision for bad debts is generally not made as the estimated differences between the present value of future cash flows and their carrying amount is small.

(3) *Receivables that are individually insignificant but provided for bad debts individually*

Reason for bad debts provision made individually	Receivables with individually insignificant amount and provision for bad debts made on portfolio basis cannot reflect its credit risk characteristics.
Method of provision for bad debts	Provision for bad debts is made as the excess of its carrying amount over the present value of the estimated future cash flows.

11. Inventories

The inventories of the Company include raw material, packing materials, low-valued consumables, work-in-process inventories, and finished goods, etc.

The Group maintains a perpetual inventory system. Inventories are recorded at cost of purchase when received. Actual cost is calculated using weighted average method when the inventories are acquired. Low value consumables are amortised in full when received for use.

The net realisable value of finished goods, work in process and materials for sale, is determined by estimated price deducting estimated selling costs and related taxes. The net realisable value of production materials is determined by estimated price deducting estimated completion cost, sale expenses and related sales taxes.





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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Loan loss provision

According to “Loan Risk Classification Guideline” and “Loan Loss Provision Guidance” by the People’s Bank of China, loans can be divided into normal class, attention, subprime, suspicious and loss, and make provision for loan loss according to category. At the end of every month, classify loans according to the loans classify measure, and make provision for each difference according the results. The provision is made according to the regulations of “Management Measures of Provision of Financial Enterprise Reserves Fund” since 1 July 2012, the proportion of provision is: normal provision, provision for loan balance of 0%; for loans of concern type, provision of 2%; for subprime loans, the provision percentage is 30%; for suspicious loans, provision of 60%; for loss loans, provision of 100%. For subprime and suspicious loans, provision can be adjusted upward or downward of 20%, according to loss.

13. Long-term equity investment

Long-term investment of the Company is the investment in subsidiaries and investment in associates and investment in joint ventures.

Basis for determination in respect of common control is that all participated parties or a group of participated parties control such arrangement, and that policies of such related business of such arrangement have to obtain unanimous agreement by all parties that are control such arrangement.

The Company directly or indirectly owns 20% (inclusive) or more but less than 50% shares with voting rights in the invested company, usually have significant influence to the invested company. For voting rights less than 20% in the invested company, the Board or representative in similar authority in the invested company or the implementation processes of financial or operation policies of invested company have also been taken into account, or significant transaction with the invested company, or management personnel send to the invested company, or significant technology information provided to the invested company which have significant influence to the invested company.

The Company’s subsidiaries are invested companies which form control. For long-term investment obtained through business combination under common control, proportion of carrying value of net assets obtained on the date of acquisition in the consolidated financial statements of the final controller shall be accounted as the initial investment cost of the long-term investment. For carrying value of net assets of the acquiree is negative, investment cost of long-term equity investment is calculated as zero.

For shareholding of the investee under common control through different transactions in stages which ultimately constitute a business combination, the accounting method of long-term equity investment under the financial statement of the Company should be disclosed during the reporting period when control was obtained. For example, for shareholding which obtained by different transactions in stages and become business combination finally, if it belongs to package transaction, the accounting method for which each transaction applies will treat as one transaction which obtains control. If it does not belong to package transaction, according to proportion of fair value of net assets of acquiree after the combination in the consolidated financial statements, and accounted as the initial investment cost of long-term investment. Difference between initial investment cost and the carrying value of long-term equity investment before combination and the sum of carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust capital reserve. If the balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

For long-term equity investment acquired through business combination not under common control, cost of combination will be treated as the initial investment cost.



IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Long-term equity investment (Continued)

For shareholding of the investee under common control through different transactions in stages which ultimately constitute a business combination, the accounting method of long-term equity investment costs under the financial statement of the Company should be disclosed during the reporting period when control was obtained. For example, for shareholding which obtained by different transactions in stages and become business combination finally, if it belongs to package transaction, the accounting method for which each transaction applies will treat as one transaction which obtains control. If it does not belong to package transaction, Initial investment cost will be the sum of the carrying value of the equity investment which it originally holds, and initial investment cost will change to cost method. For shareholding which it holds before the date of acquisition which uses equity method, other related comprehensive income which use equity method for accounting shall not be adjusted, such investment shall use the same accounting basis as the invested company when it directly dispose related assets or liabilities upon disposal. For shareholding which it holds before acquisition and accounted for under fair value method in the available-for-sale financial assets, the accumulated change in fair value which is originally included in other comprehensive income shall be recorded into profit or loss for the current period on the date of combination.

Apart from the long-term equity investments acquired through business combination mentioned above, the long-term equity investments acquired by cash payment is expensed as the cost of investment based on the actual amount of cash paid for the purchase. For long-term equity investments acquired by issuing equity securities, the cost of investment is the fair value of the equity securities issued. For long-term equity investments invested in the Group by the investor, the investment cost is the agreed consideration as specified in the contract or agreement.

Investments in subsidiaries are accounted for the Company using cost method, while investments in the associates and joint ventures are accounted for under equity method.

For long-term equity investments for which the subsequent measure is accounted for using cost method, when making additional investment, carrying value of the long-term equity investments will be added according to the fair value of cost of additional investment and the related expenses incurred by related transactions. For cash dividend or profit paid by the invested company, it shall be recognized as investment income for the current period using the amount which it entitles.

For long-term equity investment for which the subsequent measurement is accounted for under equity method, carrying value of long-term equity investment shall be increased or decreased accordingly according to the change in the shareholders equity of the invested company. When determining the amount of proportion of net profit or loss in the invested company which it entitles, fair value of each identifiable assets of the invested company at the time when the investment is obtained shall be used as basis, and according to the accounting policies and accounting period of the Company, and after offsetting profit or loss incurred in internal transaction between associates and joint ventures, and calculate the proportion which is attributable to the investing company according to the shareholding, and recognized after adjustment is made to the net profit of the invested company.

On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognized as investment income for the period. For long-term investments accounted for under equity method, the movements of shareholder's equity, other than the net profit or loss, of the investee company, previously recorded in the shareholder's equity of the Company are recycled to investment income for the period on disposal.





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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

13. Long-term equity investment *(Continued)*

When the Company loses control in the invested company due to reasons such as disposal of part of the equity investment, remaining shareholding after disposal of will be accounted for under available-for-sale financial assets, difference between fair value and the carry value on the date of loss of common control or significant influence will be included in the profit or loss for the current period. Other comprehensive income recognized in the original equity investment which is accounted for using equity method, upon it will no longer be accounted for under equity method, it shall be using the same accounting basis as the invested company directly disposing related assets or liabilities.

For loss of control in the invested company due to partly disposed long-term equity investment, for remaining shareholding which can apply common control or impose significant influence to the invested company after disposal, shall be accounted for under equity method. Difference between the carrying value of equity disposal and the disposal consideration shall be recorded as investment income. Such remaining shareholding shall be treated as accounting for under equity method since the shareholding is obtained and make adjustment. For remaining shareholding which cannot apply common control or impose significant influence after disposal, it can be accounted as under available-for-sale financial assets, and difference between carrying value of equity disposal and the disposal consideration shall be included as investment income, difference between fair value and the carrying value of remaining shareholding on the date loss of control shall be included in the investment profit or loss for such period.

For each transaction which equity are disposed in stages until loss of control, which does not belong to package transaction, the accounting method for each transaction will be treated as disposing subsidiary and loss of control. However, difference between each disposal price before loss of control and the carrying value of the long-term investment of the equity disposed, shall be recognized as comprehensive income, and shall be transfer to profit or loss for the current period upon loss of control.

14. Investment properties

The investment properties of the Company are buildings leased for rental income measured using the fair value model.

The fair value of the investment properties are determined by management of the Company by reference to similar properties of same location and similar usage on the open market using the market comparison approach or income approach.

15. Fixed assets

Fixed assets of the Company are tangible assets that held for production of goods or rendering of services, leasing to others, or for administrative purposes; have useful life over one accounting year.

The cost of an item of fixed assets shall be recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Fixed assets consist of buildings, machinery, transportation facilities, office equipment and others.



IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

15. Fixed assets (Continued)

Apart from fixed assets which are provided in full and continue to use and land which is accounted for separately, the Company made provision for all the fixed assets. The Company made provision for depreciation using straight-line method. The useful life, estimated rate of salvage value and depreciation of fixed assets of the Company are classified as below:

Classes	Depreciable period (years)	Estimated residual percentage (%)	Annual depreciation rate (%)
Buildings	20-30 years	3.00	3.23-4.85
Plant and Machinery	5-10 years	3.00	9.70-19.40
Motor vehicles	5 years	3.00	19.40
Office equipment	5 years	3.00	19.40
Others	5 years	3.00	19.40

The Company makes the assessment on the estimated useful life, estimated rate of salvage value and the depreciation method of fixed assets at each financial year-end. If any changes occur, they will be regarded as changes on accounting estimates.

The Company's financial leased fixed assets refer transportation vehicles shall ownership of the leased assets be transferred to the Group upon expiry of the lease, they shall be recognized as financial leased fixed assets.

Regarding to the financial leased fixed assets, the value lower between the fair value of the rental assets and the current value of the minimum rental payment shall be recognized as the entry value of the rental assets. The difference between the entry value of the rental assets and the minimum rental payment shall be recognized as the financing costs.

The depreciation policy applied for financial leased fixed assets is the consistent with the depreciation policy for self-owned fixed assets. If it can be confirmed reasonably that the ownership of the rental assets can be obtained when the rental term expires, the depreciation of the rental fixed assets shall be implemented within service life; otherwise, the depreciation shall be implemented in the shorter period between the leasing term of the rental fixed assets and the estimated service life of the rental fixed assets.

16. Construction in progress

Construction in progress is transferred to the fixed assets when the assets are ready for their intended use at an estimated amount based on the project budget or actual cost of construction. Depreciation is provided for as from the next month of the transfer. The cost of the asset is adjusted when the construction finalisation procedures are completed, but it is not necessary to adjust the previous recorded depreciation or amortization amount.

The Company participates in BOT projects for public infrastructure construction. Where the project company does not provide actual construction services under the projects by itself, the construction costs such as construction fees paid during the construction process is transferred to intangible assets when the targeted usable stage is reached, and amortised from the same month.





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

17. Borrowing costs

Borrowing cost incurred from fixed assets, investment properties and inventories which require construction or production activities for over one year, and can be reached usable or sale condition after that. Borrowing costs incurred during assets expense is incurred, and when construction or production activities started in order to make assets to reach the expected usable or sale condition, capitalisation starts; when construction or assets that fulfil the capitalisation conditions, and reached the expected useable or sale condition, capitalisation have to be terminated. Borrowing costs incurred afterward are included into the profit or loss for the current period. If assets that fulfil capitalisation conditions interrupted abnormally during construction or production progress, and such interruption occurred for more than three consecutive months, capitalisation of borrowing costs have to terminate, until construction of assets or production activities resumed.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Company determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

18. Intangible assets

The intangible assets of the Company include the land use right, patented technologies, non-patented technologies and BOT operation rights, and are measured at actual cost on acquisition. The actual cost of intangible assets purchased includes purchase prices and other relevant expenditure. The cost of intangible assets injected by investors to the Group is measured at the consideration as specified in the investment contracts or agreements. In the case where the consideration of the contracts or agreements is not a fair value, the assets are measured at its fair value. BOT operation rights of construction projects are measured at the construction costs.

Land-use rights are amortised over lease terms from the date of purchase. Patented technologies, non-patented technologies and operating rights under BOT projects are amortised over the shortest of their estimated useful lives, contractual beneficial period and useful life specified in the law. From November 2014, assets of operating rights under BOT projects are classified according to their nature, where concrete objects are treated as fixed assets. The useful life of each type of assets is determined by its type and physical characteristics, with reference to the depreciation rate of similar fixed assets of the Company, and the amortization period is determined according to its useful life and licensed period so as to amortise its costs based on straight line approach and landfill approach. Intangible assets with finite life are amortised over its estimated useful life from the month of acquisition using the straight line approach. The estimated useful life and amortization methods are reviewed at the end of each year, with changes accounted for as changes in accounting estimates.

19. Long-term assets impairment

The Company would assess intangible assets such as long-term equity investment, fixed assets, construction in progress and intangible assets with limited useful lives at each of the assets balance sheet date. When there is indication that there is impairment, the Company would perform impairment test. Impairment test should be made for goodwill and intangible assets with uncertain useful life, at the year-end regardless of whether there is indication of impairment loss.



IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

19. Long-term assets impairment *(Continued)*

Recoverable amount should be measured at the higher of the fair value after subtracting the costs of disposal of the net and the present value of estimated future cash flows. Assets' provision for impairment is calculated based on the single asset; if the recoverable amount of single asset is difficult to estimate then the portfolio of which the single asset belonged to should be used as calculation unit. The portfolio is the minimal combination of assets that can generate cash inflow independently. After the impairment test, if the carrying value of such assets is higher than its recoverable amount, the difference is recognized as impairment loss.

When testing for impairment of goodwill, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognized, it will not be reversed for the value recovered in the subsequent periods.

20. Long-term prepayments

Long-term prepayments are expenditures that have been incurred but shall be amortised over the current period and subsequent periods of more than one year, mainly includes improvement fees. The expenditures are amortised evenly over the estimated beneficial period. If the long-term prepayments are no longer beneficial to the subsequent accounting periods, the unamortised balance will then be transferred to profit or loss for the period.

21. Employee benefits

Employee benefits of the Company include short-term emolument, post-employment benefits and termination benefits.

Short-term emolument including: wages, bonuses, allowances and subsidies, staff welfare, medical insurance, social insurance such as injury insurance and maternity insurance, housing provident fund, union operation cost and staff education cost, short-term compensated leave and other short-term emolument. Short-term emolument actually incurred shall be recognised as liabilities during the accounting period which the labour provided services, and included into the profit or loss or related assets cost of the current period of beneficiary.

Post-employment benefits including the endowment insurance and MPFs, and classified into defined contribution plan according to the risks and liabilities assumed by the Company. As for defined contribution plan under which the group consumed obligation of making payment to independent funds, in order to exchange for staff services to be provide during the accounting period, shall be recognized as liabilities, and included into the profit or loss or related assets cost of the current period of the beneficiary.





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1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

21. Employee benefits *(Continued)*

Termination benefits are the compensation to employees when the Company terminates the employment relationship with employee. The compensation liability for the termination of employment are charged to the profit or loss for the period upon termination of such labour contract.

22. Contingent liabilities

When related obligations of contingencies are the obligations currently assumed by the Company, and that such obligations is likely to result in outflow of economic benefits and the amount of such obligations could be reliably measured, contingent liabilities will be recognized.

As at the balance sheet date, after considering factors such as the risks related to contingencies, uncertainties and time value of currency, contingent liabilities are measured at the best estimate on the expenses necessary for the performance of the related existing obligations. If the impact of the time value of currency is material, best estimate is determined by discounting the anticipated future cash outflow.

If all or part of the cost necessary for the contingent liabilities is expected to be settled by Third party, the amount of settlement, when it is basically certain to be received, is recognized as an asset separately, and the settlement amount recognized shall not be more than the carrying amount of contingent liabilities.

23. Shared based payments

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. The fair value amount of instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions is recognized as relevant cost or expense on a straight-line during the vetting period based on the best estimated quantity of exercisable equity instruments, with corresponding increase made to the capital reserve.

The liabilities assumed by the Company are for cash-settled share-based payments are measured based on the fair value of shares or other equity instruments. Instruments which are vested immediately upon the grant, the fair value of the liabilities are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions, at each balance date during the vetting period, the fair value of the liabilities based on the best estimate of exercisable conditions and debits the cost or expenses of the service received for the period and adjust the liabilities accordingly.

At each balance sheet date and settlement date before settlement of related liabilities, the Company remeasures the fair value of liabilities, with changes accounted for in the profit and loss of the period.



IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

23. Share-based payments (Continued)

Where the Company cancels an equity instrument during the vesting period, it is treated as if it had vested on the date of cancellation, where the share-based payment plan for the remain period is treated as fully fulfilled its exercising conditions, all fees for the remaining period recognized upon cancellation of the equity instrument.

24. Recognition of revenue

The business revenue of the Company are generated mainly from sales of goods, rendering of services, waste electronics dismantling subsidies, transfer of assets use rights and interest income, from small-scale loans. The principles of revenue recognition are as follows:

- (1) *Revenue from sales of goods comprises revenue from sales of industrial wastes recycling and utilisation; revenue from trading and others; revenue from renewable energy utilisation; and revenue from dismantled resources recycling*

Sales of goods are recognized when the major risks and returns in the ownership of goods is transferred to the customer; when the Company no longer exercises continuing management generally related to the ownership and no longer has actual control over the goods sold; when the amount of revenue can be reliably measured; when it is very likely that the economic benefits will be flowed to the Company; and when the related costs has incurred or will be incurred can be reliably measured.

- (2) *Revenue from rendering of services comprises revenue from industrial wastes disposal, revenue from municipal wastes treatment and disposal; and revenue from environmental engineering and services*

Revenue from rendering of services is recognized when the total amount of revenue and cost could be measured reliably; the related economic benefits are likely to inflow to the enterprise, the progress of completion of transaction could be reliably determined. Specifically:

Revenue from industrial waste treatment and municipal solid waste treatment are recognized according to the waste treatment volume and contracted prices determined by both parties.

Revenue from environmental protection projects and services is recognized in accordance with the percentage of completion as at the balance sheet date. The completion level of service transaction is recognized by the percentage of estimated total cost represented by service cost incurred. If the result of provision of service transaction cannot be reliably estimated, revenue from provision of service is recognized at the service cost incurred and estimated to receive as compensation, and service cost incurred will be regarded as the current cost. If service cost incurred is not anticipated to be compensated, no revenue will be recognized.

- (3) *Revenue from waste electronics dismantling subsidies*

Independent subcontracted intermediate companies recognized by the environmental protection department would audit the dismantling treatment volume of the Company and issue the "Waste Electronics Dismantling Treatment Audit Report", where the Company would estimate the revenue based on the audited dismantling treatment volume, and adjust the recognized revenue according to the recognized treatment volume audited by the Ministry of Environmental Protection.





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

24. Recognition of revenue *(Continued)*

(4) *Revenue from transfer of assets use rights*

Revenue from transfer of asset use rights is recognized according to the period and calculation method of the charge as specified in the contracts or agreements, and when the associated economic benefits are probably flow to the Company and the amount of revenue can be reliably estimated.

(5) *Interest income from small-scale loans*

Interest income from small-scale loans: when the Company lending loans, the income is recognized according to effective interest rate. When calculation, it takes into account the contract terms of the loans, including expenses which attributable to effective interest rate components and all transaction costs. The effective inters rate is the interest rate of the financial instruments during the expected duration or a shorter period, during which the expected future cash inflow or outflow is discounted to net book value of financial instruments.

25. Government grants

Government grants received by the Company includes environmental protection projects fund, energy saving emission reduction subsidies and resources recycling subsidies.

Where a government grant is in the form of a transfer of monetary asset, it is measured at the amount received. Where a government grant is made on the basis of fixed amount or there is conclusive evidence at the end of the year that the Group the conditions attaching to the grants are satisfied and it is expected the Group is entitled to receive the grant, it is measured at the amount receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value. If fair value is not reliably determinable, the item is measured at a nominal amount of RMB1.

Environmental protection projects fund is assets related government subsidies recognized as deferred income allocated to profit and loss of the period over the useful life of such assets. Resources recycling subsidies is income related government grant to compensate for related fees or losses of future periods, is recognized as deferred income and credited to profit and loss of the period upon recognition of such related fees.

26. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liability are recognized at the differences (temporary tax differences) between the tax base of an asset or liability and its book value. According to Taxation Law, the Company recognizes the deferred tax assets arising from a deductible temporary difference to the extent of the amount of the taxable income which is most likely to acquire and can be deducted from the deductible temporary difference. For the temporary difference arise from goodwill recognition is not recognized as deferred tax liability. For assets or liabilities arise from non-consolidation transactions, which do not give any influence on the temporary difference, arise from neither accounting profits nor taxable profits, is not recognized as deferred tax assets or deferred tax liability. On the balance sheet date, deferred tax assets and deferred tax liability are measured at applicable tax rate which is relevant to the period of expected assets return or pay liability.

The Company recognizes deferred tax assets as a result of deductible temporary difference, limited to the most probable deductible temporary difference.



IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

27. Buy back shares of the Company

In accordance with legal process and is approved to reduction in assets by repurchase of the Company's shares, according to the share capital reduced by cancellation of face value of shares in total, the adjusting shareholders' equity by difference between the consideration paid by repurchase of shares (including transaction fees) and the face value of shares. For proportion which exceeding face value in total, shall be written-off in the order of capital premium, reserve, and undistributed profit. For proportion which is lower than face value in total, shall be added to capital reserves.

Shares repurchased by the Company shall be managed as treasury stock before cancel or transfer. All expenses related to repurchase of shares shall be transferred as cost of treasury stock.

Upon transfer of treasury stock, transfer income which is higher than the cost of treasury stock, shall to be added to capital premium; transfer income which is lower than the treasury stock, shall be written-off in the order of capital premium, Surplus reserve, and undistributed profit. For repurchase of shares of the Company due to the implementation of equity incentive, upon repurchase, all expenses of repurchase shares shall be treated as treasury stock, and at the same time carry out registration for future reference.

28. Leasing

Leasing of the Company includes transportation vehicles, machineries and equipment acquired under finance leases, and buildings, machineries and equipment acquired under operating leases.

The Company, as the lessee under the financial lease, on the start date of financial lease, according to the lower of the fair value of leasing assets on the start date of leasing and the present value of the minimum lease payments, to be the recorded value of leasing fixed assets. The minimum lease payment shall be the recorded value of the long-term payable, the difference between the two recorded as unrecognized financial expense.

As the lessee, the Company's payable rentals during the period of the lease shall be treated as costs of the relevant assets or accounted for in the profit and loss of the period on straight-line basis.





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

29. Safety production fees

According to the regulations of “Management Measures of Extraction and Usage of Enterprise Safety Production Costs”(Cai Qi [2012] No.16) issued by Ministry of Finance and State Administration of Work Safety, the safety production expenses shall use sale income of last year of the Company as the basic number, and shall extract every month according to the standards below by using excess regressive method:

No.	Annual sale volume	Provision proportion (%)
1	Below RMB10 million	4.00
2	RMB10 million to RMB100 million (inclusive)	2.00
3	RMB100 million to RMB1,000 million (inclusive)	0.50
4	RMB1,000 million above	0.20

The safety production fees extracted is included in the costs of related products or current profit or loss, it is also included in the special reserves. When using the safety production fees, for those belongs to spending costs, it shall be write-down directly from special reserves. When using the extracted safety production fees which forms fixed assets, it shall be confirmed as fixed assets through collection of expenses from construction in progress, and after the safety project is completed and reached the expected condition for use. At the same time, according to the cost of fixed assets which formed and write-down from special reserves, confirm the same amount of accumulated depreciation. The fixed assets will no longer be depreciated in the future.

30. Changes in accounting policies and accounting estimates

(1) Change in Significant Accounting Policies

No change in significant accounting policies occurred during the year.

(2) Change in Significant Accounting Estimates

There was no change in significant accounting estimates during the year.

V. TAX

1. Major taxes and tax rates

Type of taxes	Tax base	Tax rate
Value Added Tax (“VAT”)	Balance of sales tax after VAT or sales amount	17%, 11%, 6%, 3%
Business Tax	Assessable income	5%, 3%
City Maintenance and Construction Tax	Assessable turnover	7%, 5%, 1%
Enterprise Income Tax	Assessable income	25%, 16.5%
Education Surcharge	Assessable turnover	3%
Local education Surcharge	Assessable turnover	2%



V. TAX (Continued)

1. Major taxes and tax rates (Continued)

Particulars of tax paying entities under different enterprise income tax rates:

Pursuant to the regulations of State Tax Bureau, the charge of EIT for the Company and the subsidiaries operating at other cities of the Mainland are at the tax rate of 25% on the assessable profits. Subsidiaries operating in Hong Kong are charged at the rate of 16.5% on the estimated assessable profits.

Name of taxable entities	Actual implementation tax rate	Notes
The Company	15%	2(1)a
Resource Recycling	25%	
Dongjiang Heritage	15%	2(1)b
Longgang Dongjiang	12.5%	2(1)c
Yunnan Dongjiang	25%	
Huizhou Dongjiang	15%	2(1)d
Qianheng Wastes Treatment	15%	2(1)e
Kunshan Kunpeng	25%	
Huabao Technology	20%	2(1)f
Qingyuan Dongjiang	15%	2(1)g
Qingdao Dongjiang	25%	
Hunan Dongjiang	12.5%	2(1)h
Chengdu Treatment Centre	25%	
Renewable Energy	25%	
Shaoguan Dongjiang	25%	
Shaoguan Green	25%	
Dongjiang Property Service	20%	2(1)f
Baoan Dongjiang	25%	
Dongjiang HK	16.5%	
Likshun Services	16.5%	
Dongjiang Transport	25%	
Products Trading	25%	
Dongjiang Songsao	25%	
Zhuhai Qingxin	25%	
Hubei Dongjiang	25%	
Qingyuan Xinlv	15%	2(1)i
Jiaying Deda	25%	
Jiangmen Dongjiang	–	2(1)j
Dongguan Hengjian	25%	





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

V. TAX (Continued)

1. Major taxes and tax rates (Continued)

Name of taxable entities	Actual implementation tax rate	Notes
Dongjiang Shangtian	25%	
Dongjiang Kaida	25%	
Coastal Solid Waste	12.5%	2(1)k
Nanchang Xinguan	25%	
Hefei Xinguan	25%	
Xiamen Oasis Environmental	25%	
Fujian Oasis Solid Waste	–	2(1)l
Sanming Oasis Resources	25%	
Xiamen Oasis Environmental	25%	
Longyan Oasis Environmental	12.5%	2(1)m
Nanping Oasis Environmental	25%	
Sanming Oasis Environmental	25%	
Wosen Environmental	–	2(1)n
Jiangmen Lvlvda	25%	
Jiangxi Dongjinag	25%	
Shaohing Dongjiang	25%	
Jiangxi Kangtai	25%	
Kangtai Environmental	25%	
Huiyuan Small Loan Company	25%	
Hengjian Tongda	25%	
Humen Luyuan	12.5%	2(1)o
Hubei Tianyin	25%	
Tianyin Technology	25%	
Tianyin Hazardous Waste	25%	
Tianyin Vehicle Dismantling	25%	
Zuhai Yongxingsheng	25%	
Luyi Environmental	25%	



V. TAX (Continued)

2. Tax incentives

(1) EIT tax incentives

- a. The Company entitled tax incentives for new and high technology enterprises at 15% EIT tax rate, where its revenue from resources recycling business enjoys 90% reduction on assessable total revenue of EIT tax, and EIT reduction of 50% on research and development fees before tax.
- b. Dongjiang Huarui entitled tax incentives for new and high technology enterprises at 15% EIT tax rate during the year 2015 to 2017, and EIT reduction of 50% on research and development fees before tax.
- c. Longgang Dongjiang entitled income tax incentive on environmental protection and energy saving water saving projects that meet certain requirements, enjoyed full EIT exemption from 2012 to 2014, and 50% EIT reduction from 2015 to 2017.
- d. Huizhou Dongjiang entitled tax incentives for new and high technology enterprises at 15% EIT tax rate, where its revenue from resources recycling business enjoys 90% reduction on assessable total revenue of EIT tax, and EIT reduction of 50% on research and development fees before tax.
- e. Qiandeng Wastes Treatment entitled tax incentives for new and high technology enterprises at 15% EIT tax rate, where its revenue from resources recycling business enjoys 90% reduction on assessable total revenue of EIT tax, and EIT reduction of 50% on research and development fees before tax.
- f. From 1 January 2015 to 31 December 2017, according to Cai Cui [2015] No. 34 document, for small-scale enterprises with low profitability which annual taxable income are below RMB200,000 (inclusive), 50% of their revenue were deductible before EIT and were granted 20% exemption from EIT. Huabao Technology and Dongjiang Property are small-scale enterprises with low profitability, 50% of their revenue were deductible before EIT and were granted 20% exemption from EIT.
- g. Qingyuan Dongjiang entitled income tax incentive on environmental protection and energy saving water saving projects that meet certain requirements, where its waste household appliances projects enjoyed full EIT exemption from 2013 to 2015, and 50% EIT reduction from 2016 to 2018; its circuit board waste treatment project enjoys full tax waiver from 2012 to 2014, and 50% EIT reduction from 2015 to 2017. It also entitled tax incentives for new and high technology enterprises at 15% EIT tax rate for the year 2015 to 2017, where its revenue from resources recycling business enjoys 90% reduction on assessable total revenue of EIT tax, and EIT reduction of 50% on research and development fees before tax.
- h. Hunan Dongjiang entitled income tax incentive on environmental protection and energy saving water saving projects that meet certain requirements, and enjoyed full EIT exemption from 2011 to 2013, and 50% EIT reduction from 2014 to 2016.





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1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

V. TAX (Continued)

2. Tax incentives (Continued)

(1) EIT tax incentives (Continued)

- i. Qingyuan Xinlv entitled tax incentives for new and high technology enterprises at 15% EIT tax rate, where its revenue from resources recycling business enjoys 90% reduction on assessable total revenue of EIT tax, and EIT reduction of 50% on research and development fees before tax.
- j. Jiangmen Dongjiang entitled income tax incentive on environmental protection and energy saving water saving projects that meet certain requirements, enjoyed full EIT exemption from 2015 to 2017, and 50% EIT reduction from 2018 to 2020.
- k. Coastal Solid Waste entitled three year exemption and three year 50% reduction transitional incentives, with full tax exemption from 2010 to 2012 and 50% tax reduction from 2013 to 2015.
- l. Fujian Oasis Solid Waste entitled income tax incentives on environmental protection projects that meets certain requirements, and enjoyed EIT exemption from 2014 to 2016 and 50% EIT reduction from 2017 to 2019.
- m. Longyan Oasis Environmental enjoys income tax incentives on environmental protection projects that meets certain requirements, and enjoyed EIT exemption from 2011 to 2013 and 50% EIT reduction from 2014 to 2016.
- n. Wosen Environmental entitled income tax incentives on environmental protection projects that meets certain requirements, and enjoyed EIT exemption from 2015 to 2017 and 50% EIT reduction from 2018 to 2020. It also enjoyed benefit of 10% of its investment in purchase of environmental protection equipment, can use to offset taxable income. The price of equipment was RMB13,700,000, to offset Corporate Income Tax of RMB1,370,000.
- o. Humen Luyuan entitled income tax incentives on environmental protection projects that meets certain requirements, and enjoyed EIT exemption from 2010 to 2012 and 50% EIT reduction from 2013 to 2015.

(2) VAT tax incentive

According to “Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting and Improving the Value-added Tax Policies for Products and Labor Services that Comprehensively Utilise Resources” (Cai Shui [2011] No. 115), Qingyuan Dongjiang’s sales of products that comprehensively utilise resources meet the requirements of VAT refunds upon assessment of 50% tax reduction incentive during the period from January to June 2015. Waste treatment businesses of Fujian Oasis Solid Waste, Longyan Oasis Environmental, Nanping Oasis Environmental and Sanming Oasis Environmental that meet the requirements of VAT exemption policies, during the period from January to June 2015.



V. TAX (Continued)

2. Tax incentives (Continued)

(2) VAT tax incentive (Continued)

According to “Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting and Improving the Value-added Tax Policies for Products and Labor Services that Comprehensively Utilise Resources” (Cai Shui [2011] No. 115), the income of Qingyuan Dongjiang, Renewable Energy, Baoan Dongjiang, Nanchang Xinguan, Hefei Xinguan which utilised waste fermentation to produce methane for power generation, their income generated enjoyed refund of 100% of their VAT upon collection, during the period from January to June 2015. According to “Ministry of Finance and State Administration of Taxation issued the Notice on Directory of VAT concessions on Comprehensive Utilization of Goods and Services (關於資源綜合利用產品和勞務增值稅優惠目錄的通知)” (Cai Cui [2015] No. 78 document), the income of Qingdao Dongjiang, Renewable Energy, Baoan Dongjiang, Nanchang Xinguan, Hefei Xinguan which utilised waste fermentation to produce methane for power generation, their income generated enjoyed refund of 100% of their VAT upon collection, during the period from July to December 2015.

According to “Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting and Improving the Value-added Tax Policies for Products and Labor Services that Comprehensively Utilise Resources” (Cai Shui [2011] No. 115), Waste treatment businesses of Longgang Dongjiang, Hunan Dongjiang, Coastal Solid Waste, Xiamen Oasis Environmental, Huizhou Dongjiang and Shajing Base that meet the requirements of VAT exemption policies, during the period from January to June 2015. According to Ministry of Finance and State Administration of Taxation issued the Notice on Directory of VAT concessions on Comprehensive Utilization of Goods and Services (關於資源綜合利用產品和勞務增值稅優惠目錄的通知)” (Cai Cui [2015] No. 78 document), the waste treatment businesses of Longgang Dongjiang, Hunan Dongjiang, Coastal Solid Waste and Xiamen Oasis Environmental, their income generated enjoyed refund of 70% of their VAT upon collection; sewage treatment businesses of Shajing Base, Xiamen Oasis Environmental and Huizhou Dongjiang, their income generated enjoyed refund of 70% of their VAT upon collection; the sale of recycled products of Shajing Base and Huizhou Dongjiang, their income generated enjoyed refund of 30% of their VAT upon collection, during the period from July to December 2015.

According to Ministry of Finance and State Administration of Taxation issued the Notice on Directory of VAT concessions on Comprehensive Utilization of Goods and Services (關於資源綜合利用產品和勞務增值稅優惠目錄的通知)” (Cai Cui [2015] No. 78 document), the sewage treatment businesses of the Company, Qiandeng Wastes Treatment, Jiangmen Dongjiang, Humen Oasis, Zhuhai Yongxingsheng, their income generated enjoyed refund of 70% of their VAT upon collection, waste treatment businesses of the Company, Shaoguan Green, Jiangmen Dongjiang, Jiangxi Kangtai and Zhuhai Yongxingsheng, their income generated enjoyed refund of 70% of their VAT upon collection; the sale of recycled products of Qiandeng Wastes Treatment, Jiaxing Deda, and Dongguan Hengjian, their income generated enjoyed refund of 30% of their VAT upon collection, during the period from July to December 2015.





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

For the following information disclosed in the financial statements, unless otherwise stated, “beginning of the year” means 1 January 2015; “end of the year” means 31 December 2015; “the Year” means the period from 1 January 2015 to 31 December 2015; “last year” means 1 January 2014 to 31 December 2014. Presentation currency is Renminbi (“RMB”).

1. Bank Balances and Cash

Item	2015	2014
Cash	521,496.27	342,085.99
Bank Deposits	814,872,336.82	723,956,747.44
Other Bank balances and cash	42,335,470.80	303,451,303.97
Total	857,729,303.89	1,027,750,137.40
Including: total amount of other deposits overseas	5,073,640.21	3,452,081.98

As the end of the year, the restricted monetary fund of the Company were RMB41,767,769.31 (last year: RMB3,451,118.87) which mainly includes guarantee deposits and security deposit of bank acceptance bills.

2. Financial assets at fair value through profit and loss of the period

(1) *Types of financial assets held for trading*

Item	2015	2014
Financial assets held for trading	1,546,950.00	2,054,460.00
Including: equity instrument investments	1,546,950.00	2,054,460.00
Total	1,546,950.00	2,054,460.00

(2) *Financial assets held for trading analysis as follows:*

Item	2015 Fair Value	2014 Fair Value
Listed		
The PRC (exclude Hong Kong)	1,546,950.00	2,054,460.00
Total	1,546,950.00	2,054,460.00

At the end of the year, the market value of listed investment was RMB1,546,960.00 (last year: RMB2,054,460.00).



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Notes receivable

(1) *Types of notes receivable*

Types of notes receivable	2015	2014
Bank acceptance notes	37,323,244.22	78,904,823.06
Commercial acceptance notes	–	–
Total	37,323,244.22	78,904,823.06

(2) *Notes receivable endorsed or discounted and not expired at the balance sheet date at the end of the year*

Item	Amount derecognized at the end of year	Amount derecognized at the beginning of year
Bank acceptance notes	150,644,397.32	–
Commercial acceptance notes	–	–
Total	150,644,397.32	–

4. Accounts receivable

Item	2015	2014
Accounts receivable	726,651,054.71	487,508,311.81
Less: bad debt provision	17,779,826.26	16,045,310.82
Net amount	708,871,228.45	471,463,000.99





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable (Continued)

(1) Aging analysis of accounts receivable

Prior to the acceptance of new customers, the Company applies internal credit assessment policies to assess the credit quality of potential customers and formulates credit limit. Apart from requiring new customers to pay in advance, the Company formulates different credit policies according to different customers. The credit period is generally three months, and can be extended to six months for major customers. For the sales, the Company recognizes accounts receivable and operating revenue at the time point of outbound and acceptance of products, when calculation of the ages of the account begins. Aging analysis of accounts receivable, net of provision for bad debts, presented based on the recognition date is as follows:

Age	2015	2014
0-90 days	365,028,152.86	248,542,176.85
91-180 days	123,326,366.48	103,049,730.08
181-365 days	191,975,425.70	108,926,690.35
1-2 years	27,876,763.72	7,625,735.49
2-3 years	664,519.69	3,318,668.22
Over 3 years	-	-
Net amount	708,871,228.45	471,463,000.99

(2) Accounts receivable by categories

Category	Book balance		2015 Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Proportion of provisions (%)	
Accounts receivable that are individually significant and are provided for bad debts on individual basis	-	-	-	-	-
Accounts receivable that are provided for bad debts on portfolio basis based on credit risks characteristics	720,796,937.22	99.19	11,925,708.77	1.65	708,871,228.45
Accounts receivable that are individually insignificant but are individually provided for bad debts	5,854,117.49	0.81	5,854,117.49	100.00	-
Total	726,651,054.71		17,779,826.26		708,871,228.45



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable (Continued)

(2) Accounts receivable by categories (Continued)

	Book balance		2014 Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Proportion of provisions (%)	
Accounts receivable that are individually significant and are provided for bad debts on individual basis	-	-	-	-	-
Accounts receivable that are provided for bad debts on portfolio basis based on credit risks characteristics	481,749,533.79	98.82	10,286,532.80	2.14	471,463,000.99
Accounts receivable that are individually insignificant but are individually provided for bad debts	5,758,778.02	1.18	5,758,778.02	100.00	-
Total	487,508,311.81		16,045,310.82		471,463,000.99

1) Details of accounts receivables that are provided for bad debts based on ageing analysis are as follows:

Age	Accounts receivable	2015	
		Provision for bad debt	Proportion of provisions (%)
0-90 days	151,828,434.10	2,277,426.53	1.50
91-180 days	26,618,603.96	798,558.12	3.00
181-365 days	18,447,979.98	922,399.00	5.00
1-2 years	13,990,092.16	2,798,018.43	20.00
2-3 years	1,329,039.36	664,519.68	50.00
Over 3 years	4,464,787.01	4,464,787.01	100.00
Total	216,678,936.57	11,925,708.77	





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable (Continued)

(3) *Aging analysis of overdue but without impairment accounts receivable at balance date:*

Age	2015	2014
0-90 days	215,477,145.27	26,420,465.83
91-180 days	97,506,320.66	-
181-365 days	174,449,844.73	-
1-2 years	16,684,689.99	-
Net amount	504,118,000.65	26,420,465.83

Overdue but without impairment accounts receivables are related to related parties and government agencies, those accounts have good credit. According to the past experiences, the management believes that impairment is unnecessary, because the credit quality remains unchanged, and the balances will be recovered in the future.

(4) *Details of bad debts provision provided, reversed (or recovered) during the year*

Bad debt provision provided during the Year amounted to RMB1,820,878.93, and reversed or recovered bad debt provision of RMB0.00.



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable (Continued)

(5) Accounts receivable written off during the Year

Item	Amount written off
Accounts receivable written off	86,363.49

Including significant accounts receivables written off:

Name	Nature of accounts receivable	Amount	Reason of write off	Implementation	Whether arisen from related party transaction
Xiamen Haicang Haicang District Street Office	Disposal fees	21,510.00	Irrecoverable	Report to the Board	No
Shenzhen Jianlilai Electric Co., Ltd.	Disposal fees	12,000.00	Irrecoverable	Report to the Board	No
Shenzhen China Star Optoelectronics Technology Co., Ltd.	Loans	10,488.59	Irrecoverable	Report to the Board	No
Huizhou City Aode Cosmetics Co., Ltd.	Disposal fees	9,000.00	Irrecoverable	Report to the Board	No
Dongguan Ande Solid Plastic Packaging Co., Ltd.	Disposal fees	8,366.00	Irrecoverable	Report to the Board	No
Shenzhen Xing bangli Technology Co., Ltd.	Disposal fees	8,000.00	Irrecoverable	Report to the Board	No
Yongxing Screws (Huidong) Co., Ltd.	Disposal fees	6,000.00	Irrecoverable	Report to the Board	No
Hexing Technology Research (Huizhou) Co., Ltd.	Disposal fees	5,998.90	Irrecoverable	Report to the Board	No
Huizhou City, Huiyang District Qiuzhang Yongxin Musical Instruments Factory (Wood)	Disposal fees	5,000.00	Irrecoverable	Report to the Board	No
Total		86,363.49			





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable (Continued)

(6) Top five accounts receivable outstanding as at the end of the year categorized by debtors were as follows:

Name	Balance at the end of year	Age	Proportion to total account receivable at the end of year (%)	Balance of bad debt provision at the end of year
No. 1	304,808,265.77	Within 1 year	41.95	–
	7,197,616.00	1-2 years	0.99	–
No. 2	50,296,171.00	Within 1 year	6.92	–
No. 3	42,470,823.91	Within 1 year	5.84	–
	5,554,005.20	1-2 years	0.76	–
No. 4	24,193,767.05	Within 1 year	3.33	–
No. 5	21,384,655.02	Within 1 year	2.94	–
Total	455,905,303.95		62.73	–

5. Prepayments

(1) Age of prepayments

Item	2015		2014	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	41,430,271.09	56.81	42,913,948.56	68.16
1-2 years	22,908,401.98	31.41	13,554,486.68	21.52
2-3 years	3,256,654.99	4.47	568,712.64	0.90
Over 3 years	5,331,751.25	7.31	5,934,967.01	9.42
Total	72,927,079.31	100.00	62,972,114.89	100.00

Significant prepayment aged over 1 year mainly includes the current accounts paid by Hubei Dingde New Building Material Co., Ltd. to Hubei Tianyin and CDM fees paid by Qingdao Dongjiang to Qingdao Solid Waste Treatment Co., Limited before due.





VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Prepayments (Continued)

(2) Top five prepayment at the end of the year categorized by prepaid items are as follows:

Name	Balance at the end of year	Age	Proportion to the total prepayment at the end of year (%)
No. 1	20,261,600.00	1-2 years	27.78
No. 2	1,900,000.00	2-3 years	2.61
	5,215,171.93	Over 3 year	7.15
No. 3	6,230,000.00	Within 1 year	8.54
No. 4	5,389,399.74	Within 1 year	7.39
	1,396,049.05	1-2 years	1.91
No. 5	4,187,397.15	Within 1 year	5.74
Total	44,579,617.87		61.12

6. Interest receivable

(1) Categories of interest receivable

Item	2015	2014
Interest from fixed deposits	6,956,697.92	–
Interest from small-scale loans	404,127.00	–
	7,360,824.92	–

(2) At the end of the year, there is no interest receivable that is overdue.





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables

Item	2015	2014
Other receivables	119,516,863.91	91,914,232.15
Less: Provision for bad debts	7,996,801.31	6,732,343.76
Net amount	111,520,062.60	85,181,888.39

(1) *Age analysis of other receivables*

Age	2015	2014
0-90 days	53,855,667.22	36,995,976.60
91-180 days	11,667,334.17	4,326,394.48
181-365 days	11,894,010.97	6,495,560.09
1-2 years	18,946,439.24	27,644,884.11
2-3 years	9,574,469.14	6,504,225.93
Over 3 years	5,582,141.86	3,214,847.18
Net amount	111,520,062.60	85,181,888.39



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

(2) Other receivables by categories

Item	Book balance		2015 Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other receivables that are individually significant and are provided for bad debts on individual basis	-	-	-	-	-
Other receivables that are provided for bad debts on credit risks portfolio basis	113,386,095.93	94.87	1,866,033.33	1.65	111,520,062.60
Other receivables that are individually insignificant but are individually provided for bad debts	6,130,767.98	5.13	6,130,767.98	100.00	-
Total	119,516,863.91		7,996,801.31		111,520,062.60

Item	Book balance		2014 Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other receivables that are individually significant and are provided for bad debts on individual basis	-	-	-	-	-
Other receivables that are provided for bad debts on credit risks portfolio basis	86,763,429.99	94.40	1,581,541.60	1.82	85,181,888.39
Other receivables that are individually insignificant but are individually provided for bad debts	5,150,802.16	5.60	5,150,802.16	100.00	-
Total	91,914,232.15		6,732,343.76		85,181,888.39





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. Other receivables *(Continued)*

(2) *Other receivables by categories (Continued)*

1) Other receivables within the portfolio that are provided for bad debts based on ageing analysis

Age	Other receivables	2015	
		Provision for bad debts	Proportion of provision (%)
0-90 days	655,583.42	9,833.75	1.50
91-180 days	129,637.59	3,889.12	3.00
181-365 days	123,508.07	6,175.41	5.00
1-2 years	2,168,746.34	433,749.30	20.00
2-3 years	815,654.74	407,827.37	50.00
Over 3 years	1,004,558.38	1,004,558.38	100.00
Total	4,897,688.54	1,866,033.33	

(3) *Withdrawal, reversal (recovery) of bad debt provision during the year*

Bad debt provision of RMB1,264,457.55 was withdrawn during the year, and bad debt provision of RMB406,000.00 was recovered or reversed during the year.

(4) *There is no other receivable written during the year.*



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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

(5) Other receivables categorized by nature

Nature	Balance at the end of year	Balance at the beginning of year
Guarantee deposits	62,627,529.84	52,530,391.29
Performance compensation	17,664,528.32	6,600,000.00
Provisions	7,269,989.74	6,445,178.26
Payment on behalf of third parties	3,883,852.30	3,089,041.75
Others	28,070,963.71	2,444,800.16
Considerations and deposits of equity transfer	-	20,804,820.69
Total	119,516,863.91	91,914,232.15

(6) Top five other receivables as at the end of the year categorized by debtors

Name	Nature	Balance at the end of year	Age	Proportion of total other receivables at the end of year (%)	Bad debt provision at the end of year
No. 1	Performance compensation	17,664,528.32	Within 1 year	14.78	-
No. 2	Security deposits	4,000,000.00	Within 1 year	3.35	-
		2,000,000.00	1-2 years	1.67	-
No. 3	Security deposits	5,000,000.00	Within 1 year	4.18	-
No. 4	Deposi	2,000,000.00	Within 1 year	1.67	-
		129,150.00	1-2 years	0.11	-
No. 5	Security deposits	2,000,000.00	1-2 years	1.67	-
Total		32,793,678.32		27.43	-





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Inventories

(1) *Categories of inventories*

Item	Book balance	2015	
		Provision of impairment	Book value
Raw material	185,867,628.23	1,167,923.33	184,699,704.90
Work-in-progress	7,418,446.57	–	7,418,446.57
Finished goods	50,770,675.63	473,982.62	50,296,693.01
Low-valued consumables	7,876,380.48	–	7,876,380.48
Goods in transit	18,978,275.75	–	18,978,275.75
Total	270,911,406.66	1,641,905.95	269,269,500.71

Item	Book balance	2014	
		Provision of impairment	Book value
Raw material	201,996,308.75	46,922.67	201,949,386.08
Work-in-progress	1,593,866.79	–	1,593,866.79
Finished goods	72,329,206.97	157,129.77	72,172,077.20
Low-valued consumables	10,325,127.90	–	10,325,127.90
Goods in transit	14,271,717.28	–	14,271,717.28
Total	300,516,227.69	204,052.44	300,312,175.25

(2) *Inventory impairment provision*

Item	Amount at the beginning of year	Increase during the year			Decrease during the year		Amount at the end of year
		Withdrawal	Others	Reversal or recovery	Other transfer		
Raw material	46,922.67	–	1,121,000.66	–	–	1,167,923.33	
Finished goods	157,129.77	473,982.62	–	157,129.77	–	473,982.62	
Total	204,052.44	473,982.62	1,121,000.66	157,129.77	–	1,641,905.95	



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Inventories (Continued)

(3) *Withdrawal of impairment provision of inventory*

Item	Basis of recognition of net realisable value	Reason for reversal or transferral during the year
Raw material	The estimated selling prices of products less estimated cost incurred until completion of work	No reversal or write-off during the year
Finished goods	Estimated price less relevant taxes	Realisable net value greater than book value

9. Loans

Item	Amount	2015	
		Proportion	Provision for loans loss
Normal type	164,909,000.00	0.00%	-
Concern type	-	2.00%	-
Subprime type	-	30.00%	-
Suspicious type	-	60.00%	-
Loss type	-	100.00%	-
Total	164,909,000.00	-	

Item	Amount	2014	
		Proportion	Provision for loans loss
Normal type	-	0.00%	-
Concern type	-	2.00%	-
Subprime type	-	30.00%	-
Suspicious type	-	60.00%	-
Loss type	-	100.00%	-
Total	-	-	

Loan balance at the end of the year means the various types of small-scale credit loans distributed by Huiyuan Small Loans, a subsidiary of the Company.





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Non-current assets due within 1 year

Item	2015	2014	Nature
Long-term receivables due within 1 year (notes VI.13)	29,880,000.00	28,680,000.00	Construction fee
Total	29,880,000.00	28,680,000.00	

11. Other current assets

Item	2015	2014
Bank financial products	16,000,000.00	141,000,000.00
Discounted amortization	1,527,629.67	5,969,884.02
Input tax deductible	42,904,746.19	36,726,751.43
Others	1,048,343.77	–
Total	61,480,719.63	183,696,635.45

Details of financial products are as follows:

Name of trustee	Type of product	Amount of trust	Start date	End date	Confirmation of return
China Merchants Bank Shajing Branch	Bu Bu Sheng Jin (步步生金) of Go Fortunes of China Merchants Bank 8688	15,000,000.00	2015-12-25	No fixed term	Guaranteed return
China Merchants Bank Karamay Oilfield Branch	"Ri Sheng Yue Heng" income ascending legal person Renminbi financial product ("日月恒"收益递增型法人人民币理财产品)	1,000,000.00	2015-7-13	No fixed term	Guaranteed return
Total		16,000,000.00			



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Available-for-sale financial assets

(1) Details of available-for-sale financial assets

Item	Balance at the end of year			Balance at the beginning of year		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Available-for-sale equity instruments	14,431,700.00	-	14,431,700.00	-	-	-
Including: measured at cost	14,431,700.00	-	14,431,700.00	-	-	-
Total	14,431,700.00	-	14,431,700.00	-	-	-

(2) Available-for-sale financial assets analyzed as follows:

Item	Amount at the end of year	Amount at the beginning of year
Unlisted	14,431,700.00	-
Total	14,431,700.00	-

13. Long-term accounts receivable

Item	Amount at the end of year	Amount at the beginning of year
Receivables for rendering of services to be recovered by installments	208,331,741.32	130,778,599.96
Less: Amount due within 1 year and showed as non-current assets due within one year (Note VI.10)	29,880,000.00	28,680,000.00
Receivables for rendering of services to be recovered by installments due after 1 year	178,451,741.32	102,098,599.96

(1) Age analysis of long-term receivables

Item	Amount at the end of year	Amount at the beginning of year
0-90 days	106,936,811.36	72,078,599.96
1-2 years	70,248,599.96	36,395,000.00
2-3 years	31,146,330.00	22,305,000.00
Total	208,331,741.32	130,778,599.96





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term accounts receivable (Continued)

(2) Account receivables at the end of year categorized by debtors

Name	Balance at the end of year	Proportion (%)	Balance at the beginning of year	Proportion (%)
Heyuan new High-technology Development Zone Co., Limited	45,800,000.00	21.98	43,510,000.00	33.27
Lianping Zhongxin Wastewater treatment Plant (連平忠信鎮污水廠)	37,972,925.00	18.23	15,988,600.00	12.23
Huizhou Zhongxing New Communication Equipment Co., Ltd. (惠州中興新通訊設備有限公司)	36,000,000.00	17.28	–	–
Lianping Shenghuo Wastewater Treatment Plant (連平生活污水廠)	27,687,750.00	13.29	11,658,000.00	8.91
Xinfeng Zhaotai Investment Company Limited (信豐兆泰投資有限公司)	17,277,046.92	8.29	8,123,131.96	6.21
Xinfeng Xunjiexing Circuits Technology Limited (信豐迅捷興電路科技有限公司)	16,797,335.00	8.06	13,437,868.00	10.28
Jiangmen Sungde Circuits Technology Limited	9,510,000.00	4.56	35,800,000.00	27.37
Huizhou Special Electronic Technology Co., Ltd. (惠州市特創電子科技有限公司)	8,842,388.40	4.24	–	–
Dongguan Department of Finance Treasury Payment Center (東莞市財政局國庫支付中心)	3,994,296.00	1.92	–	–
Datong Circuit Board (Shenzhen) Co., Ltd.	2,800,000.00	1.34	–	–
Shaoguan Haoteli Electronic Company Limited (韶關好特利電子有限公司)	1,650,000.00	0.81	2,261,000.00	1.73
Total	208,331,741.32	100.00	130,778,599.96	100.00

(3) At the end of the year, long-term receivables does not include amount due from shareholders holding more than 5% (including 5%) voting power attached to shares of the Company.



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Long-term equity investments

(1) Categories of long-term investments

Investee	Balance at the beginning of year	Additional investments	Decrease in investments	Movement during the Year					Balance at the end of year	Impairment provision at the end of year	
				Gain and loss of investment recognized under equity approach	Adjustments to other comprehensive income	Movement in other equity interests	Declaration or payment of cash divided or profit	Impairment provision			Others
Joint venture											
Dongjiang Veolia	62,983,778.13	-	(600,000.00)	28,267,653.40	-	-	(22,950,000.00)	-	-	67,701,431.53	-
Associate											
Shenzhen Micronutrients	4,433,340.87	-	-	2,402,835.79	-	-	-	-	-	6,836,176.66	529,649.00
Shenzhen Resource	32,064,000.86	-	-	(2,315,673.79)	-	-	-	-	-	29,748,327.07	-
Huateng Environment	1,902,523.09	-	(2,000,000.00)	97,476.91	-	-	-	-	-	-	-
Hengshui Ruitao	-	30,000,000.00	-	120,395.00	-	-	-	-	-	30,120,395.00	-
Chaoyue Dongchuang	-	800,000.00	-	-102,505.73	-	-	-	-	-	697,494.27	-
Total	101,383,642.95	30,800,000.00	(2,600,000.00)	28,470,181.58	-	-	(22,950,000.00)	-	-	135,103,824.53	529,649.00

For details of joint ventures and associates, please refer to Note VIII.2.

(2) Analysis of long-term investments

Item	Amount at the end of year	Amount at the beginning of year
Unlisted	135,103,824.53	101,383,642.95
Total	135,103,824.53	101,383,642.95





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(Unless otherwise stated, the notes to financial statements are expressed in RMB)

VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Investment properties

(1) *Investment properties measured at fair value*

Item	Buildings and constructions	Total
I. Balance at the beginning of year	53,870,800.00	53,870,800.00
II. Movement of the year	-	-
Add: Acquisition	-	-
Transfer from inventory/fixed assets/work-in-progress	-	-
Addition from business combination	-	-
Less: Disposal	-	-
Other transfer	-	-
Add: change in fair value	-	-
III. Balance at the end of year	53,870,800.00	53,870,800.00

At the end of the year, the fair value of these investment properties is determined based on the valuation made by Shenzhen Pengxin Assets Appraisal and Valuation Co., Limited, which is an independent party not related to the Company. The valuation is prepared with reference to recent market prices of similar properties at the same location with the same purpose after capitalisation of net rental income (as appropriate).

(2) *Location and age analysis of investment properties are as follows:*

Item	Amount at the end of year	Amount at the beginning of year
Within the PRC		
Medium term (10-50 years)	53,870,800.00	53,870,800.00
Total	53,870,800.00	53,870,800.00

(3) *As at the end of the year, all the investment properties have proper legal property rights certificate.*

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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Fixed assets

(1) Breakdown of fixed assets

Item	Machineries			Transportation		Others	Total
	Buildings	and equipment	Office facilities	facilities			
I. Original book value							
1. Balance at the beginning of year	502,700,186.31	490,852,135.97	39,035,177.13	120,396,186.87	90,278,616.36		1,243,262,302.64
2. Increase	411,958,392.84	194,175,133.79	20,168,802.02	40,349,226.04	95,289,219.10		761,940,773.79
(1) Acquisition	30,974,583.74	35,058,319.89	11,027,151.98	25,321,919.42	25,086,397.83		127,468,372.86
(2) transfer from work-in-progress	185,205,813.12	103,749,077.00	3,608,633.44	1,068,798.56	54,441,154.00		348,073,476.12
(3) Addition from business combination	163,518,596.50	24,926,728.56	1,077,756.76	8,701,552.34	597,996.26		198,822,630.42
(4) Others	32,259,399.48	30,441,008.34	4,455,259.84	5,256,955.72	15,163,671.01		87,576,294.39
3. Decrease	38,831,666.76	30,600,709.15	2,341,124.12	31,451,709.23	34,849,085.14		138,074,294.40
(1) Disposal or retirement	2,410,307.57	15,614,626.17	1,274,812.95	30,238,933.84	567,354.92		50,106,035.45
(2) Others	36,421,359.19	14,986,082.98	1,066,311.17	1,212,775.39	34,281,730.22		87,968,258.95
4. Balance at the end of year	875,826,912.39	654,426,560.61	56,862,855.03	129,293,703.68	150,718,750.32		1,867,128,782.03
II. Accumulated depreciation							
1. Balance at the beginning of year	90,023,781.29	187,486,459.86	21,385,178.15	62,616,799.69	38,924,476.52		400,436,695.51
2. Increase	30,115,351.81	86,034,845.63	9,818,580.49	30,741,275.14	25,054,634.26		181,764,687.33
(1) Withdrawal	26,531,808.62	68,282,065.85	7,914,602.72	23,842,396.64	16,692,252.90		143,263,126.73
(2) Additional from business combination	2,594,279.19	1,900,703.86	178,826.73	4,669,373.51	258,292.61		9,601,475.90
(3) Others	989,264.00	15,852,075.92	1,725,151.04	2,229,504.99	8,104,088.75		28,900,084.70
3. Decrease	3,344,878.72	25,657,505.27	2,310,274.79	18,958,714.64	16,989,400.22		67,260,773.64
(1) Disposal or retirement	1,001,286.36	8,113,391.81	1,195,038.92	17,347,968.38	354,487.66		28,012,173.13
(2) Others	2,343,592.36	17,544,113.46	1,115,235.87	1,610,746.26	16,634,912.56		39,248,600.51
4. Balance at the end of year	116,794,254.38	247,863,800.22	28,893,483.85	74,399,360.19	46,989,710.56		514,940,609.20
III. Impairment provision							
1. Balance at the beginning of year	19,368,338.88	32,011,820.26	6,927.87	969,866.89	460,021.12		52,816,975.02
2. Increase	-	6,927.87	-	-	99,814.90		106,742.77
(1) Withdrawal	-	-	-	-	-		-
(2) Others	-	6,927.87	-	-	99,814.90		106,742.77
3. Decrease	-	193,479.56	6,927.87	602,385.71	96,481.05		899,274.19
(1) Disposal or retirement	-	93,664.66	-	602,385.71	96,481.05		792,531.42
(2) Others	-	99,814.90	6,927.87	-	-		106,742.77
4. Balance at the end of year	19,368,338.88	31,825,268.57	-	367,481.18	463,354.97		52,024,443.60
IV. Book value							
1. Book value at the end of year	739,664,319.13	374,737,491.82	27,969,371.18	54,526,862.31	103,265,684.79		1,300,163,729.23
2. Book value at the beginning of year	393,308,066.14	271,353,855.85	17,643,071.11	56,809,520.29	50,894,118.72		790,008,632.11





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Fixed assets (Continued)

(1) Breakdown of fixed assets (Continued)

Depreciation and amortization of fixed assets recognized as profit or loss during the year was RMB143,263,126.73 (last year: RMB95,801,181.44).

Addition to fixed assets during the year includes transfer from work-in-progress of RMB348,073,476.12.

Loss from disposal of fixed assets during the year was RMB934,052.55.

(2) Buildings analyzed by location and age as follows:

Item	Amount at the end of year	Amount at the beginning of year
Within the PRC		
Medium lease (10-50 years)	739,544,862.85	393,098,884.83
Short-term lease (under 10 years)	119,456.28	209,181.31
Total	739,664,319.13	393,308,066.14

(3) As at the end of the year, the Company has no idled fixed assets.

(4) Fixed assets held under financial lease

Year end	Original book value	Accumulated depreciation	Impairment provision	Book value
Machineries and equipment	50,619,022.15	31,990,213.75	–	18,628,808.40
Transportation facilities	20,819,273.27	10,216,354.62	–	10,602,918.65
Total	71,438,295.42	42,206,568.37	–	29,231,727.05

The plant and machinery held under finance lease was electricity generators of Renewable Energy. On 4 January 2011, Renewable Energy and CMB Financial Leasing Co. Limited entered a "Finance Lease Contract" that Renewable Energy sold 6 methane generator sets and other related equipment to CMB Financial Leasing Co. Limited at a consideration of RMB49,261,949.30 and that the assets were then leased back from CMB Financial Leasing Co. Limited to Renewable Energy under finance lease arrangement. The terms of the lease were 5 years. The effective interest rate of the lease was 5.44%.

The original cost of the assets was RMB61,388,779.68 and the net carrying amount at the date of disposal was RMB44,524,858.48. The gain on the disposal of the assets of RMB4,737,090.82 was recorded as deferred income of unrealised gain from sale and lease back transaction under other non-current liabilities. It will be realised to the profit or loss for the period on a straight-line method over the terms of the lease. As at 31 December 2015, the unamortised unrealised gain was RMB1,010,579.43.

The motor vehicles held under finance leases represent the motor vehicles held by Lik Shun Service under finance lease.



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Fixed assets (Continued)

(5) As at the end of the year, the lease out fixed assets through operating lease by the company, please see note 14.

(6) *Fixed assets without property rights certificates*

The fixed assets included buildings with book value RMB282,526,224.05 (Amount at the beginning of the year: RMB52,691,098.62), their application of the property rights has not processed or is in process. In the light of the assets below are conducted according to related legal agreements, directors of the company believed that substantive legal obstacles do not exist in its transfer of property rights or affect the company's normal operation to those properties, no significant implications to the company's normal operations, and impairment provision of fixed assets is not necessary, with no additional costs will be generated.

Item	Book value	Reason of fixed assets without property rights certificates
Factory building of Jiangmen Dongjiang	57,845,871.82	Application in process
Office of Jiangmen Dongjiang	7,654,315.80	Application in process
Six-floor office of Shaoguan Green	1,793,250.12	Application in process
Office and factory of Zhuhai Yongqingsheng	97,425,611.18	Application in process
Factory of Renewable Energy	2,954,300.00	Application in process
Factory and dormitory of Shaji Branch	21,934,560.17	Application in process
Jiangxi project and factory of Shaji Branch	5,907,792.78	Application in process
Inventory and factory of Jiaying Deda	22,043,695.51	Application in process
Incineration plant and inventory of Fujian Oasis	28,785,576.27	Application in process
Factory, inventory and office of Jiangxi Kangtai	10,053,413.50	Application in process
Inventory, office and factory building of Jiangxi Kangtai	10,877,543.81	Unable to process property rights certificate with factory built on land granted by the government
Factory building of Nanchang New Champion	2,545,665.81	Unable to process property rights certificate with factory built on land granted by the government
Factory building of Hefei Xinguan	2,355,261.70	Unable to process property rights certificate with factory built on land granted by the government
Factory building of Qingdao Dongjiang	1,419,544.27	Unable to process property rights certificate with factory built on land granted by the government
Factory building of Bao'an Dongjiang	8,929,821.31	Unable to process property rights certificate with factory built on land granted by the government





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Construction in progress

(1) Breakdown of construction in progress

Item	Amount at the end of year			Amount at the beginning of year		
	Carrying amount	Impairment provision	Carrying value	Carrying amount	Impairment provision	Carrying value
Hazardous waste disposal centre in Northern Guangdong (Shaoguan Green)	154,909,569.44	-	154,909,569.44	142,879,171.69	-	142,879,171.69
Property construction phase II (Xiamen Oasis)	143,232,588.75	-	143,232,588.75	133,656,510.93	-	133,656,510.93
Hazardous waste integrated demonstration centre project (Wosen Environmental)	84,208,609.16	-	84,208,609.16	48,689,140.62	-	48,689,140.62
Jiangmen project (Jiangmen Dongjiang)	74,651,306.74	-	74,651,306.74	88,048,559.65	-	88,048,559.65
Tianyin hazardous waste project (Tianyin hazardous waste disposal)	57,011,436.35	-	57,011,436.35	-	-	-
Fengcheng Dongjiang Environmental Protection industry base (Jiangxi Dongjiang, the Company)	56,695,942.06	-	56,695,942.06	3,082,728.39	-	3,082,728.39
Luhu Xiaping kitchen waste project (Headquarter)	53,323,673.61	-	53,323,673.61	21,595,856.15	-	21,595,856.15
Technical renovation project (Huizhou Dongjiang)	35,901,440.72	-	35,901,440.72	16,312,637.24	-	16,312,637.24
Incineration plant (Shaoguan Green)	28,988,384.42	-	28,988,384.42	27,911,181.20	-	27,911,181.20
Wastewater treatment project (Shaoguan Green)	24,235,502.53	-	24,235,502.53	21,939,483.69	-	21,939,483.69
Tianyin car dismantle project (Tianyin car dismantle)	24,139,462.76	-	24,139,462.76	-	-	-
Technical renovation project (Shajing Base)	21,101,157.15	-	21,101,157.15	8,156,685.39	-	8,156,685.39
Shaoguan Green hazardous waste landfill (Shaoguan Green)	19,642,433.35	-	19,642,433.35	19,186,942.78	-	19,186,942.78
Tianyin office, factory and greening project (Hubei Tianyin)	16,064,101.90	-	16,064,101.90	-	-	-
Xiantao environmental protection project (Green Environmental)	12,225,045.82	-	12,225,045.82	-	-	-
Lvlyda project (Dongjiang Lvlyda)	10,311,312.51	-	10,311,312.51	-	-	-
Plasma pilot project (Longgang Dongjiang)	10,066,794.72	-	10,066,794.72	-	-	-
Plant and road construction project phase III (Coastal Solid Waste)	9,484,684.89	-	9,484,684.89	795,631.43	-	795,631.43
Technical renovation project (Qingyuan Xinlv)	8,051,661.24	-	8,051,661.24	1,994,828.45	-	1,994,828.45
Waste gas treatment improvement project	7,886,281.54	-	7,886,281.54	17,948,666.52	-	17,948,666.52
Dismantling of waste household appliances project (Hubei Dongjiang)	2,378,303.88	-	2,378,303.88	56,042,915.39	-	56,042,915.39
New factory in Dashun (Jiaying Deda)	434,629.08	-	434,629.08	27,545,555.01	-	27,545,555.01
Waste landfill project phase II (Hunan Dongjiang BOT)	338,000.00	-	338,000.00	33,705,656.13	-	33,705,656.13
Other small projects in total	65,545,683.66	15,000.00	65,530,683.66	54,935,393.18	15,000.00	54,920,393.18
Total	920,828,006.28	15,000.00	920,813,006.28	724,427,543.84	15,000.00	724,412,543.84



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Construction in progress (Continued)

(2) Movement of major construction in progress

Name	Amount at the beginning of year	Increase	Decrease		Amount at the end of year
			Transfer to fixed assets	Other decrease	
Hazardous waste disposal centre in Northern Guangdong (Shaoguan Green)	142,879,171.69	12,030,397.75	-	-	154,909,569.44
Property construction phase II (Xiamen Oasis)	133,656,510.93	9,576,077.82	-	-	143,232,588.75
Hazardous waste integrated demonstration centre project (Wosen Environmental)	48,689,140.62	35,519,468.54	-	-	84,208,609.16
Jiangmen project (Jiangmen Dongjiang)	88,048,559.65	78,336,234.62	91,733,487.53	-	74,651,306.74
Tianyin hazardous waste project (Tianyin hazardous waste disposal)	-	57,011,436.35	-	-	57,011,436.35
Fengcheng Dongjiang Environmental Protection industry base (Jiangxi Dongjiang, the Company)	3,082,728.39	53,613,213.67	-	-	56,695,942.06
Luohu Xiaping kitchen waste project (Headquarter)	21,595,856.15	31,747,317.46	19,500.00	-	53,323,673.61
Technical renovation project (Huizhou Dongjiang)	16,312,637.24	34,692,414.91	15,103,611.43	-	35,901,440.72
Incineration plant (Shaoguan Green)	27,911,181.20	1,077,203.22	-	-	28,988,384.42
Wastewater treatment project (Shaoguan Green)	21,939,483.69	2,296,018.84	-	-	24,235,502.53
Tianyin car dismantle project (Tianyin car dismantle)	-	24,139,462.76	-	-	24,139,462.76
Technical renovation project (Shajing Base)	8,156,685.39	12,944,471.76	-	-	21,101,157.15
Shaoguan Green hazardous waste landfill (Shaoguan Green)	19,186,942.78	455,490.57	-	-	19,642,433.35
Tianyin office, factory and greening project (Hubei Tianyin)	-	32,747,435.39	16,683,333.49	-	16,064,101.90
Xiantao environmental protection project (Green Environmental)	-	12,225,045.82	-	-	12,225,045.82
Lvlyda project (Dongjiang Lvlyda)	-	26,774,780.06	16,463,467.55	-	10,311,312.51
Plasma pilot project (Longgang Dongjiang)	-	10,066,794.72	-	-	10,066,794.72
Plant and road construction project phase III (Coastal Solid Waste)	795,631.43	8,689,053.46	-	-	9,484,684.89
Technical renovation project (Qingyuan Xinlv)	1,994,828.45	6,056,832.79	-	-	8,051,661.24
Waste gas treatment improvement project	17,948,666.52	14,207,202.58	-	24,269,587.56	7,886,281.54
Dismantling of waste household appliances project (Hubei Dongjiang)	56,042,915.39	16,596,445.58	70,261,057.09	-	2,378,303.88
New factory in Dashun (Jiaxing Deda)	27,545,555.01	41,139,239.39	68,250,165.32	-	434,629.08
Waste landfill project phase II (Hunan Dongjiang BOT)	33,705,656.13	10,623,158.23	-	43,990,814.36	338,000.00
Total	669,492,150.66	532,565,196.29	278,514,622.41	68,260,401.92	855,282,322.62





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Construction in progress (Continued)

(2) Movement of major construction in progress (Continued)

Name	Budget	Proportion of expenditure injected to budget (%)	Progress (%)	Accumulated capitalised interest	Including: interest capitalised for the year	Interest capitalisation rate for the year (%)	Source of capital
Hazardous waste disposal centre in Northern Guangdong (Shaoguan Green)	165,000,000.00	93.88	93.88	49,278,412.54	5,342,346.32	6.31	Borrowing
Property construction phase II (Xiamen Oasis)	148,000,000.00	96.78	96.78	11,150,160.40	5,007,314.58	5.93	Borrowing
Hazardous waste integrated demonstration centre project (Wosen Environmental)	120,000,000.00	70.17	70.17	3,255,596.01	3,012,346.01	5.72	Borrowing
Jiangmen project (Jiangmen Dongjiang)	300,000,000.00	55.46	55.46	9,591,242.37	6,910,125.70	5.87	Borrowing
Tianyin hazardous waste project (Tianyin hazardous waste disposal)	301,984,923.42	18.88	18.88	3,295,490.98	3,295,490.98	6.20	Borrowing, Own funds
Fengcheng Dongjiang Environmental Protection industry base (Jiangxi Dongjiang, the Company)	220,000,000.00	25.77	25.77	329,601.68	329,601.68	5.10	Borrowing, Own funds
Luohu Xiaping kitchen waste project (Headquarter)	91,000,000.00	58.62	58.62	-	-	-	Super raise fund, Own funds
Technical renovation project (Huizhou Dongjiang Incineration plant (Shaoguan Green))	70,017,676.00	72.85	72.85	-	-	-	Own funds
Wastewater treatment project (Shaoguan Green)	60,000,000.00	48.31	48.31	-	-	-	Own funds
Tianyin car dismantle project (Tianyin car dismantle)	28,572,200.00	84.82	84.82	-	-	-	Own funds
Technical renovation project (Shajing Base)	30,000,000.00	80.46	80.46	3,536,377.06	3,536,377.06	6.20	Borrowing, Own funds
Shaoguan Green hazardous waste landfill (Shaoguan Green)	27,020,000.00	78.09	78.09	-	-	-	Own funds
Tianyin office, factory and greening project (Hubei Tianyin)	30,000,000.00	65.47	65.47	-	-	-	Own funds
Xiantao environmental protection project (Green Environmental)	40,000,000.00	81.87	81.87	5,516,231.75	5,516,231.75	6.20	Borrowing, Own funds
Lvyda project (Dongjiang Lvlyda)	90,000,000.00	13.58	13.58	-	-	-	Own funds
Plasma pilot project (Longgang Dongjiang)	30,000,000.00	89.25	89.25	-	-	-	Own funds
Plant and road construction project phase III (Coastal Solid Waste)	60,000,000.00	16.78	16.78	-	-	-	Own funds
Technical renovation project (Qingyuan Xinlv)	265,099,500.00	3.58	3.58	129,497.50	129,497.50	5.10	Borrowing, Own funds
Waste gas treatment improvement project	28,000,000.00	28.76	28.76	-	-	-	Own funds
Dismantling of waste household appliances project (Hubei Dongjiang)	45,893,800.00	70.07	70.07	-	-	-	Own funds
New factory in Dashun (Jiaying Deda)	170,000,000.00	42.73	42.73	3,367,476.15	2,262,526.15	5.10	Borrowing
Waste landfill project phase II (Hunan Dongjiang BOT)	80,000,000.00	85.86	85.86	854,399.51	854,399.51	5.62	Borrowing
	45,000,000.00	98.51	98.51	996,901.58	250,347.46	6.11	Borrowing, Own funds
Total	2,445,588,099.42			91,301,387.53	36,446,604.70		



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Intangible assets

(1) Movement of intangible assets:

Item	Land use rights	Patent	Non-patent technology	BOT operating rights	Total
I. Original book value					
1. Balance at the beginning of year	219,399,405.93	773,665.10	9,115,819.30	387,694,665.16	616,983,555.49
2. Increase	132,149,464.06	661,165.05	108,868.94	206,395,284.56	339,314,782.61
(1) Acquisition	42,580,978.07	661,165.05	108,868.94	4,221,549.93	47,572,561.99
(2) Addition from business combination	89,568,485.99	-	-	150,847,588.27	240,416,074.26
(3) Others	-	-	-	51,326,146.36	51,326,146.36
3. Decrease	368,053.44	-	415,349.57	86,272.30	869,675.31
(1) Disposal	-	-	-	86,272.30	86,272.30
(2) Others	368,053.44	-	415,349.57	-	783,403.01
4. Balance at the end of year	351,180,816.55	1,434,830.15	8,809,338.67	594,003,677.42	955,428,662.79
II. Accumulated amortisation					
1. Balance at the beginning of year	16,870,592.53	525,278.48	819,165.11	67,269,503.69	85,484,539.81
2. Increase	9,486,298.41	108,321.01	963,941.59	97,399,057.88	107,957,618.89
(1) Withdrawal	6,572,354.20	108,321.01	963,941.59	56,067,044.15	63,711,660.95
(2) Addition from business combination	2,913,944.21	-	-	41,332,013.73	44,245,957.94
3. Decrease	368,053.44	-	9,200.00	78,073.52	455,326.96
(1) Disposal	-	-	-	78,073.52	78,073.52
(2) Others	368,053.44	-	9,200.00	-	377,253.44
4. Balance at the end of year	25,988,837.50	633,599.49	1,773,906.70	164,590,488.05	192,986,831.74
III. Impairment provision					
1. Balance at the beginning of year	-	-	-	27,532,216.34	27,532,216.34
2. Increase	-	-	-	-	-
(1) Withdrawal	-	-	-	-	-
3. Decrease	-	-	-	-	-
4. Balance at the end of year	-	-	-	27,532,216.34	27,532,216.34
IV. Book value					
1. Book value at the end of year	325,191,979.05	801,230.66	7,035,431.97	401,880,973.03	734,909,614.71
2. Book value at the beginning of year	202,528,813.40	248,386.62	8,296,654.19	292,892,945.13	503,966,799.34

Intangible assets are not formed by the company in-house research and development at the end of this year.





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Intangible assets (Continued)

(1) *Movement of intangible assets: (Continued)*

Land use rights analyzed by location and age as follows:

Items	Amount at the end of year	Amount of the beginning of year
Within the PRC		
Medium lease (10-50 years)	325,191,979.05	202,528,813.40
Total	325,191,979.05	202,528,813.40

Depreciation and amortization of intangible assets recognized as profit and loss during the year was RMB63,711,660.95 (Amount of last year: RMB34,879,385.65).

(2) *As at the end of the year, all land use rights has obtained proper legal property rights certifications.*

(3) *Impairment provision of intangible assets*

BOT operating rights	Balance at the beginning of year	Increase Provision	Decrease Disposal	Balance at the end of year
Longgang Dongjiang	20,436,468.85	-	-	20,436,468.85
Hunan Dongjiang	7,095,747.49	-	-	7,095,747.49
Total	27,532,216.34	-	-	27,532,216.34

Impairment of intangible assets withdrawn during the year RMB0.00 (Amount of last year: RMB27,532,216.34).

Longgang Dongjiang BOT operating rights refers to the hazardous waste landfill with a concession period of 22 years from February 2009 under the BOT agreement; Hunan Dongjiang refers to the household waste landfill with a concession period of 31 years from 1 January 2008 to 31 December 2038 under the BOT agreement. As the abovementioned hazardous waste and household waste filled up much faster than expected, such landfills will be saturated before expiration of the concession period. Therefore, with regard to the total volume handled by these two companies since establishment (i.e. completed landfill volume), the Company calculated the cost per unit based on the construction cost of the landfills and total landfill volume, and calculated the amortized BOT operating rights at the end of 2014, the excess of which when compare with the actual amortized amount (carrying value) results in the amortization cost. As at the end of 2014, the Directors are of the opinion that such excess of carrying value RMB27,532,216.34 should be fully provided for impairment. Once recognized, the impairment provision of intangible assets will not be reversed in future years.



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Goodwill

(1) Original value of goodwill

Name of investee	Balance at the beginning of year	Increase		Balance at the end of year
		From business combination	during the year	
			Decrease during the year	
			Disposal	
Shaoguan Green	30,831,658.44	–	–	30,831,658.44
Chengdu Treatment Centre	2,045,010.07	–	–	2,045,010.07
Lik Shun Services	3,052,019.14	–	–	3,052,019.14
Zhuhai Qingxin	13,100,912.02	–	–	13,100,912.02
Qingyuan Xinlv	17,538,809.93	–	–	17,538,809.93
Jiaxing Deda	9,097,974.10	–	–	9,097,974.10
Dongguan Hengjian	59,796,611.11	–	–	59,796,611.11
Coastal Solid Waste	25,662,811.29	–	–	25,662,811.29
Nanchang Xinguan	20,271,219.13	–	–	20,271,219.13
Hefei Xinguan	6,873,379.12	–	–	6,873,379.12
Xiamen Oasis Environmental	180,159,548.44	–	–	180,159,548.44
Wosen Environmental	14,369,932.91	–	–	14,369,932.91
Jiangxi Kangtai	5,131,308.16	–	–	5,131,308.16
Hengjian Tongda	–	136,773,774.37	–	136,773,774.37
Hubei Tianyin	–	54,255,302.08	–	54,255,302.08
Zhuhai Yongxingsheng	–	141,616,697.35	–	141,616,697.35
Green Environmental	–	10,800,000.00	–	10,800,000.00
Total	387,931,193.86	343,445,773.80	–	731,376,967.66

(2) Impairment provision of goodwill

Name of investee	Balance at the beginning of year	Increase		Balance at the end of year
		Provision	during the year	
			Decrease during the year	
			Disposal	
Shaoguan Green	30,831,658.44	–	–	30,831,658.44
Chengdu Treatment Centre	2,045,010.07	–	–	2,045,010.07
Lik Shun Services	3,052,019.14	–	–	3,052,019.14
Xiamen Oasis Environmental	6,600,000.00	–	–	6,600,000.00
Hubei Tianyin	–	10,598,716.99	–	10,598,716.99
Total	42,528,687.65	10,598,716.99	–	53,127,404.64

Impairment provision of goodwill provided during the year was RMB10,598,716.99 (amount of last year: RMB6,600,000.00).





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Goodwill (Continued)

(2) Impairment provision of goodwill (Continued)

Analysis of impairment of goodwill is as follows:

Hubei Tianyin

In March 2015, the Company entered into an agreement with shareholders of Hubei Tianyin, Fu Zhekuan and Xuzhitao, in relation to equity interest in Hubei Tianyin and capital increase. According to the original agreement, Xu Zhitao will guarantee to the Company that the 2015 and 2016 audited net profit of Hubei Tianyin will be no less than RMB10,000,000 and RMB20,000,000 respectively. If the operating results of target company does not reach the guaranteed results in 2015 and 2016, part of the shortfall would be compensated in cash by Xu Zhitao. In the second half of 2015, the normal operation of industrial waste was delayed due to the postponement of the project progress, which led to the difference of RMB17,664,528.32 from the actual net profit of Hubei Tianyin in 2015. Therefore, according to the original agreement, Xu Zhitao shall compensate RMB17,664,528.32 in respect of the shortfall of 2015 results.

Pursuant to the requirements of Accounting Standard for Business Enterprises, for goodwill recognized in respect of business combination under common control, if the acquiree has not fulfill the results guarantee, in addition to the effect of business combination or recognition and measurement of considerations, provision of goodwill impairment should be provided. The Company holds 60% equity interest in Hubei Tianyin, therefore, the Company has provided for the goodwill impairment of RMB10,598,716.99 in respect of the equity share of the Company of the results guarantee shortfall. Other than the goodwill impairment from the results guarantee shortfall, the Company has made an estimation using 13.75% discount rate against the profitability of Hubei Tianyin in the next 10 years, and has not noticed any signs of goodwill impairment.

Zhuhai Qingxin, Qingyuan Xinlv, Jiaying Deda, Dongguan Hengjian, Coastal Solid Waste, Nanchang Xinguan, Hefei Xinguan, Xiamen Oasis Environmental, Wosen Environmental, Jiangxi Kangtai, Hengjian Tongda, Zhuhai Yongxingsheng, Green Environmental

For the impairment test, goodwill has been allocated to respectively group of assets, i.e. the subsidiaries of the Company including Zhuhai Qingxin, Qingyuan Xinlv, Jiaying Deda, Dongguan Hengjian, Coastal Solid Waste, Nanchang Xinguan, Hefei Xinguan, Xiamen Oasis Environmental, Wosen Environmental, Jiangxi Kaitai, Hengjian Tongda, Zhuhai Yongxingsheng, Green Environmental. The recoverable amount of this group of assets is estimated based on the cash flow estimation prepared based on 10 year budget approved by the management and a discount rate of 13.5%, with reference to other significant assumptions concerning the inflow/outflow of cash (including the estimated sales volume and gross profit), based on the past performance and market expectation of the management. The management believes that any reasonable changes in such assumption would not result in the carrying value rising above the recovery amount. As at the end of the year, the Directors does not consider it necessary to provide for impairment.



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Long-term amortized expenses

Item	Amount at the beginning of year	Increase during the year	Amortized during the year	Other decreases during the year	Amount at the end of year
Facility improvement fees	–	3,313,310.34	654,686.56	–	2,658,623.78
Improvement	1,538,274.62	580,416.00	789,586.86	–	1,329,103.76
Others	40,588.67	1,375,237.31	877,249.54	–	538,576.44
Total	1,578,863.29	5,268,963.65	2,321,522.96	–	4,526,303.98

21. Deferred income tax assets and deferred income tax liabilities

(1) *Deferred income tax assets not yet offset*

Item	Balance at the end of year		Balance at the beginning of year	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	36,635,340.43	7,545,913.14	37,571,067.68	7,804,222.67
Difference of fixed assets depreciation	6,658,021.55	998,703.23	4,371,298.99	614,738.18
Changes in fair value of financial assets at fair value through profit and loss	5,495,930.00	824,389.50	4,988,420.00	748,263.00
Deferred income	12,247,563.24	1,928,801.16	28,862,362.79	4,434,421.09
Unrealised profit and loss on intra-group sales	2,945,422.93	441,813.44	5,976,258.78	896,438.82
Loss compensation	1,238,445.67	154,805.71	1,238,445.67	154,805.71
Share-based incentive	33,166,851.47	4,975,027.72	18,766,129.13	2,814,919.37
Total	98,387,575.29	16,869,453.90	101,773,983.04	17,467,808.84

(2) *Deferred income tax liabilities not yet offset*

Item	Balance at the end of year		Balance at the beginning of year	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Change in fair value of investment properties	14,848,828.40	2,227,324.26	13,283,430.88	1,992,514.63
Total	14,848,828.40	2,227,324.26	13,283,430.88	1,992,514.63





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Deferred income tax assets and deferred income tax liabilities (Continued)

(3) Breakdown of unrecognized deferred income tax assets

Item	Amount at the end of year	Amount at the beginning of year
Deductible temporary difference	86,787,805.23	81,487,782.90
Deductible losses	89,967,567.39	107,520,064.49
Total	176,755,372.62	189,007,847.39

These deductible temporary differences and deductible losses are not recognized as deferred income tax assets because it is no longer probable that sufficient taxable profit in the future would be available to allow the benefit of deferred tax asset to be utilized.

(4) Deductible tax losses of unrecognised deferred income tax assets will expire by the following periods:

Item	Amount at the end of year	Amount at the beginning of year	Notes
2015	–	11,082,024.53	
2016	14,098,064.43	14,098,064.43	
2017	23,099,439.28	22,129,955.54	
2018	14,971,346.58	27,412,124.08	
2019	18,456,588.15	32,797,895.91	
2020	19,342,128.95	–	
Total	89,967,567.39	107,520,064.49	

22. Other non-current assets

Item	Balance at the end of year	Balance at the beginning of year
Payment for construction or equipment	139,842,153.84	104,265,197.84
Equity-based payment for acquisitions	185,167,400.00	–
Total	325,009,553.84	104,265,197.84

The equity-based payment for acquisitions above represent the considerations for acquisition of equity interests in Zhejiang Jianglian Environmental Investment Co., Ltd. (浙江江聯環保投資有限公司), Nantong Hui Tian Ran Solid Waste Landfills Company Limited (南通惠天然固體廢物填埋有限公司), Jiangsu Dongheng Konggang High and New Tech Zone Co., Ltd. (江蘇東恒空港高技術產業園有限公司) and Rudong Daheng Hazardous Waste Treatment Company Limited (如東大恒危險廢物處理有限公司) by the Company. The considerations which have not carried forward, have been paid according to the progress of contracts.



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Short-term borrowings

(1) *Category of short-term borrowings*

Category of borrowings	Balance at the end of year	Balance at the beginning of year
Secured borrowings	–	98,900,000.00
Pledged borrowings	75,000,000.00	58,910,000.00
Guaranteed borrowings	16,756,000.00	15,778,000.00
Credit borrowings	1,179,439,143.96	385,676,227.46
Total	1,271,195,143.96	559,264,227.46

Pledged borrowings: as at the end of the year, short-term borrowings of RMB50,000,000.00 was secured by pledge of 18 buildings of Xiamen Oasis Environmental of book value of RMB113,127,100.00; short-term borrowings of RMB20,000,000.00 was secured by pledge of dormitory of Xiamen Oasis Environmental valued at RMB12,526,300.00 and dormitory valued at RMB22,044,200.00; and short-term borrowings of RMB5,000,000.00 was secured by pledge of property of property with a temporary price of RMB95,019,374.00, which is owned by natural person Li Yonghan and Zhuhai Yongxingsheng.

Guaranteed borrowings: short-term bank borrowing obtained by subsidiary Lik Shun Services was guaranteed by the Company with letter of guarantee.

As at 31 December 2015, weighted average rate of short-term borrowings was 5.27% per annum (31 December 2014: 6.12%).

(2) *The Company has no outstanding short-term borrowings overdue.*

24. Accounts payable

(1) *Accounts payable*

Item	Amount at the end of year	Amount at the beginning of year
Raw material	231,273,927.81	201,792,041.62
Construction	127,291,483.26	22,028,086.04
Treatment fee	22,901,712.37	12,824,825.15
Equipment	28,455,433.56	17,268,160.74
Others	37,021,563.12	36,820,025.88
Total	446,944,120.12	290,733,139.43





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Accounts payable (Continued)

(2) Age analysis of accounts payable

As at 31 December 2015, age analysis of accounts payable by invoice date are as follows:

Item	Amount at the end of year	Amount at the beginning of year
0-90 days	249,270,602.41	214,549,195.55
91-180 days	29,663,005.53	9,623,000.21
181-365 days	119,855,422.05	36,164,548.23
1-2 years	23,759,344.96	13,997,353.21
2-3 years	8,767,376.92	9,939,127.50
Over 3 years	15,628,368.25	6,459,914.73
Total	446,944,120.12	290,733,139.43

(3) Significant accounts payable aged over 1 year

Name	Balance at the end of year	Reason for not yet settled or carried forward
Zhonsan Baodilong Water Treatment Facilities Co., Ltd.	3,554,950.00	Not yet due
Shanghai Power Equipment Research Institute (上海發電設備成套設計研究院)	3,045,000.00	Not yet due
Xiaochang Shuanglong Engineering & Construction Co., Ltd. (孝昌縣雙龍建築工程有限公司)	2,550,000.00	Not yet due
Fujian Zhuoyue Hongchang Construction Materials and Equipment Co., Ltd. (福建省卓越鴻昌建材裝備股份有限公司)	2,010,000.00	Not yet due
Shenzhen Fengrun Environmental Technology Co., Ltd. (深圳市豐潤環保科技有限公司)	1,786,307.40	Not yet due
Total	12,946,257.40	



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Receipts in advance

(1) Receipts in advance

Item	Balance at the end of year	Balance at the beginning of year
Payments for goods	12,358,532.70	13,575,604.80
Treatment fees	64,238,563.53	20,450,998.55
Interest	1,654,028.17	–
Others	309,635.97	810,854.66
Total	78,560,760.37	34,837,458.01

(2) Significant receipts in advance aged over 1 year

Name	Balance at the end of year	Reason for not yet settled or carried forward
Baijing Electronics Technology (Shenzhen) Co., Ltd.	500,000.00	Not yet due
Xiantao Huayong Metal Co., Ltd.	256,908.00	Not yet due
Yongxing Xinyu Environmental Protection Nickel Industry Co., Ltd.	199,878.81	Not yet due
Total	956,786.81	

26. Employee benefits payables

(1) Categories of employee benefits payables

Item	Balance at the beginning of year	Increase during the year	Decrease during the year	Balance at the end of year
Short-term employee emolument	48,926,662.34	324,707,166.91	330,368,658.77	43,265,170.48
Post-employment benefit – defined contribution schemes	(3,587.77)	14,807,597.58	14,820,772.32	(16,762.51)
Termination benefits	(7,400.00)	2,011,130.08	1,843,730.08	160,000.00
Total	48,915,674.57	341,525,894.57	347,033,161.17	43,408,407.97





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Employee benefits payables (Continued)

(2) Short-term emolument

Item	Balance at the beginning of year	Increase during the year	Decrease during the year	Balance at the end of year
Salaries, bonus, allowance and subsidies	48,435,714.81	282,666,483.89	288,461,734.35	42,640,464.35
Staff welfare	365,338.23	20,220,406.09	20,198,563.31	387,181.01
Social Insurance	(196.27)	11,380,562.74	11,383,205.54	(2,839.07)
Including: Medical insurance	(165.87)	9,632,371.73	9,633,817.43	(1,611.57)
Injury Insurance	(11.05)	926,778.68	927,268.98	(501.35)
Maternity insurance	(19.35)	821,412.33	822,119.13	(726.15)
Housing provident fund	(405.00)	7,044,093.03	7,051,848.83	(8,160.80)
Union operation cost and staff education cost	126,210.57	3,395,621.16	3,273,306.74	248,524.99
Total	48,926,662.34	324,707,166.91	330,368,658.77	43,265,170.48

(3) Defined contribution schemes

Item	Balance at the beginning of year	Increase during the year	Decrease during the year	Balance at the end of year
Basic pension	(3,594.06)	12,165,262.03	12,178,306.27	(16,638.30)
Unemployment insurance	6.29	859,301.15	859,431.65	(124.21)
Mandatory provident fund (MPF)	–	1,783,034.40	1,783,034.40	–
Total	(3,587.77)	14,807,597.58	14,820,772.32	(16,762.51)



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Tax payable

Item	Amount at the end of year	Amount at the beginning of year
VAT	14,112,934.08	10,002,710.65
EIT	27,105,731.58	18,661,671.03
Business tax	5,306,050.71	3,878,527.69
Individual income tax	1,827,732.94	1,390,546.62
Urban maintenance and construction tax	1,538,293.96	897,455.05
Education surcharge	1,218,481.20	733,992.87
Land use tax	428,490.74	108,671.36
Property tax	442,047.76	133,714.94
Stamp duty	60,132.96	21,224.14
Others	19,740.30	14,490.01
Total	52,059,636.23	35,843,004.36

As at the end of the year, tax payable does not include Hong Kong Profit Tax.

28. Interest payable

Item	Balance at the end of year	Balance at the beginning of year
Interest payable on short-term borrowings	4,549,891.86	2,255,536.85
Total	4,549,891.86	2,255,536.85

29. Dividend payable

Item	Balance at the end of year	Balance at the beginning of year
Dividend of ordinary shares	8,199,300.00	1,593,150.00
Total	8,199,300.00	1,593,150.00





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Other payables

(1) Other payables categorized by nature

Nature	Balance at the end of year	Balance at the beginning of year
Share-based payment for repurchases	99,934,300.00	122,701,500.00
Subscription margin for non-public issue of shares	69,084,840.00	–
Equity-based payment for acquisitions	64,982,116.00	14,337,500.00
Guaranteed deposits	22,746,946.02	11,682,556.86
Provisions	1,673,178.96	1,141,349.48
Receipts on behalf of third parties	262,256.87	360,762.16
Others	55,072,939.30	26,191,856.04
Total	313,756,577.15	176,415,524.54

(2) Significant other payables aged over 1 year

Name	Balance at the end of year	Reason for not yet settled or carried forward
Wengyuan Longyuan Rotary Kiln Cement Co., Ltd.	6,000,000.00	Not yet due.
Sichuan Xingli Wheel Company	4,400,000.00	The subsidiaries are inactive, whether payment will be made is uncertain.
The People's Government of Chengdu Qingbai Province	1,600,000.00	
Total	12,000,000.00	

31. Non-current liabilities due within 1 year

Item	Amount at the end of year	Amount at the beginning of year
Long-term borrowings due within 1 year (Note VI.33)	352,185,366.57	142,399,340.64
Long-term payables due within 1 year (Note VI.35)	5,915,746.37	15,503,370.27
Total	358,101,112.94	157,902,710.91



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Other current liabilities

(1) Categories of other current liabilities

Item	Balance at the end of year	Balance at the beginning of year
Deferred income of government grants related to assets carry over within 1 year (Note VI.36)	15,233,332.16	8,899,851.75
Unrecognised gain on sale and lease-back transaction under finance lease due within 1 year (Note VI.37)	757,934.52	757,934.52
Total	15,991,266.68	9,657,786.27

(2) Government grants

Item	Balance at the beginning of year	Amount of new subsidies during the year	Amount of non-operating income during the year	Other changes	Balance at the end of year	Related to assets/income
Clinical waste treatment plant project	505,141.24	-	505,141.24	481,644.00	481,644.00	Related to asset
Waste electric recycle treatment plant reconstruct and expansion project	452,202.84	-	452,202.84	452,202.84	452,202.84	Related to asset
Recycling system building project of Resource Recycling	373,394.76	-	373,394.76	373,394.76	373,394.76	Related to asset
Xiamen Xiang'an District Xinru Twon subsidy	134,000.00	-	134,000.00	134,000.00	134,000.00	Related to asset
Subsidies for clinical waste treatment	25,000.00	-	25,000.00	25,000.00	25,000.00	Related to asset
Special construction funds from NDRC	900,000.00	-	900,000.00	900,000.00	900,000.00	Related to asset
Resource-saving and environmental protection project funds for Qingyuan Dongjiang	2,000,000.04	-	2,000,000.04	1,999,999.84	1,999,999.84	Related to asset
Industrial park development subsidy funds	546,780.66	-	546,780.60	546,780.60	546,780.66	Related to asset
Resource saving and environment protection engineering funding of Resource Recycling	849,999.96	-	849,999.96	849,999.96	849,999.96	Related to asset
Subsidies of energy-saving and emission-reduction projects	80,000.00	-	80,000.00	80,000.00	80,000.00	Related to asset
Special Funds of Shenzhen Environmental Protection Project	400,000.00	-	400,000.00	400,000.00	400,000.00	Related to asset
Economy recycling and energy saving special funds/RO membrane	-	-	-	86,000.00	86,000.00	Related to asset
Dismantling of waste household appliances project	159,782.50	-	159,782.50	503,932.48	503,932.48	Related to asset
Environmental special fund for Baoan Dongjiang	300,000.00	-	300,000.00	300,000.00	300,000.00	Related to asset
Copper sludge project	66,666.67	-	66,666.67	-	-	Related to asset
Wastewater treatment re-construction projects	1,750,800.00	-	1,750,800.00	0.02	0.02	Related to asset





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Other current liabilities (Continued)

(2) Government grants (Continued)

Item	Balance at the beginning of year	Amount of			Balance at the end of year	Related to assets/income
		new subsidies during the year	non-operating income during the year	Other changes		
Special funds for environmental protection projects	356,083.08	-	356,083.08	356,083.08	356,083.08	Related to asset
Guangdong province major Sci & Tech project (recycling of waste printed circuit board and integrated demonstration projects)	-	-	-	190,000.00	190,000.00	Related to asset
Efficient low consumption electronics industry wastewater denitrification and dephosphorization technology development and application	-	-	-	490,000.00	490,000.00	Related to asset
Other resource exploration electrical information (Xia Ping kitchen waste)	-	-	-	5,000,000.00	5,000,000.00	Related to asset
Sludge reduction project of Shajing Base	-	-	-	710,000.00	710,000.00	Related to asset
Land return fund and farmland occupied tax, deed tax return	-	-	-	1,094,294.52	1,094,294.52	Related to asset
2013 support enterprise development funds	-	-	-	260,000.00	260,000.00	Related to asset
Total	8,899,851.75	-	8,899,851.69	15,233,332.10	15,233,332.16	

Other changes refer to reclassification of deferred income as described in note VI.36.

33. Long-term borrowings

Item	Amount at the end of year	Amount at the beginning of year
Long-term bank borrowings	730,797,820.90	518,858,794.09
Less: Amount repayable within one year and showed under non-current liabilities due within one year (Note VI.31)	352,185,366.57	142,399,340.64
Long-term borrowings repayable after one year	378,612,454.33	376,459,453.45



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Long-term borrowings (Continued)

(1) Categories of borrowings

Categories of borrowings	Amount at the end of year	Amount at the beginning of year
Secured borrowings (Note 1)	292,704,938.00	95,101,850.00
Pledged borrowings (Note 2)	148,500,000.00	50,000,000.00
Guaranteed borrowings (Note 3)	89,592,882.90	80,756,944.09
Credit borrowings	200,000,000.00	293,000,000.00
Total	730,797,820.90	518,858,794.09

Interest rate for long-term bank borrowing was 4.99%-7.20%, with weighted average rate of 5.97% (2014: interest rate for long-term borrowings was 5.40%-7.04%, with weighted average rate of 6.26%).

Note 1: Secured borrowings were secured with 40% equity of Shaoguan Green held by the Company, 60% equity of Xiamen Oasis Environmental held by the Company, 60% equity of Coastal Solid Waste held by the Company, 100% equity of Nanchang Xinguan held by the Company and 100% equity of Hefei Xinguan held by the Company, and the profits receivable of Dongguan Humen Town owned by Humen Green and Ningzhou Sewage Treatment Plant (Phase I) BOT project, with an appraised value of RMB148,883,200 during the concession period, and the fees receivable of Renewable Energy.

Note 2: Pledged borrowings were secured by pledge of the land use right of industrial land of 114,142.10 square meters with a term from 6 June 2014 to 9 December 2062 held by Jiangmen Dongjiang, 18 buildings with an appraised value of RMB113,127,100.00 held by Xiamen Oasis Environmental, property and land with an appraised value of RMB173,798,600.00 held by Hubei Tianyin, property and land with an appraised value of RMB72,672,900.00 held by Tianyin Hazardous Waste Disposal.

Note 3: Guaranteed borrowings were secured by the guarantee to the bank provided by the Company or Zhang Weiyang, the shareholder of the Company, original shareholders of Zhuhai Yongxingsheng, Li Yonghan, Li Xuefeng, and existing shareholders of Zhuhai Yongxingsheng, Li Chunshan, Li Hongbo, Li Jiangshan, Li Yushan.

(2) The maturities of the long-term borrowings are analyzed as follows:

Item	Amount at the end of year	Amount at the beginning of year
Within 1 year	352,185,366.57	142,399,340.64
1-2 years	184,059,571.23	292,329,572.20
2-5 years	194,552,883.10	84,129,881.25
Total	730,797,820.90	518,858,794.09





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Bond payables

(1) Categories of bond payables

Item	Balance at the end of year	Balance at the beginning of year
2014 Corporate Bond (first phrase) of Dongjiang Environmental Company Limited	356,373,249.26	355,632,555.15
Total	356,373,249.26	355,632,555.15

(2) Movement of bond payables (excluding other financial instruments such as preferential shares classified as financial liabilities and perpetual bonds)

Name	Total carrying amount	Issue date	Term of bond	Amount issued	Balance at the beginning of year	Issued during the year	Interest based on carrying amount	Premium/ discounts amortization	Value during the year	Payment of underwriting fee	Balance at the end of year
Corporate Bond	350,000,000.00	2014/8/1	5 years	350,000,000.00	355,632,555.15	-	23,490,694.11	-	22,750,000.00	-	356,373,249.26
Total	350,000,000.00			350,000,000.00	355,632,555.15	-	23,490,694.11	-	22,750,000.00	-	356,373,249.26

In 2014, the Company issued 5 years bonds with carrying value of RMB350 million at the rate of 6.5% per annum, with interest payable on 1 August of each year, and principal repayable upon expiry along with last installment of interest. The actual net subscription payment received by the Company was approximately RMB346 million, with actual interest rate of 6.78%.

35. Long-term payables

Item	Balance at the end of year	Balance at the beginning of year
Financial lease payables	9,477,228.72	20,878,694.02
Less: amount due within 1 year (note VI.31)	5,915,746.37	15,503,370.27
Amount due after 1 year	3,561,482.35	5,375,323.75
Others	787,520.00	787,520.00
Total	4,349,002.35	6,162,843.75

Others include amount due to minority interests by Dongjiang Songzao in respect of trusted loan issued by China Construction Bank Qijiang Branch in the amount of RMB984,400, with a term from 31 December 2010 to 31 December 2021.



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35. Long-term payables (Continued)

(1) Breakdown of financial lease payables

Financial lease payable is the minimum lease payment under financial lease, net of unrecognized financial fee, breakdown as follows:

Name	Balance at the end of year		Amount at the beginning of year	
	Foreign currency (HKD) (exchange rate: 0.8378)	Amount in RMB	Foreign currency (HKD) (exchange rate: 0.7889)	Amount in RMB
China Merchants Bank Financial Leasing Co., Ltd.	-	2,319,363.50	-	11,174,270.83
China Construction Bank (Asia) Corporation Limited	4,713,037.11	3,948,582.49	7,241,515.88	5,712,831.88
The Bank of East Asia, Limited	1,431,701.89	1,199,479.84	3,034,583.55	2,393,982.96
Wing Hang Bank Limited	372,372.76	311,973.90	2,025,108.82	1,597,608.35
OCBC Wing Hang Bank Limited	2,026,532.57	1,697,828.99	-	-
Total		9,477,228.72		20,878,694.02

(2) The Company subsequently calculate these long-term payables using the actual interest rate approach based on amortized costs.

(3) As at the end of the year, minimum lease payment under financial lease are as follows:

Item	Balance at the end of year	Amount at the beginning of year
Within 1 year	5,926,289.37	15,503,370.27
1-2 year	1,643,964.51	5,616,952.86
2-3 year	1,374,849.91	1,217,212.72
Over 3 years	542,667.93	923,601.48
Sub-total	9,487,771.72	23,261,137.33
Less: unrecognized finance cost	10,543.00	2,382,443.31
Total	9,477,228.72	20,878,694.02

The Company amortizes unrecognized finance cost over each period during lease term using the actual interest rate approach, which should base on borrowing cost policy.





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Deferred income

(1) Categories of deferred income

Item	Balance at the beginning of year	Increase during the year	Decrease during the year	Balance at the end of year	Reason
Government grant	83,059,965.96	71,130,223.65	29,666,062.50	124,524,127.11	
Total	83,059,965.96	71,130,223.65	29,666,062.50	124,524,127.11	–

(2) Government grant projects

Government grant projects	Balance at the beginning of year	Amount of new subsidies during the year	Amount of non-operating income during the year	Other changes	Balance at the end of year	Related to assets/income
Clinical waste treatment plant project	2,310,795.74	–	–	481,644.00	1,829,151.74	Related to asset
Waste electric recycle treatment plant reconstruct and expansion project	2,415,662.09	–	–	452,202.84	1,963,459.25	Related to asset
Recycling system building project of Resource Recycling	2,859,862.68	–	–	373,394.76	2,486,467.92	Related to asset
Xiamen Xiang'an District Xinru Twon subsidy	916,666.67	–	–	134,000.00	782,666.67	Related to asset
Subsidies for clinical waste treatment	125,000.00	–	–	25,000.00	100,000.00	Related to asset
Subsidies for purchasing environmental friendly vehicles from Hong Kong government	41,511.07	1,721.67	28,321.99	–	14,910.75	Related to asset
Special construction funds from NDRC	5,775,000.00	–	–	900,000.00	4,875,000.00	Related to asset
Resource-saving and environmental protection project funds for Qingyuan Dongjiang	1,999,999.84	–	–	1,999,999.84	–	Related to asset
Special subsidies for Northern Guangdong sewage treatment	5,000,000.00	–	–	–	5,000,000.00	Related to asset
Northern Guangdong project	4,636,000.00	–	–	–	4,636,000.00	Related to asset
Industrial park development subsidy funds	21,187,786.96	–	–	546,780.60	20,641,006.36	Related to asset
Resource saving and environment protection engineering funding of Resource Recycling	4,045,833.54	–	–	849,999.96	3,195,833.58	Related to asset
Special funds for Shenzhen Environmental Protection Project	2,800,000.00	–	–	400,000.00	2,400,000.00	Related to asset
Subsidies of energy-saving and emission-reduction projects	560,000.00	–	–	80,000.00	480,000.00	Related to asset
Dismantling of waste household appliances project	1,358,151.25	3,441,500.00	172,075.00	503,932.48	4,123,643.77	Related to asset
Budgets for high & new technology	750,000.00	–	750,000.00	–	–	Related to asset
Wastewater treatment re-construction projects	918,096.69	–	918,096.66	0.02	0.01	Related to asset
Special funds for environmental protection projects for the Company	6,854,599.43	–	–	356,083.08	6,498,516.35	Related to asset



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Deferred income (Continued)

(2) Government grant projects (Continued)

Government grant projects	Balance at the beginning of year	Amount of new subsidies during the year	Amount of non-operating income		Balance at the end of year	Related to assets/income
			during the year	Other changes		
Guangdong province major Sci & Tech project (recycling of waste printed circuit board and integrated demonstration projects)	190,000.00	-	-	190,000.00	-	Related to asset
Shenzhen Fuyong river sludge treatment plant (phase 2) Industrialization of municipal sludge anaerobic digestion research	5,000,000.00	-	5,000,000.00	-	-	Related to asset
Efficient low consumption electronics industry wastewater denitrification and dephosphorization technology development and application	1,500,000.00	-	1,500,000.00	-	-	Related to asset
Luohu District Xia Ping kitchen waste treatment project	4,800,000.00	-	-	4,800,000.00	-	Related to asset
Other resource exploration electrical information (Xia Ping kitchen waste)	5,000,000.00	-	-	5,000,000.00	-	Related to asset
Environmental special fund for Baoan Dongjiang	1,525,000.00	-	-	300,000.00	1,225,000.00	Related to asset
Technical research project on control the contamination during recycling process of waste electronic appliances and environmental safety control of product resources	-	580,000.00	-	-	580,000.00	Related to asset
2014 economy recycling development special fund	-	1,000,000.00	-	-	1,000,000.00	Related to asset
Economy recycling and energy saving special funds/RO membrane	-	430,000.00	50,166.69	86,000.00	293,833.31	Related to asset
Special funds for energy saving and development of environmental protection industry in Shenzhen	-	5,000,000.00	-	-	5,000,000.00	Related to asset
Technical research on control the contamination during recycling process of waste electronic appliances and environmental safety control of product resources	-	430,000.00	-	-	430,000.00	Related to asset
Hazardous waste wastewater treatment technology engineering laboratory project in Shenzhen	-	4,752,019.75	-	-	4,752,019.75	Related to asset
Supporting project for 863 planning	-	80,000.00	-	-	80,000.00	Related to asset
Sludge reduction project of Shajing Base	-	710,000.00	-	710,000.00	-	Related to asset
Land return fund and farmland occupied tax, deed tax return	-	53,404,982.23	1,062,403.39	1,094,294.52	51,248,284.32	Related to asset
2013 support enterprise development funds	-	1,300,000.00	151,666.67	260,000.00	888,333.33	Related to asset
Total	83,059,965.96	71,130,223.65	9,632,730.40	20,033,332.10	124,524,127.11	





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Deferred income (Continued)

(2) Government grant projects (Continued)

Other movement represents transfer to other current liabilities of RMB15,233,332.10 (Note VI.32) and a refund of RMB4,800,000.00 to the Shenzhen Living and Environment Committee in respect of Luohu District Xia Ping kitchen waste treatment project during the year.

37. Other non-current liabilities

Item	Amount at the end of year	Amount at the beginning of year
Unrealized gain on sale and lease-back transaction under finance lease	1,010,579.43	1,768,513.95
Less: carry forward within 1 year and listed under current liability (Note VI.32)	757,934.52	757,934.52
Unrealized gain on sale and lease-back transaction under finance lease carry forward after 1 year	252,644.91	1,010,579.43
863 Project	2,224,277.36	2,309,000.00
Compensation for demolition	4,352,365.91	2,849,556.41
Total	6,829,288.18	6,169,135.84

38. Share capital

The movement of statutory, issued and paid share capital of the Company is as follows. The carrying value of each ordinary share of the Company is RMB1.

During the Year

Item	Balance at the beginning of year	Movement during the year (+, -)					Balance at the end of year
		Issue of new shares	Grant of shares	Transfer of shares from reserve	Others	Sub-total	
Total amount of shares	347,836,841.40	-	-	521,710,261.00	(165,000.00)	521,545,261.00	869,382,102.40

On 6 June 2015, upon passing at the 2014 annual general meeting of the Company, the first class meeting for holders of H shares and the first class meeting for holders of A shares, by using 347,806,841 shares as the basis number, which is the total share capital of the Company, 15 shares were added and transferred to all shareholders for every 10 shares they hold out of capital reserves, altogether there were 521,710,261 shares added and transferred. Others were attributable to the repurchase and cancellation of 165,000 restricted shares which remained unlocked held by former incentive participants due to resignation.



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Share capital (Continued)

During last year

Item	Balance at the beginning of year	Issue of new shares	Movement during the year (+, -)			Sub-total	Balance at the end of year
			Grant of shares	Transfer of shares from reserve	Others		
Total amount of shares	225,714,561.40	6,340,000.00	-	115,782,280.00	-	122,122,280.00	347,836,841.40

39. Capital reserve

During the year

Item	Amount at the beginning of year	Increase during the year	Decrease during the year	Amount at the end of year
Share premium	855,944,553.07	-	528,193,970.21	327,750,582.86
Other capital reserves	18,766,129.13	14,400,722.36	-	33,166,851.49
Total	874,710,682.20	14,400,722.36	528,193,970.21	360,917,434.35

During the Year, decrease in share premium under capital reserve was attributable to the added and transferred of share equity and the repurchase and cancellation of restricted shares which remained unlocked held by former incentive participants due to resignation, and increase in other capital reserve was attributable to equity-based incentive fees.

During last year

Item	Amount at the beginning of year	Increase during the year	Decrease during the year	Amount at the end of year
Share premium	855,365,333.07	121,007,700.00	120,428,480.00	855,944,553.07
Other capital reserves	-	18,766,129.13	-	18,766,129.13
Total	855,365,333.07	139,773,829.13	120,428,480.00	874,710,682.20





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Treasury shares

During the year

Item	Amount at the beginning of year	Increase during the year	Decrease during the year	Amount at the end of year
Treasury shares	122,701,500.00	–	22,767,200.00	99,934,300.00
Total	122,701,500.00	–	22,767,200.00	99,934,300.00

Decrease in treasury shares during the year was attributable to the repurchase obligation of restricted shares.

During the last year

Item	Amount at the beginning of the year	Increase during the year	Decrease during the year	Amount at the end of the year
Treasury shares	–	127,737,700.00	5,036,200.00	122,701,500.00
Total	–	127,737,700.00	5,036,200.00	122,701,500.00

41. Other comprehensive income

Item	Balance at the beginning of year	Incurred during the year					Balance at the end of year
		Incurred during the year, before income tax	Less: amount previously recognized in other comprehensive income and transferred to profit and loss during the period	Less: income tax expense	Attributable to parent company after tax	Attributable to minority interests after tax	
I. Other comprehensive income that cannot be reclassified to profit and loss when qualified in future accounting period	-	-	-	-	-	-	-
II. Other comprehensive income that will be reclassified to profit and loss when qualified in future accounting	(738,312.10)	(225,541.66)	-	-	(225,541.66)	-	(963,853.76)
Including: exchange difference on translation of financial statement in foreign currency	(738,312.10)	(225,541.66)	-	-	(225,541.66)	-	(963,853.76)
Total	(738,312.10)	(225,541.66)	-	-	(225,541.66)	-	(963,853.76)



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Special reserves

During the year

Item	Amount at the beginning of the year	Increase during the year	Decrease during the year	Amount at the end of the year
Safety production fees	–	619,267.34	473,262.81	146,004.53
Total	–	619,267.34	473,262.81	146,004.53

According to the regulations of “Management Measures of Extraction and Usage of Enterprise Safety Production Costs” (Cai Qi [2012]16) issued by Ministry of Finance and State Administration of Work Safety, Qingdeng Wastes Treatment, a subsidiary of the Company, used operation income of last year as the basis of provision, and extracted using excess regressive method every month. For details of the provision proportion, please refer to Note IV.29.

The scope of using the safety production fees mainly includes the expenses below: 1. improvement, renovation and maintenance of safety equipment, facilities expenses; 2. expenses for the equipment of necessary emergency rescue equipment, equipment and field operations personnel security items; 3. safety inspection and evaluation expenditure; 4. evaluation of major hazards, major accident hazards, rectification, monitoring expenditure; 5. safety skills training and emergency rescue drill expenditure; 6. other expenditures directly related to safety production.

There was no special reserve during last year.





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43. Surplus reserve

During the Year

Item	Amount at the beginning of year	Increase during the year	Decrease during the year	Amount at the end of year
Statutory surplus reserve	133,231,913.01	20,653,570.69	–	153,885,483.70
Total	133,231,913.01	20,653,570.69	–	153,885,483.70

During last Year

Item	Amount at the beginning of year	Increase during the year	Decrease during the year	Amount at the end of year
Statutory surplus reserve	110,735,300.43	22,496,612.58	–	133,231,913.01
Total	110,735,300.43	22,496,612.58	–	133,231,913.01

According to Chinese law and regulation, as well as the articles of the Company, each subsidiary of the Company have to transfer 10% of after tax income to statutory surplus reserve, until such balance equals 50% of the registered capital. Surplus reserves can be used to offset any future losses as well as increase in share capital. Any uses other than to reduce losses must not result in surplus reserves lower than 25% of the registered capital.

44. General risk provision

During the year

Item	Amount at the beginning of the year	Amount at the end of the year	Provision proportion (%)
General risk provision	2,473,635.00	–	1.5
Total	2,473,635.00	–	

There was no general risk provision during last year.



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Unallocated profit

During the year

Item	Amount	Percentage of withdrawal or allocation (%)
Amount at the end of last year	1,209,998,595.99	
Add: unallocated profit adjustment at the beginning of year	-	
Amount at the beginning of the year	1,209,998,595.99	
Add: net profit attributable to shareholders of the parent company during the year	332,534,009.33	
Less: withdrawal of statutory surplus reserve	20,653,570.69	10
Appropriation to general risk provision	2,473,635.00	
Dividend payable of ordinary shares	52,152,126.15	
Amount at the end of the year	1,467,253,273.48	

During last year

Item	Amount	Percentage of withdrawal or allocation (%)
Amount at the end of last year	1,050,279,781.79	
Add: unallocated profit adjustment at the beginning of year	-	
Amount at the beginning of the year	1,050,279,781.79	
Add: net profit attributable to shareholders of the parent company during the year	251,610,695.08	
Less: withdrawal of statutory surplus reserve	22,496,612.58	10
Dividend payable of ordinary shares	69,395,268.30	
Amount at the end of the year	1,209,998,595.99	

Statutory surplus reserve of the year was provided based on 10% of net profit.

On the 2014 annual general meeting, the first meeting for A shares holders in 2015 and the first meeting for H shares holders in 2015 which held on 5 June 2015, the payment of cash dividend of RMB1.50 (including taxes) by the Company to all shareholders for every 10 shares they hold was considered and approved. The total cash dividend to be distributed will be RMB52,171,026.15 (2014: RMB3.00 per 10 shares). Besides, the reversal of the dividends of the unlocked restricted shares held by former incentive participants who have resigned was RMB18,900.00.

Surplus reserve attributable to the parent company withdrawn during the year was RMB13,939,638.17 (2014: RMB6,753,397.13).

As at 31 December 2015, undistributed profit attributable to the Company includes withdrawal of surplus reserve of RMB71,057,346.30 (2014: RMB51,569,056.34) by the subsidiaries.





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Minority interests

Minority interests attributable to minority shareholders of each subsidiary

Name of subsidiary	Proportion of minority interest (%)	Amount at the end of year	Amount at the beginning of year
Dongjiang Heritage	38.00	14,744,104.26	18,203,909.86
Longgang Dongjiang	46.00	76,681,915.74	84,569,822.44
Qingdeng Wastes Treatment	49.00	45,155,111.94	37,563,885.99
Kunshan Kunpeng	49.00	1,852,341.48	9,626,102.41
Hunan Dongjiang	5.00	631,349.91	631,265.66
Dongjiang Songzao	6.14	(697,060.20)	(650,197.91)
Zhuhai Qingxin	0.00	–	1,641,987.65
Qingyuan Xinlv	37.50	35,574,715.66	37,265,989.17
Jiaxin Deda	49.00	25,735,467.20	23,836,306.35
Dongjiang Shangtian	49.00	3,789,134.77	4,595,376.60
Coastal Solid Waste	40.00	22,329,287.74	18,569,064.81
Xiamen Oasis Environmental	40.00	147,153,416.18	136,323,263.23
Wosen Environmental	17.18	7,690,385.59	7,854,813.52
Dongjiang Lvlvda	40.00	10,380,446.69	3,986,140.67
Shaoxing Dongjiang	48.00	480,960.12	480,000.00
Jiangxi Kangtai	49.00	14,004,748.57	11,739,997.68
Green Environmental	45.00	24,093,030.94	–
Hubei Tiayin	40.00	16,829,798.61	–
Zhuhai Yongxingsheng	20.00	19,946,606.87	–
Total		466,375,762.07	396,237,728.13

47. Net current assets

Item	Amount at the end of year	Amount at the beginning of year
Current assets	2,322,817,913.73	2,241,015,235.43
Less: current liabilities	2,592,766,217.28	1,317,418,212.40
Net current assets	(269,948,303.55)	923,597,023.03

48. Total assets less current liabilities

Item	Amount at the end of year	Amount at the beginning of year
Total assets	6,685,217,204.54	4,985,470,629.81
Less: current liabilities	2,592,766,217.28	1,317,418,212.40
Total assets less current liabilities	4,092,450,987.26	3,668,052,417.41



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Borrowings

Borrowings of the Company is summarized as follows:

Item	Amount at the end of year	Amount at the beginning of year
Short-term bank borrowings	1,271,195,143.96	559,264,227.46
Long-term borrowings	730,797,820.90	518,858,794.09
Bonds payable	356,373,249.26	355,632,555.15
Obligations under finance lease	9,477,228.72	20,878,694.02
Total	2,367,843,442.84	1,454,634,270.72

(1) Breakdown of borrowings

Item	Amount at the end of year	Amount at the beginning of year
Bank borrowings		
– repayable within 1 year	1,623,380,510.53	701,663,568.10
– repayable after 1 year	378,612,454.33	376,459,453.45
Sub-total	2,001,992,964.86	1,078,123,021.55
Other borrowings		
– repayable within 1 year	5,915,746.37	15,503,370.27
– repayable after 1 year	359,934,731.61	361,007,878.90
Sub-total	365,850,477.98	376,511,249.17
Total	2,367,843,442.84	1,454,634,270.72

Other borrowings represents the total amount of short-term bank borrowings, long-term borrowings, bonds payable, obligations under finance lease under table 1, excluding bank borrowings (borrowings from financial institutes).





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Borrowings (Continued)

(2) Analysis of maturity of borrowings

Bank borrowings:

Item	Amount at the end of year	Amount at the beginning of year
On demand or within 1 year	1,623,380,510.53	701,663,568.10
1-2 years	184,059,571.23	292,329,572.20
2-5 years	194,552,883.10	84,129,881.25
Total	2,001,992,964.86	1,078,123,021.55

Other borrowings:

Item	Amount at the end of year	Amount at the beginning of year
On demand or within 1 year	5,915,746.37	15,503,370.27
1-2 years	1,643,964.51	4,069,658.41
2-5 years	358,290,767.10	356,938,220.49
Total	365,850,477.98	376,511,249.17

50. Operating revenue and operating costs

Item	Incurred during the year		Incurred during last year	
	Revenue	Costs	Revenue	Costs
Main businesses	2,402,986,382.18	1,624,259,009.25	2,047,511,528.29	1,382,201,109.45
Other businesses	-	-	-	-
Total	2,402,986,382.18	1,624,259,009.25	2,047,511,528.29	1,382,201,109.45

Revenue from main businesses (turnover of the Company) represents the net amounts received and receivables for processing and sale of goods and rendering of services by the Company to outside customers, less trade discounts during the year.



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50. Operating revenue and operating costs (Continued)

(1) Main businesses – by business categories

Product	Amount of the year		Amount of last year	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Industrial waste recycling	773,145,779.59	537,841,846.96	937,570,254.75	654,471,765.71
Industrial waste treatment and disposal	587,023,548.96	284,267,748.03	395,563,293.89	167,161,472.18
Municipal waste treatment and disposal	272,621,970.68	224,670,883.91	209,173,851.16	175,391,525.27
Renewable energy utilization	89,188,869.37	66,080,533.23	63,865,183.74	45,842,159.97
Environmental engineering and services	199,958,027.09	151,201,676.08	159,335,570.43	120,067,452.38
Trading and others	56,624,361.27	23,584,272.22	60,798,194.45	33,707,253.53
Dismantling household appliances	394,779,238.38	336,612,048.82	221,205,179.87	185,559,480.41
Interest income from small-scale loans	29,644,586.84	–	–	–
Total	2,402,986,382.18	1,624,259,009.25	2,047,511,528.29	1,382,201,109.45

(2) Percentage of purchase from the largest supplier is 2.06%, where percentage of purchase from the five largest suppliers is 8.65%;

Percentage of turnover or sales of the largest customers is 12.09%, where percentage of turnover or sales of the five largest customers is 20.58%.

51. Gross profit

Item	Amount of the year	Amount of last year
Operating revenue	2,402,986,382.18	2,047,511,528.29
Less: operating costs	1,624,259,009.25	1,382,201,109.45
Gross profit	778,727,372.93	665,310,418.84

52. Sales tax and levies

Item	Amount of the year	Amount of last year
Business tax	4,658,821.81	1,580,529.71
Urban maintenance and construction tax	7,183,044.28	4,506,466.59
Education surcharge	5,451,599.62	3,508,785.10
Others	87,921.60	1,029.60
Total	17,381,387.31	9,596,811.00





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

53. Selling expenses

Item	Amount of the year	Amount of last year
Total	53,479,226.74	32,464,521.51
Including:		
Salaries	25,370,258.97	12,688,503.08
Vehicle costs	4,534,702.98	3,191,156.54
Rents	2,565,638.53	2,017,234.04
Traveling expenses	2,391,333.61	2,083,751.98
Promotion and marketing fee	2,175,122.81	2,469,339.30
Transportation fee	2,160,427.15	3,857,779.31

54. Administrative expenses

Item	Amount of the year	Amount of last year
Total	298,298,983.15	284,962,606.10
Including:		
Salaries	82,213,534.43	83,768,475.75
Research and development expenses	36,450,207.36	38,316,548.22
Depreciation expenses	30,857,963.90	23,837,960.58
Share-based payment	14,400,722.36	18,766,129.13
Staff welfare	12,781,694.08	10,503,921.10
Entertainment expenses	12,749,640.85	12,450,297.57
Vehicle costs	10,109,769.06	8,147,639.66
Social insurance expenses	10,033,292.36	8,573,485.70

55. Finance costs

(1) Breakdown of finance costs

Item	Amount of the year	Amount of last year
Interest expenses	80,785,635.94	37,668,628.87
Less: interest income	19,501,936.84	18,271,966.22
Add: exchange losses	262,723.41	104,132.00
Add: other expenses	2,964,914.07	4,704,156.73
Total	64,511,336.58	24,204,951.38



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

55. Finance costs (Continued)

(2) Breakdown of interest expenses

Item	Amount of the year	Amount of last year
Interests on bank borrowings and overdrafts	113,189,441.87	38,017,872.51
Bond interests calculated based on actual interest rates	23,490,694.11	10,549,434.31
Finance lease charge	760,473.15	1,432,534.71
Sub-total	137,440,609.13	49,999,841.53
Less: capitalized interests	56,654,973.19	12,331,212.66
Total	80,785,635.94	37,668,628.87

General borrowing cost capitalized during the year is calculated by applying a capitalization rate of 5.79% (last year: 6.55%).

(3) Breakdown of interest income

Item	Amount of the year	Amount of last year
Interest income from bank deposits	19,501,936.84	18,271,966.22
Total	19,501,936.84	18,271,966.22

56. Impairment loss of assets

Item	Amount of the year	Amount of last year
Provisions for bad debts	1,138,907.31	(2,212,624.85)
Impairment loss on inventories	473,982.62	(3,496,565.20)
Provisions for loans loss	-	-
Impairment loss on fixed assets	-	18,724,861.91
Impairment loss on intangible assets	-	27,532,216.34
Impairment loss on goodwill	10,598,716.99	6,600,000.00
Impairment loss on long-term deferred expenses	-	573,156.82
Total	12,211,606.92	47,721,045.02

57. Gain/loss on changes in fair value

Item	Amount of the year	Amount of last year
Financial assets at fair value through profit and loss of the year	(507,510.00)	473,250.00
Investment properties at fair value	-	239,900.00
Total	(507,510.00)	713,150.00





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Investment income

Item	Amount of the year	Amount of last year
Income from long-term equity investments under equity approach	29,255,113.68	32,105,728.07
Investment income from disposal of long-term equity investments	(784,932.10)	–
Investment income received during the period of ownership from financial assets measured at fair value through profit and loss of the year	67,392.00	93,773.00
Investment income received from disposal of financial assets measured at fair value through profit and loss of the period	–	222,805.23
Investment income from disposal of financial assets available-for-sale	–	1,004,820.69
Investment income from financial products	1,116,135.55	2,738,394.78
Total	29,653,709.13	36,165,521.77

Investment income generated from listed and unlisted investments during the year amounted to RMB67,392.00 and RMB29,586,317.13 respectively.

59. Non-operating income

(1) Breakdown of non-operating income

Item	Amount of the year	Amount of last year	Amount charged to non-recurring profit or loss during the year
Gain on disposal of non-current assets	200,277.98	326,537.55	200,277.98
Including: Gain on disposal of fixed assets	200,277.98	326,537.55	200,277.98
Donations	18,535.00	16,800.00	18,535.00
Government grants	72,174,352.14	19,704,246.42	37,039,601.70
Inventory profit	19,871.77	181,301.61	19,871.77
Guaranteed performance compensation	17,664,528.32	6,600,000.00	17,664,528.32
Others	2,077,847.78	2,321,562.61	2,077,847.78
Total	92,155,412.99	29,150,448.19	57,020,662.55

Amount charged to non-recurring profit or loss during the year was RMB57,020,662.55 (last year: RMB23,993,309.68).



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Non-operating income (Continued)

(2) Breakdown of government grants

Item	Amount of the year	Amount of last year	Origins and evidents	Related to assets/income
VAT Refund upon collection	35,134,750.44	4,648,152.38	Cai Shui [2008] No.156, Cai Shui [2011] No.115, Cai Shui [2015] No.178, No.65, Zhen Guo Shui Luo Tui Di Mian [2015] No.0260	Related to income
2015 provincial environmental protection special fund and sewage charge	5,000,000.00	-	Shao Cai Gong (2015)	Related to income
Shenzhen Fuyong river sludge treatment plant (phase 2)	5,000,000.00	-	Fund using contract of environmental project in Shenzhen 2012-01	Related to asset
Hazardous waste disposal and incineration treatment project in Northern Guangdong-2014 4th financial subsidy	4,540,000.00	-	Yong Cai Gong (2015) No.1, Yu Jing Xin Chuang Xin (2014) No. 479	Related to income
Wastewater treatment re-construction projects	2,668,896.66	1,750,800.00	Shenzhen Environmental Protection Bureau, Shen Fu [2006] No.196	Related to asset
Resource-saving and environmental protection project funds for Qingyuan Dongjiang	2,000,000.04	2,000,000.04	Qing Kai Cai [2011] No.77, Fa Gai Ban Huan Zi [2011] No.1191	Related to asset
Hazardous waste disposal and incineration treatment project in Northern Guangdong-2015 4th financial subsidy	1,830,000.00	-	Yue Cai Gong [2014] No.257, Yue Jing Xin Chuang Xin Han [2015] No.378	Related to income
Industrialization of municipal sludge anaerobic digestion research	1,500,000.00	-	Shen Ke Ji Chuang Xin [2013] No.77, Contract of research and development project in Shenzhen	Related to asset
Subsidies for strategic emerging industry	1,400,000.00	-	Xin Cai Jian [2015] No.417	Related to income
Financial return land use tax	1,295,700.00	-	Jiang Kai Guan Wen [2015] No.6	Related to income
Land return fund and farmland occupied tax, deed tax return	1,062,403.39	-	Jiang Kai Guan Wen [2015] No.6	Related to asset
Waste printed circuit boards recycling project	1,000,000.00	-	Qing Cai Gong [2014] No.70	Related to income
Special construction funds from National Development and Reform Commission	900,000.00	900,000.00	Wuhua district fund utilization for financial project No.2012022	Related to asset
Shenzhen Economic, Trade and Information Technology Commission (Special fund for Shenzhen strategic emerging industry and industry development in the future)	900,000.00	-	Shen Jin Mao Zi Xun Suan Zi [2015] No.237	Related to income
Resource-saving and environmental protection project funds for Renewable Energy	849,999.96	849,999.96	Fa Gai Tou Zi [2010] No.451, Shen Fa Gai [2010] No.582	Related to asset
Budgets for high & new technology	750,000.00	-	Guangdong Provincial Science and Technology Agency, Yue Ke Gui Hua Zi [2010] No.126, Cai Zheng Ting Dang	Related to asset
2011 R&D on environmental charity industry special project "Risk assessment on environment and management on waste treatment and disposal during living and consumption process"	653,000.00	-	Hua Ban Han [2015] No.1427	Related to income
Subsidies for industrial zone development	546,780.60	412,854.48	Shao Cai Gong [2011] No.154	Related to asset
Clinical waste treatment plant project	505,141.24	530,062.62	Ha Fa Gai Tou Zi (2007) No.649	Related to asset
2014-the 4th brand development support program of bio-industry – brand training project of Dongjiang Environmental	470,000.00	-	Shen Jin Mao Zi Xun Yu Suan Zi (2015) No.107	Related to income
Waste electric recycle treatment plant reconstruct and expansion project	452,202.84	452,202.84	Fa Gai Ban Huan Zi (2011) No.2934, Ha Fa Gai Chan Ye (2012) No.12	Related to asset





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Non-operating income (Continued)

(2) Breakdown of government grants (Continued)

Item	Amount of the year	Amount of last year	Origins and evidents	Related to assets/income
Living Committee subsidy	400,000.00	-	Fund using contract of environmental project in Shenzhen	Related to asset
Resources recycling system building project for Renewable Energy	373,394.76	766,742.56	Cai Ban Jian [2012] No.53, Cao Jian [2012] No.176, Ha Shang Wu Liu Tong (2012) No.455	Related to asset
Special funds for environmental protection projects for the Company (demonstration base)	356,083.08	356,083.08	China National Environmental Protection Agency (Cai Jian [2005] No.767)	Related to asset
Dismantling of waste household appliances project	331,857.50	-	Waste electronic appliances and electronic products disassemble and resource utilization investment project contract	Related to asset
Subsidies for environmental protection	300,000.00	300,000.00	Shenzhen environmental protection project fund management solutions	Related to asset
Fund for training high and new enterprise	277,400.00	-	Qing Gao Cai [2015] No.68	Related to income
2015 fund for the development of high and new industry	224,000.00	-	Qing Gao Cai [2015] No.80	Related to income
2014 Taxpayer incentive payments in Xiangnan district	160,000.00	-	Ha Xiang Wei [2015] No.28	Related to income
Karamay Baijiantan Finance Bureau [Construction fund for livelihood project] Re-employment subsidies	159,103.00	-	Ke Ren She Fa [2012] No.49	Related to income
2013 Special fund for supporting enterprise development	151,666.67	-	E Cai Qi Fa [2013] No.111	Related to asset
Other government grants (under RMB100,000)	148,816.61	311,629.78		Related to income
Xiamen Xiang'an District Xinzu Twon subsidy	134,000.00	134,000.00		Related to asset
Budgets for high & new technology	129,000.00	-	Zhe Ke Fa Ji (2014) No.157	Related to income
Financial fund for Sci & Tech innovation	120,000.00	120,000.00	Jia Ke Gao [2014] No.82	Related to income
Subsidies for technology and innovative	100,000.00	-	Shao Ke [2015] No.72	Related to income
Dongguan City Economic and Information Bureau, growth incentive funds for small and micro-scale enterprises	100,000.00	-	Dong Fu [2015] No.30	Related to income
Government subsidies of energy-saving and emission-reduction projects in Shenzhen	80,000.00	400,000.00	Shen Fa Gai [2013] No.547, Shen Cai Jian [2012] No.220	Related to asset
Copper sludge project	66,666.67	400,000.00	Shenzhen Environmental Protection Bureau, Cai Jian [2006] No.318	Related to asset
Economy recycling and energy saving special funds/ RO membrane	50,166.69	-	Shenzhen Development and Reform Commission, "2015 Shenzhen Loop economy and energy saving project fund (the first supporting project)"	Related to asset
Subsidies for vehicle import duty	28,321.99	232,814.00	Hong Kong Environmental Protection Department "Ex-gratia Payment Scheme of Phasing Out Pre-Euro and Euro I Diesel Commercial Vehicles"	Related to asset
Subsidies for clinical waste treatment	25,000.00	-	Min Cai Jian (2008) No.86, Long Cai Jian (2008) No.21	Related to asset
Shenzhen high & new technology industry special subsidy funds	-	3,194,900.00	Shen Fu [2008] No.200	Related to income
Funds for Sci-Tech cooperation project	-	500,000.00	2014 Shenzhen Baoan District industrialization scheme of Scientific and Technological achievements, proposal of innovative idea by small & medium sized Sci & Tech enterprises	Related to income

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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Non-operating income (Continued)

(2) Breakdown of government grants (Continued)

Item	Amount of the year	Amount of last year	Origins and evidents	Related to assets/income
Guangdong Provincial Environmental Protection Bureau – special fund for the prevention of heavy metal pollution	-	500,000.00	Yue Huan [2014] No.84	Related to income
VAT refund income	-	494,004.68	Hong Jing Guo Shui Fa [2013] No.28	Related to income
Special fund for Sci & Tech and industrial development	-	300,000.00	Shenzhen Baoan District 2014 Industrial Technology Innovation Alliance Project etc., proposal of 3 technological project	Related to income
Subsidies for air quality improvement	-	150,000.00	Shen Ren Huan (2013) No.410	Related to income
Total	72,174,352.14	19,704,246.42		

60. Non-operating expenses

Item	Amount of the year	Amount of last year	Amount charged to non-recurring profit or loss during the year
Total loss on disposal of non-current assets	1,134,330.53	2,357,064.94	1,134,330.53
Including: loss on disposal of fixed assets	1,134,330.53	2,357,064.94	1,134,330.53
Donations	2,438,858.50	4,700,639.00	2,438,858.50
Inventory loss	-	603,611.07	-
Others	1,200,024.65	3,215,436.03	1,200,024.65
Total	4,773,213.68	10,876,751.04	4,773,213.68

The amount charged to non-recurring profit or loss during the year was RMB4,773,213.68 (last year: RMB10,876,751.04).

61. Income tax expenses

(1) Income tax expenses

Item	Amount of the year	Amount of last year
Current income tax – EIT of the PRC	63,800,448.24	43,850,767.92
The PRC	64,303,232.13	43,522,928.92
Hong Kong	-	173,547.20
Overprovision (underprovision) in the previous year	(502,783.89)	154,291.80
Deferred income tax	378,539.19	(4,805,443.71)
Total	64,178,987.43	39,045,324.21





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

61. Income tax expenses (Continued)

(2) Adjustment to income tax expenses and total profit

Income tax calculated using on applicable tax rates based on total profit under the combined income statement is adjusted as income tax expenses as follows:

Item	Amount of the year	Amount of last year
Total profit of the year	449,353,054.71	321,512,852.75
Income tax expenses calculated at statutory/applicable tax rates	67,402,958.21	48,226,927.91
Effect of different tax rate applicable to subsidiaries	18,482,989.51	2,790,600.37
Effect of adjustment to income tax of previous period	(502,783.89)	154,291.80
Effect of non-taxable income	(10,824,467.03)	(14,233,319.23)
Effect of non-deductible costs, expenses and losses	2,242,191.20	(475,815.50)
Effect of utilization of unrecognized deductible losses of deferred income tax assets	(5,786,699.22)	(1,535,949.64)
Effect of deductible temporary difference or deductible loss of unrecognized deferred income tax assets of the year	2,272,690.99	22,526,085.87
Effect of additional research and development expenditure deduction	(957,392.37)	(1,843,865.81)
Effect of special tax exemption	(8,150,499.97)	(16,676,630.14)
Changes of balance of deferred income tax asset/liability caused by tax rate changed	-	-
Other adjustments	-	112,998.58
Income tax expenses	64,178,987.43	39,045,324.21

62. Audit fee

Audit fee of the year was RMB1,200,000.00 (last year: RMB1,050,000.00).

63. Depreciation and amortization

Depreciation/amortization recognized under the income statement of the year was RMB209,296,310.64 (last year: RMB132,897,028.02).

64. Operating lease expenses

Operating lease expenses of the year was RMB23,066,615.32 (last year: RMB11,449,703.46), including rental expenses of industrial equipment and machineries of RMB11,705,500.35 (last year: RMB1,883,449.32).



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

65. Rental income

The rental income of land and building (excluding land rent, land rates and other expense) of the year was RMB9,325,771.07 (last year: RMB9,370,982.52).

66. Earnings per share

(1) Basic earnings per share

Basic earnings per share was calculated based on consolidated net profit attributable to ordinary shareholders of the parent company divided by weighted average number of issued ordinary shares of the parent company.

Item	The Year	Last year
Consolidated net profit attributable to ordinary shareholders of the parent company	332,534,009.33	251,610,695.08
Consolidated net profit attributable to ordinary shareholders of the parent company (net of non-recurring profit or loss)	297,685,602.55	238,784,094.96
Weighted average number of issued ordinary shares of the parent company	850,503,269.00	848,936,102.00
Basic earnings per share (RMB/share)	0.39	0.30
Basic earnings per share (RMB/share) (net of non-recurring profit or loss)	0.35	0.28

The weighted average number of ordinary shares was calculated as follows:

Item	The Year	Last year
Number of issued ordinary shares at the beginning of year	338,571,841.00	225,714,561.00
Increase of capital adjustment transferred from reserve	510,364,261.00	623,221,541.00
Number of shares increased for unlocking of restricted shares (the first batch)	1,671,000.00	–
Number of months starting from the next month of the unlocking restricted shares (first batch) to the end of the reporting period	11	–
Number of shares increased for unlocking of restricted shares (the second batch)	425,000	–
Number of months starting from the next month of the unlocking restricted shares (second batch) to the end of the reporting period	1	–
Subtotal of unlocking restricted shares	1,567,167.00	–
Number of issued ordinary shares at the end of year	850,503,269.00	848,936,102.00





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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

66. Earnings per share (Continued)

(1) Basic earnings per share (Continued)

In June 2015, the Company granted an additional 15 shares to every 10 shares held by shareholders out of the capital reserve, total transferred capital was RMB521,710,261 shares. Number of shares in 2014 used in the calculation of earnings per share was restated to reflect such transfer of shares.

(2) Diluted earnings per share

Basic earnings per share was same as the diluted earnings per share for the two years ended 31 December 2015 as there were no diluting events during both years.

67. Other comprehensive income

Item	Amount of the year	Amount of last year
Exchange difference on translation of financial statements in foreign currency	(225,541.66)	(410,955.88)
Less: net amount of disposal of overseas operations charged to profit or loss of the period	-	-
Total	(225,541.66)	(410,955.88)

68. Dividend

Dividend of the year is as follows:

Item	Amount of the year	Amount of last year
Interim dividend declared and distributed of RMB0 per share (2014: RMB0)	-	-
Final dividend proposed after the balance sheet date of RMB0.08 per share (2014: 0.15)	69,550,568.16	52,171,026.15
Total	69,550,568.16	52,171,026.15

The Board recommends the payment of a final dividend of RMB0.08 per share of the Company (inclusive of tax) (2014: RMB0.15) to all shareholders of the Company based on the total number of shares of 869,382,102 shares (note) of the Company, with the total amount of dividend to be paid be RMB69,550,568.16, subject to the approval of shareholders at the 2015 annual general meeting of the Company.



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

69. Notes on items under the cash flow statement

(1) Cash received/paid in relation to other operating/investment/financing activities

1) Other cash receipts relating to operating activities

Item	Amount of the year	Amount of last year
Government grant	54,602,001.03	31,753,571.39
Interest income	19,501,936.84	18,271,966.22
Current accounts with other companies and individuals	11,614,753.64	7,763,820.78
Total	85,718,691.51	57,789,358.39

2) Other cash payments relating to operating activities

Item	Amount of the year	Amount of last year
Current accounts with other companies and individuals	276,216,043.69	87,985,709.54
Financial business loans	164,909,000.00	–
Other expenses	29,435,252.44	30,674,934.04
Research and development expenses	9,884,808.41	21,552,173.23
Transportation expenses	20,640,947.09	18,904,665.91
Entertainment expenses	14,459,670.76	13,204,117.32
Office expenses	8,709,016.18	7,920,787.23
Rent	6,624,973.96	5,566,595.53
Traveling expenses	6,720,059.62	5,017,984.22
Securities service fees	4,876,648.35	4,183,921.37
Intermediate brokerage fee	4,302,390.14	4,158,396.79
Utilities	4,166,237.01	4,042,378.05
Consultation fee	3,408,393.31	3,460,889.98
Promotion and marketing expenses	2,175,122.81	2,469,339.30
Maintenance fee	3,092,228.49	2,048,338.58
Total	559,620,792.26	211,190,231.09





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1 January 2015 to 31 December 2015

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VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

69. Notes on items under the cash flow statement (Continued)

(1) Cash received/paid in relation to other operating/investment/financing activities (Continued)

3) Other cash received in relation to investing activities:

Item	Amount of the year	Amount of last year
Wealth management products	125,000,000.00	–
Considerations for equity transfer and deposits	20,804,820.69	–
Total	145,804,820.69	–

4) Other cash payments relating to investing activities

Item	Amount of the year	Amount of last year
Consideration for equity transfer	14,837,500.00	10,780,000.00
Deposits for equity transfer	–	18,000,000.00
Total	14,837,500.00	28,780,000.00

5) Other cash receipts relating to financing activities

Item	Amount of the year	Amount of last year
Subscription margin for non-public issue of shares	69,084,840.00	–
Guaranteed deposits	30,000,000.00	8,560,000.00
Total	99,084,840.00	8,560,000.00

6) Other cash payments relating financing activities

Item	Amount of the year	Amount of last year
Payment in relation to finance lease	10,039,425.67	13,349,099.11
Issuance of corporate bonds and other intermediary brokerage fees	13,500,000.00	7,815,869.12
Guarantee deposits	70,238,950.44	–
Total	93,778,376.11	21,164,968.23



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

69. Notes on items under the cash flow statement (Continued)

(2) Supplementary information of consolidated cash flow statement

Item	Amount of the year	Amount of last year
1. Net profit adjusted as cash flow of operating activities:		
Net Profit	385,174,067.28	282,467,528.54
Add: Impairment loss for assets	12,211,606.92	47,721,045.02
Depreciation of fixed assets	143,263,126.73	95,801,181.44
Consumption of oil and gas assets	-	-
Depreciation of productive biological assets	-	-
Amortization of intangible assets	63,711,660.95	34,879,385.65
Amortization of long-term deferred expenses	2,321,522.96	2,216,460.93
Amortization of deferred expenses	-	-
Accrued expenses	-	-
Loss from disposal of fixed assets, intangible expenses and other long term assets (gain represented in "-" sign)	934,052.55	2,030,527.39
Loss on written off of disposal fixed assets (gain represented in "-" sign)	-	-
Gain/loss of changes in fair value (gain represented in "-" sign)	507,510.00	(713,150.00)
Finance costs (gain represented in "-" sign)	80,785,635.94	37,668,628.87
Investment loss (gain represented in "-" sign)	(29,653,709.13)	(36,165,521.77)
Decrease in deferred income tax assets (increase represented in "-" sign)	598,354.94	(4,282,301.68)
Increase in deferred income tax liabilities (decrease represented in "-" sign)	234,809.63	213,045.27
Decrease in inventories (increase represented in "-" sign)	35,773,250.26	(26,177,716.27)
Decrease in operating receivables (increase represented in "-" sign)	(421,653,902.54)	(180,827,309.50)
Increase in operating payables (decrease represented in "-" sign)	(46,424,536.34)	(89,294,398.54)
Others	-	-
Net cash flow generated from operating activities	227,783,450.15	165,537,405.35
2. Significant non-cash investing and financing transactions		
Debts transferred to capital	-	-
Convertible corporate bonds due within 1 year	-	-
Fixed assets under finance lease	1,926,940.00	1,049,237.00
3. Net changes in cash and cash equivalents		
Cash balance at the end of the period	815,961,534.58	1,024,299,018.53
Less: cash balance at the beginning of the year	1,024,299,018.53	934,877,455.89
Add: balance of cash equivalents at the end of the year	-	-
Less: balance of cash equivalents at the beginning of the year	-	-
Net increase in cash and cash equivalents	(208,337,483.95)	89,421,562.64





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

69. Notes on items under the cash flow statement (Continued)

(3) Information of acquisition of or disposal of subsidiaries or other operating units

Item	Amount of the year	Amount during the year
Information of acquisition of subsidiaries and other operating units		
1. Consideration of acquisition of subsidiaries and other operating units	544,384,297.00	570,104,171.86
2. Cash and cash equivalents paid for acquisition of subsidiaries and other operating units	467,570,931.00	539,472,771.86
Less: cash and cash equivalents held by subsidiaries and other operating units	98,599,681.61	176,905,061.54
3. Net cash paid for acquisition of subsidiaries and other operating units	368,971,249.39	362,567,710.32
4. Net assets of subsidiaries acquired	164,404,850.47	483,847,206.57
Current assets	197,613,634.56	403,575,106.62
Non-current assets	495,328,278.82	405,152,847.37
Current liabilities	320,556,140.39	312,797,264.02
Non-current liabilities	207,980,922.52	12,083,483.40
Information of disposal of subsidiaries and other operating units		
1. Consideration of disposal of subsidiaries	-	2,804,820.69
2. Cash and cash equivalents received upon disposal of subsidiaries and other operating units	-	-
Less: cash and cash equivalents held by subsidiaries and other operating units	-	-
3. Net cash received upon disposal of subsidiaries and other operating units	-	-
4. Net assets of subsidiaries disposed of	-	-
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-



VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

69. Notes on items under the cash flow statement (Continued)

(4) Cash and cash equivalents

Item	Balance at the end of year	Balance at the beginning of year
Cash	815,961,534.58	1,024,299,018.53
Including: Cash on hand	521,496.27	342,085.99
Bank deposits readily available for payments	814,872,336.82	723,956,747.44
Monetary fund readily available for payments	567,701.49	300,000,185.10
Central bank deposits readily available for payments	-	-
Deposits in other banks	-	-
Call loans to banks	-	-
Cash equivalents	-	-
Including: bond investments due within 3 months	-	-
Balance of cash and cash equivalents at the end of the year	815,961,534.58	1,024,299,018.53
Including: restricted cash and cash equivalents used by the parent company and members of the Group	-	-

(5) Non-cash expenses of the period in relation to significant investment and financing activities

The Group has no non-cash expenses of the period in relation to significant investment and financing activities other than the abovementioned fixed assets under finance lease.

70. Restricted assets in respect of ownership or use rights

Item	Book value at the end of year	Reason for restriction
Bank balances and cash	41,767,769.31	Fulfillment and bank acceptances margin
Construction-in-progress	143,088,288.75	Pledged borrowings of Xiamen Oasis
Fixed assets	175,300,121.09	Pledged borrowings of Hubei Tianyin and Zhuhai Yongxingsheng
Intangible assets	109,718,571.27	Pledged borrowings of headquarters and Hubei Tianyin





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1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

VI. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

71. Items denominated in foreign currencies

Item	Balance at the end of year in foreign currencies	Exchange rate	Balance at the end of year in RMB
Bank balances and cash			5,074,084.58
Including: Hong Kong Dollars ("HKD")	6,056,438.99	0.8378	5,074,084.58
Accounts receivable – HKD	8,850,152.98	0.8378	7,414,658.17
Other receivables – HKD	12,891,177.33	0.8378	10,800,228.37
Short-term borrowings – HKD	20,000,000.00	0.8378	16,756,000.00
Accounts payable – HKD	1,661,735.54	0.8378	1,392,202.04
Tax payable – HKD	(345,105.31)	0.8378	(289,129.23)
Other payables – HKD	18,471,616.33	0.8378	15,475,520.16
Non-current liabilities due within 1 year – HKD	4,292,650.83	0.8378	3,596,382.87
Long-term payables – HKD	4,250,993.50	0.8378	3,561,482.35



VII. CHANGES IN CONSOLIDATION SCOPE

1. Business combination not under common control

(1) *Business combination not under common control during the year*

Name of acquiree	Date of equity acquisition	Cost of equity acquisition	Proportion of equity acquired (%)	Method of equity acquisition	Date of purchase	Recognition basis as at the date of purchase	Income of acquiree from the date of acquisition to the end of year	Net profit of acquiree from the date of acquisition to the end of year
Hengjian Tongda	12 February 2015	212,000,000.00	100.00	Equity transfer	12 February 2015	Transfer of control	37,672,643.17	13,925,135.90
Hubei Tianyin	18 May 2015	73,500,000.00	60.00	Equity transfer and capital injection	18 May 2015	Transfer of control	409,133.79	10,000,000.00
Zhuhai Yongxingsheng	5 July 2015	220,100,000.00	80.00	Equity transfer and capital injection	5 July 2015	Transfer of control	7,759,347.07	2,824,690.46
Green Environmental	6 July 2015	24,000,000.00	55.00	Equity transfer	6 July 2015	Transfer of control	-	(459,931.25)

(2) *Combination costs and goodwill*

Item	Hengjian Tongda	Hubei Tianyin	Zhuhai Yongxingsheng	Green Environmental
Cash	204,000,000.00	73,500,000.00	175,070,000.00	24,000,000.00
Fair value of non-cash assets	8,000,000.00	-	-	-
Fair value of debts issued or assumed	-	-	45,030,000.00	-
Fair value of equity securities issued	-	-	-	-
Fair value of contingent considerations	-	-	-	-
Fair value of equity held before acquisition as at the acquisition date	-	-	-	-
Total combination costs	212,000,000.00	73,500,000.00	220,100,000.00	24,000,000.00
Less: share of fair value of identifiable assets acquired	75,226,225.63	19,244,697.92	78,483,302.65	13,200,000.00
Goodwill	136,773,774.37	54,255,302.08	141,616,697.35	10,800,000.00





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VII. CHANGES IN CONSOLIDATION SCOPE (Continued)

1. Business combination not under common control (Continued)

(3) Identifiable assets and liabilities of the acquire as at the acquisition date

Unit RMB'0,000

Item	Hengjian Tongda		Hubei Tianyin		Zhuhai Yongxingsheng		Green Environmental	
	Fair value as at acquisition date	Book value as at acquisition date	Fair value as at acquisition date	Book value as at acquisition date	Fair value as at acquisition date	Book value as at acquisition date	Fair value as at acquisition date	Book value as at acquisition date
Assets:								
Bank balances and cash	169.41	169.41	1,433.90	1,433.90	7,020.56	7,020.56	1,236.10	1,236.10
Accounts receivable	1,603.52	1,603.52	-	-	51.20	51.20	-	-
Prepayment	0.56	0.56	4,639.69	4,639.69	1.90	1.90	-	-
Other receivable	537.20	537.20	749.02	749.02	(0.72)	(0.72)	-	-
Inventories	24.44	24.44	571.93	571.93	20.48	20.48	-	-
Other current assets	-	-	1,870.00	1,870.00	3.75	3.75	-	-
Long-term receivable	386.39	386.39	-	-	-	-	-	-
Fixed assets	-	-	9,914.53	9,914.53	11,352.57	11,352.57	-	-
Work-in-progress	-	-	6,746.93	6,746.93	-	-	-	-
Intangible assets	10,884.25	10,884.25	7,934.37	7,934.37	830.52	830.52	1,163.90	1,163.90
Deferred income tax assets	319.37	319.37	-	-	-	-	-	-
Liabilities:								
Short-term borrowings	-	-	1,400.00	1,400.00	1,960.00	1,960.00	-	-
Bill payables	-	-	2,000.00	2,000.00	-	-	-	-
Accounts payable	104.26	104.26	878.64	878.64	26.28	26.28	-	-
Accounts receivables	-	-	3.00	3.00	-	-	-	-
Employee benefits payables	44.49	44.49	26.67	26.67	19.62	19.62	-	-
Tax payables	0.35	0.35	(482.44)	(482.44)	(15.50)	(15.50)	-	-
Other payables	54.90	54.90	13,727.46	13,727.46	5,979.44	5,979.44	-	-
Long-term loans	6,198.50	6,198.50	9,000.00	9,000.00	1,500.00	1,500.00	-	-
Deferred income	-	-	4,099.59	4,099.59	-	-	-	-
Net assets	7,522.64	7,522.64	3,207.45	3,207.45	9,810.42	9,810.42	2,400.00	2,400.00
Less: minority interests	-	-	1,282.98	1,282.98	1,962.08	1,962.08	1,080.00	1,080.00
Net assets acquired	7,522.64	7,522.64	1,924.47	1,924.47	7,848.34	7,848.34	1,320.00	1,320.00



VII. CHANGES IN CONSOLIDATION SCOPE (Continued)

2. Changes in scope of combination due to other reasons

Name	Acquisition method	Date of equity acquisition	Capital injection	Proportion of capital injection
Huiyuan Small-Scale Loan	Newly established subsidiary	13 January 2015	300,000,000.00	100%

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Structure of the Company

Name of subsidiaries	Company type	Legal person	Organisation code	Major place of operation	Place of registration	Business nature	Proportion of share holding (%)		Acquisition method
							Direct	Indirect	
Resource Recycling	LLC	Chen Shu Sheng	755694530	Shenzhen	Shenzhen	Industrial	100.00	-	Wholly-owned
Dongjiang Heritage	LLC	Li Yong Peng	75567280-9	Shenzhen	Shenzhen	Industrial	62.00	-	Wholly-owned
Longgang Dongjiang	LLC	Liao Ruo An	75049839-7	Shenzhen	Shenzhen	Industrial	54.00	-	Wholly-owned
Yunnan Dongjiang	LLC	Xie Heng Hua	56005844-6	Kunming	Kunming	Industrial	100.00	-	Wholly-owned
Huizhou Dongjiang	LLC	Li Yong Peng	73859440-7	Huizhou	Huizhou	Industrial	100.00	-	Wholly-owned
Qiantang Wastes Treatment	LLC	Liao He ping	762827004	Kunshan	Kunshan	Industrial	51.00	-	Wholly-owned
Kunshan Kunpeng	LLC	Zou Hong Tu	725182702	Kunshan	Kunshan	Industrial	-	51.00	Wholly-owned
Huabao Technology	LLC	Yao Qiong	78392629-8	Shenzhen	Shenzhen	Services	100.00	-	Combination not under common control
Qingyuan Dongjiang	LLC	Huang Bo	66496036-2	Qingyuan	Qingyuan	Industrial	100.00	-	Wholly-owned
Qingdao Dongjiang	LLC	Jia Zi Liang	675268718	Qingdao	Qingdao	Industrial	100.00	-	Wholly-owned
Hunan Dongjiang	LLC	Jia Zi Liang	66858504-5	Zhaoyang	Zhaoyang	Industrial	95.00	-	Wholly-owned
Chengdu Treatment Centre	LLC	Li Yong Peng	72808589-5	Chengdu	Chengdu	Industrial	100.00	-	Wholly-owned
Renewable Energy	LLC	Jia Zi Liang	78656040-4	Shenzhen	Shenzhen	Industrial	100.00	-	Wholly-owned
Shaoguan Dongjiang	LLC	Chen Shu Sheng	78202574-6	Shaoguan	Shaoguan	Industrial	100.00	-	Wholly-owned
Shaoguan Green	LLC	Chen Shu Sheng	79299871-X	Shaoguan	Shaoguan	Industrial	100.00	-	Combination not under common control
Dongjiang Property Service	LLC	Yao Qiong	69908618-5	Shenzhen	Shenzhen	Services	100.00	-	Wholly-owned
Baoan Dongjiang	LLC	Jia Zi Liang	674839742	Shenzhen	Shenzhen	Industrial	100.00	-	Wholly-owned
Dongjiang HK	LLC	Not Available	Not Available	Hong Kong	Hong Kong	Services	100.00	-	Wholly-owned
Lik Shun Services	LLC	Not Available	Not Available	Hong Kong	Hong Kong	Services	-	100.00	Combination not under common control





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VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Structure of the Company (Continued)

Name of subsidiaries	Company type	Legal person	Organisation code	Major place of operation	Place of registration	Business nature	Proportion of share holding (%)		Acquisition method
							Direct	Indirect	
Dongjiang Transport Products Trading	LLC	Li Yong Peng	68863638-0	Huizhou	Huizhou	Services	100.00	-	Wholly-owned
Dongjiang Songzao	LLC	Li Yong Peng	58271180-5	Shenzhen	Shenzhen	Trading	100.00	-	Wholly-owned
Zhuhai Qingxin	LLC	Xie Heng Hua	696596868	Chongqin	Chongqin	Industrial	-	93.86	Combination not under common control
Hubei Dongjiang	LLC	Diao Wei Hua	73217958-7	Zhuhai	Zhuhai	Industrial	100.00	-	Combination not under common control
Qingyuan Xinlv	LLC	Chen Shu Sheng	58824921-X	Hubei Xiaochang County	Hubei Xiaochang County	Industrial	100.00	-	Wholly-owned
Jiaying Deda	LLC	Chen Shu Sheng	76841734-8	Qingyuan	Qingyuan	Industrial	62.50	-	Combination not under common control
Jiangmen Dongjiang	LLC	Liao He ping	254836027	Jiashan County	Jiashan County	Industrial	51.00	-	Combination not under common control
Dongguang Hengjian	LLC	Li Yong Peng	05683160-4	Jiangmen	Jiangmen	Industrial	100.00	-	Wholly-owned
Dongjiang Shangtian	LLC	Li Yong Peng	782964540	Dongguang	Dongguang	Industrial	100.00	-	Combination not under common control
Dongjiang Kaida	LLC	Chen Shu Sheng	08864094-1	Shenzhen	Shenzhen	Services	51.00	-	Wholly-owned
Coastal Solid Waste	LLC	Li Yong Peng	30616405-9	Shenzhen	Shenzhen	Services	100.00	-	Wholly-owned
Nanchang Xinguan	LLC	Liao He ping	75000021-0	Yancheng	Yancheng	Industrial	60.00	-	Combination not under common control
Hefei Xinguan	LLC	Jia Zi Liang	78145281-8	Nanchang	Nanchang	Industrial	-	100.00	Combination not under common control
Xiamen Oasis Environmental	LLC	Jia Zi Liang	79642059-5	Hefei	Hefei	Industrial	-	100.00	Combination not under common control
Fujian Oasis Solid Waste Disposal	Other company limited by shares	Chen Shu Sheng	70545987-4	Xiamen	Xiamen	Industrial	60.00	-	Combination not under common control
Sanming Oasis Resources Recycling	LLC	Ji Ren Wang	59174042-1	Nanping	Nanping	Industrial	-	60.00	Indirectly owned
Xiamen Oasis Environmental Technology	LLC	Ji Ren Wang	59345331-1	Sanming	Sanming	Industrial	-	60.00	Indirectly owned
Longyan Oasis Environmental Technology	LLC	Ji Ren Wang	73786142-x	Xiamen	Xiamen	Industrial	-	60.00	Indirectly owned
Nanping Oasis Environmental Technology	LLC	Huang Chen Dong	77754889-2	Longyan	Longyan	Industrial	-	60.00	Indirectly owned
	LLC	Huang Chen Dong	77750687-9	Nanping	Nanping	Industrial	-	60.00	Indirectly owned



VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Structure of corporate group (Continued)

Name of subsidiaries	Company type	Legal person	Organisation code	Major place of operation	Place of registration	Business nature	Proportion of share holding (%)		Acquisition method
							Direct	Indirect	
Sanming Oasis Environmental Technology	LLC	Hong Jian Kang	76615233-1	Sanming	Sanming	Industrial	-	54.00	Indirectly owned
Wosen Environmental Technology	LLC	Li Yong Peng	05772559-8	Kelamayi	Kelamayi	Industrial	82.82	-	Combination not under common control
Jiangmen Dongjiang Lvivda	LLC	Li Yong Peng	31483896-5	Jiangmen	Jiangmen	Industrial	-	60.00	Wholly-owned
Jiangxi Dongjiang	LLC	Xie Heng Hua	31471074-2	Fungcheng	Fungcheng	Industrial	100.00	-	Wholly-owned
Shaoxing Dongjiang	Other LLC	Zhou Yao Ming	30772819-4	Shaoxing	Shaoxing	Industrial	52.00	-	Wholly-owned
Jiangxi Kangtai	LLC	Xie Heng Hua	66200918-6	Jiujiang	Jiujiang	Industrial	51.00	-	Combination not under common control
Kangtai Environmental	LLC	Zhou Bei Fa	66975991-6	Jiujiang	Jiujiang	Industrial	-	51.00	Indirectly owned
Huiyuan Small-scale Loans	LLC	Cao Tingwu	32639996-3	Shenzhen	Shenzhen	Financial	100.00	-	Wholly-owned
Hengjian Tongda	LLC	Feng Weiguo	32622379-X	Shenzhen	Shenzhen	Industrial	100.00	-	Combination not under common control
Humen Green	LLC	Wu Wenjian	78943489-2	Dongguan	Dongguan	Industrial	-	100.00	Indirectly owned
Hubei Tianyin	Other LLC	Diao Weihua	59422892-5	Jingzhou	Jingzhou	Industrial	60.00	-	Combination not under common control
Tianyin Technology		Tang Ho	59423855X	Jingzhou	Jingzhou	Industrial	-	60.00	Indirectly owned
Tianyin Hazardous Waste Disposal	LLC	Zhang Jiyong	058128760	Jingzhou	Jingzhou	Industrial	-	60.00	Indirectly owned
Tianyin Vehicle Dismantle	LLC	Tang Ho	09586322X	Jingzhou	Jingzhou	Industrial	-	60.00	Indirectly owned
Zhuhai Yongxingsheng	Other LLC	Cheng Longying	71223566-8	Zhuhai	Zhuhai	Industrial	80.00	-	Combination not under common control
Green Environmental	Other LLC	Sheng Mingying	58545869-X	Xiantao	Xiantao	Industrial	55.00	-	Combination not under common control

1) Resource Recycling

Full name: Shenzhen Dongjiang Environment Recycled Resources Co. Limited (深圳市東江環保再生資源有限公司)

Resource Recycling was established on 19 November 2003 with approval from Shenzhen Commercial and Industrial Administrative Bureau with registration no. 440301103644517. Its registered capital was RMB1,000,000. The legal representative is Mr. Chen Shu Sheng. As at 31 December 2015, the equity interests in Resource Recycling was wholly owned by the Company.





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VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) *Structure of corporate group (Continued)*

2) Dongjiang Heritage

Full name: Shenzhen Dongjiang Heritage Technologies Co. Limited (深圳東江華瑞科技有限公司)

Dongjiang Heritage was established on 16 March 2004 with approval from Shenzhen Commercial and Industrial Administrative Bureau with registration no. 440306501133460. Its registered capital was RMB25,000,000. The legal representative is Mr. Li Yong Peng. As at 31 December 2015, the equity interests of Dongjiang Heritage of 62% and 38% were owned by the Company and Heritage Technologies Asia, LLC respectively.

The Board of Dongjiang Heritage consists of 5 directors. 3 of them were nominated by the Company and the other 2 were nominated by Heritage Technologies Asia, LLC. Accordingly, the Group has 60% voting rights in Dongjiang Heritage.

3) Longgang Dongjiang

Full name: Shenzhen Longgang Dongjiang Industrial Waste Treatment Company Limited (深圳市龍崗區東江工業廢物處置有限公司)

Longgang Dongjiang was established on 2 July 2003 with approval from Shenzhen Commercial and Industrial Administrative Bureau with registration no. 440307103656838. Its registered capital was RMB20,000,000. The legal representative was Mr. Liao Ruolan. The company owned 51% of equity interest in Longgang Dongjiang.

In December 2012, Longgang Dongjiang applied for capital increment of RMB 80,000,000 register capital, of which the Company contributed RMB43,800,000, the other shareholders, Shenzhen Meidadi Environmental Engineering Company Limited contributed RMB 7,500,000, Shenzhen Longguan District Environmental Technologies Services Centre contributed RMB9,200,000, Zhuang Zhihua contributed RMB12,500,000, and Lin Liming contributed RMB7,000,000. The changes in industrial and commercial registration were completed on 18 December 2012.

As at 31 December 2015, the registered capital of Longgang Dongjiang was RMB100,000,000. The equity interests as to 54%, 13.5%, 13%, 12.5%, and 7% were owned by the Company, Meidadi Environmental Engineering Company Limited, Shenzhen Longguan District Environmental Technologies Services Centre, Zhuang Zhihua, and Lin Limin respectively.



VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Structure of corporate group (Continued)

4) Yunnan Dongjiang

Full name: Yunnan Dongjiang Environmental Technologies Company Limited (雲南東江環保技術有限公司)

Yunnan Dongjiang was established by the Company on 17 August 2010 with registration no. 530102000007511. Its registered capital was RMB10,000,000. The legal representative was Mr. Xie Henghua. As at 31 December 2015, the Company owned 100% equity interests in equity interests in Yunnan Dongjiang.

5) Huizhou Dongjiang

Full name: Huizhou Dongjiang Environment Technology Co. Limited (惠州市東江環保技術有限公司)

Huizhou Dongjiang was established on 22 May 2002 with approval from Huizhou Commercial and Industrial Administrative Bureau with registration no. 441300000146996. Its registered capital was RMB5,000,000. The legal representative is Mr. Li Yong Peng. As at 31 December 2015, the equity interests in Huizhou Dongjiang was wholly owned by the Company.

6) Qiandeng Wastes Treatment

Full name: Kunshan Qiandeng Three Wastes treatment Co. Limited (昆山市千燈三廢淨化有限公司)

Qiandeng Wastes Treatment was established on 16 June 2004 with approval from Kunshan Commercial and Industrial Administrative Bureau of Suzhou with registration no. 320583000010561. Its registered capital was RMB30,000,000. The legal representative is Mr. Liao Heping. As at 31 December 2015, the equity interests of Qiandeng Wastes Treatment as to 51%, 19%, 10%, 10% and 10% were owned by the Company, Qindeng Datang Economic Cooperative, Chen Deming, Gu Yingying and Ren Peiyang respectively.

The Board of Qiandeng Wastes Treatment consists of 9 directors. 5 of them were nominated by the Company and the other 4 were nominated by other shareholders. Accordingly, the Group has 56% voting rights in Qiandeng Wastes Treatment.





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VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) *Structure of corporate group (Continued)*

7) Kunshan Kunpeng

Full name: Kunshan Kunpeng Environmental and Technology Co. Limited (昆山市昆鵬環境技術有限公司)

Kunshan Kunpeng was established on 18 December 2000 with approval Kunshan Commercial and Industrial Administrative Bureau of Suzhou with registration no. 320583000035525. Its registered capital was RMB6,600,000. The legal representative was Mr. Zou Hong Tu. The Company owns 51% equity interests in Kunshan Kunpeng.

On 9 March 2015, upon passing of "Resolution in relation to the acquisition of equity interest by controlling shareholder", it was agreed that Qiandeng Wastes Treatment, a subsidiary of the Company, to acquire 100% equity interest in Kunshan Kunpeng Environmental Technology, another subsidiary, for a consideration of RMB11,600,000 in total. After the completion of the acquisition, Kunshan Kunpeng became a wholly-owned subsidiary of Qiandeng Wastes Treatment.

Kunshan Kunpeng deregistered on 28 September 2015, but the deregistration of other processes such as tax still has not been completed. As at 31 December 2015, the registered capital of Kunshan Kunpeng is RMB6,600,000, Qiandeng Wastes Treatment owns 100% equity interest.

8) Huabao Technology

Full name: Shenzhen Huabao Technology Limited (深圳市華保科技有限公司)

Huabao Technology was established on 9 January 2006 with approval from Shenzhen Commercial and Industrial Administrative Bureau with registration no. 440306103720849. Its registered capital is RMB500,000. The legal representative is Mr. Yao Qiong. On 1 January 2008, the Company acquired equity interests of 40%, 30% and 30% equity interests in Huabao Technology from the original shareholders Liao Jiaru, Yu Weiguo and Chen Qiuzhang respectively at a total consideration of RMB500,000. After the acquisition has completed, the Company owned 100% equity interests in Huabao Technology. In July 2012, the Company further contributed RMB5,000,000 to capital of Huabao Technology. The register capital of Huabao Technology was increased from RMB500,000 to RMB5,500,000. The change in industrial and commercial registration was completed on 9 July 2012. As at 31 December 2015, the Company owns 100% equity interests in Huabao Technology.



VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) Structure of corporate group *(Continued)*

9) Qingyuan Dongjiang

Full name: Qingyuan Dongjiang Environmental Technologies Company Limited (清遠市東江環保技術有限公司)

Qingyuan Dongjiang was established on 12 July 2007 with approval from Qingyuan Kunshan Commercial and Industrial Administrative Bureau with registration no. 441800000000590. Its registered capital was RMB2,000,000. The equity interests of Qingyuan Dongjiang of 90% and 10% were owned by the Company and Qingyuan Dongjiang from Qingyuan Fogang Yifeng Recycled Resources Co., Limited respectively. The legal representative was Mr. Huang Bo.

In June 2010, the Company acquired 10% equity interests in Qingyuan Dongjiang from Qingyuan Fogang Yifeng Recycled Resources Co., Limited at a consideration of RMB200,000.

In November 2011, the Company increased the capital by investing cash of RMB 3,760,000 and Land Use Rights valued at RMB13,040,000. After capital increment, the registered capital of Qingyuan Dongjiang was increased to RMB18,800,000. In May 2012, the Company further contributed cash of RMB153,669,500 to Qingyuan Dongjiang. After the capital increment, the register capital of Qingyuan Dongjiang became RMB172,469,500. As at 31 December 2015, the equity interests in Qingyuan Dongjiang was wholly owned by the Company.

10) Qingdao Dongjiang

Full name: Qingdao Dongjiang Environmental Recycled Power Limited (青島市東江環保再生能源有限公司)

Qingdao Dongjiang was established by the Company on 13 June 2008 with approval Qingdao Commercial and Industrial Administrative Bureau with registration no. 370214020000235. Its registered capital was RMB15,000,000. The legal representative was Mr. Jia Ziliang. As at 31 December 2015, the equity interests of Qingdao Dongjiang was wholly owned by the Company.

11) Hunan Dongjiang

Full name: Hunan Dongjiang Environmental Protection Investment Development Limited (湖南東江環保投資發展有限公司)

Hunan Dongjiang was established on 6 December 2007 with approval from Hunan Commercial and Industrial Administrative Bureau and registration no. 430000000016917. Its registered capital was RMB10,000,000. The legal representative was Mr. Jia Zi Liang. As at 31 December 2015, the equity interests in Hunan Dongjiang as to 95% and 5% were owned by the Company and Yuan Yu respectively.





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VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) *Structure of corporate group (Continued)*

12) Chengdu Treatment Centre

Full name: Chengdu Hazardous Waste Treatment Centre Co. Limited (成都市危險廢物處理中心有限公司)

Chengdu Treatment Centre was established on 25 June 2001 with approval from Chengdu Commercial and Industrial Administrative Bureau and registration no. 510100000152917. Its registered capital was RMB10,000,000. The legal representative was Mr. Li Yongpeng. In May 2007, the Company acquired 49% shareholding from the minority shareholder Sichuan Xingli Wheel Company. As at 31 December 2015, the equity interests in Chengdu Treatment Centre was wholly owned by the Company.

13) Renewable Energy

Full name: Shenzhen Dongjiang Renewable Energy Limited (深圳市東江環保再生能源有限公司)

Renewable Energy was established on 23 March 2006 with approval from Shenzhen Commercial and Industrial Administrative Bureau and registration no. 440301102885046. Its registered capital was RMB10,000,000. The legal representative was Mr. Jia Zi Liang.

In June 2012, the Company contributed cash of RMB 80,324,500 to Renewable Energy. After the capital increment, the registered capital of Renewable Energy became RMB90,324,500. As at 31 December 2015, the equity interests in Renewable Energy was wholly owned by the Company.

14) Shaoguan Dongjiang

Full name: Shaoguan Dongjiang Environmental Technology Company Limited (韶關市東江環保技術有限公司)

Shaoguan Dongjiang was established on 27 October 2005 with approval from Shaoguan Commercial and Industrial Administrative Bureau and registration no. 440200000006382. Its registered capital was RMB5,000,000. The legal representative was Mr. Chen Shusheng. As at 31 December 2015, the equity interests in Shaoguan Dongjiang was wholly owned by the Company.



VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) *Structure of corporate group (Continued)*

15) Shaoguan Green

Full name: Shaoguan Green Recycling Resource Development Co Limited (韶關綠然再生資源發展有限公司)

Shaoguan Green was established on 30 September 2006 with approval from Shaoguan Commercial and Industrial Administrative Bureau with registration no. 440229000001506. Its original registered capital was RMB13,880,000. On 1 January 2008, the Company invested RMB50,000,000 to Shaoguan Green as additional capital and the original shareholders also increased their investment on a pro-rata basis. After the investment has completed, the Company owned 50% equity interests in Shaoguan Green and the registered capital was increased to RMB40,000,000. In December 2008, the shareholders invested again an additional capital of RMB40,000,000. The registered capital of Shaoguan Green was then increased to RMB80,000,000. The legal representative is Mr. Zhang Guoyan.

Pursuant to the investment agreement entered between the two natural person shareholders and the Articles of Shaoguan Green, other than those specified material matters which have to be resolved at the Directors' meeting, the Company has the rights to determine the operating and financial policies of Shaoguan Green. Accordingly, Shaoguan Green has been included in the scope of consolidation since 2009.

On 11 December 2009, Mr. Tang Xiao Guan and the Company entered into a share transfer agreement. Pursuant of which, the Company acquired 10% equity interests in Shaoguan Green from Mr. Tang Xiao Guan at a consideration of RMB17,800,000.

On 8 February 2012, Mr. Zhang Guoyan and Mr. Tang Xiao Guan entered into a share transfer agreement, whereby Mr. Tang Xiao Guan transferred his 10% equity interests in Shaoguan Green to Mr. Zhang Guoyan. After the transfer, the Company had 60% equity interests in Shaoguan Green and Mr. Zhang Guoyan owned 40%.

In April 2012, the registered capital of Shaoguan Green was increase by RMB30,000,000, the Company and Mr. Zhang Guoyan further contributed RMB18,000,000 and RMB 12,000,000 respectively. The register capital of Shaoguan Green was increased from RMB80,000,000 to RMB110,000,000. The change in industrial and commercial registration was completed on 27 April 2012.

In November 2012, the Company and Mr. Zhang Guoyan entered into a share transfer agreement, pursuant to which, the Company acquired 40% equity interests in Shaoguan Green from Mr. Zhang Guoyan at a consideration of RMB95,000,000. The changes of industrial and commercial registration for the change in ownership were completed on 13 December 2012. At the same time, Mr Chen Shusheng became the legal representative of Shaoguan Green.





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VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) Structure of corporate group *(Continued)*

15) Shaoguan Green *(Continued)*

In April 2013, the registered capital of Shaoguan Green was increase by RMB50,000,000, the Company further contributed RMB50,000,000. The register capital of Shaoguan Green was increased from RMB110,000,000 to RMB160,000,000. The change in industrial and commercial registration was completed on 7 April 2013.

In June 2014, Shaoguan Green increased its registered capital by RMB48,733,500, with contribution from the Company of RMB48,733,500, the registered capital increased from RMB160,000,000 to RMB208,733,500, with change in industrial and commercial registration completed on 26 June 2014. As at 31 December 2015, the Company owns 100% equity interests in Shaoguan Green.

16) Dongjiang Property Service

Full name: Shenzhen Dongjiang Properties Service Co Limited (深圳市東江物業服務公司)

Dongjiang Property Service was a wholly owned subsidiary established by the Company on 25 December 2009 with registration no. 440301104434566. Its registered capital was RMB1,000,000. The legal representative was Mr. Yao Qiong. As at 31 December 2015, the Company owns 100% equity interests in Dongjiang Property Service.

17) Baoan Dongjiang

Full name: Shenzhen Baoan Dongjiang Environmental Renewable Energy Limited (深圳市保安東江環保再生能源有限公司).

Baoan Dongjiang was established jointly by the Company and Shenzhen Lisai Industrial Development Limited on 14 May 2008 with approval from Shenzhen Commercial and Industrial Administrative Bureau and registration no.440306103351553. Its registered capital was RMB10,000,000. The legal representative was Mr. Jia Zi Liang. As at 31 December 2015, the equity interests in Baoan Dongjiang was wholly owned by the Company.



VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) *Structure of corporate group (Continued)*

18) Dongjiang HK

Full name: Dongjiang Environmental (HK) Limited (東江環保(香港)有限公司)

Dongjiang HK was a wholly owned subsidiary established by the Company on 5 October 2005 in Hong Kong. Its issued and fully paid share capital was HK\$24,700,000. As at 31 December 2015, the Company owned 100% equity interests in Dongjiang HK.

19) Lik shun Services

Full name: Hong Kong Lik Shun Services Limited (力信服務有限公司)

Lik shun Services is a limited company established in Hong Kong on 11 December 1998 with issued and fully paid share capital of HK\$10,000. On 19 December 2008, Dongjiang HK acquired 100% shareholding from an independent third party at a consideration of RMB3,600,000 and injected additional funds of HK\$9,990,000 to Lik shun Services at the same time. Its share capital was then changed to HK\$10,000,000. As at 31 December 2015, the equity interests in Lik shun Services was indirectly wholly owned by the Company.

20) Dongjiang Transport

Full name: Huizhou Dongjiang Logistic Limited (惠州東江運輸有限公司)

Dongjiang Transport was a limited company established jointly by Huizhou Dongjiang and Resource Recycling in April 2009 by making contribution of RMB1,600,000 and RMB400,000 respectively. Its registration no. is 441300000073398 and the original registered capital was RMB2,000,000. In June 2010, the shareholders made additional investment in Dongjiang Transport on a pro-rata basis. The registered capital was then changed to RMB10,000,000. The legal representative was Mr. Li Yongpeng. In December 2012, Huizhou Dongjiang and Resource Recycling transferred all their shares hold in Dongjiang Transport to the Company. In February 2013, the Company contributed RMB24,000,000 to Dongjiang Transport, after that, the registered capital has increased to RMB34,000,000. As at 31 December 2015, the Company owned 100% equity interests in Dongjiang Transport.





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VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Structure of corporate group (Continued)

21) Products Trading

Full name: Shenzhen Dongjiang Products Trading Limited (深圳市東江環保產品貿易有限公司)

Products Trading was a limited company established in Shenzhen on 7 September 2011, registration no. is 440306105689803. The registered capital was RMB2,000,000. The legal representative was Mr. Li Yongpeng. As at 31 December 2015, the Company owned 100% equity interests in Products Trading.

22) Dongjiang Songzao

Full name: Chongqing Dongjiang Songzao Renewable Energy Development Limited (重慶東江松藻再生能源開發有限公司)

Dongjiang Songzao was a Sino-foreign joint venture formed by Renewable Energy Co. Limited, Climate Solution (Asia) Ltd and Chongqing Songzao Coal and electricity Co. Limited in Chongqing, with registration no. 500000400046128 on 20 January 2010. Its original registered capital was RMB33,210,400. The equity interests in Dongjiang Songzao as to 50.39%, 43.47% and 6.14% were owned by Renewable Energy Co. Limited, Climate Solution (Asia) Ltd and Chongqing Songzao Coal and electricity Co. Limited respectively. The legal representative was Mr. Xie Heng Hua. The main business scope includes VAM project construction, management, and operation.

Dongjiang Songzao was originally an associate of the Company and accounted for using equity method of accounting.

In July 2012, the Company's wholly-owned subsidiary Dongjiang HK and the parent company of Climate Solution (Asia) Ltd, AESCC&T International Ltd entered into a share transfer agreement. Pursuant to which, Dongjiang HK acquired 100% equity interests in Climate Solution (Asia) Ltd at a consideration of USD10,000. The share transfer was completed in September 2012. From October 2012 onwards, Dongjiang Songzao was incorporated into the Company's consolidation scope. In January 2013, Renewable Energy and Climate Solution (Asia) entered into a share transfer agreement. Pursuant to which, Climate Solution (Asia) transferred all the shares hold in Dongjiang Songzao to Renewable Energy. As at 31 December 2015, 93.86% equity interests in Dongjiang Songzao was indirectly wholly owned by the Company through wholly owned subsidiary Renewable Energy.

The Board of Dongjiang Songzao consists of 5 directors, of them 4 were nominated by Renewable Energy, and 1 was nominated by Dongjiang Songzao. Accordingly, the Company has 80% voting rights in Dongjiang Songzao.



VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) *Structure of corporate group (Continued)*

23) Zhuhai Qingxin

Full name: Zhuhai Qingxin Industrial Environment Limited (珠海市清新工業環保有限公司)

Zhuhai Qingxin was established on 8 October 2001 with registration no. 440400000119362. Its registered capital is RMB9,000,000. The legal representative is Mr. Diao Weihua. In October 2010, the Company acquired 35% equity interests in Zhuhai Qingxin at a consideration of RMB6,615,000.

Zhuhai Qingxin was originally an associate of the Company and accounted for using equity method of accounting.

On 12 June 2012, the Company and the other individual shareholder of Zhuhai Qingxin, Mr. Chen Huigen entered into a share transfer agreement. Pursuant to which, the Company acquired 40% equity interests in Zhuhai Qingxin from Mr. Chen Huigen at a consideration of RMB12,000,000. The change of industrial and commercial registration for the change in ownership was completed on 3 July 2012. After the change, 75% equity interests in Zhuhai Qingxin were owned by the Company.

On 26 October 2015, the Company and the other individual shareholder of Zhuhai Qingxin, Mr. Li Suxun entered into a share transfer agreement. Pursuant to which, the Company acquired 25% equity interests in Zhuhai Qingxin from Mr. Li Suxun at a consideration of RMB6,225,000. The change of industrial and commercial registration for the change in ownership was completed on 18 December 2015. As at 31 December 2015, 100% equity interests in Zhuhai Qingxin was owned by the Company.

24) Hubei Dongjiang

Full name: Hubei Dongjiang Environmental Limited (湖北東江環保有限公司)

Hubei Dongjiang was established on 1 March 2012 with approval from Xiaochang Commercial and Industrial Administrative Bureau with registration no. 420921000011999. Its registered capital was RMB10,000,000. The legal representative was Mr. Chen Shusheng. As at 31 December 2015, the equity interests in Hubei Dongjiang was wholly owned by the Company.





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VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) *Structure of corporate group (Continued)*

25) Qingyuan Xinlv

Full name: Qingyuan Xinlv Environmental Technology Limited (清遠市新綠環境技術有限公司)

Qingyuan Xinlv was established on 28 October 2004 with approval from Qingxin Commercial and Industrial Administrative Bureau with registration no. 441827000006424. The legal representative was Mr. Chen Shusheng.

In January 2012, the Company and the other shareholders of Qingyuan Xinlv entered into a capital increment agreement, pursuant to which the Company made additional contribution of RMB22,000,000 to Qingyuan Xinlv, of which, RMB6,520,000 was injected to the registered capital and the remaining balance was recorded in capital reserves. After the capital increment, the registered capital of Qingyuan Xinlv was increased from RMB26,080,000 to RMB32,600,000 and the Company owned 20% of the equity interests in Qingyuan Xinlv.

In June 2012, the Company and the shareholders of Qingyuan Xinlv entered into another capital increment agreement. Pursuant to which, the Company further made additional contribution of RMB33,000,000 to Qingyuan Xinlv, of which, RMB19,560,000 was injected to the register capital and the remaining balance was recorded in capital reserves. After the capital increment, the Company owned 50% equity interests in Qingyuan Xinlv. Also, the Company entered into a share transfer agreement with the individual shareholder of Qingyuan Xinlv, Fang Ya Fei, that the Company acquired all his equity interests of 12.5% in Qingyuan Xinlv at a consideration of RMB13,750,000.

After capital increase and share transfer, the changes in industrial and commercial registration for the above capital increment and share transfer were completed on 5 July 2012. Qingyuan Xinlv's equity interests as to 62.5% were owned by the Company, and it was incorporated into the Company's consolidation scope.

As at 31 December 2015, the registered capital of Qingyuan Xinlv was RMB52,160,000. The shareholding was the Company 62.5%, Guo Baixin 12.5%, Shang Sutang 12.5%, Xie Jiang Ming 10% and Zhang Yong 2.5%.



VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Structure of corporate group (Continued)

26) Jiaxing Deda

Full name: Jiaxing Deda Resource Recycling Limited (嘉興德達資源循環利用有限公司)

Jiaxing Deda was established on 31 March 1997 with approval from Zhejiang Jiashan Commercial and Industrial Administrative Bureau with registration no. 330421000042207. The legal representative was Mr. Liao Heping.

In August 2012, the Company and the individual shareholders of Jiaxing Deda entered into a capital increment agreement that the Company contributed RMB30,183,600 to Jiaxing Deda, of which, RMB9,367,300 was injected to the registered capital and the remaining balance was recorded as capital reserves. The change in industrial and commercial registration was completed on 20 August, 2012. After the change, the registered capital of Jiaxing Deda was increased from RMB9,000,000 to RMB18,367,300. The Company owned 51% of the equity interests in Jiaxing Deda, and incorporated it into the Company's consolidation scope.

In May 2013, the Jiaxing Deda increased its registered capital by transferred capital reserve and retain earnings to registered capital, the registered capital of Jiaxing Deda was increased to RMB42,000,000. As at 31 December 2015, the registered capital of Jiaxing Deda was RMB42,000,000, legal representative: Liao Heping. The shareholding was the Company 51%, Zheng Feng 14.7%, Yao Jieying 12.25%, Shen Luting 9.8%, Wu Zhe 2.45%, Jin Zhengxin 4.9% and Tao Weisheng 4.9%.

27) Jiangmen Dongjiang

Full name: Jiangmen Dongjiang Environmental Technology Limited (江門東江環保技術有限公司)

Jiangmen Dongjiang was established on 19 November 2012 with approval from Heshan Commercial and Industrial Administrative Bureau with registration no. 440784000045816. Its registered capital was RMB50,000,000. The legal representative was Mr. Li Yongpeng. As at 31 December 2015, the equity interests in Hubei Dongjiang was wholly owned by the Company.





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VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) Structure of corporate group *(Continued)*

28) Dongguan Hengjian

Full name: Dongguan Hengjian Environment Technology Co. Limited (東莞市恒建環保科技有限公司)

Dongguan Hengjian was established on 29 November 2005 with approval from Dongguan Commercial and Industrial Administrative Bureau with registration no. 441900000078117. The legal representative is Mr. Li Yong Peng.

In August 2013, the Company and Hengjian Energy Environment Group entered into a share transfer agreement and supplementary agreement. Pursuant to which, the Company acquired all the shares Hengjian Group owned in Dongguan Hengjian at a consideration of RMB76,083,404.82. The change of industrial and commercial registration for the change in ownership was completed on 30 August 2013, after that, 100% equity interests in Dongguan Hengjian were owned by the Company. It was incorporated into the Company's consolidation scope.

As at 31 December 2015, the registered capital of Dongguan Hengjian was RMB39,000,000, and Dongguan Hengjian was wholly owned by the Company.

29) Dongjiang Shangtian

Full name: Guangdong Dongjiang Shangtian Environmental Restoration Limited (廣東東江上田環境修復有限公司)

Dongjiang Shangtian acquired the license of the business corporation with registration no. 440301108657158. on 9 January 2014. Its registered capital was RMB10,000,000. The legal representative was Mr. Chen Shusheng. As at 31 December 2015, 51% equity interests in Dongjiang Shangtian was wholly owned by the Company, and 49% by Jiangsu Dongjiang Shangtian Environmental Restoration Limited (江蘇上田上田環境修復有限公司).

30) Dongjiang Kaida

Full name: Shenzhen Dongjiang Kaida Transport Co., Ltd

Dongjiang Kaida was established on 28 May 2014 with approval from Industry and Commerce Bureau of Shenzhen with registration no. 440306109455973. Its registered capital was RMB1,000,000. The legal representative was Mr. Li Yongpeng. As at 31 December 2015, the Company directly holds 100% of its equity interest.



VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) *Structure of corporate group (Continued)*

31) Coastal Solid Waste

Full name: Yancheng Coastal Solid Waste Disposal Co., Ltd.

Coastal Solid Waste was established on 14 November 2002 with the approval from Yancheng Binhai Industry and Commerce Bureau with registration no. 320922000014362. The legal representative was Mr. Liu Bin. In March 2014, the Company entered into an acquisition and capital increase agreement with Zhejiang Xindonghai Medicine Company Limited (浙江新東海藥業有限公司) to acquire the 40% equity of Coastal Solid Waste held by it at a consideration of RMB23,200,000, and at the same time inject RMB28,000,000 to Coastal Solid Waste. After the equity transfer and capital increase, the registered capital of Coastal Solid Waste increased to RMB8,700,000 and the Company held 60% of its equity interest. On 26 May 2014, change of ownership for industrial and commercial registration was completed and the Company thus acquired the controlling interest in Coastal Solid Waste and its accounts were consolidated into the Company. As at 31 December 2015, the registered capital of Coastal Solid Waste was RMB8,700,000, legal representative: Liao Heping. Coastal Solid Waste is owned as to 60% by the Company and 40% by Zhejiang Xindonghai Medicine Company Limited.

32) Nanchang Xinguan

Full name: Nanchang Xinguan Energy Development Co., Ltd

Nanchang Xinguan was established on 14 October 2005 with the approval from Nanchang Industry and Commerce Bureau with registration no. 360100219301691. The legal representative was Mr. Jia Zilian. In April 2014, the Company entered into an equity transfer agreement with Wuhan Xinguan Environment Resources Development Company Limited (武漢新冠億碳環境資源開發股份有限公司) to acquire the 100% equity of Nanchang Xinguan held by it at a consideration of RMB40,478,850.00, the commercial registration was completed on 10 June 2014. Upon which, the Company holds indirect interests in 100% equity of Nanchang Xinguan, and has control over the company which is consolidated into the Company. As at 31 December 2015, the registered capital of Nanchang Xinguan was RMB10,000,000, and the Company indirectly holds 100% equity through Renewable Energy.





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VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) Structure of corporate group *(Continued)*

33) Hefei Xinguan

Full name: Hefei Xinguan Energy Development Co., Ltd

Nanchang Xinguan was established on 14 December 2006 with the approval from Feidong Industry and Commerce Bureau with registration no. 340100000053884. The legal representative was Mr. Jia Ziliang. In April 2014, the wholly owned subsidiary of the Company Renewable Energy entered into an equity transfer agreement with Wuhan Xinguan Environmental Resources Development Company Limited (武漢新冠億碳環境資源開發股份有限公司) to acquire the 100% equity of Nanchang Xinguan held by it at a consideration of RMB30,557,421.86, the commercial registration was completed on 27 May 2014. Upon which, the Company holds indirect interests in 100% equity of Hefei Xinguan, and has control over the company which is consolidated into the Company. As at 31 December 2015, the registered capital of Hefei Xinguan was RMB10,000,000, and the Company indirectly holds 100% equity through Renewable Energy.

34) Xiamen Oasis Environmental

Full name: Xiamen Oasis Environmental Industrial Company Limited

Xiamen Oasis Environmental was established on 13 December 2000 with the approval from Xiamen Industry and Commerce Bureau with registration no. 350200100010762. The legal representative was Mr. Chen Shusheng. In June 2014, the Company Renewable Energy entered into an capital increase and equity transfer agreement with the shareholders of Xiamen Oasis Environmental to acquire 20% equity of Xiamen Oasis Environmental through capital increase of RMB125,000,000, and at the same time purchased 40% equity of Xiamen Oasis Environmental at consideration of RMB250,000,000, upon which the registered capital of Xiamen Oasis Environmental was RMB45,000,000, the Company holding 60% equity interest, the industrial nad commercial registration was completed on 25 July 2014. Upon which, the Company holds 60% equity interest of Xiamen Oasis Environmental, and has control over the company which is consolidated into the Company. As at 31 December 2015, the registered capital of Xiamen Oasis Environmental was RMB45,000,000, and the Company holds 60% equity interest.

35) Fujian Oasis Solid Waste

Full name: Fujian Oasis Solid Waste Treatment Company Limited (福建綠洲固體廢物處置有限公司)

Fujian Oasis Solid Waste was established in March 2012 with approval from Fujian Nanping Industry and Commerce Administration, registration no. 350700100038138, legal representative: Ji Renwang. Its registered capital was RMB20,000,000, Xiamen Oasis Environmental holds 100% of the shares. As of 31 December 2015, the Company indirectly holds 60% equity interest in Fujian Oasis Solid Waste through Xiamen Oasis Environmental.



VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Structure of corporate group (Continued)

36) Sanming Oasis Resources

Full Name: Sanming Oasis Resources Circuit Recycling Company Limited (三明綠洲資源迴圈再生有限公司)

Sanming Oasis Resources was established in March 2012 with approval from Sanming Industry and Commerce Administration, registration no. 350400100041188, legal representative: Ji Renwang. Its registered capital was RMB2,000,000, Xiamen Oasis Environmental holds 100% of the shares. As of 31 December 2015, the Company indirectly holds 60% equity interest in Sanming Oasis Resources through Xiamen Oasis Environmental.

37) Xiamen Oasis Environmental Technology

Full name: Xiamen Oasis Environmental Technology Company Limited

Xiamen Oasis Environmental Technology was established in August 2002 with approval from Xiamen Xiangan Industry and Commerce Administration, registration no. 350213200007814, legal representative: Ji Renwang. Its registered capital was RMB1,200,000, Xiamen Oasis Environmental holds 100% of the shares. As of 31 December 2015, the Company indirectly holds 60% equity interest in Xiamen Oasis Environmental Technology through Xiamen Oasis Environmental.

38) Longyan Oasis Environmental

Full Name: Longyan Oasis Environmental Technology Company Limited (龍岩綠洲環境科技有限公司)

Longyan Oasis Environmental was established in 2005 with approval from Longyan Industry and Commerce Administration, registration no. 350800100026609, legal representative: Huang Chendong. Its registered capital was RMB3,000,000, Xiamen Oasis Environmental holds 100% of the shares. As of 31 December 2015, the Company indirectly holds 60% equity interest in Longyan Oasis Environmental through Xiamen Oasis Environmental.

39) Nanping Oasis Environmental

Full Name: Nanping Oasis Environmental Technology Company Limited (南平綠洲環境科技有限公司)

Nanping Oasis Environmental was established in July 2005 with approval from Nanping Industry and Commerce Administration, registration no. 350700100021180, legal representative: Huang Chendong. Its registered capital was RMB5,000,000, Xiamen Oasis Environmental holds 100% of the shares. As of 31 December 2015, the Company indirectly holds 60% equity interest in Nanping Oasis Environmental Technology through Xiamen Oasis Environmental.





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VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) *Structure of corporate group (Continued)*

40) Sanming Oasis Environmental

Full Name: Sanming Oasis Environmental Technology Company Limited (三明綠洲環境科技有限公司)

Nanping Oasis Environmental was established in August 2004 with approval from Sanming Industry and Commerce Administration, registration no. 350400100013371, legal representative: Hong Jiankang. Its registered capital was RMB4,000,000, with capital injection of RMB3,600,000 from Xiamen Oasis Environmental, which holds 90% of the shares; and capital injection of RMB400,000 from Zhang Yang, who holds 10% of the shares. As of 31 December 2015, the Company indirectly holds 54% equity interest in Sanming Oasis Environmental through Xiamen Oasis Environmental.

41) Wosen Environmental

Full Name: Karamay Wosen Environmental Technology Co., Ltd. (克拉瑪依沃森環保科技有限公司)

Wosen Environmental was established on 20 December 2012 with approval from Karamay Baijiantan Industry and Commerce Administration, registration no. 650200050021633, legal representative: Li Yong Peng. In August 2014, the Company and the shareholders of Wosen Environmental entered into an capital increase and equity transfer agreement to acquire 24% equity of Wosen Environmental through capital increase of RMB12,000,000, and at the same time purchased 58.82% equity of Wosen Environmental at consideration of RMB41,174,000, upon which the registered capital of Wosen Environmental was RMB50,000,000, the Company holding 82.82% equity interest, the industrial and commercial registration was completed on 10 October 2014. Upon which, the Company has control over Wosen Environmental which is consolidated into the Company. As at 31 December 2015, the registered capital of Wosen Environmental was RMB50,000,000, and the Company holds 82.82% equity interest.

42) Jiangmen Dongjiang Lvlvda

Full name: Jiangmen Dongjiang Lvlvda Fine Chemical Co., Ltd. (江門東江綠綠達精細化工有限公司)

Jiangmen Dongjiang Lvlvda was established on 22 August 2014 with approval from Heshan Industry and Commerce Administration, registration no. 440784000059356, legal representative: Li Yong Peng. Its registered capital was RMB10,000,000, with capital injection of RMB6,000,000 from Jiangmen Dongjiang, a wholly-owned subsidiary of the Company, which holds 60% of the shares; and capital injection of RMB4,000,000 from Shenzhen Lvlvda Environmental Company Limited (深圳市綠綠達環保有限公司), who holds 40% of the shares.



VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) Structure of corporate group *(Continued)*

42) Jiangmen Dongjiang Lvlvda *(Continued)*

On 6 May 2015, upon the passing of the “Resolution in relation to the capital injection of Jiangmen Dongjiang Lvlvda Fine Chemical Co., Ltd.” by the Board of Dongjiang Environmental, it was agreed that, Jiangmen Dongjiang, a wholly-owned subsidiary of the Company, and other shareholder, Shenzhen Lvlvda Environmental Co., Ltd., a wholly-owned subsidiary of the Company, to make a capital injection into Jiangmen Lvlvda, in the same proportion. The capital increase in total was RMB20,000,000, among which, Jiangmen Dongjiang contributed RMB12,000,000, and Shenzhen Lvlvda contributed RMB8,000,000. After the capital injection, the registered capital of Jiangmen Lvlvda increased from RMB10,000,000 to RMB30,000,000. The changes in industrial and commercial registration were completed on 12 June 2015. As at 31 December 2015, the registered capital of Jiangmen Dongjiang was RMB30,000,000. The Company holds 60% of its shares.

43) Jiangxi Dongjiang

Full name: Jiangxi Dongjiang Environmental Technology Co., Ltd. (江西東江環保技術有限公司)

Jiangxi Dongjiang was established on 3 November 2014 with approval from Fengcheng Industry and Commerce Administration, registration no. 360981110003135. Its registered capital was RMB50,000,000, legal representative: Xie Henghua. As of 31 December 2015, the Company holds 100% of its equity interest.

44) Shaoxing Dongjiang

Full name: Shaoxing Dongjiang Environmental Engineering Co., Ltd. (紹興東江環保工程有限公司)

Shaoxing Dongjiang was established on 29 October 2014 with approval from Shaoxing Industry and Commerce Administration, registration no. 330600000195565, legal representative: Zhou Yao Ming. Its registered capital was RMB1,000,000, with contribution from the Company of RMB520,000, holding 52% of shares; and RMB480,000 from Zhejiang Qingyuan Environmental Company Limited (浙江清源環保技術有限公司), holding 48% of shares.

On 9 October 2015, upon the passing of the “Resolution in relation to the capital injection of Shaoxing Dongjiang Environmental Engineering Co., Ltd.” by the Board of Dongjiang Environmental, it was agreed that, the Company and other shareholder, Zhejiang Qingyuan Environmental Company Limited, to make a capital injection into Shaoxing Dongjiang Environmental Engineering Co., Ltd., in the same proportion. The capital increase in total was RMB1,000,000, the Company contributed RMB520,000, Zhejiang Qingyuan contributed RMB480,000. After the capital injection, the registered capital of Shaoxing Dongjiang increased from RMB1,000,000 to RMB2,000,000. The changes in industrial and commercial registration were completed on 8 January 2016. As at 31 December 2015, the registered capital of Shaoxing Dongjiang was RMB2,000,000. The Company holds 52% of its shares.





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VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Structure of corporate group (Continued)

45) Jiangxi Kangtai

Full name: Jiangxi Kangtai Environmental Co., Ltd. (江西康泰環保股份有限公司)

Jiangxi Kangtai was established on 18 May 2007 with approval from Gongqing Industry and Commerce Administration, registration no. 360425210000401, legal representative: Gui Jianping. On 31 July 2014, the Company and the shareholders of Jiangxi Kangtai entered into an capital increase and equity transfer agreement to acquire 32% equity of Jiangxi Kangtai at the consideration of RMB8,000,000, and at the same time subscribe for increase in its capital of RMB9,693,900, including RMB5,816,300 credited to its registered capital, and RMB3,877,600 credited to its capital reserve, upon which the Company holds 51% equity interest. From 1 September 2014, Dongjiang Environmental Company (東江環保公司) shares the profit and costs of the target company based on its 51% shareholdings with the existing shareholders of Jiangxi Kangtai, and has control over the Company which is included in the consolidation of the Company. Its industrial and commercial registration was completed on 4 March 2015, with registered capital of RMB20,816,300, legal representative: Xie Henghua. The Company holds 51% of its shares.

46) Kangtai Environmental

Full name: Jiangxi Kangtai Environmental Construction Technology Company Limited (江西康泰環境工程技術有限公司)

Kangtai Environmental was established on 17 December 2007 with approval from Nanchang Industry and Commerce Administration, registration no. 360100110002079, legal representative: Zhou Beifa. Its registered capital was RMB2,000,000, Jiangxi Kangtai holds 100% of the shares. As of 31 December 2015, the Company indirectly holds 51% equity interest in Kangtai Environmental through Jiangxi Kangtai.

47) Huiyuan Micro Finance

Full name: Shenzhen Dongjiang Huiyuan Micro Finance Company Limited (深圳市東江匯圓小額貸款有限公司)

Micro Finance was established on 12 January 2015 with approval from Industry and Commerce Bureau of Shenzhen with registration no. 440301112050635. Its registered capital was RMB300,000,000. The legal representative is Cao Ting Wu. As at 31 December 2015, the Company holds 100% in it.



VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) Structure of corporate group *(Continued)*

48) Hengjian Tongda

Full name: Shenzhen Hengjian Tongda Investment Management Company Limited (深圳市恒建通達投資管理有限公司)

Hengjian Tongda was established on 23 December 2014 with approval from Industry and Commerce Bureau of Shenzhen with registration no. 440301111901407. Its registered capital was RMB10,000,000. In February 2015, the Company entered into equity transfer agreement with Hengjiang, and acquired 100% equity interest in Hengjian Tongda at consideration of RMB147,000,000, the industrial and commercial registration was completed on 12 February 2015, registered capital of RMB 10,000,000. Legal representative: Feng Wei Guo. The Company holds 100% in it.

49) Humen Green

Full name: Dongguan Humen Water Co., Ltd. (東莞市虎門綠源水務有限公司)

Humen Green was established on 6 June 2006 with approval from Dongguan Commercial and Industrial Administrative Bureau with registration no. 441900000035448. The legal representative is Wu Wen Jian. Its registered capital is 5,800,000. Hengjian Tongda holds 100% equity interest in it. As at 31 December 2015, the Company indirectly holds 100% equity interest in Humen Green through Hengjian Tongda.

50) Hubei Tianyin

Full name: Hubei Tianyin Circulation Economic Development Co., Ltd. (湖北天銀循環經濟發展有限公司)

Hubei Tianyin was established on 8 May 2012 with approval from Jiangling Commercial and Industrial Administrative Bureau with registration no. 421024000010557. Its registered capital is RMB48,755,000. The Company entered into an capital increase and equity transfer agreement with Hubei Tianyin, and acquired 51% equity interest in Hubei Tianyin at a consideration of RMB51,000,000, and at the same time subscribe for increase in its capital of RMB22,500,000, including RMB8,955,000 credited into registered capital, and the remaining RMB13,545,000 credited to its capital reserve, upon which the Company holds 60% equity interest. From 1 June 2015, Dongjiang Environmental Company (東江環保公司) shares the profit and costs of the target company based on its 60% shareholdings with the existing shareholders of Hubei Tianyin, and has control over the Company which is included in the consolidation of the Company. Its industrial and commercial registration was completed on 18 May 2015, with registered capital of RMB48,755,000, legal representative: Diao Weihua. The Company holds 60% of its shares.





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VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) Structure of corporate group *(Continued)*

51) Tianyin Technology

Full name: Hubei Tianyin Technology Co., Ltd. (湖北天銀科技有限公司)

Tianyin Technology was established on 16 May 2012 with approval from Jiangling Commercial and Industrial Administrative Bureau with registration no. 421024000010604. Legal representative: Tang Hao. Its registered capital is RMB20,000,000. Hubei Tianyin holds 100% equity interest in it. As at 31 December 2015, the Company indirectly holds 100% equity interest in Hubei Technology through Hubei Tianyin.

52) Tianyin Hazardous Waste

Full name: Hubei Tianyin Hazardous Waste Centralized Disposal Co., Ltd. (湖北省天銀危險廢物集中處置有限公司)

Tianyin Hazardous Waste was established on 18 December 2012 with approval from Jiangling Commercial and Industrial Administrative Bureau with registration no. 91421024058128760H. Legal representative: Zhang Jiyong. Its registered capital is RMB20,000,000. Hubei Tianyin holds 100% equity interest in it. As at 31 December 2015, the Company indirectly holds 100% equity interest in Tianyin Hazardous Waste through Hubei Tianyin.

53) Tianyin Vehicle Dismantling

Full name: Hubei Tianyin Waste Vehicle Recycling and Dismantling Co., Ltd. (湖北天銀報廢汽車回收拆解有限公司)

Tianyin Vehicle Dismantling was established on 27 March 2014 with approval from Jiangling Commercial and Industrial Administrative Bureau with registration no. 421024000015018. Legal representative: Tang Hao. Its registered capital is RMB10,000,000. Hubei Tianyin holds 100% equity interest in it. As at 31 December 2015, the Company indirectly holds 60% equity interest in Tianyin Vehicle Dismantling through Hubei Tianyin.



VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Structure of corporate group (Continued)

54) Zhuhai Yongxingsheng

Full name: Zhuhai Yongxingsheng Environmental Industrial Waste Recycling and Integrated Treatment Co., Ltd.
(珠海市門門區永興盛環保工業廢棄物回收綜合處理有限公司)

Zhuhai Yongxingsheng was established on 11 December 1998 with approval from Zhuhai Commercial and Industrial Administrative Bureau (Doumen Branch) with registration no. 440400000188173. Its registered capital is RMB30,000,000. The Company entered into an capital increase and equity transfer agreement with Zhuhai Yongxingsheng, and acquired 70% equity interest in Zhuhai Yongxingsheng at a consideration of RMB150,100,000, and at the same time subscribe for increase in its capital of RMB70,000,000, including RMB15,000,000 credited to its registered capital, and the remaining RMB55,000,000 credited to its capital reserve, upon which the Company holds 80% equity interest. From 1 July 2015, Dongjiang Environmental Company (東江環保公司) shares the profit and costs of the target company based on its 80% shareholdings with the existing shareholders of Zhuhai Yongxingsheng, and has control over the Company which is included in the consolidation of the Company. Its industrial and commercial registration was completed on 5 July 2015, with registered capital of RMB45,000,000, legal representative: Cheng Longying. The Company holds 80% of its shares.

55) Luyi Environmental

Full name: Xiantao Luyi Environmental Technology Co., Ltd (仙桃綠怡環保科技有限公司)

Luyi Environmental was established on 10 November 2011 with approval from Xiantao Commercial and Industrial Administrative Bureau with registration no. 429004000053101. Its registered capital is RMB2,000,000. In February 2015, the Company entered into capital increase agreement with Luyi Environmental, the Company subscribed for increase in its capital of RMB2,440,000, upon which the Company holds 55% equity interest. Its industrial and commercial registration was completed on 6 July 2015, with registered capital of RMB4,440,000, legal representative: Sheng Mingying. The Company holds 55% of its shares.





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VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(2) Significant non-wholly owned subsidiaries

Name of subsidiaries	Shareholdings of minority interest	Profit or loss of the year attributable to minority interest	Dividend declared to minority interest	Balance of equity of minority interest
Dongjiang Heritage	38%	3,000,194.40	6,460,000.00	14,744,104.26
Longgang Dongjiang	46%	15,759,158.50	23,647,065.20	76,681,915.74
Qiandeng Three Wastes	49%	12,981,225.95	5,390,000.00	45,155,111.94
Qingyuan Xinlv	37.50%	183,726.49	1,875,000.00	35,574,715.66
Xiamen Oasis Environmental	40%	10,815,684.57	–	147,153,416.18
Zhuhai Yongxingsheng	20%	564,938.09	–	19,946,606.87

(3) Key financial information of significant non-wholly owned subsidiaries

Name of subsidiaries	Balance at the end of year					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dongjiang Heritage	49,683,235.72	4,052,985.89	53,736,221.61	14,935,947.21	–	14,935,947.21
Longgang Dongjiang	65,288,160.94	121,692,504.46	186,980,665.40	12,107,015.26	8,173,833.31	20,280,848.57
Qiandeng Wastes Treatment	73,889,752.26	42,379,765.47	116,269,517.73	23,390,223.52	726,004.53	24,116,228.05
Qingyuan Xinlv	98,231,988.32	30,316,024.25	128,548,012.57	33,682,104.10	–	33,682,104.10
Xiamen Oasis Environmental	211,110,649.70	311,441,895.82	522,552,545.52	137,447,795.37	18,361,745.58	155,809,540.95
Zhuhai Yongxingsheng	44,904,879.08	127,240,038.76	172,144,917.84	72,411,883.49	–	72,411,883.49



VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(3) Key financial information of significant non-wholly owned subsidiaries (Continued)

Name of subsidiaries	Amount at the beginning of year					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dongjiang Heritage	144,304,478.10	3,521,920.47	147,826,398.57	99,921,372.59	-	99,921,372.59
Longgang Dongjiang	71,666,447.11	124,599,713.30	196,266,160.41	9,058,720.32	3,360,000.00	12,418,720.32
Qiandeng Wastes Treatment	76,254,339.26	27,710,437.37	103,964,776.63	27,303,784.81	-	27,303,784.81
Qingyuan Xinv	91,845,387.80	27,551,257.98	119,396,645.78	20,020,674.63	-	20,020,674.63
Xiamen Oasis Environmental	172,928,088.22	287,882,865.45	460,810,953.67	112,493,641.73	8,627,987.18	121,121,628.91
Zhuhai Yongxingcheng	-	-	-	-	-	-

Name of subsidiaries	Occurred during the year				Occurred last year			
	Operating income	Net profit	Total consolidated income	Cash flow from operating activities	Operating income	Net profit	Total consolidated income	Cash flow from operating activities
Dongjiang Heritage	77,572,312.17	7,895,248.42	7,895,248.42	1,135,717.57	96,609,450.60	5,954,320.25	5,954,320.25	1,477,091.38
Longgang Dongjiang	82,639,182.50	34,259,040.22	34,259,040.22	53,818,734.84	103,188,857.59	21,948,905.31	21,948,905.31	45,664,349.56
Qiandeng Wastes Treatment	211,487,108.32	26,492,297.86	26,492,297.86	26,827,498.54	212,882,352.74	18,345,187.68	18,345,187.68	20,855,088.28
Qingyuan Xinv	165,514,684.98	489,937.32	489,937.32	12,027,245.39	228,046,666.08	5,241,861.72	5,241,861.72	(29,384,412.92)
Xiamen Oasis Environmental	247,369,615.31	27,053,679.81	27,053,679.81	26,390,497.08	97,877,379.27	14,269,926.52	14,269,926.52	4,760,270.74
Zhuhai Yongxingcheng	7,759,347.07	2,824,690.46	2,824,690.46	(25,075,661.24)	-	-	-	-

(4) Significant restrictions on use of asset and settlement of debts of corporate

There were no significant restrictions on use of asset and settlement of debts of corporate.

2. Interests in joint ventures or associates

(1) Significant joint ventures or associates

Name of joint ventures or associates	Principal place of domain		Nature of business	Shareholding proportion (%)		Accounting method of investments in joint venture+
	Place of registration	Place of registration		Direct	Indirect	
Dongjiang Veolia	Huizhou	Huizhou	Industrial	50	-	Equity approach
Shenzhen Resource	Shenzhen	Shenzhen	Industrial	49	-	Equity approach
Shenzhen Micronutrients	Shenzhen	Shenzhen	Service	38	-	Equity approach

Joint venture and associates of the Company are companies with limited liabilities.





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VIII. INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in joint ventures or associates (Continued)

(1) Significant joint ventures or associates (Continued)

1) Dongjiang Veolia

Full name: Huizhou Dongjiang Veolia Environmental services Limited (惠州東江威立雅環境服務有限公司)

Dongjiang Veolia has registered capital of RMB60,000,000. The Company invested RMB30,822,200 and owned 51% equity interests therein. The Board of Directors of Dongjiang Veolia comprise 6 directors, 3 of them were appointed by the Company and the other 3 were appointed by the another shareholders who had one veto power in the matters relating to the design, construction or operating technology, including the allocation of manpower requirement, equipment and material resources. Accordingly, it is classified as a jointly controlled entity and accounted for using equity method of accounting.

Pursuant to the equity transfer agreement dated 31 December 2014, the Company transferred the 1% equity interest out of the 51% equity interest it originally holds in Dongjiang Veolia (東江威立雅) to its partner, Veolia Environmental Services (Hong Kong) Company Limited (威立雅環境服務香港有限公司). The relevant equity transfer and industrial and commercial registration was completed in July 2015. As at 31 December 2015, the Company holds 50% equity interest in Dongjiang Veolia, with voting rights of 50%.

2) Shenzhen Resource

Full name: Shenzhen Resource Environmental Technology Company Limited (深圳市萊索思環境技術有限公司)

Shenzhen Resource has registered capital of RMB35,000,000. The Company invested RMB17,500,000. The equity interest in Shenzhen Resource of 50% and 50% were owned by the Company and Shenzhen Hazardous Wastes Treatment Station Company Limited respectively.

Pursuant to the framework agreement of Shenzhen Resources of 19 August 2010, 1% of the 50% equity interests in Shenzhen Resource held by the Company would be transferred to the other shareholder of Shenzhen Resources, Shenzhen Hazardous Wastes Treatment Station Company Limited and the composition of the Board of Directors of Shenzhen Resources would be adjusted whereby the Company has rights to nominate 3 out of 7 directors. In January 2011, the procedures of share transfer and changes in industrial and commercial registration were completed. As at 31 December 2015, the Company owned 49% equity interests and 42.86% voting rights.

3) Shenzhen Micronutrients

Full name: Heritage Dongjiang Micronutrients Additives (Shenzhen) Co., Limited (華瑞東江微營養添加劑(深圳)有限公司)

Shenzhen Micronutrients has registered capital of RMB2,000,000. The Company invested RMB760,000 and owned 38% equity interests therein. Its business scope: research and development of new technologies of feed additive; provision of technical services and consultation concerning feed; importing, exporting and wholesaling of feed additive; technical advice; in feed additives in the wholesale, import and export of feed additives (excluding State-managed goods, and the application procedures of products involved in quota license management will be handled in accordance with relevant regulations of PRC).



VIII. INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in joint ventures or associates (Continued)

(2) Key financial information of significant joint ventures

Item	Balance at the end of year/incurred during the year Dongjiang Veolia	Balance at the beginning of year/incurred during last year Dongjiang Veolia
Current assets:	67,262,284.84	74,458,554.18
Including: cash and cash equivalent	17,165,395.62	42,153,999.58
Non-current assets	205,654,006.27	168,923,872.10
Total assets	272,916,291.11	243,382,426.28
Current liabilities	103,602,698.01	85,172,163.30
Non-current liabilities	33,010,729.99	34,295,773.33
Total liabilities	136,613,428.00	119,467,936.63
Minority interests	-	-
Equity interests attributable to shareholders of the parent company	136,302,863.11	123,914,489.65
Share of net profit based on shareholdings	68,151,431.56	63,196,389.72
Adjustments		
– Goodwill	-	-
– Unrealized profit from intra-group transactions	-	-
– Others	-	-
Book value of investments in interest of joint venture	67,701,431.53	62,983,778.13
Fair value of investments in interest in joint venture with open market quotations	-	-
Operating revenue	240,389,862.48	235,013,793.93
Financial costs	(340,874.16)	(1,863,846.43)
Income tax expenses	10,369,404.54	7,699,802.07
Net profit	57,388,373.46	56,220,496.58
Net profit from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	57,388,373.46	56,220,496.58
Dividends received from joint venture during the year	22,950,000.00	34,295,530.18





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VIII. INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in joint ventures or associates (Continued)

(3) Key financial information of significant associates

Item	Balance at the end of year/incurred during the year		Balance at the beginning of year/incurred during last year	
	Shenzhen Resource	Shenzhen Micronutrients	Shenzhen Resource	Shenzhen Micronutrients
Current assets:	31,129,021.21	47,715,745.31	33,189,454.61	41,663,194.64
Including: cash and cash equivalent	15,675,019.17	23,250,560.03	16,676,333.81	16,640,986.63
Non-current assets	39,933,264.12	82,081.88	41,216,640.23	92,820.93
Total assets	71,062,285.33	47,797,827.19	74,406,094.84	41,756,015.57
Current liabilities	8,955,632.65	29,495,981.46	9,376,797.07	29,768,396.92
Non-current liabilities	-	-	-	-
Total liabilities	8,955,632.65	29,495,981.46	9,376,797.07	29,768,396.92
Minority interests	-	-	-	-
Equity interests attributable to shareholders of the parent company	62,106,652.68	18,301,845.73	65,029,297.77	11,987,618.65
Share of net profit based on shareholdings	30,432,259.81	6,954,701.38	31,864,355.91	4,555,295.09
Adjustments				
- Goodwill	-	-	-	-
- Unrealized profit from intra-group transactions	-	-	-	-
- Others	-	-	-	-
Book value of investments in interest of associates	29,748,327.07	6,836,176.66	32,064,000.86	4,433,340.87
Fair value of investments in interest in associates with open market quotations	-	-	-	-
Operating income	35,379,068.88	91,233,710.59	66,304,414.13	111,870,812.28
Financial costs	(167,854.23)	(688,344.58)	(233,162.70)	44,261.20
Income tax expenses	(1,088,009.80)	2,119,354.22	842,937.96	1,518,439.48
Net profit	(3,186,205.54)	6,314,227.08	3,330,562.06	4,515,555.76
Net profit from discontinued operations	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	(3,186,205.54)	6,314,227.08	3,330,562.06	4,515,555.76
Dividends received from associates during the year	-	-	-	-



VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

2. Interests in joint ventures or associates *(Continued)*

(4) *Summarized financial information of insignificant joint ventures and associates*

Item	Balance at the end of year/incurred during the year	Balance at the beginning of year/incurred during last year
Associates:		
Total book value of investments	30,817,889.27	1,902,523.09
Total amounts based on shareholding		
– Net profit	90,631.97	(97,476.91)
– Other comprehensive income	–	–
– Total comprehensive income	90,631.97	(97,476.91)

(5) *Significant restrictions on transfer of funds from joint ventures or associates to the Company*

There were no significant restrictions on transfer of funds from joint ventures or associates to the Company.

(6) *Excess loss incurred by joint ventures or associates*

There was no excess loss incurred by joint ventures or associates.

(7) *Unrecognized guarantee in relation to investments in joint ventures*

There was no unrecognized guarantee in relation to investments in joint ventures.

(8) *Contingent liabilities in relation to investments in joint ventures or associates*

There were no contingent liabilities in relation to investments in joint ventures or associates.

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Major financial instruments of the Company include monetary fund, financial assets at fair value through profit or loss of the period, notes receivables, accounts receivable, other receivables, borrowings, accounts payable, accrued staff emoluments, other payables, etc. Detailed descriptions of these financial instruments are set out in Note VI. Below are the risks associated with such financial instruments and the risk management policies adopted by the Company to mitigate such risks. The management of the Company manages and monitors such risk exposures to ensure such risks are contained within a prescribed scope.





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IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Objective and policies of risk management

The Company engages in risk management with the aim of achieving an appropriate balance between risk and return, where the negative effects of risks against the Group's operating results are minimised, in order to maximise the benefits of shareholders and other stakeholders. Based on such objective in risk management, the underlying strategy of the Company's risk management is to ascertain and analyse all types of risks exposures of the Company, establish appropriate risk tolerance thresholds, carry out risk management procedures and perform risk monitoring on all kinds of risks in a timely and reliable manner, thus containing risk exposures within a prescribed scope.

(1) Market risks

1) Foreign exchange risk

The Company is mainly exposed to foreign exchange risks in connection with USD and HKD; except for certain subsidiaries of the Company which effect purchases and sales in USD and HKD, all the business activities of the remaining principal operations of the Company are settled with RMB. On 31 December 2015, except for the HKD balances in assets and liabilities, all the balances of assets and liabilities of the Company were denominated in RMB. The foreign exchange risk arising from assets and liabilities in such HKD balances may affect the operating results of the Company.

Item	Amount at the end of year	Amount at the beginning of year
Bank balances and cash – USD	–	2,104.56
Bank balances and cash – HKD	6,056,438.99	4,376,380.15
Account receivables – HKD	8,850,152.98	7,352,806.10
Prepayment – HKD	1,604,046.24	1,922,585.59
Other receivables – HKD	12,891,177.33	12,899,616.39
Inventories – HKD	91,326.03	89,732.23
Long-term equity investments – HKD	13,638,198.00	13,638,198.00
Fixed assets – HKD	17,449,274.47	22,288,704.26
Short-term borrowings – HKD	20,000,000.00	20,000,000.00
Account payable – HKD	1,661,735.54	1,365,312.88
Tax payable – HKD	(345,105.31)	(345,105.31)
Other payable – HKD	18,471,616.33	2,854,566.55
Non-current liabilities due within 1 year – HKD	4,292,650.83	6,758,439.74
Long-term payable – HKD	4,250,993.50	5,542,768.51
Other non-current liabilities – HKD	–	52,618.92

The Company closely monitors changes in foreign exchange rates as to their effects to the Company exposure in foreign exchange risk. Currently, the Company has not adopted other policies to circumvent foreign exchange risks.



IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Continued)*

1. Objective and policies of risk management *(Continued)*

(1) Market risks *(Continued)*

2) Interest rate risk

The risk that changes in interest rate lead to changes in cash flow of the financial instruments of the Company is mainly associated with floating-rate bank borrowings. The Group currently does not have a foreign currency hedging policy to hedge against its exposures. The management will closely monitor foreign currency risk and will consider hedging significant foreign currency risk when the risk arises.

3) Other price risk

The Company other price risk is mainly concentrated on investments held for trading quoted in the stock exchange of the PRC. The management monitors the price risk exposure and will take appropriate measures should the need arise.

(2) Credit risk

On 31 December 2015, the most significant credit risk exposure that might incur financial losses on the Company was mainly attributable to a contractual counterparty's failure to perform its obligations and financial guarantee undertaken by the Company, specific details are set out as follows:

The carrying amount of financial assets recognised in the consolidated balance sheet: in respect of financial instruments carried at fair value, the carrying amount reflects the risk exposure; however, such amount does not represent the maximum credit exposure which changes in line with future changes in fair value.

In order to mitigate credit risk, the Company established a committee to be responsible for determining credit limits, approving credit applications and carrying out other monitoring procedures to ensure necessary actions are taken to collect overdue debts. Besides, the Company reassesses the collectability of each amount receivable on an individual basis at each balance sheet date, in order to ensure sufficient provision is allocated for amounts that are not recoverable. As such, the management of the Company believes the credit risk assumed by the Company has been significantly reduced.

The Company places its bank balances and cash in banks with relatively higher credit ratings; therefore, the credit risk with respect to liquid funds is low.

Since the Company's risk exposures are distributed among various contractual parties and various customers, the Group has no significant concentration risk.

Top five account receivables in total: RMB455,905,303.95.





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IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Objective and policies of risk management (Continued)

(3) Liquidity risk

The liquidity risk is the Company's impossibility to perform its financial obligations after the maturity date. In the management of the liquidity risk, the Company monitors and maintains a level of working capital deemed adequate by the management to perform the Company's obligations, thus will not cause loss or damage to the reputation of the Company. Moreover, the Company analyses its debt structure and deadline regularly and maintain sufficient fund. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants. In the meanwhile, the management keeps in touch with financial institutions and makes consultations on financing issues, to maintain enough credit limits and mitigate liquidity risk.

The Company's main capital source is from bank borrowing. As at 31 December 2015, the unused credit facilities of bank loan of the Company was RMB1.405 billion, (31 December 2014: RMB1.340 billion), including utilized short-term bank borrowings facilities of RMB1.361 billion (31 December 2014: RMB837 million).

The following table demonstrates the financial assets and financial liabilities the Group held according to the maturity of undiscounted remaining contractual obligations:

Amount as at 31 December 2015:

Item	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial assets					
Bank balances and cash	857,729,303.89	-	-	-	857,729,303.89
Financial assets held for trading	1,546,950.00	-	-	-	1,546,950.00
Notes receivable	37,323,244.22	-	-	-	37,323,244.22
Account receivables	726,651,054.71	-	-	-	726,651,054.71
Other receivables	106,561,355.90	4,196,749.61	3,758,758.40	5,000,000.00	119,516,863.91
Non-current liabilities due within 1 year	29,880,000.00	-	-	-	29,880,000.00
Long-term receivables	-	62,597,335.00	65,660,675.00	50,193,731.32	178,451,741.32
Financial liabilities					
Short-term borrowings	1,271,195,143.96	-	-	-	1,271,195,143.96
Account payable	446,944,120.12	-	-	-	446,944,120.12
Other payables	313,756,577.15	-	-	-	313,756,577.15
Dividend payable	8,199,300.00	-	-	-	8,199,300.00
Interest payable	4,549,891.86	-	-	-	4,549,891.86
Employee benefits payables	43,408,407.97	-	-	-	43,408,407.97
Non-current liabilities due within 1 year	358,101,112.94	-	-	-	358,101,112.94
Long-term borrowings	-	184,059,571.23	194,552,883.10	-	378,612,454.33
Bonds payable	-	-	356,373,249.26	-	356,373,249.26
Long-term payables	-	2,037,724.51	2,212,837.84	98,440.00	4,349,002.35



IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

2. Sensitivity analysis

The Company applies sensitivity to analyze the rationality of technical risk variables and the effect of possible changes on profit and loss or owner's equity. As any risk variable seldom varies, and correlation among variables will play a major role in the ultimate amount of a special risk variable. Therefore, the followings are carrying out on the assumed condition that each variable changes independently.

(1) Sensitivity analysis of foreign exchange

Foreign exchange risk sensibility analysis hypothesis: all the foreign operations and investments and cash flows are highly effective.

The influence after tax of reasonable movements of exchange rates on the current profit and loss and equity based on the above assumptions with other variables holding constant is as follows:

Item	Change in exchange rate	During the year		During last year	
		Effect on net profit	Effect on owners' equity	Effect on net profit	Effect on owners' equity
USD	Increase 5% against RMB	-	-	547.31	547.31
USD	decrease 5% against RMB	-	-	(547.31)	(547.31)
HKD	Increase 5% against RMB	(743,436.19)	(743,436.19)	(855,329.18)	(855,329.18)
HKD	decrease 5% against RMB	743,436.19	743,436.19	855,329.18	855,329.18

(2) Sensitivity analysis of interest rate

The sensitivity analysis of interest rate is based on the following assumptions:

The fluctuation of market interest rate will have impact on interest income or expense of variable interest-rate financial instrument;

For the fixed interest-rate financial instrument measured at fair value, the changes of market interest rate can only affect its interest income or expense;

The market interest rate at the balance sheet date shows the changes of derivative financial instrument calculated on discounted cash flow method and fair value of other financial assets and liabilities.

Based on the above-mentioned assumptions, under the prerequisite that other variables have no change, reasonable changes that might happen in interest rate have impact on the current profit/loss and equity after tax.

Item	Change in exchange rate	During the year		During last year	
		Effect on net profit	Effect on owners' equity	Effect on net profit	Effect on owners' equity
Borrowings with floating interest rate	Increase 1%	(6,197,835.81)	(6,197,835.81)	(4,453,179.93)	(4,453,179.93)
Borrowings with floating interest rate	Decrease 1%	6,197,835.81	6,197,835.81	4,453,179.93	4,453,179.93





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X. DISCLOSURE OF FAIR VALUE

1. Amounts of assets and liabilities measured at fair value at the end of year and levels of fair value measurement

Item	Fair value at the end of year			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Continuing fair value measurement	–	–	–	–
(1) Financial assets at fair value through profit and loss				
Financial assets held for trading-equity instrument investments	1,546,950.00	–	–	1,546,950.00
(2) Investment properties				
Leased buildings	–	53,870,800.00	–	53,870,800.00
Total amount of continuing fair value measurement of financial assets	1,546,950.00	53,870,800.00	–	55,417,750.00

2. Determination basis of market prices of continuing and discontinued level 1 fair value measurement items

The Company's investments in equity instruments under financial assets held for trading are equity investments in the secondary market, the Department of equity investments, the fair value measure determined by reference to quoted market closing price.

3. Determination basis of valuation method and significant input quantifying and qualifying data of continuing and discontinued level 2 fair value measurement items

The fair value measurement at fair value of investment property is based on the valuation made by Shenzhen Pengxin Assets Appraisal and Valuation Co., Limited (independent party with no connection to the Company). The valuation was determined based on the recent market prices of similar properties at the same location and use with net rental income capitalised (as appropriate).



XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Relationships of related parties

(1) *Controlling shareholder and ultimate controlling shareholder*

1) Controlling shareholder and ultimate controlling shareholder

The controlling shareholder and ultimate controlling shareholder of the Company was Mr. Zhang Wei Yang.

2) The shareholdings or interest of controlling shareholder and the movement

	Shareholding		Shareholding proportion (%)	
	Amount at the end of year	Amount at the beginning of year	At the end of year	At the beginning of year
Controlling shareholder				
Zhang Wei Yang	242,769,173.00	97,107,669.00	27.92	27.92

(2) *Subsidiaries*

Details of subsidiaries of the Group are set out in “Structure of the Company” under Note VIII.1 (1).

(3) *Joint ventures and associates*

Details of significant joint ventures and associates of the Company was set out under “Significant joint ventures or associates” under note VIII.2(1). Related party transactions with the Company or previous balance of related party transactions with the Company and joint ventures or associates are as follows:

Name of joint ventures and associates	Relations with the Company
Dongjiang Veolia	Joint venture
Shenzhen Micronutrients	Associate
Shenzhen Resource	Associate





NOTES TO FINANCIAL STATEMENTS

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XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

1. Relationships of related parties (Continued)

(4) Other related parties

Name of other related parties	Relations with the Company
Shenzhen Huateng Environment Information Technology Co., Ltd. (深圳市華藤環境資訊科技有限公司) ("Huateng Environmental")	Other*1
Shenzhen Suntak Multilayer PCB Company Limited (Shenzhen Suntak 多層線路板有限公司) ("Shenzhen Suntak")	Other*2
Jiangmen Suntak Circuits Technology Limited (Jiangmen Suntak 電路技術有限公司) ("Jiangmen Suntak")	Other*2

*1: Shenzhen Huateng Environment Information Technology Co., Ltd. is other related party which the Company holds 10% equity interest. On 8 June 2015, it changed name from the original name of Shenzhen Tricycle Information Technology Co., Ltd. (深圳市三輪車資訊科技有限公司) to Shenzhen Huateng Environment Information Technology Co., Ltd. (深圳市華藤環境資訊科技有限公司)

*2: On 16 March 2015, Mr. Su Qi Yun, the newly appointed independent director, acted as independent director of Shenzhen Suntak Circuit Technology Co., Ltd. (深圳市崇達電路技術股份有限公司) ("Suntak Circuit"), Shenzhen Suntak and Jiangmen Suntak are subsidiaries of Suntak Circuit.

2. Related party transactions

(1) Related party transactions in respect of purchasing goods or receiving services and sales of goods and providing services

1) Purchasing goods or receiving services

Related Party	Related parties transactions	Occurred during the year	Occurred during last year
Dongjiang Veolia	Receiving services	11,625,595.22	15,743,275.28
Shenzhen Suntak	Purchasing goods	9,375,195.24	10,763,943.21
Jiangmen Suntak	Purchasing goods	10,167,215.40	9,964,662.81
Shenzhen Resource	Receiving services	1,267,718.30	3,247,648.66
Shenzhen Resource	Purchasing goods	7,616,262.38	6,935,037.23
Total		40,051,986.54	46,654,567.19



XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

2. Related party transactions (Continued)

(1) Related party transactions in respect of purchasing goods or receiving services and sales of goods and providing services (Continued)

2) Sales of products and providing services

Related Party	Related parties transactions	Occurred during the year	Occurred during last year
Dongjiang Veolia	Providing services	53,182,405.58	58,027,416.21
Dongjiang Veolia	Sales of goods	180,489.71	151,414.42
Shenzhen Suntak	Providing services	4,577,454.71	4,269,517.69
Jiangmen Suntak	Providing services	4,802,548.01	2,785,752.71
Shenzhen Micronutrients	Sales of goods	77,684,703.21	97,761,226.41
Shenzhen Resource	Sales of goods	31,589.74	146,718.80
Total		140,459,190.96	163,142,046.24

(2) Related parties leasing

1) Leasing

Leasor	Lessee	Leased assets	Recognised rental income of the year	Recognised rental income of last year
The Company	Shenzhen Micronutrients	Buildings	123,411.36	118,798.42
The Company	Huateng Environmental	Buildings	518,957.88	40,109.03

(3) Guarantee with related parties

Guarantor	Secured party	Amount guaranteed	Date of commencement	Date of termination	Whether the guarantee was completed
The Company, Zhang Wei Yang	Shaoguan Green	90,000,000.00	2012-6-27	2017-6-27	No
Zhang Wei Yang	Lik Shun Hong Kong	6,375,658.00	2011-6-20	2017-5-16	No
Dongjiang HK	Lik Shun Hong Kong	12,851,852.00	2011-2-1	2019-1-27	No





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XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

3. Related party transactions with the parent company

(1) *Related party transactions in respect of purchasing goods or receiving services and sales of goods and providing services*

1) Purchasing goods or receiving services

Related Party	Related party transactions	Occurred during the year	Occurred during last year
Dongjiang Veolia	Receiving services	9,055,967.82	12,932,974.05
Shenzhen Suntak	Purchasing goods	9,375,195.24	10,763,943.21
Jiangmen Suntak	Purchasing goods	10,167,215.40	9,964,662.81
Total		28,598,378.46	33,661,580.07

2) Sales of goods and providing services

Related Party	Related party transactions	Occurred during the year	Occurred during last year
Shenzhen Micronutrients	Sales of goods	728,841.89	3,270,358.96
Dongjiang Veolia	Providing services	28,071,523.46	50,594,393.50
Shenzhen Suntak	Providing services	4,577,454.71	4,269,517.69
Jiangmen Suntak	Providing services	4,802,548.01	2,785,752.71
Total		38,180,368.07	60,920,022.86

(2) *Related parties leasing*

1) Leasing

Leasor	Lessee	Leased assets	Recognised rental income of the year	Recognised rental income of last year
The Company	Shenzhen Micronutrients	Buildings	123,411.36	118,798.42
The Company	Huateng Environmental	Buildings	518,957.88	40,109.03



XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

3. Related party transactions with the parent company *(Continued)*

(3) *Guarantee with related parties*

Guarantor	Secured party	Amount guaranteed	Date of commencement	Date of termination	Whether the guarantee was completed
The Company, Zhang Wei Yang	Shaoguan Green	90,000,000.00	2012-6-27	2017-6-27	No
The Company	Renewable Energy	60,000,000.00	2011-6-2	2016-6-2	No
The Company	Renewable Energy	40,000,000.00	2011-1-4	2016-1-4	No
The Company	Renewable Energy	32,560,000.00	2014-10-31	2019-10-31	No
The Company	Jiaxing Deda	45,000,000.00	2014-6-12	2019-6-7	No
The Company	Wosen Environmental	30,000,000.00	2014-12-25	2020-12-11	No
The Company	Lik Shun Hong Kong	2,228,548.00	2014-1-27	2019-1-27	No
The Company	Lik Shun Hong Kong	8,500,000.00	2015-6-12	2016-6-9	No
The Company	Lik Shun Hong Kong	8,500,000.00	2015-11-13	2016-11-13	No





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XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Consolidation and parent company

Emoluments of key management

(1) *Emoluments of Directors and Supervisors*

Emoluments of Directors and Supervisors during the year are as follows:

Name	Emoluments of Directors and Supervisors	Salaries and allowances	Retirement benefits scheme contributions	Total
Executive Directors				
Zhang Wei Yang	-	1,600,000.00	59,415.22	1,659,415.22
Chen Shu Sheng	-	1,107,504.00	59,415.22	1,166,919.22
Li Yong Peng	-	800,000.00	58,136.62	858,136.62
Sub-total	-	3,507,504.00	176,967.06	3,684,471.06
Non-executive Directors				
Feng Tao	-	-	-	-
Wu Shui Qing	-	-	-	-
Sun Ji Ping	-	-	-	-
Sub-total	-	-	-	-
Independent non-executive directors				
Wong Hin Wing	150,000.00	-	-	150,000.00
Qu Yong Hui	150,000.00	-	-	150,000.00
Wang Ji De	43,821.84	-	-	43,821.84
Sub-total	343,821.84	-	-	343,821.84
Supervisors				
Yuan Wei	-	-	-	-
Cai Wen Sheng	-	-	-	-
Liu An	-	341,263.47	44,618.93	385,882.40
Sub-total	-	341,263.47	44,618.93	385,882.40
Total	343,821.84	3,848,767.47	221,585.99	4,414,175.30



XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Consolidation and parent company (Continued)

Emoluments of key management (Continued)

(1) Emoluments of Directors and Supervisors (Continued)

Emoluments of directors and supervisors for last year were as follows:

Name	Emoluments of Directors and Supervisors	Salaries and allowances	Retirement benefits scheme contributions	Total
Executive Directors				
Zhang Wei Yang	–	1,557,157.25	53,529.38	1,610,686.63
Chen Shu Sheng	–	1,065,296.19	53,529.38	1,118,825.57
Li Yong Peng	–	789,755.00	53,303.93	843,058.93
Sub-total	–	3,412,208.44	160,362.69	3,572,571.13
Non-executive Directors				
Feng Tao	–	–	–	–
Wu Shui Qing	–	–	–	–
Sun Ji Ping	–	–	–	–
Sub-total	–	–	–	–
Independent non-executive directors				
Wong Hin Wing	71,551.72	–	–	71,551.72
Qu Yong Hui	71,551.72	–	–	71,551.72
Hao Ji Ming	69,540.23	–	–	69,540.23
Wang Ji De	140,571.43	–	–	140,571.43
Sub-total	353,215.10	–	–	353,215.10
Supervisors				
Yuan Wei	–	–	–	–
Cai Wen Sheng	–	–	–	–
Liu An	–	347,002.41	39,181.08	386,183.49
Sub-total	–	347,002.41	39,181.08	386,183.49
Total	353,215.10	3,759,210.85	199,543.77	4,311,969.72

On 16 March 2015, independent director Mr. Wang Ji De resigned as director.





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XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Consolidation and parent company (Continued)

(2) Top five employees with highest emoluments

During the year, top five employees with highest emoluments include three (last year: three) directors, and the other two (last year: two) employees with the highest emolument were as follows:

Item	Amount of the year	Amount of last year
Salaries and allowance	1,696,273.24	1,523,359.00
Retirement benefits scheme contribution	116,273.24	107,058.76
Total	1,812,546.48	1,630,417.76

Individuals with the highest emolument are categories based on band of emolument as follows (number of person):

Item	During the year	During last year
Nil – RMB837,800 (HKD1,000,000)	–	2
RMB837,800 – RMB1,675,600 (HKD1,000,001 – HKD2,000,000)	5	3
Total	5	5

5. Related Party Balance

(1) Consolidated

1) Related Party receivable Item

Item	Related Party	Balance at the end of year		Balance at the beginning of year	
		Book value	Bad debt provision	Book value	Bad debt provision
Account receivable	Shenzhen Micronutrients	24,193,767.05	–	26,175,524.71	–
Account receivable	Dongjiang Veolia	10,305,098.28	–	152,210.62	–
Account receivable	Shenzhen Suntak	1,158,465.43	–	15,237.89	–
Account receivable	Jiangmen Suntak	38,919.54	–	68,869.94	–
Account receivable	Shenzhen Resource	–	–	87,606.50	–
Account receivable	Huateng Environmental	–	–	5,124.00	–
Long-term receivable	Jiangmen Suntak	9,510,000.00	–	35,800,000.00	–
Other receivable	Dongjiang Veolia	638,201.17	–	80,956.91	–
Other receivable	Shenzhen Micronutrients	1,446.42	–	–	–
Other receivable	Huateng Environmental	637.09	–	4,437.09	–



XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Balance (Continued)

(1) Consolidated (Continued)

2) Related Party payable items

Item	Related Party	Balance at the end of year	Balance at the beginning of year
Account payable	Dongjiang Veolia	196,883.80	937,782.38
Other payables	Huateng Environmental	54,060.00	355,192.36
Other payables	Shenzhen Resource	55,884.87	18,289.88
Other payables	Shenzhen Micronutrients	14,675.30	14,675.30

(2) Parent Company

1) Related Party receivable items

Item	Related Party	Balance at the end of year		Balance at the beginning of year	
		Book value	Bad debt provision	Book value	Bad debt provision
Account receivable	Dongguan Hengjian	28,936,725.52	-	30,774,865.04	-
Account receivable	Jiangmen Dongjiang	9,037,577.39	-	-	-
Account receivable	Qingyuan Xinlv	7,237,631.04	-	4,421,011.14	-
Account receivable	Dongjiang Veolia	6,033,048.06	-	-	-
Account receivable	Dongjiang Heritage	5,896,533.52	-	16,644,765.50	-
Account receivable	Qiandeng Wastes Treatment	2,559,175.07	-	-	-
Account receivable	Longgang Dongjiang	2,022,280.18	-	2,388,578.44	-
Account receivable	Resource Recycling	1,418,510.72	-	3,202,170.50	-
Account receivable	Jiaxing Deda	1,403,600.98	-	3,098,264.38	-
Account receivable	Shenzhen Suntak	1,158,465.43	-	15,237.89	-
Account receivable	Jiangmen Dongjiang Lulvda	720,046.89	-	-	-
Account receivable	Shenzhen Micronutrients	236,988.00	-	-	-
Account receivable	Jiangmen Suntak	38,919.54	-	68,869.94	-
Account receivable	Products Trading	3,650.00	-	1,520.00	-
Account receivable	Shaoguan Green	2,950.00	-	-	-
Account receivable	Huizhou Dongjiang	-	-	3,154,598.50	-
Account receivable	Dongjiang Shangtian	-	-	4,922.05	-
Notes receivable	Qingyuan Xinlv	7,278,241.20	-	17,995,940.90	-
Notes receivable	Jiangmen Dongjiang	2,020,000.00	-	-	-
Notes receivable	Huizhou Dongjiang	-	-	13,891,739.25	-
Other receivable	Shaoguan Green	310,312,096.68	-	325,984,840.54	-





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1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Balance (Continued)

(2) Parent Company (Continued)

1) Related Party receivable items (Continued)

Item	Related Party	Balance at the end of year		Balance at the beginning of year	
		Book value	Bad debt provision	Book value	Bad debt provision
Other receivable	Hubei Tianyin	222,261,773.56	-	-	-
Other receivable	Resource Recycling	194,738,681.11	-	1,102,999.81	-
Other receivable	Jiangmen Dongjiang	179,869,308.23	-	113,794,567.54	-
Other receivable	Hunan Dongjiang	126,754,356.33	-	118,438,100.54	-
Other receivable	Qingyuan Dongjiang	114,852,741.07	-	75,950,004.04	-
Other receivable	Hubei Dongjiang	90,705,541.77	-	52,570,784.18	-
Other receivable	Huizhou Dongjiang	69,334,133.89	-	209,111.16	-
Other receivable	Dongguan Hengjian	68,177,563.11	-	10,932,654.81	-
Other receivable	Jiangxi Dongjiang	32,337,745.39	-	-	-
Other receivable	Wosen Environmental	31,556,564.99	-	20,000,000.00	-
Other receivable	Dongjiang Kaida	28,770,000.00	-	-	-
Other receivable	Baoan Dongjiang	24,370,656.88	-	19,789,947.88	-
Other receivable	Yunnan Dongjiang	22,373,128.88	-	22,341,707.63	-
Other receivable	Dongjiang Transport	21,160,000.00	-	-	-
Other receivable	Xiamen Oasis Environmental	20,131,884.31	-	-	-
Other receivable	Shaoguan Dongjiang	14,579,600.86	-	14,579,600.86	-
Other receivable	Hong Kong Dongjiang	11,139,422.34	-	11,139,422.34	-
Other receivable	Humen Oasis	10,415,703.00	-	-	-
Other receivable	Dongjiang Songsao	10,256,792.00	10,256,792.00	9,536,792.00	9,536,792.00
Other receivable	Chengdu Treatment Centre	9,228,300.00	-	9,128,300.00	-
Other receivable	Coastal Solid Waste	8,003,945.82	-	-	-
Other receivable	Products Trading	6,149,176.93	-	5,936,270.74	-
Other receivable	Qingdao Dongjiang	5,000,000.00	-	14,000,000.00	-
Other receivable	Dongjiang Veolia	638,201.17	-	80,956.91	-
Other receivable	Nanchang Xinguan	142,039.94	-	10,136.40	-
Other receivable	Qingyuan Xinv	107,698.59	-	-	-
Other receivable	Shaoxing Dongjiang	68,164.01	-	8,737.41	-
Other receivable	Dongjiang Heritage	54,963.78	-	80,980,420.97	-
Other receivable	Dongjiang Shangtian	30,204.82	-	14,220.02	-
Other receivable	Jiangmen Dongjiang Lvlvda	26,190.74	-	3,742.90	-
Other receivable	Huabao Technology	7,010.64	-	418.84	-
Other receivable	Luyi Environmental	3,427.24	-	-	-
Other receivable	Shenzhen Micronutrients	1,446.42	-	-	-
Other receivable	Longgang Dongjiang	742.58	-	637.09	-



XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

5. Related Party Balance *(Continued)*

(2) Parent Company *(Continued)*

1) Related Party receivable items *(Continued)*

Item	Related Party	Balance at the end of year		Balance at the beginning of year	
		Book value	Bad debt provision	Book value	Bad debt provision
Other receivable	Huateng Environmental	637.09	-	4,437.09	-
Other receivable	Qiandeng Wastes Treatment	-	-	370,756.41	-
Long-term receivable	Jiangmen Suntak	9,510,000.00	-	35,800,000.00	-
Prepayment	Products Trading	1,479,642.25	-	472,521.21	-
Prepayment	Resource Recycling	-	-	69,742,240.70	-
Prepayment	Huizhou Dongjiang	-	-	66,616,472.85	-





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(Unless otherwise stated, the notes to financial statements are expressed in RMB)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Balance (Continued)

(2) Parent Company (Continued)

2) Related Party payable items

Item	Related Party	Balance at the end of year	Balance at the beginning of year
Account payable	Dongguan Hengjian	23,922,897.11	10,232,309.19
Account payable	Resource Recycling	11,223,758.51	–
Account payable	Product Trading	7,168,742.41	488,526.98
Account payable	Huizhou Dongjiang	4,638,266.75	341,461.45
Account payable	Dongjiang Kaida	3,015,819.24	–
Account payable	Longguan Dongjiang	2,070,507.35	1,877,287.04
Account payable	Zhuhai Qingxin	1,950,400.00	1,134,200.00
Account payable	Jiangmen Dongjiang	947,831.75	–
Account payable	Jiangxi Kangtai	898,770.00	–
Account payable	Qingyuan Xinlv	245,000.00	–
Account payable	Dongjiang Transport	158,475.28	2,170,440.89
Account payable	Zhuhai Yongxingsheng	26,857.10	–
Other payables	Resource Recycling	252,582,561.50	117,316,491.68
Other payables	Dongguan Hengjian	64,915,037.85	–
Other payables	Longgang Dongjiang	45,000,000.00	15,311,437.00
Other payables	Renewable Energy	42,471,929.42	39,329,824.82
Other payables	Qingyuan Xinlv	39,538,050.50	29,440,000.00
Other payables	Huizhou Dongjiang	27,368,553.25	27,214,726.30
Other payables	Dongjiang Transport	26,073,060.00	4,175,511.04
Other payables	Luyi Environmental	16,500,000.00	–
Other payables	Dongjiang Kaida	14,852,051.38	–
Other payables	Huabao Technology	3,961,059.64	4,857,382.55
Other payables	Qiandeng Wastes Treatment	1,428,432.76	503,061.08
Other payables	Huiyuan Small Scale Loan	75,250.50	–
Other payables	Dongjiang Property Service	64,125.75	96,325.64
Other payables	Huateng Environmental	54,060.00	335,192.36
Other payables	Dongjiang Shangtian	21,326.50	21,326.50
Other payables	Shenzhen Micronutrients	14,835.30	14,675.30
Other payables	Jiangmen Dongjiang	7,217.46	–
Other payables	Kunpeng Company	5,104.49	–
Other payables	Zhuhai Qingxin	42.42	–
Other payables	Jiangxi Kangtai	–	9,693,900.00
Receipt in advance	Hubei Tianyin	10,320,000.00	–
Receipt in advance	Xiamen Oasis Environmental	75,000.00	–
Receipt in advance	Resource Recycling	–	11,237,410.31
Receipt in advance	Huizhou Dongjiang	–	5,061,552.64
Receipt in advance	Huabao Technology	–	418.84



XII. SHARE-BASED PAYMENT

1. Details of share-based payment

Item	Details
Total amount of equity instruments granted during the year	–
Total amount of equity instruments exercised during the year	4,177,500
Total amount of equity instruments lapsed during the year	210,000
Scope of exercise prices of share options issued at the end of year and remaining term of contract	
Scope of exercise prices of other equity instruments at the end of year and remaining term of contract	

Breakdown of share-based payment:

(1) *Repurchase of restricted shares granted to participants of post-employment equity incentive scheme*

The original participant Wu Xuzhong was granted 20,000 restricted shares on 23 January 2014, and the subscription fee was fully paid. Subsequently, the Company implemented the 2013 profit distribution plan, and the abovementioned restricted shares were adjusted to 30,000 shares. The above participant had resigned due to personal matters, and relevant resignation process was completed. Therefore, the restricted shares granted to him of 30,000 shares in total were repurchased and cancelled at the price of approximately RMB12.91 per share.

The 4 original participants Xu Lei, Feng Yubin, Lu Zhipeng and Rao Bingyou, had resigned due to personal matters, and relevant resignation processes were completed, the restricted shares granted to them of 135,000 shares in total were repurchased and cancelled, among which, Xu Lei was granted 20,000 restricted shares on 23 January 2014, and the subscription fee was fully paid. Subsequently, the Company implemented the 2013 and 2014 profit distribution plans and the first unlocking, and the abovementioned restricted shares were adjusted to 60,000 shares. Feng Yubin, Lu Zhipeng and Rao Bingyou were granted 10,000 restricted shares each on 21 November 2014. Subsequently, the Company implemented the 2014 profit distribution plan, and the abovementioned restricted shares were adjusted to 75,000 shares. Therefore, the restricted shares granted to above-mentioned staff of 135,000 shares in total were repurchased and cancelled. The repurchase price for the first unlocking of restricted shares was RMB5.1653 per share. The repurchase price of partly reserved restricted shares was RMB6.5560 per share.

(2) *Unlocking of restricted shares*

On 26 March 2015, upon the passing the “Resolution in relation to the first unlocking period under the first grant of the restricted share scheme of the Company” on the 19th meeting of the fifth Board of Directors, the Board considered that the first unlocking period under the first grant of the reduction of “Incentive Scheme” of the restricted shares of the Company have been satisfied. In accordance with the authorizations granted to the Board at the 2014 EGM, 2014 first meeting for A Shares holders and 2014 first meeting for H Shares holders, the Company handled the first unlocking of restricted shares in compliance with the relevant regulation of the share incentive scheme. There was a total of 99 share incentive targets for the first unlocking of restricted shares, and a total of 1,671,000 restricted shares were unlocked, and listed date on 10 April 2015. Since the Company implemented the 2014 profit distribution plan, and the abovementioned restricted shares were adjusted to 4,177,500 shares.





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

XII. SHARE-BASED PAYMENT (Continued)

2. Payment of equity-settled share-based payment

Item	Details
Determination basis of fair value of equity instruments as at the date of grant	Select Black-Scholes option pricing model to the fair value of stock options calculated on the fair value of the restricted share calculation method: fair value of each restricted share = $CPX * ((1 + R)^N - 1)$. Where: C is the value of a call option; P is the value of a put option; X is restricted share grant price; R is the rate of capital gains; N is the investment period of purchase fund of restricted shares
Determination basis of number of exercisable equity instruments	Determined based on the results estimation of each release period
Reason for significant difference between estimation made during the year and estimation during last year	Nil
Accumulated amount of equity-settled share-based payment in capital reserve	33,166,851.49
Total expenses of equity-settled share-based payment recognized during the year	14,400,722.36

Equity instruments exercised during the year of RMB4,177,500.00 (last year: nil).

XIII. CONTINGENT MATTERS

Combination and parent company

- (1) Due to the existing method of collection and processing of industrial waste adopted by the Company, the Company has not incurred any significant expenditure on environmental rehabilitation since their establishment. There is, however, no assurance that stringent environmental policies and/or standards on environmental rehabilitation will not be implemented by the relevant authorities in the PRC in the future which require the Group to undertake the environmental measures. The financial position of the Company may be adversely affected by any environmental liabilities which may be imposed under such new environmental policies and/or standards.
- (2) Other than as disclosed above, the Company had no significant contingent liabilities at 31 December 2015.



XIV. COMMITMENTS

1. The Group

(1) Significant commitments of capital expenditures

1) Commitments of capital expenditures of the Company at the end of year

Capital expenditure commitments contracted but not yet recognized in the financial statements

Item	Amount at the end of year	Amount at the beginning of year
External investments	287,770,205.00	87,071,400.00
Work-in-progress	269,059,919.77	219,636,663.88
Purchase of equipment and machineries	143,815,792.00	30,187,750.00
Total	700,645,916.77	336,895,813.88

At the end of the year, the Group has significant external investment commitments contracted but not yet paid in the amount of RMB287,770,205.00, details of which are set out as follows:

Name of investment	Contracted investment amount	Investment amount paid	Investment amount unpaid	Estimate investment period	Notes
Hengshui Ruitao Environmental Technology Co., Ltd. (衡水睿韜環保技術有限公司)	85,000,000.00	30,120,395.00	54,879,605.00	2016	
Zhejiang Jianglian Environmental Investment Co., Ltd. (浙江江聯環保投資有限公司)	75,558,000.00	22,667,400.00	52,890,600.00	2016	
Rudong Daheng Hazardous Waste Treatment Company Limited (如東大恒危險廢物處理有限公司)	100,000,000.00	80,000,000.00	20,000,000.00	2016	
Nantong Hui Tian Ran Solid Waste Landfills Co., Ltd. (南通惠天然固體廢物填埋有限公司)	197,500,000.00	37,500,000.00	160,000,000.00	2016	
Jiangsu Dongheng Konggang High and New Tech Zone Co., Ltd. (江蘇東恒空港高新技術產業園有限公司)	45,000,000.00	45,000,000.00	-	2016	
Chaoyue Dongchuang Carbon Asset Management (Shenzhen) Co. Ltd. (超越東創碳資產管理(深圳)有限公司)	800,000.00	800,000.00	-	2016	
Total	503,858,000.00	216,087,795.00	287,770,205.00		





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

XIV. COMMITMENTS (Continued)

1. Combination (Continued)

(1) Significant commitments of capital expenditures (Continued)

2) Significant contracts contracted and undergo or in preparation

At the end of the year, the Company has significant contracts contracted and undergo or in preparation totalling RMB269,059,919.77, details of which are as follows:

Item	Contracted amount	Paid	Unpaid	Estimated investment period	Note
Land use right and property transfer of phase 1 & 2 at No. 599, Xinxia Road South, Xinxu Twon, Xiang'an District, Xiamen	148,000,000.00	143,232,588.75	4,767,411.25	2016	
Heavy metal sludge multi-usage plant of Shaoguan Green	72,070,000.00	10,725,000.00	61,345,000.00	2016	
Construction project (Phase one) (Jiangmen Dongmen)	54,558,000.00	51,830,099.99	2,727,900.01	2016	
Construction and installation project of Wosen Environmental	47,650,000.00	37,120,000.00	10,530,000.00	2016	
Construction project (Phase two) (Jiangmen Dongmen)	41,000,000.00	38,948,736.83	2,051,263.17	2016	
Scientific research demonstration project of plasma furnace treatment of hazardous waste (Longgang Dongjiang)	37,000,000.00	11,100,000.00	25,900,000.00	2016	
Incineration plant (Shaoguan Green)	32,150,000.00	24,112,500.00	8,037,500.00	2016	
Jiaying Deda new factory construction	28,518,458.00	25,391,687.80	3,126,770.20	2016	
Coastal Solid Waste Phase III project	26,318,000.00	8,791,800.00	17,526,200.00	2016	
Multi-purpose office (Shaoguan Green)	23,253,000.00	856,716.00	22,396,284.00	2016	
Environmental protection equipment, technical advice and installation (Wosen Environmental)	22,500,000.00	18,500,000.00	4,000,000.00	2016	
Construction of Qingyuan Dongjiang 14#、15# plants	18,929,531.68	11,357,718.00	7,571,813.68	2016	
Construction project contract-harmless supporting workshop	18,760,000.00	13,279,900.00	5,480,100.00	2016	
Environmental pollution control project (physical and chemical/waste water treatment works)	18,300,000.00	7,320,000.00	10,980,000.00	2016	
Construction of Jiangxi engineering project (harmless) (section three) contract	13,280,800.00	1,298,080.00	11,982,720.00	2016	



XIV. COMMITMENTS (Continued)

1. Combination (Continued)

(1) Significant commitments of capital expenditures (Continued)

2) Significant contracts contracted and undergo or in preparation (Continued)

Item	Contracted amount	Paid	Unpaid	Estimated investment period	Note
Security landfill EPC contract (Jiangxi Dongjiang)	10,500,000.00	–	10,500,000.00	2016	
Incineration warehouse (Shaoguan Green)	11,411,000.00	7,000,000.00	4,411,000.00	2016	
Incineration engineering project of Zhuhai Yongxingsheng	12,500,000.00	–	12,500,000.00	2016	
Physico-chemical and wastewater treatment plant/Copper nickel chrome workshop (Shaoguan Green)	8,970,000.00	1,094,700.00	7,875,300.00	2016	
Shift work floor 1#	8,281,332.00	4,042,199.00	4,239,133.00	2016	
Xintao Luyi environmental project	7,352,400.00	700,000.00	6,652,400.00	2016	
Incineration System Installation Project (Wosen Environmental)	7,225,000.00	5,631,000.00	1,594,000.00	2016	
Temporary store (Shaoguan Green)	6,625,133.00	4,899,835.00	1,725,298.00	2016	
Construction of incineration plant and wastewater workshop pile foundation project	5,900,000.00	1,500,000.00	4,400,000.00	2016	
Landfill (Shaoguan Green)	5,870,000.00	2,687,760.00	3,182,240.00	2016	
Construction contract of harmless incineration workshop (part)	5,150,000.00	3,708,000.00	1,442,000.00	2016	
Dongjiang research and development building	5,137,204.00	4,891,425.35	245,778.65	2016	
Steel warehouse project (Hubei Tianyin)	3,750,110.00	1,348,832.00	2,401,278.00	2016	
Construction of three-efficient evaporation system project (phase III) (Qingyuan Xinlv)	3,280,000.00	288,000.00	2,992,000.00	2016	
Plant pipe network and pump House project	2,435,000.00	–	2,435,000.00	2016	
Canteen engineering project	2,225,896.00	1,160,000.00	1,065,896.00	2016	
Zhaoqing industrial waste treatment project	2,175,000.00	1,125,240.00	1,049,760.00	2016	
Fengcheng Dongjiang environmental protection base	1,310,000.00	522,000.00	788,000.00	2016	
Equipment of protection of copper nitrate evaporation concentration corrosion	1,200,000.00	62,126.19	1,137,873.81	2016	
Total	713,585,864.68	444,525,944.91	269,059,919.77		





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1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

XIV. COMMITMENTS (Continued)

1. Combination (Continued)

(1) Significant commitments of capital expenditures (Continued)

3) Significant procurement contracts contracted and undergoing or in preparation

As at the end of the year, the Company has significant procurement contracts contracted and undergoing or in preparation totalling RMB143,815,792.00, details of which are as follows:

Item	Contracted amount	Paid	Unpaid	Estimated investment period	Note
Rotary kiln (Coastal Solid Waste) Technological design, equipment purchase and installation and adjustment of hazardous waste incineration project contract (Jiangxi Dongjiang)	35,390,000.00	16,180,800.00	19,209,200.00	2016	
Incineration plants (Zhuhai Yongxingsheng)	34,900,000.00	19,158,000.00	15,742,000.00	2016	
Rotary kiln incineration system (Hubei Tianyin)	34,500,000.00	6,900,000.00	27,600,000.00	2016	
Equipment installation (Jixing Deda)	34,500,000.00	6,900,000.00	27,600,000.00	2016	
5TMVR evaporator (Jiangxi Dongjiang)	20,765,100.00	15,598,508.00	5,166,592.00	2016	
Technological design, equipment purchase and installation and adjustment of evaporation workshop (Jiangxi Dongjiang)	10,400,000.00	4,680,000.00	5,720,000.00	2016	
Physical and chemical/waste water equipment (Hubei Tianyin)	8,930,000.00	–	8,930,000.00	2016	
Specialty membrane (Jiangmen Dongjiang)	7,500,000.00	3,000,000.00	4,500,000.00	2016	
Three-efficiency evaporator (Jiangxi Dongjiang)	6,000,000.00	3,150,000.00	2,850,000.00	2016	
Three-efficiency evaporator (Qingyuan Xinlv)	5,900,000.00	1,770,000.00	4,130,000.00	2016	
Wastewater treatment equipment (Jixing Deda)	5,680,000.00	3,408,000.00	2,272,000.00	2016	
10# plant-waste drums procurement (Jiangxi Dongjiang)	4,780,000.00	3,390,000.00	1,390,000.00	2016	
Harmless exhaust gas treatment equipment procurement and installation contract (Jiangxi Dongjiang)	4,365,000.00	2,182,500.00	2,182,500.00	2016	
Mineral oil waste utilization projects (electrical, instrumentation, automation installation) (Hubei Tianyin)	3,600,000.00	1,070,000.00	2,530,000.00	2016	
	3,200,000.00	600,000.00	2,600,000.00	2016	



XIV. COMMITMENTS (Continued)

1. Combination (Continued)

(1) Significant commitments of capital expenditures (Continued)

3) Significant procurement contracts contracted and undergoing or in preparation (Continued)

Item	Contracted amount	Paid	Unpaid	Estimated investment period	Note
Phase Three project equipment (Coastal Solid Waste)	2,978,600.00	472,100.00	2,506,500.00	2016	
Ammonium nitrate wastewater and ammonia nitrogen treatment project (Qingyuan Xinlv)	2,900,000.00	870,000.00	2,030,000.00	2016	
Waste emission control equipment (Jiaxing Deda)	2,580,000.00	1,548,000.00	1,032,000.00	2016	
Glass fiber reinforced plastic tank purchase project (Jiangxi Dongjiang)	2,550,000.00	755,000.00	1,795,000.00	2016	
Stabilization system equipment procurement and installation contract (Jiangxi Dongjiang)	1,850,000.00	545,000.00	1,305,000.00	2016	
Gas and oil furnace gas steam boiler (Hubei Tianyin)	1,700,000.00	510,000.00	1,190,000.00	2016	
Dangerous transport vehicles (Zhuhai Yongxingsheng)	1,635,000.00	100,000.00	1,535,000.00	2016	
Total	236,603,700.00	92,787,908.00	143,815,792.00		





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1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

XIV. COMMITMENTS (Continued)

1. Combination (Continued)

(1) Significant commitments of capital expenditures (Continued)

4) Leases contracted for and undergoing or in preparation and financial effects

As at the end of the year, the Company as lessee had minimum future lease payment under non-cancellable operating leases in respect of office and plants and transportation equipments leased properties summarized as follows:

Period	Amount of the year	Amount of last year
Within 1 year	4,235,765.34	5,775,931.87
1-2 years	1,345,557.52	5,875,335.89
2-3 years	345,557.52	2,229,565.34
Over 3 years	5,701,699.08	2,618,112.24
Total	11,628,579.46	16,498,945.34

As at the end of the year, the Company as lessor had minimum future lease payment under non-cancellable operating leases in respect of office and plants leased properties summarized as follows:

Period	Amount of the year	Amount of last year
Within 1 year	11,689,121.93	9,479,784.29
1-2 years	16,513,654.39	7,663,392.37
2-3 years	4,205,056.88	5,710,390.50
Over 3 years	10,086,475.28	14,003,542.68
Total	42,494,308.48	36,857,109.84



XIV. COMMITMENTS (Continued)

1. Combination (Continued)

(1) Significant commitments of capital expenditures (Continued)

4) Leases contracted for and undergoing or in preparation and financial effects (Continued)

As at the end of the year, the Company as lessee had minimum future lease payment under non-cancellable operating leases in respect of transportation equipments summarized as follows:

Period	Amount of the year	Amount of last year
Within 1 year	5,926,289.37	15,503,370.27
1-2 years	1,643,964.51	5,616,952.86
2-3 years	1,374,849.91	1,217,212.72
Over 3 years	542,667.93	923,601.48
Total	9,487,771.72	23,261,137.33

(2) Other than the abovementioned commitments, the Company has no significant commitments as at 31 December 2015.

2. The Company

(1) Significant commitments

1) Capital expenditure commitments of the Company as at the end of year

Capital expenditure commitments contracted but not yet provided in the financial statements

Item	Amount at the end of year	Amount at the beginning of year
External investment	287,770,205.00	87,071,400.00
Work-in-progress	2,083,538.65	36,793,524.38
Total	289,853,743.65	123,864,924.38





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(Unless otherwise stated, the notes to financial statements are expressed in RMB)

XIV. COMMITMENTS (Continued)

2. The Company (Continued)

(1) Significant commitments (Continued)

1) Capital expenditure commitments of the Company as at the end of year (Continued)

As at the end of the year, the Company has significant external investments contracted and undergoing or in preparation with total expenses of RMB287,770,205.00 as follows:

Item	Contracted amount	Paid	Unpaid	Estimate investment period	Note
Hengshui Ruitao Environmental Technology Co., Ltd. (衡水睿韜環保技術有限公司)	85,000,000.00	30,120,395.00	54,879,605.00	2016	
Zhejiang Jianglian Environmental Investment Co., Ltd. (浙江江聯環保投資有限公司)	75,558,000.00	22,667,400.00	52,890,600.00	2016	
Rudong Daheng Hazardous Waste Treatment Company Limited (如東大恒危險廢物處理有限公司)	100,000,000.00	80,000,000.00	20,000,000.00	2016	
Nantong Hui Tian Ran Solid Waste Landfills Co., Ltd. (南通惠天然固體廢物填埋有限公司)	197,500,000.00	37,500,000.00	160,000,000.00	2016	
Jiangsu Dongheng Konggang High and New Tech Zone Co., Ltd. (江蘇東恒空港高新技術產業園有限公司)	45,000,000.00	45,000,000.00	–	2016	
Chaoyue Dongchuang Carbon Asset Management (Shenzhen) Co. Ltd. (超越東創碳資產管理(深圳)有限公司)	800,000.00	800,000.00	–	2016	
Total	503,858,000.00	216,087,795.00	287,770,205.00		



XIV. COMMITMENTS (Continued)

2. The Company (Continued)

(1) Significant commitments (Continued)

- 2) Significant sub-contracts contracted and undergoing or in preparation and the financial effects

As at the end of the year, the Company has significant sub-contracts contracted and undergoing or in preparation with total expenses of RMB2,083,538.65 as follows:

Item	Contracted amount	Paid	Unpaid	Estimated investment period	Note
Dongjiang research and development building	5,137,204.00	4,891,425.35	245,778.65	2016	
Zhaoqing industrial waste treatment project	2,175,000.00	1,125,240.00	1,049,760.00	2016	
Fengcheng Dongjiang environmental protection base	1,310,000.00	522,000.00	788,000.00	2016	
Total	8,622,204.00	6,538,665.35	2,083,538.65		





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1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

XIV. COMMITMENTS (Continued)

2. The Company (Continued)

(1) Significant commitments (Continued)

3) Leases contracted and undergoing or in preparation and the financial effects

As at the end of the year, the Company as lessee had minimum future lease payment under non-cancellable operating leases in respect of office and plants and transportation vehicles leased items summarized as follows:

Period	Amount of the year	Amount of last year
Within 1 year	2,025,140.00	2,960,510.20
1-2 years	-	2,025,140.00
Total	2,025,140.00	4,985,650.20

As at the end of the year, the Company as lessor had minimum future lease payment under non-cancellable operating leases in respect of office and plants leased properties summarized as follows:

Period	Amount of the year	Amount of last year
Within 1 year	11,689,121.93	9,479,784.29
1-2 years	16,513,654.39	7,663,392.37
2-3 years	4,205,056.88	5,710,390.50
Over 3 years	10,086,475.28	14,003,542.68
Total	42,494,308.48	36,857,109.84

(2) Other than the abovementioned commitments, the Company has no significant commitments as at 31 December 2015.



XV. POST-BALANCE DATE EVENTS

1. Material non-adjustment events

Nil

2. Profit distribution

Item	details
Proposed distribution of profit or dividends	Based on share capital of 869,382,102 shares to pay a cash dividend of RMB0.80 (tax included) for every 10 shares held by all shareholders, total cash dividend would be RMB69,550,568.16. Remaining balance of distributable profit would be carried forward to subsequent periods.

3. Other than the above disclosure, the Company had no material post-balance date events.

XVI. OTHER SIGNIFICANT EVENTS

1. There were no significant previous miscalculation during the year.

2. There were no debts restructuring during the year.

3. Lease

(1) *Fixed assets leased under finance leases (as lease)*

As at the end of year, breakdown of fixed assets leased under finance leases are set out in note VI.16.

(2) *Minimum lease payment (lessee of finance lease)*

As at the end of year, the minimum lease payments under finance leases are set out in note VI.35.

As at 31 December 2015, the financial costs unrecognized by the Group was RMB10,543.00.

(3) *Operating lease assets (lessor of operating lease)*

Assets leased out under operating leases of the Company as at the end of year is as follows:

Assets leased under operating lease	Amount at the end of year	Amount at the beginning of year
Investment properties	53,870,800.00	53,870,800.00
Total	53,870,800.00	53,870,800.00





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

XVI. OTHER SIGNIFICANT EVENTS *(Continued)*

3. Lease *(Continued)*

(4) *Significant minimum lease payment under operating lease (lessee of operating lease)*

Residual lease term	Amount at the end of year	Amount at the beginning of year
Within 1 year	4,235,765.34	5,775,931.87
1-2 years	1,345,557.52	5,875,335.89
2-3 years	345,557.52	2,229,565.34
Over 3 years	5,701,699.08	2,618,112.24
Total	11,628,579.46	16,498,945.34

4. The Company has no material assets changes during the year.

5. The Company has no annuity schemes.

6. The Company has no discontinued operations during the year.

7. Segment information

The reportable segments are determined based on the structure of its internal organization, management requirements and internal reporting system. The Company has 7 reportable segments based on operating businesses, determined based on internal organization structure, management requirements, and internal report system basis. The management of the Company reviews the operating results of these reportable segments regularly to decide on resources allocation and evaluate its results. Major products and services provided by each reportable segment of the Company includes industrial waste recycling, industrial waste treatment and disposal, municipal waste treatment and disposal, renewable energy utilization, environmental engineering and services, trading and others, as well as household appliances dismantling.

Segment reporting information is disclosed in accordance to the accounting policies and measurement standards adopted for reporting to the management by each segment, which are consistent with the accounting policies and measurement basis for preparing financial statements.

NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)



XVI. OTHER SIGNIFICANT EVENTS (Continued)

7. Segment information (Continued)

2015 Reporting Segments

Unit: RMB'0,000

Item	Industrial		Municipal waste treatment	Renewable Energy utilization	Environmental engineering and services	Trading and others	Household appliance dismantling	Unallocated amounts	Elimination	Total
	Industrial waste recycling	waste treatment and disposal								
Operating revenue	85,567.46	59,091.17	27,262.20	8,918.89	20,577.52	11,846.05	39,477.92	-	(12,442.57)	240,298.64
Including: Revenue from external transactions	77,314.58	58,702.35	27,262.20	8,918.89	19,995.80	8,626.89	39,477.92	-	-	240,298.64
Revenue from intra-segment transactions	8,252.88	388.81	-	-	581.72	3,219.16	-	-	(12,442.57)	-
Operating costs	60,560.67	26,721.97	22,483.53	6,719.45	15,623.33	5,877.58	34,000.95	-	(7,821.43)	164,166.06
Expenses of the period	14,456.92	8,365.93	3,258.82	1,046.83	1,151.25	2,879.15	1,782.30	8,940.92	(253.17)	41,628.95
Segment total profit (total loss)	13,348.29	25,680.17	1,798.30	2,654.74	3,777.86	4,000.36	4,177.47	(610.64)	(9,891.25)	44,935.31
Total assets	394,336.32	121,222.44	73,629.01	31,292.68	30,466.62	79,707.51	80,602.25	288,057.32	(430,792.43)	668,521.72
Including: single asset amount with significant impairment loss	-	-	-	-	-	-	-	-	-	-
Total liabilities	16,962.53	41,965.54	42,781.71	10,126.37	14,985.13	37,891.65	37,127.64	384,776.50	(240,048.90)	346,568.17
Supplementary information										
Capital expenditure	18,140.44	26,538.75	5,483.56	2,547.99	235.06	5,591.68	8,794.96	-	-	67,332.45
Impairment loss recognized during the period	118.56	92.01	1.86	(220.18)	161.14	1,068.41	3.35	(4.00)	-	1,221.16
Including: amortization of goodwill impairment	-	-	-	-	-	1,059.87	-	-	-	1,059.87
Depreciation and amortization expenses	4,820.93	5,789.45	4,393.98	3,051.06	123.60	1,064.68	1,685.93	-	-	20,929.63
Non-cash expenses excluding impairment losses, depreciation and amortization	114.81	96.52	58.77	1.52	-	571.94	35.49	-	-	879.05





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

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XVI. OTHER SIGNIFICANT EVENTS (Continued)

7. Segment information (Continued)

2014

Unit: RMB'0,000

Item	Industrial		Municipal waste treatment	Renewable Energy utilization	Environmental engineering and services	Trading and others	Household appliance dismantling	Unallocated amounts	Elimination	Total
	Industrial waste recycling	waste treatment and disposal								
Operating revenue	100,431.47	42,221.38	22,525.86	6,386.52	17,374.92	7,853.57	22,120.52	-	(14,163.08)	204,751.15
Including: Revenue from external transactions	93,757.03	39,556.33	20,917.39	6,386.52	15,933.56	6,079.82	22,120.52	-	-	204,751.15
Revenue from intra-segment transactions	6,674.44	2,665.05	1,608.48	-	1,441.37	1,773.75	-	-	(14,163.08)	-
Operating costs	70,304.01	21,316.07	18,563.64	4,670.41	13,626.13	5,094.13	18,567.98	-	(12,962.58)	139,179.79
Expenses of the period	15,609.11	3,249.13	2,588.49	1,177.42	736.03	1,699.18	2,167.15	7,390.17	(453.48)	34,163.21
Segment total profit (total loss)	15,034.14	15,844.47	801.01	1,190.39	3,090.89	961.89	1,841.85	(3,329.33)	(3,284.02)	32,151.29
Total assets	331,944.74	53,702.00	76,568.34	29,235.03	21,228.51	11,491.82	67,667.51	175,995.15	(269,286.03)	498,547.06
Including: single asset amount with significant impairment loss	-	2,030.96	709.57	-	-	-	-	1,899.19	-	4,639.72
Total liabilities	37,746.45	8,576.39	12,651.62	12,063.06	8,340.88	13,864.04	26,009.94	235,794.76	(140,357.66)	214,689.47
Supplementary information										
Capital expenditure	30,259.46	6,910.91	6,560.59	1,352.96	121.33	795.75	7,581.16	-	-	53,582.17
Impairment loss recognized during the period	(258.97)	1,979.75	709.37	(8.85)	(78.66)	13.06	(133.80)	1,899.19	651.00	4,772.10
Including: amortization of goodwill impairment	-	-	-	-	-	-	660.00	-	-	660.00
Depreciation and amortization expenses	4,329.91	2,613.60	2,230.23	2,707.62	80.39	235.35	1,092.60	-	-	13,289.70
Non-cash expenses excluding impairment losses, depreciation and amortization	72.76	50.86	-	-	-	3.54	74.64	108.62	-	310.42



XVI. OTHER SIGNIFICANT EVENTS (Continued)

7. Segment information (Continued)

The total amount of sales income and non-current asset other than financial asset and deferred income tax of the Company in domestic and other countries were as follows:

Income from external transactions	Incurred during the year	Incurred last year
Within the PRC (excluding Hong Kong)	2,363,533,446.02	2,016,192,090.02
Hong Kong	39,452,936.16	31,319,438.27
Total	2,402,986,382.18	2,047,511,528.29

Total non-current assets	Amount at the end of year	Amount at the beginning of year
Within the PRC (excluding Hong Kong)	4,316,479,134.74	2,607,305,426.79
Hong Kong	14,619,002.15	17,583,558.79
Total	4,331,098,136.89	2,624,888,985.58





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1 January 2015 to 31 December 2015

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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY

1. Bank balances and cash

Item	Balance at the end of year	Balance at the beginning of year
Cash	3,226.66	4,160.69
Bank deposit	344,482,524.85	418,392,123.10
Other bank balances and cash	40,656,651.93	300,500,185.10
Total	385,142,403.44	718,896,468.89
Including: total overseas deposits	-	-

As the end of the year, the restricted bank balances and cash of the Company were RMB40,088,950.44 (last year: RMB500,000.00) which mainly includes guarantee deposits in other bank balances and security deposit of bank acceptance bills.

2. Financial assets at fair value through profit and loss

(1) *Types of financial assets held for trading*

Item	Balance at the end of year	Balance at the beginning of year
Financial assets held for trading	1,546,950.00	2,054,460.00
including: equity instrument investments	1,546,950.00	2,054,460.00
Total	1,546,950.00	2,054,460.00

(2) *Financial assets held for trading analysis as follows:*

Item	Fair value at the end of year	Fair value at the beginning of year
Listed		
The PRC (exclude Hong Kong)	1,546,950.00	2,054,460.00
Total	1,546,950.00	2,054,460.00

At the end of the year, the market value of listed investment was RMB1,546,950.00 (last year: RMB2,054,460.00).



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

3. Notes receivable

(1) Types of notes receivable

Types of notes receivable	Balance at the end of year	Balance at the beginning of year
Bank acceptance notes	12,951,241.20	50,586,141.65
Commercial acceptance notes	–	–
Total	12,951,241.20	50,586,141.65

(2) Notes receivable endorsed or discounted and not expired at the balance sheet date at the end of the year

Item	Amount derecognized at the end of year	Amount derecognized at the beginning of year
Bank acceptance notes	108,309,845.88	–
commercial acceptance notes	–	–
Total	108,309,845.88	–

4. Accounts receivable

Item	Amount at the end of year	Amount at the beginning of year
Accounts receivable	253,001,803.34	182,019,980.14
less: bad debt provision	7,552,512.78	5,740,926.64
Net amount	245,449,290.56	176,279,053.50

Most of sales to the PRC are transactions under credit, with 30-90 days of credit terms.





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

4. Accounts receivable (Continued)

(1) Aging analysis of accounts receivable

Prior to the acceptance of new customers, the Group applies internal credit assessment policies to assess the credit quality of potential customers and formulates credit limit. Apart from requiring new customers to pay in advance, the Group formulates different credit policies according to different customers. The credit period is generally three months, and can be extended to six months for major customers. For the sales, the Group recognizes accounts receivable and operating revenue at the time point of outbound and acceptance of products, when calculation of the ages of the account begins. Aging analysis of accounts receivable, net of provision for bad debts, presented based on the recognition date is as follows:

Age	Amount at the end of year	Amount at the beginning of year
0-90 days	172,305,676.59	129,097,409.18
91-180 days	23,910,260.69	21,684,608.12
181-365 days	33,425,813.82	18,286,753.37
1-2 years	15,591,036.56	4,357,948.53
2-3 years	216,502.90	2,852,334.30
Net amount	245,449,290.56	176,279,053.50

(2) Accounts receivable by categories

Category	Balance at the end of year				
	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Proportion of provisions (%)	
Accounts receivable that are individually significant and are provided for bad debts on individual basis					
Accounts receivable that are provided for bad debts on portfolio basis based on credit risks characteristics	252,160,521.02	99.67	6,711,230.46	2.66	245,449,290.56
Accounts receivable that are individually insignificant but are individually provided for bad debts	841,282.32	0.33	841,282.32	100.00	-
Total	253,001,803.34		7,552,512.78		245,449,290.56



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

4. Accounts receivable (Continued)

(2) Accounts receivable by categories (Continued)

Category	Book balance		Balance at the end of year		Book value
	Amount	Percentage	Amount	Bad debt provision	
		(%)		Proportion of provisions (%)	
Accounts receivable that are individually significant and are provided for bad debts on individual basis	-	-	-	-	-
Accounts receivable that are provided for bad debts on portfolio basis based on credit risks characteristics	181,178,697.82	99.54	4,899,644.32	2.70	176,279,053.50
Accounts receivable that are individually insignificant but are individually provided for bad debts	841,282.32	0.46	841,282.32	100.00	-
Total	182,019,980.14		5,740,926.64		176,279,053.50

1) Details of accounts receivables that are provided for bad debts based on ageing analysis are as follows:

Age	Balance at the end of year		
	Accounts receivable	Provision for bad debt	Proportion of provisions (%)
0-90 days	51,429,104.54	771,436.57	1.50
91-180 days	13,771,863.23	413,155.90	3.00
181-365 days	7,581,080.63	379,054.04	5.00
1-2 years	7,629,953.21	1,525,990.64	20.00
2-3 years	433,005.80	216,502.90	50.00
Over 3 years	3,405,090.41	3,405,090.41	100.00
Total	84,250,097.82	6,711,230.46	





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1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

4. Accounts receivable (Continued)

(3) Aging analysis of overdue but without impairment accounts receivable at balance date:

Age	Amount at the end of year	Amount at the beginning of year
0-90 days	125,464,129.90	59,832,617.55
91-180 days	10,551,553.36	2,902,078.00
181-365 days	26,022,262.23	956,000.00
1-2 years	5,872,477.71	–
Net amount	167,910,423.20	63,690,695.55

Overdue but without impairment accounts receivables are related to related parties and government agencies, those accounts have good credit. According to the past experiences, the management believes that impairment is unnecessary, because the credit quality remains unchanged, and the balances will be recovered in the future.

(4) Details of bad debts provision provided, reversed (or recovered) during the year

Bad debt provision provided during the Year amounted to RMB1,839,952.14, and reversed or recovered bad debt provision of RMB0.00.

(5) Accounts receivable written off during the Year

Item	Amount written off
Accounts receivable written off	28,366.00

Including significant accounts receivables written off:

Name	Nature of accounts receivable	Amount written off	Reason of write off	Write off implementation	Whether arisen from related party transaction
Shenzhen Jianlilai Electric Co., Ltd.	Disposal fees	12,000.00	Irrecoverable	Report to the Board	No
Dongguan Ande Solid Plastic Packaging Co., Ltd.	Disposal fees	8,366.00	Irrecoverable	Report to the Board	No
Shenzhen Xing Bangli Technology Co., Ltd.	Disposal fees	8,000.00	Irrecoverable	Report to the Board	No
Total		28,366.00			



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

4. Accounts receivable (Continued)

(6) Top five accounts receivable outstanding as at the end of the year categorized by debtors were as follows:

Name	Balance at the end of year	Age	Proportion to total account receivable at the end of year (%)	Balance of bad debt provision at the end of year
No. 1	42,470,823.91	Within 1 year	16.79	–
No. 2	5,554,005.20	1-2 years	2.20	–
	21,384,655.02	Within 1 year	8.45	–
	5,868,130.48	Within 1 year	2.32	185,865.37
No. 3	5,784,000.00	Within 1 year	2.29	159,057.05
No. 4	2,634,000.00	Within 1 year	1.04	103,496.90
No. 5	1,756,000.00	1-2 years	0.69	351,200.00
Total	85,451,614.61		33.78	799,619.32

5. Prepayments

(1) Age of prepayments

Item	Amount at the end of year		Amount at the beginning of year	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	8,857,200.26	86.59	156,369,144.64	96.55
1-2 years	1,004,785.62	9.82	5,588,242.01	3.45
2-3 years	366,945.73	3.59	–	–
Over 3 years	–	–	1,802.07	–
Total	10,228,931.61	100	161,959,188.72	100.00

Significant prepayment aged over 1 year mainly includes the purchase of raw materials of Weichuangli Industrial (Zhuhai) Co., Ltd. (偉創力實業(珠海)有限公司) paid before due by the headquarter.





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(Unless otherwise stated, the notes to financial statements are expressed in RMB)

XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

5. Prepayments (Continued)

(2) Top five prepayment at the end of the year categorized by prepaid items are as follows:

Name	Balance at the end of year	Age	Proportion to the total prepayment at the end of year (%)
No. 1	4,187,397.15	Within 1 year	40.94
No. 2	2,144,437.00	Within 1 year	20.96
No. 3	994,135.62	1-2 years	9.72
No. 4	300,000.00	2-3 years	2.93
No. 5	239,389.55	Within 1 year	2.34
Total	7,865,359.32		76.89

6. Interest receivable

(1) Categories of interest receivable

Item	Amount at the end of year	Amount at the beginning of year
Fixed deposits	6,956,697.92	—
Total	6,956,697.92	—

(2) At the end of the year, there is no interest receivable that is overdue.

7. Other receivables

Item	Amount at the end of year	Amount at the beginning of year
Other receivables	1,655,912,144.53	945,432,414.27
Less: Provision for bad debts	12,359,235.78	11,781,483.54
Net amount	1,643,552,908.75	933,650,930.73

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(Unless otherwise stated, the notes to financial statements are expressed in RMB)



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

7. Other receivables (Continued)

(1) Age analysis of other receivables

Age	Amount at the end of year	Amount at the beginning of year
0-90 days	1,629,395,844.11	919,821,624.99
91-180 days	6,184,317.41	4,279,066.49
181-365 days	3,409,636.11	426,388.47
1-2 years	496,402.42	7,685,911.38
2-3 years	2,843,389.30	23,620.00
Over 3 years	1,223,319.40	1,414,319.40
Net amount	1,643,552,908.75	933,650,930.73

(2) Other receivables by categories

Item	Balance at the end of year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other receivables that are individually significant and are provided for bad debts on individual basis	10,256,792.00	0.62	10,256,792.00	100.00	-
Other receivables that are provided for bad debts on credit risks portfolio basis	1,643,855,352.53	99.27	302,443.78	0.02	1,643,552,908.75
Other receivables that are individually insignificant but are individually provided for bad debts	1,800,000.00	0.11	1,800,000.00	100.00	-
Total	1,655,912,144.53		12,359,235.78		1,643,552,908.75

Item	Balance at the beginning of year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other receivables that are individually significant and are provided for bad debts on individual basis	9,536,792.00	1.01	9,536,792.00	100	-
Other receivables that are provided for bad debts on credit risks portfolio basis	934,095,622.27	98.8	444,691.54	0.05	933,650,930.73
Other receivables that are individually insignificant but are individually provided for bad debts	1,800,000.00	0.19	1,800,000.00	100	-
Total	945,432,414.27		11,781,483.54		933,650,930.73





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(Unless otherwise stated, the notes to financial statements are expressed in RMB)

XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

7. Other receivables (Continued)

(2) Other receivables by categories (Continued)

1) Other receivables that are individually significant and are provided for bad debts on individual basis

Name	Balance at the end of year			Reason for Provision
	Other receivables	Bad debt provision	Proportion of provision (%)	
Dongjiang Songsao	10,256,792.00	10,256,792.00	100.00	Confirmed as non-recoverable
Total	10,256,792.00	10,256,792.00		

2) Other receivables within the portfolio that are provided for bad debts based on ageing analysis

Age	Balance at the end of year		
	Other receivables	Provision for bad debts	Proportion of provision (%)
0-90 days	396,819.84	5,952.30	1.50
91-180 days	80,124.00	2,403.72	3.00
181-365 days	17,245.00	862.25	5.00
1-2 years	6,902.54	1,380.51	20.00
2-3 years	449,210.00	224,605.00	50.00
Over 3 years	67,240.00	67,240.00	100.00
Total	1,017,541.38	302,443.78	

(3) Withdrawal, reversal (recovery) of bad debt provision during the year

Bad debt provision of RMB577,752.24 was provided during the year, and bad debt provision of RMB0.00 was recovered or reversed during the year.

(4) There is no other receivable written during the year.

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(Unless otherwise stated, the notes to financial statements are expressed in RMB)



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

7. Other receivables (Continued)

(5) Other receivables categorized by nature

Nature	Book balance at the end of year	Book balance at the beginning of year
Intra-group transactions	1,632,919,559.49	906,824,174.11
Guarantee deposits	16,860,617.33	12,163,235.48
Provisions	2,064,054.35	2,727,885.11
Payment on behalf of third parties	594,912.54	888,767.83
Considerations and deposits of equity transfer	-	20,804,820.69
Others	3,473,000.82	2,023,531.05
Total	1,655,912,144.53	945,432,414.27

(6) Top five other receivables as at the end of the year categorized by debtors

Name	Nature	Balance at the end of year	Age	Proportion of total other receivables at the end of year (%)	Bad debt provision at the end of year
No. 1	Security deposits	5,000,000.00	Within 1 year	0.30	-
No. 2	Security deposits	1,998,575.00	Within 1 year	0.12	-
No. 4	Deposit for acquisition	1,000,000.00	Over 3 years	0.06	1,000,000.00
No. 1	Deposit	800,000.00	Over 3 years	0.05	-
No. 2	Guarantee deposit	800,000.00	Within 1 year	0.05	-
Total		9,598,575.00		0.58	1,000,000.00

8. Inventories

(1) Categories of inventories

Item	Amount at the end of year			Amount at the beginning of year		
	Book balance	Provision of impairment	Book value	Book balance	Provision of impairment	Book value
Goods delivered	9,159,022.99	-	9,159,022.99	7,661,616.57	-	7,661,616.57
Raw material	7,474,385.13	-	7,474,385.13	12,166,653.27	-	12,166,653.27
Work-in-progress	3,898,304.20	-	3,898,304.20	1,379,835.47	-	1,379,835.47
Finished goods	4,850,529.92	-	4,850,529.92	13,548,252.83	-	13,548,252.83
Low-valued consumables	-	-	-	60,145.89	-	60,145.89
Total	25,382,242.24	-	25,382,242.24	34,816,504.03	-	34,816,504.03

(2) There is no inventory impairment provision during the year.





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

9. Non-current assets due within 1 year

Item	Balance at the end of year	Balance at the beginning of year	Nature
Long-term receivables due within 1 year (notes XVII.12)	29,880,000.00	28,680,000.00	Construction fee
Total	29,880,000.00	28,680,000.00	

10. Other current assets

Item	Amount at the end of year	Amount at the beginning of year
Discounted amortization	1,527,629.67	5,969,884.02
input tax deductible	3,636,008.13	2,295,948.64
Total	5,163,637.80	8,265,832.66

11. Available-for-sale financial assets

(1) Details of available-for-sale financial assets

Item	Balance at the end of year			Balance at the beginning of year		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Available-for-sale equity instruments	14,431,700.00	-	14,431,700.00	-	-	-
Including: measured at cost	14,431,700.00	-	14,431,700.00	-	-	-
Total	14,431,700.00	-	14,431,700.00	-	-	-

(2) Available-for-sale financial assets analyzed as follows:

Item	Amount at the end of year	Amount at the beginning of year
Unlisted	14,431,700.00	-
Total	14,431,700.00	-



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

12. Long-term accounts receivable

Item	Amount at the end of year	Amount at the beginning of year
Receivables for rendering of services to be recovered by installments	204,337,445.32	130,778,599.96
Less: Amount due within 1 year and showed as non-current assets due within one year (Note XVII.9)	29,880,000.00	28,680,000.00
Receivables for rendering of services to be recovered by installments due after 1 year	174,457,445.32	102,098,599.96

(1) Age analysis of long-term receivables

Item	Amount at the end of year	Amount at the beginning of year
0-90 days	102,942,515.36	72,078,599.96
1-2 years	70,248,599.96	36,395,000.00
2-3 years	31,146,330.00	22,305,000.00
Total	204,337,445.32	130,778,599.96





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

12. Long-term accounts receivable (Continued)

(2) Account receivables at the end of year categorized by debtors

Name	Balance at the end of the year		Balance at the beginning of the year	
		Proportion (%)		Proportion (%)
Heyuan new High-technology Development Zone Co., Limited	45,800,000.00	22.41	43,510,000.00	33.27
Lianping Zhongxin Wastewater Treatment Plant (連平忠信鎮污水廠)	37,972,925.00	18.58	15,988,600.00	12.23
Huizhou Zhongxing New Communication Equipment Co., Ltd. (惠州中興新通訊設備有限公司)	36,000,000.00	17.62	–	–
Lianping Shenghuo Wastewater Treatment Plant (連平生活污水廠)	27,687,750.00	13.55	11,658,000.00	8.91
Xinfeng Zhaotai Investment Company Limited (信豐兆泰投資有限公司)	17,277,046.92	8.46	8,123,131.96	6.21
Xinfeng Xunjieqing Circuits Technology Limited (信豐迅捷興電路科技有限公司)	16,797,335.00	8.22	13,437,868.00	10.28
Jiangmen Sungde Circuits Technology Limited	9,510,000.00	4.65	35,800,000.00	27.37
Huizhou Special Electronic Technology Co., Ltd. (惠州市特創電子科技有限公司)	8,842,388.40	4.33	–	–
Dongguan Department of Finance Treasury Payment Center (東莞市財政局國庫支付中心)	2,800,000.00	1.37	–	–
Datong Circuit Board (Shenzhen) Co., Ltd.	1,650,000.00	0.81	2,261,000.00	1.73
Shaoguan Haoteli Electronic Company Limited (韶關好特利電子有限公司)				
Total	204,337,445.32	100	130,778,599.96	100

(3) At the end of the year, long-term receivables does not include amount due from shareholders holding more than 5% (including 5%) voting power attached to shares of the Company.

13. Long-term equity investments

(1) Categorizes of long-term equity investments

Item	Balance at the end of year			Balance at the beginning of year		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments in subsidiaries	2,452,859,617.64	–	2,452,859,617.64	1,565,169,290.65	–	1,565,169,290.65
Investments in associates and joint ventures	135,633,473.53	529,649.00	135,103,824.53	101,913,291.95	529,649.00	101,383,642.95
Total	2,588,493,091.17	529,649.00	2,587,963,442.17	1,667,082,582.60	529,649.00	1,666,552,933.60



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

13. Long-term equity investments (Continued)

(2) Investments in subsidiaries

Investee	Balance at the beginning of year	Increase during the year	Decrease during the year	Balance at the end of year	Impairment provision during the year	Impairment provision Balance at the end of year
Huizhou Dongjiang	6,458,352.90	-	-	6,458,352.90	-	-
Chengdu Treatment Centre	6,105,461.13	-	-	6,105,461.13	-	-
Longgang Dongjiang	46,350,000.00	-	-	46,350,000.00	-	-
Resource Recycling	2,093,966.50	-	-	2,093,966.50	-	-
Kunshan Kunpeng	3,438,970.01	-	3,438,970.01	-	-	-
Dongjiang Heritage	15,500,000.00	-	-	15,500,000.00	-	-
Qingdeng Wastes Treatment	3,916,800.00	-	-	3,916,800.00	-	-
Shaoguan Dongjiang	5,000,000.00	-	-	5,000,000.00	-	-
Hong Kong Dongjiang	22,755,770.00	-	-	22,755,770.00	-	-
Renewable Energy	90,324,500.00	-	-	90,324,500.00	-	-
Qingyuan Dongjiang	172,469,500.00	-	-	172,469,500.00	-	-
Hunan Dongjiang	9,500,000.00	-	-	9,500,000.00	-	-
Shaoguan Green	329,533,500.00	-	-	329,533,500.00	-	-
Baoan Dongjiang	17,230,102.04	-	-	17,230,102.04	-	-
Huabao Technology	5,500,000.00	-	-	5,500,000.00	-	-
Qingdao Dongjiang	15,000,000.00	-	-	15,000,000.00	-	-
Yunnan Dongjiang	10,000,000.00	-	-	10,000,000.00	-	-
Dongjiang Property Service	1,000,000.00	-	-	1,000,000.00	-	-
Products Trading	2,000,000.00	-	-	2,000,000.00	-	-
Dongjiang Transport	34,000,000.00	-	-	34,000,000.00	-	-
Hubei Dongjiang	10,000,000.00	-	-	10,000,000.00	-	-
Qingyuan Xinlv	68,750,000.00	-	-	68,750,000.00	-	-
Zhuhai Qingxin	18,104,598.13	6,225,000.00	-	24,329,598.13	-	-
Jiaxing Deda	30,183,600.00	-	-	30,183,600.00	-	-
Jiangmen Dongjiang	50,000,000.00	-	-	50,000,000.00	-	-
Dongguan Hengjian	76,083,404.82	-	-	76,083,404.82	-	-
Dongjiang Shangtian	5,100,000.00	-	-	5,100,000.00	-	-
Dongjiang Kaida	1,000,000.00	-	-	1,000,000.00	-	-
Coastal Solida Waste	51,382,865.12	-	-	51,382,865.12	-	-
Xiamen Oasis Environmental	375,000,000.00	-	-	375,000,000.00	-	-
Wosen Environmental	53,174,000.00	-	-	53,174,000.00	-	-
Jiangxi Dongjiang	10,000,000.00	40,000,000.00	-	50,000,000.00	-	-
Shaoxing Dongjiang	520,000.00	520,000.00	-	1,040,000.00	-	-
Jiangxi Kangtai	17,693,900.00	-	-	17,693,900.00	-	-
Huiyuan Small Scale Loan	-	300,000,000.00	-	300,000,000.00	-	-
Hengjian Tongda	-	210,284,297.00	-	210,284,297.00	-	-
Hubei Tianyin	-	73,500,000.00	-	73,500,000.00	-	-
Zhuhai Yongxingsheng	-	220,100,000.00	-	220,100,000.00	-	-
Luyi Environmental	-	40,500,000.00	-	40,500,000.00	-	-
Total	1,565,169,290.65	891,129,297.00	3,438,970.01	2,452,859,617.64	-	-





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

13. Long-term equity investments (Continued)

(3) Investments in associates and joint ventures

Investee	balance at the beginning of year	Additional investments	Decrease in investments	Movement during the Year						Balance at the end of year	Impairment provision at the end of year
				Gain and loss of investment recognized using equity approach	Adjustments to other comprehensive income	Movement in using equity interests	Declaration or payment of cash dividend or profit	Impairment provision	Others		
Joint venture											
Dongjiang Veolia	62,983,778.13	-	(600,000.00)	28,267,653.40	-	-	(22,950,000.00)	-	-	67,701,431.53	-
Associate											
Shenzhen Micronutrients	4,433,340.87	-	-	2,402,835.79	-	-	-	-	-	6,836,176.66	529,649.00
Shenzhen Resource	32,064,000.86	-	-	(2,315,673.79)	-	-	-	-	-	29,748,327.07	-
Huateng Environmental	1,902,523.09	-	(2,000,000.00)	97,476.91	-	-	-	-	-	-	-
Hengshui Ruitao	-	30,000,000.00	-	120,395.00	-	-	-	-	-	30,120,395.00	-
Chaoyue Dongchuang	-	800,000.00	-	-102,505.73	-	-	-	-	-	697,494.27	-
Total	101,383,642.95	30,800,000.00	(2,600,000.00)	28,470,181.58	-	-	(22,950,000.00)	-	-	135,103,824.53	529,649.00

(4) Analysis of long-term investments

Item	Amount at the end of year	Amount at the beginning of year
Unlisted	2,587,963,442.17	1,666,552,933.60
Total	2,587,963,442.17	1,666,552,933.60



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

14. Investment properties

(1) *Investment properties measured at fair value*

Item	Buildings and constructions	Total
I. Balance at the beginning of year	53,870,800.00	53,870,800.00
II. Movement of the year		
Add: Acquisition	-	-
Transfer from inventory/fixed assets/work-in-progress	-	-
Less: Disposal	-	-
Other transfer	-	-
Add: change in fair value	-	-
III. Balance at the end of year	53,870,800.00	53,870,800.00

At the end of the year, the fair value of these investment properties is determined based on the valuation made by Shenzhen Pengxin Assets Appraisal and Valuation Co., Limited, which is an independent party not related to the Group. The valuation is prepared with reference to recent market prices of similar properties at the same location with the same purpose after capitalisation of net rental income (as appropriate).

(2) *Location and age analysis of investment properties are as follows:*

Item	Amount at the end of year	Amount at the beginning of year
Within the PRC		
Medium term (10-50 years)	53,870,800.00	53,870,800.00
Total	53,870,800.00	53,870,800.00

(3) *As at the end of the year, all the investment properties have proper legal property rights certificate.*





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

15. Fixed assets

(1) Breakdown of fixed assets

Item	Buildings	Machineries and equipment	Office facilities	Transportation facilities	Others	Total
I. Original book value						
1. Balance at the beginning of year	150,617,959.35	51,069,920.91	42,051,248.93	9,492,548.01	32,744,402.46	285,976,079.66
2. Increase	5,944,018.42	40,368,295.81	4,464,929.56	3,955,051.96	4,480,047.87	59,212,343.62
(1) Acquisition	–	6,630,700.04	1,857,197.25	2,739,923.00	3,138,537.15	14,366,357.44
(2) transfer from work-in-progress	4,938,565.00	12,099,087.22	–	374,797.61	812,591.56	18,225,041.39
(3) Others	1,005,453.42	21,638,508.55	2,607,732.31	840,331.35	528,919.16	26,620,944.79
3. Others	285,026.08	3,172,074.60	21,390,121.82	1,371,703.12	25,447,282.79	51,666,208.41
(1) Disposal or retirement	–	1,446,748.71	20,998,442.32	631,975.33	–	23,077,166.36
(2) Decrease	285,026.08	1,725,325.89	391,679.50	739,727.79	25,447,282.79	28,589,042.05
4. Others	156,276,951.69	88,266,142.12	25,126,056.67	12,075,896.85	11,777,167.54	293,522,214.87
II. Accumulated depreciation						
1. Balance at the beginning of year	26,434,419.32	29,265,074.85	20,406,254.48	6,511,035.94	15,694,736.86	98,311,521.45
2. Increase	6,791,377.36	20,490,536.19	5,495,418.31	2,968,731.86	2,054,096.87	37,800,160.59
(1) Provision	5,805,023.36	8,427,843.64	4,820,884.93	2,491,949.61	1,041,354.74	22,587,056.28
(2) Others	986,354.00	12,062,692.55	674,533.38	476,782.25	1,012,742.13	15,213,104.31
3. Decrease	11,519.82	2,492,641.46	10,623,245.99	1,218,184.23	12,938,613.73	27,284,205.23
(1) Disposal or retirement	–	1,074,643.40	10,286,834.15	611,436.53	98,186.84	12,071,100.92
(2) Others	11,519.82	1,417,998.06	336,411.84	606,747.70	12,840,426.89	15,213,104.31
4. Balance at the end of year	33,214,276.86	47,262,969.58	15,278,426.80	8,261,583.57	4,810,220.00	108,827,476.81
III. Impairment provision						
1. Balance at the beginning of year	940,760.51	1,944,499.22	696,564.71	–	405,494.04	3,987,318.48
2. Increase	–	–	–	–	–	–
3. Decrease	–	58,782.16	602,385.71	–	–	661,167.87
(1) Disposal or retirement	–	58,782.16	602,385.71	–	–	661,167.87
4. Balance at the end of year	940,760.51	1,885,717.06	94,179.00	–	405,494.04	3,326,150.61
IV. Book value						
1. Book value at the end of year	122,121,914.32	39,117,455.48	9,753,450.87	3,814,313.28	6,561,453.50	181,368,587.45
2. Book value at the beginning of year	123,242,779.52	19,860,346.84	20,948,429.74	2,981,512.07	16,644,171.56	183,677,239.73



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

15. Fixed assets (Continued)

(2) Buildings analyzed by location and age as follows:

Item	Amount at the end of year	Amount at the beginning of year
Within the PRC		
Medium lease (10-50 years)	122,121,914.32	123,242,779.52
Total	122,121,914.32	123,242,779.52

Depreciation and amortization of fixed assets recognized as profit or loss during the year was RMB22,587,056.28 (Amount of 2014: RMB24,516,272.71).

Increase in fixed assets includes transfer from work-in-progress of RMB18,225,041.39.

Loss from disposal of fixed assets of the year was RMB288,648.04.

(3) As at the end of the year, the Company has no idle fixed assets.

(4) As at the end of the year, the Company has no fixed assets acquired under finance lease.

(5) As at the end of the year, fixed assets leased under finance lease of the Company was disclosed in note 14.

(6) As at the end of the year, the Company has no assets held for sale.

(7) Fixed assets without proper property entitlement certification

Fixed assets includes buildings with carrying value of RMB27,842,352.95 (Amount at the beginning of year: RMB25,708,400.00), the Company believes that there is no actual legal obstruction or effect to the normal use of such buildings by the Company from entitlement transfer, and there is no material effect to the normal operation of the Company, and no impairment provision should be made in respect of such fixed assets, and no additional costs would occur accordingly.

Item	Book value	Reason for proper entitlement not obtained
Dormitory and plant of Shajing base	21,934,560.17	In progress
Plant of Shajing base of Jiangxi Project	5,907,792.78	In progress





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

16. Construction in progress

(1) Breakdown of construction in progress

Item	Amount at the end of year			Amount at the beginning of year		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Xiaping kitchen waste project	53,323,673.61	-	53,323,673.61	21,595,856.15	-	21,595,856.15
Technology improvement project (Shajin base)	17,796,758.15	-	17,796,758.15	13,074,969.46	-	13,074,969.46
Landfill deodorization improvement construction	7,886,281.54	-	7,886,281.54	17,948,666.52	-	17,948,666.52
Fengcheng Dongjiang environmental protection base	4,072,050.53	-	4,072,050.53	2,597,744.27	-	2,597,744.27
Construction project (Shajin base)	3,190,000.00	-	3,190,000.00	-	-	-
Sludge Project in Fuyong	2,749,960.00	-	2,749,960.00	-	-	-
Zhaoqing industrial waste treatment project	2,430,724.14	-	2,430,724.14	-	-	-
Research and development building	1,579,112.70	-	1,579,112.70	3,662,807.50	-	3,662,807.50
Tricycle software development project	547,169.73	-	547,169.73	-	-	-
Construction of information centre project of headquarter	284,610.00	-	284,610.00	-	-	-
Kingdee EAS Management softwares	140,914.37	-	140,914.37	-	-	-
Installation project (Shajin base)	114,399.00	-	114,399.00	-	-	-
Jiangxi Jingwang precision circuits Limited resource recycling treatment project	61,710.26	-	61,710.26	8,843,122.01	-	8,843,122.01
Total	94,177,364.03	-	94,177,364.03	67,723,165.91	-	67,723,165.91



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

16. Construction in progress (Continued)

(2) Movement of major construction in progress

Name	Amount at the beginning of year	Increase during the year	Decrease during the year		Amount at the end of year
			Transfer to fixed assets	Other decrease	
Fengcheng Dongjiang Environmental Protection industry base (Jiangxi Dongjiang, the Company)	3,082,728.39	53,613,213.67	-	-	56,695,942.06
Luohu District XiaPing kitchen waste project	21,595,856.15	31,747,317.46	19,500.00	-	53,323,673.61
Waste gas treatment improvement project	17,948,666.52	14,207,202.58	-	24,269,587.56	7,886,281.54
Technical renovation project (Shajing Base)	8,156,685.39	12,944,471.76	-	-	21,101,157.15
Total	50,783,936.45	112,512,205.47	19,500.00	24,269,587.56	139,007,054.36

Name	Budget	Proportion of expenditure injected to budget (%)	Progress	Accumulated capitalised interest	Including: interest capitalised for the year	Interest capitalisation rate for the year (%)	Source of capital
Fengcheng Dongjiang Environmental Protection industry base (Jiangxi Dongjiang, the Company)	220,000,000.00	25.77	25.77	329,601.68	329,601.68	5.10	Borrowing, self-raised
Luohu District XiaPing kitchen waste project	91,000,000.00	58.62	58.62	-	-	-	Super fund, self-raised
Waste gas treatment improvement project	45,893,800.00	70.07	70.07	-	-	-	self-raised
Technical renovation project (Shajing Base)	27,020,000.00	78.09	78.09	-	-	-	self-raised
Total	383,913,800.00	329,601.68	329,601.68				





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

17. Intangible assets

Item	Land use rights	Patent	Non-Patent technologies	BOT operating rights	Total
I. Original book value					
1. Balance at the beginning of year	14,985,483.39	105,400.00	8,335,788.39	91,214,539.30	114,641,211.08
2. Increase	-	-	-	-	-
3. Decrease	-	-	406,149.57	-	406,149.57
(1) Others	-	-	406,149.57	-	406,149.57
4. Balance at the end of year	14,985,483.39	105,400.00	7,929,638.82	91,214,539.30	114,235,061.51
II. Accumulated amortisation					
1. Balance at the beginning of year	3,361,134.98	105,400.00	618,547.35	19,801,301.77	23,886,384.10
2. Increase	290,904.96	-	874,539.41	19,148,283.60	20,313,727.97
(1) Withdrawal	290,904.96	-	874,539.41	19,148,283.60	20,313,727.97
3. Decrease	-	-	-	-	-
4. Balance at the end of year	3,652,039.94	105,400.00	1,493,086.76	38,949,585.37	44,200,112.07
III. Impairment provision					
1. Balance at the beginning of year	-	-	-	-	-
2. Increase	-	-	-	-	-
3. Decrease	-	-	-	-	-
4. Balance at the end of year	-	-	-	-	-
IV. Book value					
1. Book value at the end of year	11,333,443.45	-	6,436,552.06	52,264,953.93	70,034,949.44
2. Book value at the beginning of year	11,624,348.41	-	7,717,241.04	71,413,237.53	90,754,826.98

There were no intangible assets arisen from internal research and development of the Company at the end of the year.

Land use rights analyzed based on location and term are as follows:

Item	Amount at the end of year	Amount at the beginning of year
Within the PRC		
Medium lease (10-50 years)	11,333,443.45	11,624,348.41
Total	11,333,443.45	11,624,348.41

Depreciation and amortization of intangible assets recognized as profit or loss during the year was RMB20,313,727.97 (Amount of last year: RMB16,202,030.43).

As at the end of the year, all land use rights has obtained proper legal property rights certifications.



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

18. Deferred income tax assets and deferred income tax liabilities

(1) *Deferred income tax assets not yet offset*

Item	Balance at the end of year		Balance at the beginning of year	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	23,237,899.17	3,485,684.87	22,039,377.66	3,305,906.65
Changes in fair value of financial assets at fair value through profit and loss	5,495,930.00	824,389.50	4,988,420.00	748,263.00
Deferred income	11,330,896.57	1,699,634.49	27,811,696.12	4,171,754.42
Income tax assets recognized in respect of share-based incentive	33,166,851.47	4,975,027.72	18,766,129.13	2,814,919.37
Total	73,231,577.21	10,984,736.58	73,605,622.91	11,040,843.44

(2) *Deferred income tax liabilities not yet offset*

Item	Balance at the end of year		Balance at the beginning of year	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Change in fair value of investment properties	14,848,828.40	2,227,324.26	13,283,430.88	1,992,514.63
Total	14,848,828.40	2,227,324.26	13,283,430.88	1,992,514.63

19. Other non-current assets

Item	Amount at the end of year	Amount at the beginning of year
Prepaid construction equipment costs	205,074,363.90	14,758,129.50
Total	205,074,363.90	14,758,129.50





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

20. Short-term borrowings

(1) *Category of short-term borrowings*

Category of borrowings	Balance at the end of year	Balance at the beginning of year
Secured borrowings	–	98,900,000.00
Credit borrowings	1,179,439,143.96	385,676,227.46
Total	1,179,439,143.96	484,576,227.46

(2) *The Company has no outstanding short-term borrowings overdue.*

21. Accounts payable

(1) *Accounts payable*

Item	Amount at the end of year	Amount at the beginning of year
Intra-group transactions	56,267,325.50	19,755,717.50
Raw material	142,173,169.71	113,598,222.48
Construction	6,573,867.70	742,804.32
Treatment fee	12,800,734.95	9,144,756.96
Equipment	1,862,991.23	1,036,077.50
Others	3,841,569.66	4,298,158.35
Total	223,519,658.75	148,575,737.11





XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

21. Accounts payable (Continued)

(2) Age analysis of accounts payable

As at 31 December 2015, age analysis of accounts payable by invoice date are as follows:

Item	Amount at the end of year	Amount at the beginning of year
0-90 days	119,637,574.84	115,319,059.08
91-180 days	10,025,763.57	642,027.56
181-365 days	64,184,866.29	14,839,491.29
1-2 years	15,175,089.14	8,432,392.51
2-3 years	5,401,725.24	9,110,452.92
Over 3 years	9,094,639.67	232,313.75
Total	223,519,658.75	148,575,737.11

Significant accounts payable aged over 1 year

Name	Balance at the end of year	Reason for not yet settled or carried forward
Zhonsan Baodilong Water Treatment Facilities Co., Ltd.	3,554,950.00	Not yet due
Shenzhen Fengrun Environmental Technology Co., Ltd. (深圳市豐潤環保科技有限公司)	1,786,307.40	Not yet due
Total	5,341,257.40	





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

22. Receipts in advance

(1) Receipts in advance

Item	Balance at the end of year	Balance at the beginning of year
Intra-group transactions	10,395,000.00	16,299,381.79
Borrowings	2,187,557.29	8,524,583.78
Handling fees	16,259,988.16	2,608,196.02
Others	1,061.77	115,800.00
Total	28,843,607.22	27,547,961.59

(2) Significant receipts in advance aged over 1 year

Name	Balance at the end of year	Reason for not yet settled or carried forward
Baijing Electronics Technology (Shenzhen) Co., Ltd.	500,000.00	Not yet due
Xiantao Huayong Metal Co., Ltd	256,908.00	Not yet due
Yongxing Xinyu Environmental Protection Nickel Industry Co., Ltd	199,878.81	Not yet due
Total	956,786.81	



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

23. Employee benefits payables

(1) Categories of employee benefits payables

Item	Balance at the beginning of year	Increase during the year	Decrease during the year	Balance at the end of year
Short-term employee emolument	32,660,328.58	115,865,145.16	129,141,732.12	19,383,741.62
Post-employment benefit – defined contribution schemes	–	2,072,167.87	2,072,167.87	–
Termination benefits	–	1,016,147.77	1,016,147.77	–
Total	32,660,328.58	118,953,460.80	132,230,047.76	19,383,741.62

(2) Short-term emolument

Item	Balance at the beginning of year	Increase during the year	Decrease during the year	Balance at the end of year
Salaries, bonus, allowance and subsidies	32,335,285.68	97,476,695.61	110,879,825.88	18,932,155.41
Staff welfare	218,436.29	7,748,874.23	7,754,759.57	212,550.95
Social Insurance	–	6,022,360.22	6,022,360.22	–
Including: Medical insurance	–	5,531,632.26	5,531,632.26	–
Injury Insurance	–	169,050.93	169,050.93	–
Maternity insurance	–	321,677.03	321,677.03	–
Housing provident fund	–	2,369,947.21	2,369,947.21	–
Union operation cost and staff education cost	106,606.61	2,247,267.89	2,114,839.24	239,035.26
Short-term paid leave	–	–	–	–
Total	32,660,328.58	115,865,145.16	129,141,732.12	19,383,741.62





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

23. Employee benefits payables (Continued)

(3) Defined contribution schemes

Item	Balance at the beginning of year	Increase during the year	Decrease during the year	Balance at the end of year
Basic pension	-	1,899,278.50	1,899,278.50	-
Unemployment insurance	-	172,889.37	172,889.37	-
Total	-	2,072,167.87	2,072,167.87	-

24. Tax payable

Item	Amount at the end of year	Amount at the beginning of year
VAT	7,516,081.06	1,953,983.68
EIT	11,212,235.85	16,673,672.94
Business tax	5,087,227.68	3,859,443.88
Individual income tax	237,084.52	604,177.53
Urban maintenance and construction tax	889,013.31	522,047.14
Education surcharge	658,998.51	415,233.68
Property tax	83,188.72	83,188.72
Total	25,683,829.65	24,111,747.57

As at the end of the year, tax payable does not include Hong Kong Profit Tax.

25. Interest payable

(1) Categories of interest payable

Item	Balance at the end of year	Balance at the beginning of year
Interest payable on short-term borrowings	4,164,292.16	2,255,536.85
Total	4,164,292.16	2,255,536.85

(2) The Company does not have outstanding interest overdue at the end of the year.



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

26. Dividend payable

Item	Balance at the end of year	Balance at the beginning of year
Dividend of ordinary shares	2,385,300.00	1,593,150.00
Total	2,385,300.00	1,593,150.00

27. Other payables

(1) Other payables categorized by nature

Nature	Balance at the end of year	Balance at the beginning of year
Intra-group transactions	565,814,245.04	247,959,986.61
Share-based payment for repurchases	99,934,300.00	122,701,500.00
Equity-based payment for acquisitions	64,982,116.00	14,337,500.00
Guaranteed deposits	64,024,429.00	2,147,908.72
Provisions	11,504.40	751,418.97
Receipts on behalf of third parties	–	281,132.36
Others	19,428,842.53	10,745,938.94
Total	814,195,436.97	398,925,385.60

(2) Breakdown of other payables aged over 1 year

Item	Balance at the end of year	Reason for not yet settled or carried forward
Shenzhen Xiaping Solid Waste Landfill Plant	277,317.69	Not yet due
Zhuhai Kewei Laboratory Equipment Co., Ltd.	264,600.00	Not yet due
Total	541,917.69	





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

28. Non-current liabilities due within 1 year

(1) Non-current liabilities due within 1 year

Item	Balance at the end of year	Balance at the beginning of year
Long-term borrowings due within 1 year (Note XVII.30)	280,000,000.00	111,500,000.00
Total	280,000,000.00	111,500,000.00

29. Other current liabilities

(1) Categories of other current liabilities

Item	Amount at the end of year	Amount at the beginning of year
Deferred income carrying forward within 1 year	6,746,083.10	2,173,549.75
Total	6,746,083.10	2,173,549.75

(2) Government grants

Government grant project	Balance at the beginning of year	Amount of new grant during the year	Credit to non-operating income during the year	Other changes	Balance at the end of year	Related to assts/income
Copper sludge project	66,666.67	-	66,666.67	-	-	Related to assts
Wastewater treatment re-construction projects	1,750,800.00	-	1,750,800.00	0.02	0.02	Related to assts
Special funds for environmental protection projects (demonstration base)	356,083.08	-	356,083.08	356,083.08	356,083.08	Related to assts
Guangdong province major Sci & Tech project (recycling of waste printed circuit board and integrated demonstration projects)	-	-	-	190,000.00	190,000.00	Related to assets
Efficient low consumption electronics industry wastewater denitrification and dephosphorization technology development and application	-	-	-	490,000.00	490,000.00	Related to assets
Other resource exploration electrical information (Xia Ping kitchen waste)	-	-	-	5,000,000.00	5,000,000.00	Related to assets
Sludge reduction project of Shajing Base	-	-	-	710,000.00	710,000.00	Related to assets
Total	2,173,549.75	-	2,173,549.75	6,746,083.10	6,746,083.10	

Other changes are attributable to reclassification of deferred income under note XVII.32.



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

30. Long-term borrowings

Item	Amount at the end of year	Amount at the beginning of year
Long-term bank borrowings	490,400,000.00	396,900,000.00
Less: Amount repayable within one year and showed under non-current liabilities due within one year (Note XVII.28)	280,000,000.00	111,500,000.00
Long-term borrowings repayable after one year	210,400,000.00	285,400,000.00

(1) Categories of borrowings

Categories of borrowings	Amount at the end of year	Amount at the beginning of year
Secured borrowings	199,900,000.00	53,900,000.00
Pledged borrowings	90,500,000.00	50,000,000.00
Credit borrowings	200,000,000.00	293,000,000.00
Total	490,400,000.00	396,900,000.00

Details of interest rates

Interest rates of long-term bank borrowing were 4.99%-7.04%, with weighted average rate of 6.11% (2014: 5.74%-7.04%, with weighted average rate of 6.23%).

(2) The maturities of the long-term borrowings are analyzed as follows:

Item	Amount at the end of year	Amount at the beginning of year
Within 1 year	280,000,000.00	111,500,000.00
1-2 years	85,000,000.00	250,000,000.00
2-5 years	125,400,000.00	35,400,000.00
Total	490,400,000.00	396,900,000.00





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

31. Bond payables

(1) Categories of bond payables

Item	Balance at the end of year	Balance at the beginning of year
2014 Corporate Bond (first batch) of Dongjiang Environmental Company Limited	356,373,249.26	355,632,555.15
Total	356,373,249.26	355,632,555.15

(2) Movement of bond payables (excluding other financial instruments such as preferential shares classified as financial liabilities and perpetual bonds)

Name	Total carrying amount	Issue date	Term of bond	Amount issued	Balance at the beginning of year	Issued during the year	Interest based on carrying amount	Premium/ discounts amortization	Repayment during the year	Payment of underwriting fee	Balance at the end of year
Corporate Bond	350,000,000.00	2014/8/1	5 years	350,000,000.00	355,632,555.15	-	23,490,694.11	-	22,750,000.00	-	356,373,249.26
Total	350,000,000.00			350,000,000.00	355,632,555.15	-	23,490,694.11	-	22,750,000.00	-	356,373,249.26

In 2014, the Company issued 5 years bonds with carrying value of RMB350 million at the rate of 6.5% per annum, with interest payable on 1 August of each year, and principal repayable upon expiry along with last installment of interest. The actual net subscription payment received by the Company was approximately RMB346 million, with actual interest rate of 6.78%.

32. Deferred income

(1) Categories of deferred income

Item	Balance at the beginning of year	Increase during the year	Decrease during the year	Balance at the end of year	Reason
Government grant	25,502,696.12	5,972,019.75	19,714,179.76	11,760,536.11	
Total	25,502,696.12	5,972,019.75	19,714,179.76	11,760,536.11	



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

32. Deferred income (Continued)

(2) Government grant projects

	Government grant projects	Balance at the beginning of year	Amount of new grant during the year	Credit to non-operating income during the year	Other changes	Balance at the end of year	Related to assets/income
Budgets for high&new technology		750,000.00	-	750,000.00	-	-	Related to assets
Wastewater treatment re-construction projects		918,096.69	-	918,096.66	0.02	0.01	Related to assets
Special funds for environmental protection projects (demonstration base)		6,854,599.43	-	-	356,083.08	6,498,516.35	Related to assets
Guangdong province major Sci&Tech project (recycling of waste printed circuit board)		190,000.00	-	-	190,000.00	-	Related to assets
Shenzhen Fuyong river sludge treatment plant phase 2 sludge treatment project		5,000,000.00	-	5,000,000.00	-	-	Related to assets
Industrialization of municipal sludge anaerobic digestion research		1,500,000.00	-	1,500,000.00	-	-	Related to assets
Efficient low consumption electronics industry wastewater denitrification and dephosphorization technology development and application		490,000.00	-	-	490,000.00	-	Related to assets
Luohu District Pingxia kitchen water project		4,800,000.00	-	-	4,800,000.00	-	Related to assets
Other resource exploration electrical information (Xia Ping kitchen waste)		5,000,000.00	-	-	5,000,000.00	-	Related to assets
Technical research on control the contamination during recycling process of waste electronic appliances and environmental safety control of product resources		-	430,000.00	-	-	430,000.00	Related to assets
Hazardous waste wastewater treatment technology engineering laboratory project in Shenzhen		-	4,752,019.75	-	-	4,752,019.75	Related to assets
Supporting project for 863 planning		-	80,000.00	-	-	80,000.00	Related to assets
Sludge reduction project of Shajing Base		-	710,000.00	-	710,000.00	-	Related to assets
Total		25,502,696.12	5,972,019.75	8,168,096.66	11,546,083.10	11,760,536.11	

Other movement includes transfer to other current liabilities of RMB6,746,083.10 (Note XVII.29) and a refund of RMB4,800,000.00 to the Shenzhen Living and Environment Committee in respect of Luohu District Xia Ping kitchen waste treatment project during the year.





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

33. Other non-current liabilities

Item	Amount at the end of year	Amount at the beginning of year
863 Project	2,224,277.36	2,309,000.00
Total	2,224,277.36	2,309,000.00

34. Share capital

Balance of share capital of the Company and movement during the year was consistent with the consolidated statement under note VI.38.

35. Capital reserve

During the year

Item	Amount at the beginning of year	Increase during the year	Decrease during the year	Amount at the end of year
Share premium	916,674,349.79	–	522,734,281.00	393,940,068.79
Other capital reserves	18,766,129.13	14,400,722.36	–	33,166,851.49
Total	935,440,478.92	14,400,722.36	522,734,281.00	427,106,920.28

During the Year, increase in share premium under capital reserve was attributable to the equity-based incentive premium, where increase in share premium was attributable to increase in transfer of capital and repurchase of post-employment equity-based incentive items held under restricted shares, and increase in other capital reserve was attributable to equity-based incentive fees.

During last year

Item	Amount at the beginning of year	Increase during the year	Decrease during the year	Amount at the end of year
Share premium	916,095,129.79	121,007,700.00	120,428,480.00	916,674,349.79
Other capital reserves	–	18,766,129.13	–	18,766,129.13
Total	916,095,129.79	139,773,829.13	120,428,480.00	935,440,478.92

36. Treasury shares

Balance of treasury shares of the Company and movement during the year was consistent with consolidated statement under note VI.40.



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

37. Surplus reserve

During the Year

Item	Amount at the beginning of year	Increase during the year	Decrease during the year	Amount at the end of year
Statutory surplus reserve	119,186,157.89	20,653,570.69	–	139,839,728.58
Total	119,186,157.89	20,653,570.69	–	139,839,728.58

During last year

Item	Amount at the beginning of year	Increase during the year	Decrease during the year	Amount at the end of year
Statutory surplus reserve	96,689,545.31	22,496,612.58	–	119,186,157.89
Total	96,689,545.31	22,496,612.58	–	119,186,157.89

According to Chinese law and regulation, as well as the articles of the Company, each subsidiary of the Group have to transfer 10% of after tax income to statutory surplus reserve, until such balance equals 50% of the registered capital. Surplus reserves can be used to offset any future losses as well as increase in share capital. Any uses other than to reduce losses must not result in surplus reserves lower than 25% of the registered capital.

38. Unallocated profit

During the Year

Item	Amount	Percentage of withdrawal or allocation (%)
Amount at the end of last year	1,121,146,750.68	
Add: unallocated profit adjustment at the beginning of year	–	
Amount at the beginning of the year	1,121,146,750.68	
Add: net profit attributable to shareholders of the parent company during the year	206,535,706.89	
Less: withdrawal of statutory surplus reserve	20,653,570.69	10
Dividend payable of ordinary shares	52,152,126.15	
Amount at the end of the year	1,254,876,760.73	





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

38. Unallocated profit (Continued)

During last year

Item	Amount	Percentage of withdrawal or allocation (%)
Amount at the end of last year	988,072,505.75	
Add: Unallocated profit adjustment at the beginning of year	–	
Amount at the beginning of the year	988,072,505.75	
Add: Net profit attributable to shareholders of the parent company during the year	224,966,125.81	
Less: Withdrawal of statutory surplus reserve	22,496,612.58	10
Dividend payable of ordinary shares	69,395,268.30	
Amount at the end of the year	1,121,146,750.68	

On the 2014 annual general meeting, the first meeting for A shares holders in 2015 and the first meeting for H shares holders in 2015 which held on 5 June 2015, the payment of cash dividend of RMB1.50 (including taxes) by the Company to all shareholders for every 10 shares they hold, which base on the total share capital of the Company of 347,806,841 shares, was considered and approved. The total cash dividend to be distributed will be RMB52,171,026.15 (2014: RMB3.00 per 10 shares). Besides, the reversal of the dividends of the unlocked restricted shares held by former incentive participants who have resigned was RMB18,900.00.

39. Net current assets

Item	Amount at the end of year	Amount at the beginning of year
Current assets	2,366,254,303.52	2,115,188,580.18
Less: current assets	2,584,361,093.43	1,233,919,624.51
Net current assets	(218,106,789.91)	881,268,955.67



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

40. Total assets less current liabilities

Item	Amount at the end of year	Amount at the beginning of year
Total assets	5,758,617,692.41	4,305,665,119.30
Less: current liabilities	2,584,361,093.43	1,233,919,624.51
Total assets less current liabilities	3,174,256,598.98	3,071,745,494.79

41. Borrowings

Borrowings of the Company is summarized as follows:

Item	Amount at the end of year	Amount at the beginning of year
Short-term bank borrowings	1,179,439,143.96	484,576,227.46
Long-term borrowings	490,400,000.00	396,900,000.00
Bonds payable	356,373,249.26	355,632,555.15
Total	2,026,212,393.22	1,237,108,782.61

(1) Breakdown of borrowings

Item	Amount at the end of year	Amount at the beginning of year
Bank borrowings		
– repayable within 1 year	1,459,439,143.96	596,076,227.46
– repayable after 1 year	210,400,000.00	285,400,000.00
Sub-total	1,669,839,143.96	881,476,227.46
Other borrowings		
– repayable after 1 year	356,373,249.26	355,632,555.15
Sub-total	356,373,249.26	355,632,555.15
Total	2,026,212,393.22	1,237,108,782.61





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

41. Borrowings (Continued)

(2) Analysis of maturity of borrowings

Bank borrowings:

Item	Amount at the end of year	Amount at the beginning of year
On demand or within 1 year	1,459,439,143.96	596,076,227.46
1-2 years	85,000,000.00	250,000,000.00
2-5 years	125,400,000.00	35,400,000.00
Total	1,669,839,143.96	881,476,227.46

Other borrowings and payables:

Item	Amount at the end of year	Amount at the beginning of year
2-5 years	356,373,249.26	355,632,555.15
Total	356,373,249.26	355,632,555.15

42. Operating revenue and operating costs

Item	Incurred during the year		Incurred during last year	
	Revenue	Costs	Revenue	Costs
Main businesses	1,026,653,845.33	704,508,457.84	1,092,413,391.82	716,913,934.40
Other businesses	-	-	-	-
Total	1,026,653,845.33	704,508,457.84	1,092,413,391.82	716,913,934.40

Gross Profit

Item	Amount of the year	Amount of last year
Prime operating revenue	1,026,653,845.33	1,092,413,391.82
Prime operating cost	704,508,457.84	716,913,934.40
Gross Profit	322,145,387.49	375,499,457.42



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

42. Operating revenue and operating costs (Continued)

(1) Operating income and operating cost – by business categories

Product	Amount of the year		Amount of last year	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Industrial waste recycling	419,253,940.58	317,261,408.71	523,630,805.60	363,233,265.95
Industrial waste treatment and disposal	231,787,192.10	99,030,664.22	223,673,084.65	85,214,745.83
Municipal waste treatment and disposal	172,383,868.46	150,435,829.14	167,676,026.00	141,205,725.88
Environmental engineering and services	184,450,783.60	137,094,092.67	156,515,625.55	121,981,295.14
Trading and others	18,778,060.59	686,463.10	20,917,850.02	5,278,901.60
Total	1,026,653,845.33	704,508,457.84	1,092,413,391.82	716,913,934.40

(2) Percentage of purchase from the largest supplier is 3.58%, where percentage of purchase from the five largest suppliers is 12.11%;

Percentage of turnover or sales of the largest customers is 4.15%, where percentage of turnover or sales of the five largest customers is 8.68%.

43. Sales tax and levies

Item	Amount of the year	Amount of last year	Calculation basis
Business tax	3,010,790.47	1,456,613.67	5%, 3%
Urban maintenance and construction tax	2,553,362.71	1,363,632.93	7%
Education surcharge	1,814,615.42	973,043.15	5%
Total	7,378,768.60	3,793,289.75	

44. Selling expenses

Item	Amount of the year	Amount of last year
Total	22,398,753.43	13,364,910.24
Including:		
Salaries	11,748,553.83	4,804,719.11
Promotion and marketing fee	1,979,866.80	2,436,512.89
Traveling expenses	2,240,269.51	1,755,518.67
Rents	658,125.77	676,564.70





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

45. Administrative expenses

Item	Amount of the year	Amount of last year
Total	109,415,144.37	141,806,205.54
Including:		
Salaries	23,457,120.98	41,648,336.24
Share-based payment	14,400,722.36	18,766,129.13
Research and development expenses	12,765,231.53	19,134,687.12
Depreciation expenses	10,060,708.64	11,563,997.23
Entertainment expenses	3,960,288.96	6,302,211.72
Rents	1,332,475.50	3,984,238.90

46. Finance costs

(1) Breakdown of finance costs

Item	Amount of the year	Amount of last year
Interest expenses	93,136,791.56	39,878,605.91
Less: interest income	39,026,642.01	25,827,993.80
Add: exchange losses	263,512.01	78,351.51
Add: other expenses	2,516,579.11	4,271,317.23
Total	56,890,240.67	18,400,280.85

(2) Breakdown of interest expenses

Item	Amount of the year	Amount of last year
Interests on bank borrowings and overdrafts	67,056,791.90	29,259,296.60
Bond interests calculated based on actual interest rates	23,490,694.11	10,549,434.31
Interest payable to subsidiaries	2,589,305.55	69,875.00
Sub-total	93,136,791.56	39,878,605.91
Less: capitalized interests	-	-
Total	93,136,791.56	39,878,605.91

General borrowing cost capitalized during the year is calculated by applying a capitalization rate of 0.00% (last year: 0.00%).



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

46. Finance costs (Continued)

(3) Breakdown of interest income

Item	Amount of the year	Amount of last year
Interest income from bank deposits	16,628,707.87	14,255,876.55
Interest receivable from subsidiaries	22,397,934.14	11,572,117.25
Total	39,026,642.01	25,827,993.80

47. Impairment loss for assets

Item	Amount of the year	Amount of last year
Provision for bad debts	2,417,704.38	8,653,318.76
Impairment loss on inventories	-	(3,653,694.97)
Impairment loss on fixed assets	-	712,111.46
Total	2,417,704.38	5,711,735.25

48. Gain/loss on changes in fair value

Item	Amount of the year	Amount of last year
Financial assets at fair value through profit and loss of the period	(507,510.00)	473,250.00
Investment properties at fair value	-	239,900.00
Total	(507,510.00)	713,150.00





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

49. Investment income

(1) *Investment income*

Item	Amount of the year	Amount of last year
Income from long-term equity investments under equity approach	29,255,113.68	32,105,728.07
Investment income from disposal of long-term equity investments	1,692,097.89	–
Investment income received during the period of ownership from financial assets measured at fair value through profit and loss of the period	67,392.00	93,773.00
Investment income received from disposal of financial assets measured at fair value through profit and loss of the period	–	222,805.23
Dividends received from subsidiaries	52,755,721.33	18,860,000.00
Investment income from disposal of financial assets available-for-sale	–	1,004,820.69
Total	83,770,324.90	52,287,126.99

Investment income generated from listed and unlisted investments during the year amounted to RMB67,392.00 and RMB83,702,932.90 respectively.

Return of investment income of the Group is not subject to material restrictions.

50. Non-operating income

(1) *Breakdown of non-operating income*

Item	Amount of the year	Amount of last year	Amount charged to non-recurring profit or loss during the year
Gain on disposal of non-current assets	142,099.56	106,630.00	142,099.56
Including: Profit on disposal of fixed assets	142,099.56	106,630.00	142,099.56
Donations	18,535.00	16,800.00	18,535.00
Government grants	21,408,492.42	5,741,983.08	12,380,806.41
Guaranteed performance compensation	–	6,600,000.00	–
Others	675,950.63	234,025.10	675,950.63
Total	22,245,077.61	12,699,438.18	13,217,391.60



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

50. Non-operating income (Continued)

(2) Breakdown of government grants

Item	Amount of the year	Amount of last year	Origins and evidents	Related to assts/income
VAT Refund upon collection	9,027,686.01	-	CaiShui [2015] No.78	Related to income
Shenzhen Fuyong river sludge treatment plant (phase 2)	5,000,000.00	-	Fund using contract of environmental project in Shenzhen 2012-01	Related to assets
Wastewater treatment re-construction projects	2,668,896.66	1,750,800.00	Shenzhen Environmental Protection Bureau, ShenFu [2006] No.196	Related to assets
Industrialization of municipal sludge anaerobic digestion research	1,500,000.00	-	ShenKeJiChuangXin [2013] No.77, Contract of research and development project in Shenzhen	Related to assets
Shenzhen Economic, Trade and Information Technology Commission (Special fund for Shenzhen strategic emerging industry and industry development in the future)	900,000.00	-	ShenJinMaoZiXunSuanZi [2015] No.237	Related to income
Budgets for high & new technology	750,000.00	-	Guangdong Provincial Science and Technology Agency, YueKeGuiHuaZi [2010] No.126, CaiZhengTingDang	Related to assets
2011 R&D on environmental charity industry special project "Risk assessment on environment and management on waste treatment and disposal during living and consumption process"	653,000.00	-	HuaBanHan [2015] No.1427	Related to income
2014-the 4th brand development support program of bio-industry – brand training project of Dongjiang Environmental	470,000.00	-	ShenJinMaoZiXunYuSuanZi [2015] No.107	Related to income
Special funds for environmental protection projects for the Company (demonstration base)	356,083.08	356,083.08	China National Environmental Protection Agency (CaiJian [2005] No.767)	Related to assets
Copper sludge project	66,666.67	400,000.00	Shenzhen Environmental Protection Bureau, CaiJian [2006] No.318	Related to assets
Other government grants (under RMB100,000)	16,160.00	40,200.00		
Shenzhen high & new technology industry special subsidy funds	-	3,194,900.00	(ShenFu [2008] No.200)	Related to income
Total	21,408,492.42	5,741,983.08		





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

51. Non-operating expenses

Item	Amount of the year	Amount charged to	
		Amount of last year	non-recurring profit or loss during the year
Total loss on disposal of non-current assets	430,747.60	1,649,219.08	430,747.60
Including: loss on disposal of fixed assets	430,747.60	1,649,219.08	430,747.60
Donations	469,500.00	4,225,500.00	469,500.00
Non-recurring loss	2,847.78	1,468,992.89	2,847.78
Others	64,323.25	–	64,323.25
Total	967,418.63	7,343,711.97	967,418.63

52. Income tax expenses

(1) *Income tax expenses*

Item	Amount of the year	Amount of last year
Current income tax – EIT of the PRC	21,358,626.54	28,976,360.90
1. The PRC	21,358,626.54	27,476,585.90
2. Overprovision (underprovision) in the previous year	–	1,499,775.00
Deferred income tax	290,916.49	(3,163,447.72)
Total	21,649,543.03	25,812,913.18



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

52. Income tax expenses (Continued)

(2) Adjustment to income tax expenses and total profit

Income tax calculated using on applicable tax rates based on total profit under the combined income statement is adjusted as income tax expenses as follows:

Item	Amount of the year	Amount of last year
Total profit of the year	228,185,249.92	250,779,038.99
Income tax expenses calculated at statutory/applicable tax rates	34,227,787.49	37,616,855.85
Effect of different tax rate applicable to subsidiaries	-	-
Effect of adjustment to income tax of previous period	-	1,499,775.00
Effect of non-taxable income	(2,849,190.33)	(5,952,456.50)
Effect of non-deductible costs, expenses and losses	(8,771,661.76)	(6,095,863.71)
Effect of utilization of unrecognized deductible losses of deferred income tax assets	-	-
Effect of deductible temporary difference or deductible loss of unrecognized deferred income tax assets of the year	-	-
Effect of additional research and development expenditure deduction	(957,392.37)	(1,368,396.04)
Other adjustments	-	112,998.58
Income tax expenses	21,649,543.03	25,812,913.18

53. Depreciation and amortization

Depreciation/amortization recognized under the income statement of the year was RMB42,900,784.25 (last year: RMB41,680,303.12).

54. Operating lease expenses

Operating lease expenses of the year was RMB5,437,718.49 (last year: RMB5,255,183.54), including rental expenses of industrial equipment and machineries of RMB213,745.00 (last year: RMB0.00).

55. Rental income

The rental income of land and building (excluding land rent, land rates and other expense) of the year was RMB11,062,619.59 (last year: RMB9,985,500.04).





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

56. Notes on items under the cash flow statement

(1) Cash received/paid in relation to other operating/investment/financing activities

1) Other cash receipts relating to operating activities

Item	Amount of the year	Amount of last year
Government grant	1,386,160.00	3,469,125.10
Interest income	9,646,256.08	14,576,648.24
Current accounts with other companies and individuals	82,148,755.72	48,064,757.98
Total	93,181,171.80	66,110,531.32

2) Other cash payments relating to operating activities

Item	Amount of the year	Amount of last year
Current account with other companies and individuals	92,406,288.56	47,907,296.91
Research and development expenses	2,011,001.15	7,951,248.46
Entertainment expenses	4,538,587.98	6,456,086.72
Other expenses	11,032,913.25	5,141,468.04
Rents (including management fees)	1,990,601.27	4,660,803.60
Office expenses	4,460,699.60	4,462,136.36
Intermediary brokerage fee (audit fee, lawyers and consultants fee)	3,472,966.68	3,502,844.78
Vehicle costs	3,251,089.95	3,480,402.58
Traveling expenses	3,667,344.69	3,066,131.01
Transportation expenses	3,032,710.94	2,852,823.65
Promotion and marketing expenses	1,979,866.80	2,436,512.89
Consultation costs	1,678,396.83	1,880,112.22
Utilities	1,771,995.54	1,693,860.10
Labour insurance fee	1,405,542.49	1,098,974.10
Securities service fees	884,928.16	1,046,600.00
Listing expenses	1,305,473.76	1,059,271.78
Total	138,890,407.65	98,696,573.20





XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

56. Notes on items under the cash flow statement (Continued)

(1) Cash received/paid in relation to other operating/investment/financing activities (Continued)

3) Other cash received in relation to investing activities:

Item	Amount of the year	Amount of last year
Considerations for equity transfer and deposits	20,804,820.69	–
Total	20,804,820.69	–

4) Other cash payments relating to investing activities

Item	Amount of the year	Amount of last year
Investment in subsidiaries	345,499,400.00	299,530,000.00
Total	345,499,400.00	299,530,000.00

5) Other cash receipts relating to financing activities

Item	Amount of the year	Amount of last year
Guaranteed deposits	99,084,840.00	8,560,000.00
Total	99,084,840.00	8,560,000.00

6) Other cash payments relating financing activities

Item	Amount of the year	Amount of last year
Issuance of corporate bonds and other intermediate brokerage fees	1,261,633.33	7,815,869.12
Repurchase restricted shares	1,189,020.00	–
Guarantee deposits	70,238,950.44	–
Total	72,689,603.77	7,815,869.12





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

56. Notes on items under the cash flow statement (Continued)

(2) Supplementary information to the cash flow statement of the Company

Item	Amount of the year	Amount of last year
1. Net profit adjusted as cash flow of operating activities:		
Net Profit	206,535,706.89	224,966,125.81
Add: Impairment loss for assets	2,417,704.38	5,711,735.25
Depreciation of fixed assets	22,587,056.28	24,516,272.71
Amortization of intangible assets	20,313,727.97	16,202,030.43
Amortization of long-term deferred expenses	-	961,999.98
Amortization of deferred expenses	-	-
Accrued expenses	-	-
Loss from disposal of fixed assets, intangible expenses and other long term assets (gain represented in "-" sign)	288,648.04	1,542,589.08
Loss on written off of disposal fixed assets (gain represented in "-" sign)	-	-
Gain/loss of changes in fair value (gain represented in "-" sign)	507,510.00	(713,150.00)
Finance costs (gain represented in "-" sign)	93,136,791.56	33,782,594.66
Investment loss (gain represented in "-" sign)	(83,770,324.90)	(52,287,126.99)
Decrease in deferred income tax assets (increase represented in "-" sign)	56,106.86	(3,434,242.35)
Increase in deferred income tax liabilities (decrease represented in "-" sign)	234,809.63	270,794.63
Decrease in inventories (increase represented in "-" sign)	9,434,261.79	(10,591,360.41)
Decrease in operating receivables (increase represented in "-" sign)	(362,389,867.09)	(235,842,302.89)
Increase in operating payables (decrease represented in "-" sign)	376,018,101.98	135,619,425.10
Others	-	-
Net cash flow generated from operating activities	285,370,233.39	140,705,385.01
2. Significant non-cash investing and financing transactions		
Debts transferred to capital	-	-
Convertible corporate bonds due within 1 year	-	-
Fixed assets under finance lease	-	-
3. Net changes in cash and cash equivalents		
Cash balance at the end of the year	345,053,453.00	718,396,468.89
Less: cash balance at the beginning of the year	718,396,468.89	539,240,795.08
Add: balance of cash equivalents at the end of the year	-	-
Less: balance of cash equivalents at the beginning of the year	-	-
Net increase in cash and cash equivalents	(373,343,015.89)	179,155,673.81



XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

56. Notes on items under the cash flow statement (Continued)

(3) Information of acquisition of or disposal of subsidiaries or other operating units

Item	Amount of the year	Amount of last year
Information of acquisition of subsidiaries and other operating units		
1. Consideration of acquisition of subsidiaries and other operating units	544,384,297.00	499,067,900.00
2. Cash and cash equivalents paid for acquisition of subsidiaries and other operating units	467,570,931.00	468,436,500.00
Less: cash and cash equivalents held by subsidiaries and other operating units	98,599,681.61	169,910,940.96
3. Net cash paid for acquisition of subsidiaries and other operating units	368,971,249.39	298,525,559.04
4. Net assets of subsidiaries acquired	164,404,850.47	439,770,287.95
Current assets	197,613,634.56	386,842,370.03
Non-current assets	495,328,278.82	349,354,334.98
Current liabilities	320,556,140.39	284,400,683.02
Non-current liabilities	207,980,922.52	12,025,734.04
Information of disposal of subsidiaries and other operating units		
1. Consideration of disposal of subsidiaries and other operating units	5,916,000.00	2,804,820.69
2. Cash and cash equivalents received upon disposal of subsidiaries and other operating units	5,916,000.00	-
Less: cash and cash equivalents held by subsidiaries and other operating units	-	-
3. Net cash received upon disposal of subsidiaries and other operating units	5,916,000.00	-
4. Net assets of subsidiaries disposed of	-	-
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-





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XVII. NOTES TO MATERIAL ITEMS OF THE FINANCIAL STATEMENT OF THE PARENT COMPANY (Continued)

56. Notes on items under the cash flow statement (Continued)

(4) Cash and cash equivalents

Item	Amount of the year	Amount of last year
Cash	345,053,453.00	718,396,468.89
Including: Cash on hand	3,226.66	4,160.69
Bank deposits readily available for payments	344,482,524.85	418,392,123.10
Monetary fund readily available for payments	567,701.49	300,000,185.10
Central bank deposits readily available for payments	-	-
Deposits in other banks	-	-
Call loans to banks	-	-
Cash equivalents	-	-
Including: Bond investments due within 3 months	-	-
Balance of cash and cash equivalents at the end of the year	345,053,453.00	718,396,468.89
Including: Restricted cash and cash equivalents used by the company and members of the Group	-	-

(5) The Company has no non-cash expenses of the period in relation to significant investment and financing activities during the year.



XVIII. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 24 March 2016.

Supplementary information of financial statements

1. Non-recurring profit and loss statement of the year

Non-recurring profit and loss of the Company disclosed under “Interpretation on information disclosure of companies with public issued securities No.1 – non-recurring profit and loss (2008)” as follows:

Item	Amount of the year	Explanation
Profit or loss from non-current assets disposal	(934,052.55)	
Ultra vires or no formal approval documents of approval of incidental tax refunds or relief	-	
Government grants recognised in profit or loss of the period	37,039,601.70	
Use of fund charged by non-financial institutes recognised in profit or loss of the period	-	
Investment cost of acquisition of subsidiaries, associates and joint ventures less than share of income generated from fair value of net identifiable assets of the investee	-	
Non-monetary assets exchange for profit or loss	-	
Profit or loss of trusted investments or assets management	1,116,135.55	
Impairment provisions of assets withdrawn due to force majeure such as natural disaster	-	
Profit or loss from debt reconstruction	-	
Corporate reconstruction fee	-	
Transactions under unfair considerations resulting in excess of profit or loss over its fair value	-	
Net profit or loss of the period from beginning of period to combination date of subsidiaries arise from business combination under common control	-	
Profit or loss from contingent matters unrelated to normal businesses of the Company	-	
Fair value changes in held-for-trading financial assets, held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than effective hedging business related to normal operating of the Company	(440,118.00)	
Reversal of provision for bad debts for accounts receivables which was individually tested for impairment	406,000.00	
Profit or loss from external trusted loans	-	





NOTES TO FINANCIAL STATEMENTS

1 January 2015 to 31 December 2015

(Unless otherwise stated, the notes to financial statements are expressed in RMB)

XVIII. APPROVAL OF FINANCIAL STATEMENTS (Continued)

1. Non-recurring profit and loss statement of the year (Continued)

Item	Amount of the year	Explanation
Profit or loss from change in fair value of investment properties subsequently measured using the fair value model	-	
Effect of once-off adjustment according to tax, accounting related law and regulations to profit or loss of the period	-	
Administration fee income from entrusted administration	16,141,899.72	
Other non-operating income and expenses other than the abovementioned	-	
Sub-total	53,329,466.42	
Effect of income tax	(11,158,272.38)	
Effect of minority interests (after tax)	(7,322,787.26)	
Total	34,848,406.78	

2. Net return rate of assets and earnings per share

Profit generated during the reporting period	Weighted average net profit return rate (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2015	2014	2015	2014	2015	2014
Net profit attributable to shareholders of the company	12.78	10.79	0.39	0.30	0.39	0.30
Net profit attributable to shareholders of the company, net of non-recurring profit or loss	11.44	10.24	0.35	0.28	0.35	0.28

Dongjiang Environmental Company Limited
24 March 2016

