綠色動力
DYNAGREEN

綠色動力環保集團股份有限公司

Dynagreen Environmental Protection Group Co., Ltd.

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

Stock Code : 1330

Interim Report 2016

Contents

Corporate Information

BOARD OF DIRECTORS

Non-executive Directors

Mr. ZHI Jun *(Chairman)*
Mr. GUO Yitao
Mr. LIU Shuguang
Mr. MA Xiaopeng

Executive Directors

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

Independent non-executive Directors

Ms. CHEN Xin
Mr. KWAN Kai Cheong
Mr. OU Yuezhou

AUDIT COMMITTEE

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

REMUNERATION AND APPRAISAL COMMITTEE

Ms. CHEN Xin *(Chairman)*
Mr. GUO Yitao
Mr. OU Yuezhou

NOMINATION COMMITTEE

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

STRATEGY COMMITTEE

Mr. ZHI Jun *(Chairman)*
Mr. GUO Yitao
Mr. LIU Shuguang
Mr. QIAO Dewei
Mr. OU Yuezhou

SUPERVISORY COMMITTEE

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

JOINT COMPANY SECRETARIES

Mr. ZHU Shuguang
Ms. SENG SZE, Ka Mee Natalia

AUTHORIZED REPRESENTATIVES

Mr. QIAO Dewei
Mr. ZHU Shuguang

LEGAL ADVISORS AS TO HONG KONG LAW

Morrison & Foerster
Allen & Overy

AUDITOR

KPMG

Corporate Information (Continued)

PRINCIPAL BANKERS

Bank of Beijing Co., Ltd
HSBC Bank (China) Company Limited
Asian Development Bank

SHARE REGISTRAR

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

COMPANY'S WEBSITE

www.dynagreen.com.cn

REGISTERED OFFICE (PRINCIPAL PLACE OF BUSINESS IN THE PRC)

2nd Floor, Northeastern Wing, Jiuzhou Electronic Building,
007 Keji South 12th Street, Nanshan District,
Shenzhen, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1st Floor, Xiu Ping Commercial Building, 104 Jervois Street,
Hong Kong

STOCK CODE

1330

Management Discussion and Analysis

BUSINESS REVIEW

In 2016, China entered into the implementation period of the "13th Five-Year Plan". In line with the development strategy of the "13th Five-Year Plan" and to resolve environmental issues in China, environmental protection remained the main theme of the work of the current Chinese government and an important subject relating to people's livelihood. As a result, guided by policies and regulations and driven by market demand, the environmental protection industry continued to develop rapidly. The new Law on Prevention and Control of Atmospheric Pollution (《大氣污染法》) and the Action Plan for Soil Pollution Prevention and Control (《土壤污染防治行動計劃》), which came into force in 2016, provided new opportunities in exhaust control, soil remediation and waste incineration. The Implementing Proposals for the Three-Year Action of "Internet+" Green Ecology (《「互聯網+」綠色生態三年行動實施方案》) linked the environmental protection industry closely with the "Internet+" strategy, providing a new mindset in the regulatory regime and development of the environmental protection industry. The booming environmental protection industry also contributed to the strategy of "stabilization of growth, adjustments to structure, and improvement of people's livelihood" and fitted well into the direction of "deepening the supply-side reform".

As an important part of the environmental protection industry, the waste-to-energy sector continued its growing trend. A number of waste-to-energy plants planned and constructed under the "12th Five-Year Plan" for Nationwide Municipal Waste Detoxification Treatment Facilities Construction (《「十二五」全國城鎮生活垃圾無害化處理設施建設規劃》) gradually commenced operation, pushing the sector's overall treatment capacity to a new level. A number of new projects started the process of tendering and construction, and the proportion of projects located in the central and western China gradually increased, reflecting the new trend in this sector. However, as the economy and society continued to develop, the NIMBY (Not In My Back Yard) effect led to frequent incidents of mass protests against waste-to-energy plants, which also increased the difficulty of site selection of waste-to-energy plants.

In the first half of 2016, with the collaboration and hard work of all colleagues and staff, the Group made good achievements in all aspects. The Group's A-share listing application was formally accepted for processing by the China Securities Regulatory Commission in June. With the electricity generation of the Huizhou Project and Jixian Project coming on stream, the Group had ten operating projects, placing the Group in a leading position of the industry. The Ninghe Project, Bengbu Project and Tongzhou Project commenced construction one after the other, and the projects that had been put into operation "maintained stable operation and met standard emission" while the volume of waste treatment and on-grid electricity achieved new record. There were also new achievements in technological innovation as internal management continued to improve.

In the first half of 2016, the Group achieved a revenue of approximately RMB831,967,000 (representing an increase of 28% as compared to the same period last year), profit before taxation of approximately RMB201,079,000 (representing an increase of 36% as compared to the same period last year), and profit for the period of approximately RMB165,606,000 (representing an increase of 50% as compared to the same period last year). As at 30 June 2016, the total assets and total equity of the Group amounted to approximately RMB5,704,152,000 and approximately RMB2,546,666,000 respectively.

(1) Steady and safe operation of projects under operation, meeting environmental standards, treating an aggregate of 1.52 million tons of municipal solid waste and realizing 345 million kWh of on-grid electricity

In the first half of 2016, the Group continued to adhere to "standardized management" as the focus of its operation management, working around the "safe, environmental friendly, civilized and effective" operational concept, while consistently raising the awareness of standardized and refined management of each operation project. Excellent results were achieved in the management of each project under operation as evidenced by the fact that the environmental standards of emissions were in full compliance with the new Standard for Pollution Control on Municipal Solid Waste Incineration (《生活垃圾焚燒污染控制標準》). The Group was also committed to developing new sources of income and cutting costs in order to enhance economic efficiency.

Management Discussion and Analysis (Continued)

In the first half of 2016, the Group treated 1.52 million tons of municipal solid waste, representing an increase of 17% as compared to the same period in 2015. In the first half of 2016, the Group realized on-grid electricity of 345 million kWh, representing growth of 32% as compared to the same period in 2015.

(2) Huizhou Project and Jixian Project put into operation, construction work started for a number of new projects, projects under construction progressing steadily

In the first half of 2016, the Group had six projects under construction, which progressed orderly. The Huizhou Project and Jixian Project were completed and put to trial operation in May 2016, therefore increasing the Group's solid waste treatment capacity to 1,900 tons per day. As of 30 June 2016, the Jurong Project was almost completed, while 28%, 4% and 5% of the construction works of the Ninghe Project, Bengbu Project and Tongzhou Project were completed, respectively.

(3) Success in procuring new projects, outstanding achievements in financing activities, encouraging progress in R&D

With regard to project development, the Group leveraged its integrated competitive edges, proactively developed waste-to-energy projects, and for the first time entered the market in Jiangxi Province. In February 2016, the Group won the Yichun Project of a designed capacity of 1,400 tons per day. The Yichun Project has a total investment amount of approximately RMB630 million and a concessionary period of 30 years.

With regard to financing, the Group continued to expand its financing channels, strengthened its cooperation with various financial institutions, and actively obtained credit facilities from banks. Up to the date of this report, the Group obtained comprehensive credit facilities of more than RMB1,000 million and long-term facilities of more than RMB1,400 million for various project companies.

With regard to technology research and development, taking on the experience of grate installation and commissioning of the Huizhou Project, design and drawings for a new generation 400-ton grate incinerator were completed according to the construction progress of the Bobai Project. Based on the experience and feedbacks from past projects, installation instruction manuals and construction information manuals of the 250-ton, 350-ton and 400-ton series of incinerators were compiled, allowing the Group to be technically prepared in subsequent project construction and in exporting its three-drive grate incinerators. The Group newly applied for utility model patent for the "detoxification system of combining deacidification with dedusting for flue gas generated from the incineration of municipal solid waste" (生活垃圾焚燒煙氣無害化組合脱酸除塵系統).

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

In the first half of 2016, the Group further optimized its management and control system to ensure standardization of management and to consistently improve efficiency.

In respect of human resources, the Group actively explored recruitment channels and continued to build up its talent pool which had more than 400 talents. The Group also issued the Measures for Senior and Middle Management Personnel (《中高層管理人員管理辦法》), clearly defining the qualification, selection and appointment process of senior and mid-level management personnel. Management training was optimized and innovated, and the Company launched the training program for management candidates. Project performance appraisal methods were also improved and optimized.

As at 30 June 2016, the Group had a total of 1,217 staff members.

Management Discussion and Analysis (Continued)

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

In respect of intellectual property rights, the Group continued to strengthen its protection for intellectual property rights. In the first half of 2016, one new patent application was made and one new patent was granted. Currently, the Group has six invention patents and sixteen utility model patents.

BUSINESS OUTLOOK

Industry Prospects

2016 marks the first year of the "13th Five-Year Plan". The 13th Five-Year Plan for National Economic and Social Development of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要》) put forward the strategies of adhering to green development, improving environmental governance and accelerating urban waste facilities construction in order to achieve full coverage and stable operation of urban waste treatment facilities and to increase waste incineration rate. The plan also aims at improving the countryside by implementing special projects for rural waste treatment in order to achieve a 90% solid waste treatment rate in administrative villages.

The National New-type Urbanization Plan (2014–2020) (《國家新型城鎮化規劃(二零一四–二零二零年)》) suggests that, at present, China's permanent resident population urbanization rate is 53.7%, while registered urban population urbanization rate (under the 'hukou' system)is only around 36%. Future urbanization will have the Chinese characteristics of "people-oriented, synchronized four modernizations, optimized planning, ecological civilization, and cultural heritage". By 2020, permanent resident population urbanization rate will reach around 60%, and registered urban population urbanization rate will reach around 45%. With an increasing urbanization rate, the demand for urban waste treatment will steadily increase.

The new Standard for Pollution Control on Municipal Solid Waste Incineration (《生活垃圾焚燒污染控制標準》) was fully implemented from 1 January 2016, raising the emission standards of waste-to-energy plants. With the existing emission standards for waste-to-energy plants coming in line with the world's advanced standards and the increasing awareness of the public, society's misunderstanding on the waste-to-energy issues will gradually reduce and there will be less mass protest incidents.

Therefore, the "13th Five-Year" period will continue to be a period with significant opportunities for the development of the waste treatment industry, and waste-to-energy is the most effective approach to achieve reducing solid waste in a harmless way and turning it into useful resources. The industry has much room for development.

Prospects of the Company

Waste treatment industry has a huge market. The Group will leverage its own competitive advantages in talent, branding, technology and economies of scale to continue penetrating into the waste-to-energy sector, focusing on both China and international markets and making use of both domestic and foreign capital markets. The Group will enthusiastically explore and acquire new projects, achieve innovation in project construction and excellence in project operation, making the waste-to-energy business into a bigger and stronger industry and strengthening the Group's leading position in the industry. Through effective corporate governance, the Group will enhance efficiency, improve internal control and build a sound foundation for development in order to realize excellent results to pay back the support of and trust from shareholders.

Management Discussion and Analysis (Continued)

As a leader in the environmental protection industry, the Group will continue to uphold its core philosophy of "generating social benefits as the primary goal while economic efficiency serves as the basis", working together with customers, suppliers, employees, community residents and other stakeholders in a win-win cooperation and contributing to social progress, economic growth and environmental governance.

FINANCIAL REVIEW

Financial Position

For the first half of 2016, the Group achieved a revenue of approximately RMB831,967,000 and profit for the period of approximately RMB165,606,000. As at 30 June 2016, the total assets and the total liabilities of the Group amounted to approximately RMB5,704,152,000 and RMB3,157,486,000 respectively; and the total equity amounted to approximately RMB2,546,666,000. The gearing ratio (calculated as total liabilities over total assets) was approximately 55%, and the net asset value per share attributable to equity shareholders of the Company was approximately RMB2.44.

Administrative Expenses

For the first half of 2016, the administrative expenses of the Group amounted to approximately RMB44,351,000 (same period in 2015: RMB33,263,000), accounting for approximately 5.3% (same period in 2015: 5.1%) of the revenue of the Group. The increase in the administrative expenses over the same period in the previous year was mainly attributable to the increase in administrative expenses due to the addition of a new operation project in the second half of last year and the addition of two new operation projects in the first half of this year.

Finance Costs

For the first half of 2016, the finance costs for the current period amounted to approximately RMB52,508,000, representing a decrease of approximately RMB10,002,000 over the same period in the previous year, which was mainly attributable to the Central Bank's lowering of the interest rate for five times in 2015 and the significant decline of the borrowing rates as compared to the same period last year.

Income Tax

In the first half of 2016, the income tax of the Group amounted to approximately RMB35,473,000 (same period in 2015: RMB37,383,000), accounting for approximately 17.6% (same period in 2015: 25.3%) of the profit before taxation of the Group. The ratio of income tax to profit before taxation decreased mainly because the parent company in the Group and Wuhan Company received income tax refund for previous years to charge against the income tax expense for the period in the first half of 2016 while there was no such tax refund income in the same period in 2015 to leading the decrease in the effective tax rate, and two subsidiaries of the Group became eligible for preferential income tax treatment in the second half of 2015 and two subsidiaries became eligible for such preferential income tax treatment in the first half of 2016, thus leading to the decrease in the effective income tax rate of the Group.

Financial Resources and Liquidity

The Group adopts the prudent principle in cash and financial management to ensure proper risk control and reduction in costs of funds. It finances its operations primarily from cash flow generated internally and loans from principal banks. As of 30 June 2016, the Group had cash balance of approximately RMB437,112,000, representing a decrease of RMB97,531,000 as compared to RMB534,643,000 at the end of 2015. The decrease in cash balance was mainly attributable to gradual application of funds for the construction of the projects of the Company. Currently, the Group's cash is denominated in either Renminbi, Hong Kong dollars or Euro.

Management Discussion and Analysis (Continued)

Loans and Borrowings and Pledge of Assets

As of 30 June 2016, the Group has total outstanding borrowings of approximately RMB2,265,123,000, representing an increase of RMB366,466,000 as compared to RMB1,898,657,000 at the end of 2015. The borrowings included secured loans of RMB824,444,000 and unsecured loans of RMB1,440,679,000. The Group's borrowings were denominated in Renminbi and Hong Kong dollars. Most of the Group's borrowings were at floating rates. As of 30 June 2016, the Group had banking facilities in the amount of RMB3,549,078,000, of which RMB906,307,000 had not been utilized. The credit facilities had terms ranging from 1 year to 12 years. The Group currently does not have any interest rate hedging policies. However, the management team monitors the Group's interest rate risks and would consider other necessary actions when significant interest rate risks are anticipated.

Certain receivables and operating rights in connection with the Group's service concession arrangements (including intangible assets, gross amounts due from customers for contract work and trade and other receivables) were pledged under the credit facilities. The book value of the pledged receivables and operating rights amounted to approximately RMB2,454,477,000 as of 30 June 2016.

Contingent Liabilities

The Company has issued financial guarantees to banks in respect of the banking credit granted to certain subsidiaries. The directors of the Company (the "**Directors**") do not consider it is probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as of 31 December 2015 and 30 June 2016 under the guarantees was the facility drawn down by the subsidiaries of RMB870,809,000 and RMB993,804,000 respectively.

Commitments

As of 31 December 2015 and 30 June 2016, the Group's outstanding purchase commitments in relation to construction contracts which had not been provided for in the Group's interim financial statements were RMB302,297,000 and RMB708,054,000 respectively.

As of 31 December 2015 and 30 June 2016, the Group's outstanding commitments in relation to the capital contribution to the associate, Beijing Tian Neng Shen Chuang Environmental Protection Co., Ltd. and Shenzhen Truvalue-Dynagreen Investment Partnership (limited partnership) which had not been provided for in the Group's interim financial statements were RMB284,000,000.

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

	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000
Within 1 year	**2,479**	1,445

Management Discussion and Analysis (Continued)

Foreign Exchange Risks

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

Significant Investments, Acquisitions and Disposals

For the six months ended 30 June 2016, the Group did not make any significant investments, acquisitions or disposals in relation to its subsidiaries and associated companies.

Details of Future Material Investment and Capital Assets Planning

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

Human Resources and Remuneration Policies

As at 30 June 2016, the Group had a total of 1,217 staff members.

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

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

Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2016.

Disclosure of Interests

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

As at 30 June 2016, the interests and short positions of the Directors, supervisors (the "**Supervisors**") and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in the Listing Rules were as follows:

Director	Number of shares held	Capacity	Approximate percentage of shareholding in the relevant class of shares(1)	Approximate percentage of shareholding in the total share capital of the Company(2)
Mr. Qiao Dewei(3)	20,918,478 unlisted Shares (Long position)	Interest in controlled corporation	3.27%	2.00%

Notes:

(1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 30 June 2016.

(2) The calculation is based on the total number of 1,045,000,000 Shares in issue as at 30 June 2016.

(3) Shenzhen Jingxiu Investment Partnership (Limited Partnership) ("**Jingxiu Investment**") held 20,918,478 unlisted shares, representing 3.27% of the unlisted share capital and approximately 2.00% of the total share capital of the Company respectively. As Mr. Qiao Dewei is a general partner of Jingxiu Investment according to the partnership agreement of Jingxiu Investment, pursuant to the SFO, Mr. Qiao Dewei is deemed to be interested in the unlisted shares held by Jingxiu Investment.

Apart from the above, none of the Directors, Supervisors and chief executives of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2016 as recorded in the Register required to be kept under Section 352 of the SFO or which were required to be notified to the Company or the Hong Kong Stock Exchange pursuant to the Model Code.

Apart from the above, at no time during the period from 1 January 2016 to 30 June 2016 was the Company or its associated corporations (within the meaning of Part XV of the SFO) a party to any arrangement to enable the Directors, Supervisors or chief executives of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

Save as disclosed in the section headed "Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" according to the Register kept under Section 336 of the SFO, the following shareholders had 5% or more interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO as at 30 June 2016:

Shareholders	Number of shares held	Capacity	Approximate percentage of shareholding in the relevant class of shares[1]	Approximate percentage of shareholding in the total share capital of the Company[2]
Beijing State-owned Assets Management Co., Ltd. ("**BSAM**")[3]	501,189,618 unlisted Shares (Long position)	Interest in controlled corporation/ Beneficial owner	78.23%	47.96%
Beijing State-owned Assets Management (Hong Kong) Company Limited ("**BSAM (HK)**")[4]	24,859,792 H Shares (Long position)	Beneficial owner	6.15%	2.38%
BSAM[4]	24,859,792 H Shares (Long position)	Interest in controlled corporation	6.15%	2.38%
National Council for Social Security Fund	34,813,000 H Shares (Long position)	Beneficial owner	8.61%	3.33%
Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership)[5]	49,725,295 unlisted Shares (Long position)	Beneficial owner	7.71%	4.75%
Beijing Green Innovation Investment Company Limited[5]	49,725,295 unlisted Shares (Long position)	Interest in controlled corporation	7.71%	4.75%
Beijing Zhixinheng Jin Investment Co., Ltd.[5]	49,725,295 unlisted Shares (Long position)	Interest in controlled corporation	7.71%	4.75%
Bai Hongtao[5]	49,725,295 unlisted Shares (Long position)	Interest in controlled corporation	7.71%	4.75%
Pan Ling[5]	49,725,295 unlisted Shares (Long position)	Interest in controlled corporation	7.71%	4.75%

Disclosure of Interests (Continued)

Notes:

(1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 30 June 2016.

(2) The calculation is based on the total number of 1,045,000,000 Shares in issue as at 30 June 2016.

(3) BSAM directly or indirectly holds 501,189,618 unlisted shares, representing 78.23% of the unlisted Shares and approximately 47.96% of the total share capital of the Company respectively. BSAM is also interested in 62.37% of the total share capital of Beijing Venture Capital Co., Ltd. ("**Beijing Venture Capital**") and Beijing Venture Capital is interested in 19,571,266 Shares representing approximately 1.87% of the total share capital of the Company. BSAM is therefore also deemed to be interested in the unlisted shares held by Beijing Venture Capital pursuant to the SFO.

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

(5) 53.33% equity interest of Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership) is held by Beijing Green Innovation Investment Company Limited. 45.78% equity interest of Beijing Green Innovation Investment Company Limited is held by Beijing Zhixinheng Jin Investment Co., Ltd.. The equity interest of Beijing Zhixinheng Jin Investment Co., Ltd. is held as to 50% by each of Bai Hongtao and Pan Ling. Based on the above and pursuant to the SFO, each of Beijing Green Innovation Investment Company Limited, Beijing Zhixinheng Jin Investment Co., Ltd., Bai Hongtao and Pan Ling is therefore deemed to be interested in the unlisted shares held by Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership).

Apart from the above, as at 30 June 2016, no other interests required to be recorded in the Register kept under Section 336 of the SFO have been notified to the Company.

Mr. Zhi Jun, Ms. Sun Jing (resignation with effect from 18 April 2016), Mr. Guo Yitao (appointment with effect from 18 April 2016) and Mr. Ma Xiaopeng, non-executive Directors of the Company, are employees of BSAM or entities under the BSAM group.

Corporate Governance

The Group has committed to achieving high corporate governance standards in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company has adopted the Code Provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance. During the period from 1 January 2016 to 30 June 2016 (the "**Reporting Period**"), the Company has complied with the code provisions set out in the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in compliance with the Listing Rules. During the Reporting Period, the Audit Committee of the Company comprised the following Directors:

Independent non-executive Directors

Kwan Kai Cheong *(Chairman)*
Chen Xin

Non-executive Director

Ma Xiaopeng

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

During the Reporting Period, the Company had adopted the new working rules for the Audit Committee to reflect the expanded scope of terms of reference of the Audit Committee in response to the amendments in relation to risk management and internal control under the CG Code.

The Audit Committee had reviewed the interim report as at 30 June 2016 of the Group.

Corporate Governance (Continued)

REMUNERATION AND APPRAISAL COMMITTEE

The Company has established a remuneration and appraisal committee (the "**Remuneration Committee**") in compliance with the Listing Rules. During the Reporting Period, the Remuneration Committee comprised the following Directors:

Independent non-executive Directors

Chen Xin *(Chairman)*
Ou Yuezhou

Non-executive Directors

Sun Jing *(resignation with effect from 18 April 2016)*
Guo Yitao *(appointment with effect from 18 April 2016)*

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

NOMINATION COMMITTEE

The Company has established a nomination committee (the "**Nomination Committee**") in compliance with the Listing Rules. During the Reporting Period, the Nomination Committee comprised the following Directors:

Independent non-executive Directors

Ou Yuezhou *(Chairman)*
Kwan Kai Cheong

Non-executive Director

Ma Xiaopeng

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

STRATEGY COMMITTEE

The Company has also established a strategy committee (the "**Strategy Committee**"). During the Reporting Period, the Strategy Committee comprised the following Directors:

Non-executive Directors

Zhi Jun *(Chairman)*
Sun Jing *(resignation with effect from 18 April 2016)*
Guo Yitao *(appointment with effect from 18 April 2016)*
Liu Shuguang

Executive Director

Qiao Dewei

Independent non-executive Director

Ou Yuezhou

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Reporting Period, the Board had complied with (1) the requirement that the Board of a listed issuer must include at least three independent non-executive directors under Rule 3.10(1) of the Listing Rules; (2) the requirement that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules; and (3) the requirement that the number of independent non-executive directors must represent at least one-third of the Board under Rule 3.10A of the Listing Rules.

CHANGES IN INFORMATION OF DIRECTORS

Changes in information of the Directors are set out as follows:

Mr. Liu Shuguang
Mr. Liu Shuguang resigned as a legal representative of Beijing Jupeng Investment Company (北京巨鵬投資公司) in May 2016 but remains as the president thereof.

Ms. Chen Xin
Ms. Chen Xin resigned as the director of the Office of Civil and Commercial Law in January 2016.

Save for the above, there was not any other discloseable information with respect to the Directors under Rule 13.51B(1) of the Listing Rules.

Corporate Governance (Continued)

TRADING OF SHARES BY DIRECTORS, SUPERVISORS AND EMPLOYEES

The Company has adopted Management Measures on Securities Transactions by Directors, Supervisors and Senior Management Personnel (the "**Management Measures**") on terms no less stringent than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules. The Company had made specific inquiries to all of the Directors and the Supervisors on whether they had complied with the Management Measures during the Reporting Period, and all of the Directors and the Supervisors had confirmed that they had all complied with the Management Measures.

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

PURCHASE, SALE AND REDEMPTION OF SECURITIES OF THE COMPANY

During the Reporting Period, there has been no purchase, sale or redemption of the Company's securities (for PRC issuers, as defined in Appendix 16 of the Listing Rules) by the Company or any of its subsidiaries.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, during the Reporting Period, the Company had maintained a public float as required under the Listing Rules.

SHARE OPTION SCHEME

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

USE OF PROCEEDS

The Company raised a total of HK$1,190.25 million of proceeds after the completion of the Global Offering (as defined in the prospectus of the Company dated 9 June 2014) of H Shares on 19 June 2014 and the completion of the Over-allotment Option (as defined in the prospectus of the Company dated 9 June 2014) on 3 July 2014. The net proceeds amounted to approximately HK$1,126 million after deducting various share issuance costs.

As of the date of this interim report, HK$1,126 million has been utilized for the purpose stated on the ordinary resolution in relation to change of use of proceeds passed on the second extraordinary general meeting in 2014 held on 7 November 2014.

EVENTS AFTER THE REPORTING PERIOD

The Company does not have any other events after the Reporting Period.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2016 RMB'000	Six months ended 30 June 2015 RMB'000
Revenue	4	**831,967**	651,550
Direct costs and operating expenses		**(569,394)**	(418,938)
		262,573	232,612
Other revenue	5	**35,811**	11,435
Other net (loss)/income	5	**(432)**	341
Administrative expenses		**(44,351)**	(33,263)
Other operating expenses		**(14)**	(840)
Profit from operations		**253,587**	210,285
Finance costs	6(a)	**(52,508)**	(62,510)
Profit before taxation	6	**201,079**	147,775
Income tax	7	**(35,473)**	(37,383)
Profit for the period		**165,606**	110,392
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences on translation of financial statements, net of nil tax		**2,020**	(365)
Total comprehensive income for the period attributable to equity shareholders of the Company		**167,626**	110,027
Earnings per share	8		
Basic		**RMB0.16**	RMB0.11
Diluted		**RMB0.16**	RMB0.11

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

Consolidated Statement of Financial Position

at 30 June 2016 — unaudited
(Expressed in Renminbi)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Non-current assets			
Other property, plant and equipment		**9,603**	9,543
Intangible assets	9	**2,301,484**	1,948,672
Investment in an associate		**3,500**	3,500
Other receivables	10	**324,116**	211,249
Gross amounts due from customers for contract work	11	**2,038,563**	1,871,490
Deferred tax assets		**1,527**	1,679
		4,678,793	4,046,133
Current assets			
Inventories		**24,641**	15,370
Trade and other receivables	10	**499,360**	450,951
Gross amounts due from customers for contract work	11	**15,872**	12,706
Restricted deposits		**48,374**	26,366
Cash and cash equivalents	12	**437,112**	534,643
		1,025,359	1,040,036
Current liabilities			
Loans and borrowings	13	**884,564**	352,314
Trade and other payables	14	**427,568**	343,477
Current taxation		**26,155**	19,677
Current portion of deferred income	15	**333**	—
		1,338,620	715,468
Net current (liabilities)/assets		**(313,261)**	324,568
Total assets less current liabilities		**4,365,532**	4,370,701

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

Consolidated Statement of Financial Position (Continued)

at 30 June 2016 — unaudited
(Expressed in Renminbi)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Non-current liabilities			
Loans and borrowings	13	**1,380,559**	1,546,343
Deferred tax liabilities		**91,581**	77,586
Trade payables	14	**337,392**	336,382
Non-current portion of deferred income	15	**9,334**	—
		1,818,866	1,960,311
NET ASSETS		**2,546,666**	2,410,390
CAPITAL AND RESERVES			
Capital	16	**1,045,000**	1,045,000
Reserves		**1,501,666**	1,365,390
TOTAL EQUITY		**2,546,666**	2,410,390

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

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi)

	Capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2015	1,045,000	548,950	80,035	14,594	(16,800)	505,613	2,177,392
Changes in equity for the six months ended 30 June 2015:							
Profit for the period	—	—	—	—	—	110,392	110,392
Other comprehensive income	—	—	—	—	(365)	—	(365)
Total comprehensive income	—	—	—	—	(365)	110,392	110,027
Balance at 30 June 2015 and 1 July 2015	1,045,000	548,950	80,035	14,594	(17,165)	616,005	2,287,419
Changes in equity for the six months ended 31 December 2015:							
Profit for the period	—	—	—	—	—	116,366	116,366
Other comprehensive income	—	—	—	—	6,605	—	6,605
Total comprehensive income	—	—	—	—	6,605	116,366	122,971
Appropriation to statutory reserve	—	—	—	7,820	—	(7,820)	—
Balance at 31 December 2015	1,045,000	548,950	80,035	22,414	(10,560)	724,551	2,410,390

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

Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2016 — unaudited

(Expressed in Renminbi)

	Note	Capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2016		**1,045,000**	**548,950**	**80,035**	**22,414**	**(10,560)**	**724,551**	**2,410,390**
Changes in equity for the six months ended 30 June 2016:								
Profit for the period		—	—	—	—	—	**165,606**	**165,606**
Other comprehensive income		—	—	—	—	**2,020**	—	**2,020**
Total comprehensive income		—	—	—	—	**2,020**	**165,606**	**167,626**
Dividends approved in respect of the previous years	16	—	—	—	—	—	**(31,350)**	**(31,350)**
Balance at 30 June 2016		**1,045,000**	**548,950**	**80,035**	**22,414**	**(8,540)**	**858,807**	**2,546,666**

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

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Operating activities		
Cash used in operations	**(399,057)**	(238,136)
People's Republic of China ("PRC") income tax paid	**(14,848)**	(19,880)
Net cash used in operating activities	**(413,905)**	(258,016)
Net cash (used in)/generated from investing activities	**(158)**	2,419
Financing activities		
Payment of listing expenses	**(1,314)**	(2,201)
Other cash flows arising from financing activities	**316,290**	51,589
Net cash generated from financing activities	**314,976**	49,388
Net decrease in cash and cash equivalents	**(99,087)**	(206,209)
Cash and cash equivalents at 1 January	**534,643**	762,356
Effect of foreign exchanges rate changes	**1,556**	(21)
Cash and cash equivalents at 30 June	**437,112**	556,126

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

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue by the Company's Board of Directors on 19 August 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (the "Group") since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included on page 38.

Going concern

The interim financial information has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 30 June 2016 amounting to RMB313,261,000 and the purchase and capital commitments already contracted for by the Group of RMB708,054,000, which in aggregate lead to liquidity concern for the Group.

The reason for the net current liabilities was owing to the fact that the Group financed its certain capital expenditure and operations with short-term loans. The directors of the Group have taken/will take the following measures to ensure the Group has sufficient financial resources to meet its operation requirement for a reasonable period of time:

(i) The Group maintained good long-term business relationship with major financial institutions, so as to ensure that it can obtain sufficient reserves of cash and adequate committed lines of funding from them to meet its liquidity requirement. At 1 August 2016, the unutilised banking facilities of the Group amounted to RMB2,067,713,000.

(ii) With the commencement of operations of the new waste-to-energy projects in the near future, the directors foresee that the Group will generate sufficient operating cash inflow to meet its liquidity requirement.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION (continued)

Going concern (continued)

In view of the above, the directors are of the opinion that, based on a detailed review of the working capital forecast of the Group for the forthcoming future, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements for the next twelve months from 30 June 2016 and the Group's preparation of financial information on a going concern assumption is reasonable.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a few amendments to IFRSs that are first effective for the current accounting period of the Group.

— *Annual Improvements to IFRSs 2012–2014 Cycle*

— *Amendments to IAS 1: Presentation of financial statements: Disclosure initiative*

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

3 SEGMENT REPORTING

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

4 REVENUE

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

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Income from waste-to-energy project construction services	**550,587**	398,586
Income from waste-to-energy project operation services	**210,987**	186,237
Finance income	**70,393**	66,727
	831,967	651,550

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE (continued)

The Group has transactions with the PRC local government authorities and power grid companies which in aggregate exceeded 10% of the Group's revenue. Income from provision of waste-to-energy project construction and operation services and finance income derived from local government authorities and power grid companies in the PRC for the six months ended 30 June 2016 amounted to RMB823,832,000 (six months ended 30 June 2015: RMB651,550,000).

5 OTHER REVENUE AND NET (LOSS)/INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Other revenue		
Interest income	**1,291**	3,999
Government grants (i)	**1,587**	1,546
Value-added tax refund (ii)	**32,690**	5,482
Others	**243**	408
	35,811	11,435
Other net (loss)/income		
Net foreign exchange (loss)/gain	**(418)**	341
Net loss on sales of other property, plant and equipment	**(14)**	—
	(432)	341

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

(ii) Value-added tax refund represented the tax exemption granted by local tax bureaus, and were recognised as income when there is reasonable assurance that they will be received.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

6 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Interest on bank and entrusted loans	**50,652**	53,270
Other interest expenses	**11,748**	10,713
	62,400	63,983
Less: interest expense capitalised into intangible assets*	**(9,892)**	(1,473)
	52,508	62,510

* The borrowing costs have been capitalised at rates of 4.90%–6.15% during the six months ended 30 June 2016 (six months ended 30 June 2015: 5.65%–6.15%).

(b) Staff costs

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Contributions to defined contribution retirement plans	**6,546**	4,283
Salaries, wages and other benefits	**65,165**	50,132
	71,711	54,415

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

6 PROFIT BEFORE TAXATION (continued)

(c) Other items

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Cost of construction service*	**452,651**	315,212
Operating lease charges	**2,069**	2,026
Amortisation	**32,049**	29,358
Depreciation	**1,326**	1,044
Impairment losses of intangible assets	**—**	16,690
Reversal of impairment loss on trade and other receivables	**(437)**	—

* Cost of construction service include RMB17,401,000 for the six months ended 30 June 2016 (six months ended 30 June 2015: RMB12,548,000) relating to staff costs of employees in the construction service, whose amount is also included in the respective total amounts disclosed separately in note 6(b).

7 INCOME TAX

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Current tax		
Provision for PRC income tax for the period	**25,389**	22,158
Under-provision in respect of prior year	**678**	657
PRC income tax refund	**(4,741)**	—
	21,326	22,815
Deferred tax		
Origination and reversal of temporary differences	**14,147**	14,568
Income tax expense	**35,473**	37,383

Taxation for the PRC operations is charged at the statutory rate of 25% of the assessable profits under taxation ruling in the PRC. During the six months ended 30 June 2015 and 2016, certain PRC subsidiaries are subject to tax concessions under the relevant tax rules and regulations.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB165,606,000 (six months ended 30 June 2015: RMB110,392,000) and the weighted average number of 1,045,000,000 ordinary shares in issue for the six months ended 30 June 2016 (six months ended 30 June 2015: 1,045,000,000).

(b) Diluted earnings per share

The Company did not have any potential dilutive shares during the six months ended 30 June 2015 and 2016. Accordingly, diluted earnings per share is the same as basic earnings per share.

9 INTANGIBLE ASSETS

	Computer software RMB'000	Waste-to-energy project operating rights RMB'000	Construction license RMB'000	Total RMB'000
Cost:				
At 31 December 2015 and 1 January 2016	619	2,194,982	6,529	2,202,130
Additions	51	384,595	—	384,646
Exchange adjustments	—	950	—	950
At 30 June 2016	670	2,580,527	6,529	2,587,726
Accumulated amortisation and impairment loss:				
At 31 December 2015 and 1 January 2016	217	246,712	6,529	253,458
Charge for the period	26	32,023	—	32,049
Exchange adjustments	—	735	—	735
At 30 June 2016	243	279,470	6,529	286,242
Net book value:				
At 31 December 2015	402	1,948,270	—	1,948,672
At 30 June 2016	427	2,301,057	—	2,301,484

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

9 INTANGIBLE ASSETS (continued)

The cost of waste-to-energy project operating rights represented the fair value of operating rights acquired. The operating rights was deemed to be definite life intangible assets as the BOT arrangements stated that the operation periods vary from 23 years to 30 years. It is expected to generate long-term net cash inflow to the Group.

For those waste-to-energy projects which have not yet commenced operation, the Group assesses the recoverable amount of each operating right at the end of each period.

For those waste-to-energy projects which have commenced operation, the Group assesses the recoverable amount of each operating right when there is an impairment indication. At 30 June 2016, the recoverable amounts of the operating right are estimated to be higher than the carrying amount, and no impairment is required (2015: RMB16,691,000).

The recoverable amounts of each operating right are determined based on value-in-use calculations. The Group assessed the recoverable amounts of calculations use cash flow projections based on financial budgets covering each specific operating period. The cash flows are discounted using a discount rate of 5.71%–8.77% (31 December 2015: 5.81%–6.68%). The discount rates used are pre-tax and reflect specific risks relating to the relevant operating rights.

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 1 month	**70,367**	78,975
More than 1 month but within 3 months	**44,029**	25,303
More than 3 months but within 6 months	**37,927**	8,344
More than 6 months	**7,169**	8,090
Trade receivables net of allowance for doubtful debts and bills receivable	**159,492**	120,712
Prepayments for construction and operating rights	**288,949**	198,370
Other receivables, deposits and prepayments	**375,035**	343,118
	823,476	662,200
Less: Non-current portion		
— Other receivables	**(324,116)**	(211,249)
	499,360	450,951

Included in "Other receivables, deposits and prepayments" of the Group at 30 June 2016 were retention receivables of RMB75,413,000 (31 December 2015: RMB64,413,000), which were expected to be recovered after more than one year.

Included in "Other receivables, deposits and prepayments" and "Non-current portion — Other receivables" of the Group of RMB75,717,000 at 30 June 2016 (31 December 2015: RMB67,942,000), which represent the financial income receivables under BOT arrangements and are calculated based on gross amounts due from customers for contract work at interest rates ranging from 5.29% to 8.12% (2015: 6.61% to 8.12%) . The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT arrangements.

Included in "Other receivables, deposits and prepayments" and "Non-current portion — Other receivables" of the Group of RMB115,245,000 at 30 June 2016 (31 December 2015: RMB122,030,000) were unsecured, interest-bearing at 0.74% per annum, due from an unrelated party and will be repaid by instalments until 2020.

Included in "Prepayments for construction and operating rights" and "Non-current portion — Other receivables" of the Group of RMB100,000,000 at 30 June 2016 (31 December 2015: nil), which represent the prepayments for acquisition of waste-to-energy project operating rights.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES (continued)

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

Trade receivables are due within 10 days to 30 days from the date of billing. Management has a credit policy in place and the exposures to the credit risks are monitored on an ongoing basis. Trade receivables of the Group mainly represent receivables in respect of revenue from waste-to-energy project operation services. There was no recent history of default in respect of the Group's trade receivables. Since most of the trade receivables are due from local government authorities and power grid companies in the PRC and based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. Allowances for doubtful debts of RMB92,000 in respect of the Group's trade receivables were recognised at 30 June 2016 (31 December 2015: RMB706,000).

11 GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Contract costs incurred plus recognised profits less anticipated losses	**2,098,273**	1,922,210
Less: Progress billings	**(43,838)**	(38,014)
Net contract work	**2,054,435**	1,884,196
Representing:		
Gross amounts due from customers for contract work		
— Non-current	**2,038,563**	1,871,490
— Current	**15,872**	12,706
Total	**2,054,435**	1,884,196

Certain subsidiaries of the Group entered into service concession arrangements with the local government authorities in the PRC (the "grantors"). Pursuant to the service concession arrangements, the Group has to design, construct and operate and manage waste-to-energy projects in the PRC, with operation periods varying from 23 years to 30 years. The Group has the obligation to maintain the waste-to-energy power plants in good condition. The grantors guarantee that the Group will receive minimum annual payments for certain service concession arrangements. Upon expiry of the concession periods, the waste-to-energy power plants and the related facilities will be transferred to the local government authorities.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

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

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

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

"Gross amounts due from customers for contract work" mainly represent part of the revenue from construction under BOT arrangements and bear interest at rates ranging from 5.29% to 8.12% per annum for the six months ended 30 June 2016 (six months ended 30 June 2015: 6.61% to 7.87%). The amounts for BOT arrangements are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT arrangements.

12 CASH AND CASH EQUIVALENTS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Cash at bank and in hand	**437,112**	534,643

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

13 LOANS AND BORROWINGS

At 30 June 2016, the loans and borrowings were repayable as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 1 year or on demand	**884,564**	352,314
After 1 year but within 2 years	**156,871**	372,617
After 2 years but within 5 years	**723,632**	672,591
After 5 years	**500,056**	501,135
	1,380,559	1,546,343
	2,265,123	1,898,657

At 30 June 2016, the loans and borrowings were secured as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bank loans		
— secured	**824,444**	752,724
— unsecured	**1,440,679**	1,145,933
	2,265,123	1,898,657

(a) Secured bank loans

Banking facilities of the Group amounting to RMB1,011,550,000 as at 30 June 2016 (31 December 2015: RMB1,154,536,000) were secured by certain receivables and operating rights in connection with the Group's service concession arrangements. Such banking facilities were utilised to the extent of RMB824,444,000 (31 December 2015: RMB752,724,000) and the relevant book value of secured assets amounted to RMB2,454,477,000 as at 30 June 2016 (31 December 2015: RMB2,245,471,000).

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

13 LOANS AND BORROWINGS (continued)

(b) Unsecured bank loans

Unsecured banking facilities of the Group amounting to RMB622,990,000 as at 30 June 2016 (31 December 2015: RMB622,990,000) were guaranteed by an equity shareholder of the Group. Such banking facilities were granted for a period of 10 years, which would be due in December 2023. At 30 June 2016, such banking facilities were utilised to the extent of RMB622,990,000 (31 December 2015: RMB622,990,000) and letters of credit amounting to RMB18,000,000 were issued by the Company to guarantee the interests payment in respect of the loan drawn down under such banking facilities (31 December 2015: Nil).

(c) Fulfillment of covenants

Banking facilities of RMB622,990,000 as at 30 June 2016 were subject to the fulfillment of covenants relating to certain of the Group's financial ratios. If the Group were to breach the covenants, the Group shall indemnify each lender against any cost, loss or liability incurred by such lender (including any loss of margin) within three business days of demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2016, none of the covenants relating to drawn down facilities had been breached (31 December 2015: nil).

14 TRADE AND OTHER PAYABLES

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Due within 1 month or on demand	**219,331**	189,479
Due after 1 month but within 6 months	**27,367**	16,032
Due after 6 months but within 1 year	**64,206**	31,261
Due after 1 year	**337,392**	336,382
Total trade payables	**648,296**	573,154
Other payables and accruals	**85,207**	106,705
Dividends payable	**31,457**	—
Less: Non-current portion — trade payables	**(337,392)**	(336,382)
	427,568	343,477

Included in "Trade payables" and "Non-current portion — trade payables" RMB348,757,000 as at 30 June 2016 (31 December 2015: RMB346,072,000) were unsecured, interest-bearing ranging from 4.64% to 8.51% (31 December 2015: 4.64% to 8.51%) per annum, due to unrelated suppliers and will be repaid by instalments during the service concession period of the Group's respective BOT arrangements, among which RMB337,392,000 (31 December 2015: RMB336,382,000) were not expected to be settled within one year.

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

15 DEFERRED INCOME

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Government grants	**9,667**	—
Less: Amount included under current liabilities	**(333)**	—
Amount included under non-current liabilities	**9,334**	—

The government grants was recognised as deferred income when received and amortised through profit or loss on a systematic basis as same as the useful life of the waste-to-energy project operating rights.

16 CAPITAL AND RESERVES

Dividends

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

The directors do not propose the payment of interim dividends for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

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

	For the six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Dividends in respect of the previous financial years, approved during the interim period ended 30 June 2016 (six months ended 30 June 2015: nil)	**31,350**	—

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

17 COMMITMENTS

(a) The Group had outstanding purchase commitments in connection with the Group's construction contracts not provided for in this interim financial report of RMB708,054,000 at 30 June 2016 (31 December 2015: RMB302,397,000).

(b) The Group and the Company had outstanding capital commitment in connection with the capital contribution to the associate, Beijing Tian Neng Shen Chuang Environmental Protection Co., Ltd. and Shenzhen Truvalue-Dynagreen Investment Partnership (limited partnership) not provided for in this interim financial report of RMB284,000,000 at 31 December 2015 and 30 June 2016.

(c) Operating lease commitments

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 1 year	**2,479**	1,445

18 CONTINGENT LIABILITIES

The Company has issued financial guarantees to banks in respect of the banking facilities granted to certain subsidiaries. The directors do not consider it is probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company at 30 June 2016 under the guarantees issued is the facility drawn down by the subsidiaries of RMB993,804,000 (31 December 2015: RMB870,809,000).

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

19 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Six months ended 30 June	
	2016 **RMB'000**	2015 RMB'000
Interest paid to equity owners	**1,172**	—
Entrusted loan from an equity shareholder	**100,000**	—
Service fee to Changzhou Zhengyuan Environmental Protection Resources Utilization Co., Ltd. ("Changzhou Zhengyuan"*)	**795**	855
Management Service fee to Changzhou Zhengyuan	**500**	500
Collection of slag processing fee on behalf of Changzhou Zhengyuan	**1,250**	1,413

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

(b) Corporate guarantee provided from the immediate holding company in respect of banking facilities granted to the Company amounted to RMB622,990,000 as at 31 December 2015 and 30 June 2016.

(c) Key management personnel remuneration

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

	Six months ended 30 June	
	2016 **RMB'000**	2015 RMB'000
Short-term employee benefits	**2,148**	2,868
Contributions to defined contribution retirement plans	**110**	129
Total	**2,258**	2,997

Independent Review Report

KPMG

Review report to the board of directors of
Dynagreen Environmental Protection Group Co., Ltd.
(Established in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 17 to 37 which comprises the consolidated statement of financial position of Dynagreen Environmental Protection Group Co., Ltd. as of 30 June 2016 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

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

19 August 2016