大唐環境產業集團股份有限公司
Datang Environment Industry Group Co., Ltd.*

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

Stock Code: 1272

GLOBAL OFFERING

Sole Sponsor

中信證券 CITIC CLSA Securities

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

中信證券 CITIC CLSA Securities

Deutsche Bank

CMS 招商证券

Joint Bookrunners and Joint Lead Managers

海通國際 HAITONG

HSBC

農銀國際 ABC INTERNATIONAL

BNP PARIBAS

*For identification purposes only

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

Datang Environment Industry Group Co., Ltd.*

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

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**540,000,000 H Shares (subject to the Over-allotment Option)**
Number of Offer Shares under the International Offering	:	**486,000,000 H Shares (subject to adjustment and the Over-allotment Option)**
Number of Hong Kong Public Offer Shares	:	**54,000,000 H Shares (subject to adjustment)**
Maximum Offer Price	:	**HK$4.74 per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	:	**RMB1.00 per H Share**
Stock Code	:	**1272**

Sole Sponsor

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Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CITIC CLSA Securities　Deutsche Bank　CMS 招商证券

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VII — Documents Delivered to the Registrar of Companies and Available for Inspection" in this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

We are incorporated, and substantially all of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong, and the fact that there are different risks relating to investment in PRC incorporated companies. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong, and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set forth in "Risk Factors," "Appendix IV — Summary of Major Legal and Regulatory Provisions" and "Appendix V — Summary of Articles of Association" in this prospectus.

The Offer Price is expected to be determined by agreement between our Company and the Underwriters (themselves or through their representative) on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, November 8, 2016 or such later time as may be agreed by our Company and the Joint Global Coordinators, but in any event no later than Wednesday, November 9, 2016. The Offer Price will be not more than HK$4.74 per Offer Share and is currently expected to be not less than HK$3.55 per Offer Share. Investors applying for Hong Kong Public Offer Shares must pay, on application, the maximum Offer Price of HK$4.74 per Offer Share, unless otherwise announced, together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than the price per Offer Share payable on application.

The Joint Global Coordinators may, with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below what is stated in this prospectus (which is HK$3.55 to HK$4.74 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Such notice will also be available on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.dteg.com.cn**. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure subscribers for the subscription for, the Hong Kong Public Offer Shares, are subject to termination by the Joint Global Coordinators if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting." It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold, pledged or transferred within the United States or to, or for the account or benefit of, U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered and sold (1) to QIBs in reliance on Rule 144A or another exemption from registration under the U.S. Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

* *For identification purposes only*

November 3, 2016

Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2]	11:30 a.m. on Tuesday, November 8, 2016
Application lists open[3]	11:45 a.m. on Tuesday, November 8, 2016
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Tuesday, November 8, 2016
Latest time to complete payment for **White Form eIPO** applications by effecting Internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Tuesday, November 8, 2016
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Tuesday, November 8, 2016
Application lists close[3]	12:00 noon on Tuesday, November 8, 2016
Expected Price Determination Date[5]	Tuesday, November 8, 2016
(1) Announcement of: the Offer Price; the level of indications of interest in the International Offering; the level of applications in the Hong Kong Public Offering; and the basis of allocation of the Hong Kong Public Offer Shares under the Hong Kong Public Offering to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese), on or before	Monday, November 14, 2016
(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where applicable) to be available through a variety of channels (see the section headed "How to Apply for Hong Kong Public Offer Shares — 11. Publication of Results" in this prospectus)	Monday, November 14, 2016
(3) Announcement of the Hong Kong Public Offering as mentioned in (1) and (2) above to be published in details on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**[6] and the website of the Company at **www.dteg.com.cn**[6] from	Monday, November 14, 2016
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID number" function from	Monday, November 14, 2016

H Share certificates in respect of wholly or partially successful applications under the Hong Kong Public Offering will be dispatched or deposited into CCASS on or before(7)	Monday, November 14, 2016
Dispatch of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before(7) (8) (9)	Monday, November 14, 2016
Dealings in H Shares on the Hong Kong Stock Exchange expected to commence at	9:00 a.m. on Tuesday, November 15, 2016

Notes:

(1) All times refer to Hong Kong local time unless otherwise stated. For details of the structure of the Global Offering (including conditions under the Hong Kong Public Offering), please refer to the section "Structure of the Global Offering."

(2) No submission of application is allowed through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day of lodging applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, November 8, 2016, the application lists will not open or will close on that day. Please refer to the section "How to Apply for Hong Kong Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

(4) Applicants who apply for the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC should see the section "How to Apply for Hong Kong Public Offer Shares — 6. Applying by Giving **Electronic Application Instructions** to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date, i.e. the date of determining the Offer Price, is expected to be on or about Tuesday, November 8, 2016 and in any event will not be later than Wednesday, November 9, 2016. If, for any reason, the Offer Price is not agreed between the Underwriters (themselves or through their representative) and us on or before Wednesday, November 9, 2016, the Global Offering (including the Hong Kong Public Offering) will lapse.

(6) None of the website or any of the information contained on the website forms part of this prospectus.

(7) Applicants who apply for 1,000,000 or more Hong Kong Public Offer Shares and have provided all required information in the Application Forms may collect refund cheques (where applicable) and H Share certificates (where applicable) in person from our H Share Registrar, at 1712 – 1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, November 14, 2016. Applicants being individuals who are eligible for personal collection must not authorize any person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorized representatives each bearing a letter of authorization from his corporation stamped with the corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our H Share Registrar, Computershare Hong Kong Investor Services Limited. Uncollected refund cheques and H Share certificates will be dispatched promptly by ordinary post to the addresses as specified in the applicants' Application Forms at the applicants' own risk. For details of the arrangements, please refer to the section "How to Apply for Hong Kong Public Offer Shares."

(8) Applicants who apply through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to their application payment bank accounts, in the form of e-Refund payment instructions. Applicants who apply through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the addresses as specified in their application instructions to the **White Form eIPO** Service Provider, in the form of refund cheques, by ordinary post at their own risk.

(9) e-Refund payment instructions/refund cheques will be given and issued in respect of wholly or partially unsuccessful applications and if the Offer Price is less than the price payable on successful application.

The H Share certificates will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with its respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Tuesday, November 15, 2016. Investors who trade the H Shares on the basis of public allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid certificates of title do so at their own risk.

The above expected timetable is only a summary. For details on the structure of the Global Offering (including conditions to the Global Offering) and the procedure on the application for the Hong Kong Public Offer Shares, please refer to the sections "Structure of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares."

IMPORTANT INFORMATION TO INVESTORS

This prospectus is issued by Datang Environment Industry Group Co., Ltd. solely in connection with the Hong Kong Public Offering and the Hong Kong Public Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Public Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer and invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on or considered as having been authorized by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, consultants, agents or representatives or any other persons or parties involved in the Global Offering. The information contained in our website www.dteg.com.cn does not form part of this prospectus.

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This summary aims to give you an overview of the information contained in this prospectus. As this is only a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole prospectus including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in our H Shares.

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

OVERVIEW

We are the sole platform for the development of environmental protection and energy conservation business under China Datang Group, one of the five major state wholly-owned power generation groups in the PRC. We are a trendsetter and leader of the environmental protection and energy conservation for China's electric power industry, capable of providing convenient and quality one-stop environmental protection and energy conservation solutions, including research and development, engineering, products, services, investment and operation. We focus on the entire industry value chain of environmental protection and energy conservation for coal-fired power plants, which covers desulfurization, denitrification, dust removal, ash and slag handling, water treatment and energy conservation. Our environmental protection facility concession operations dominate our business operations. According to Frost & Sullivan Report, in terms of cumulative contracted capacity by the end of 2015, our desulfurization and denitrification concession operations represented 21.6% and 38.2% of the domestic market, respectively, both ranking as the largest nationwide; in terms of the production volume in 2015, our share of the nationwide plate-type denitrification catalysts market was 30.7%, ranking as the largest in China, and we were also the largest plate-type denitrification catalyst manufacturer in the world; the denitrification facilities engineering projects we had completed for coal-fired power plants accounted for 6.3% of the nationwide market, ranking as the third largest in the PRC. We have invested abundant resources in research and development in order to carry out proprietary innovation and cultivated a research and development team with extensive experience.

OUR MAJOR BUSINESS

We have been focusing on providing superior environmental protection and energy conservation solutions, since our establishment, to coal-fired power generation enterprises. According to Frost & Sullivan Report, we are a national leading first-class enterprise in environmental protection and energy conservation business for coal-fired power plants in China and one of the very few environmental protection and energy conservation solution providers who can integratedly provide quality products and services throughout the entire value chain. During the Track Record Period, we generated our revenue primarily from the environmental protection and energy conservation solutions business, which in general had a relatively higher gross profit margin than our other business segments. For the years ended December 31, 2013, 2014 and 2015 and for the six months ended June 30, 2016, the gross profit derived from our environmental protection and energy conservation solutions business, before intra-segment and inter-segment elimination of business segments or sub-segments, represented 98.8%, 94.0%, 97.4% and 92.7% of our total gross profit, respectively. For more information, please see "Financial Information — Description of Selected Components of Our Income Statements — From Continuing Operations" starting from page 318.

Our environmental protection and energy conservation solution business can be further divided into five sub-segments:

- Environmental protection facility concession operation. It currently covers desulfurization and denitrification concession operations. As concession operator, we are able to generate stable and long-term income. With the implementation of ultra-low emission tariff nationwide, the profitability of our concession operation business will be further improved. We believe the proportion of desulfurization and denitrification facilities concession operation business adopted by coal-fired power plants will continue to grow.

- Denitrification catalysts. We are committed to establishing our presence over the entire industry value chain, integrating services including manufacturing, testing, regeneration, recycling and treatment as well as professionalized training in relation to denitrification catalysts.

- Environmental protection facilities engineering. It currently includes the construction and refurbishment of environmental protection facilities such as desulfurization, denitrification, dust removal, ash and slag handling and industrial site dust management. We intend to seize upon such growing market opportunities driven by ultra-low emissions.

- Water treatment business. According to Frost & Sullivan Report, we were one of the only four enterprises in China capable of undertaking water treatment island engineering projects for coal-fired power plants by the end of 2015. We also carry out water treatment operation business which includes investment, design, construction and operation.

- Energy conservation business. The energy conservation solutions provided by us currently include energy conservation engineering business and energy management contract (EMC) business.

Our environmental protection and energy conservation solution business has substantial room for growth. In addition, we are also engaged in (i) renewable energy engineering business, (ii) thermal power plants engineering general contracting business, and (iii) other businesses.

As of September 30, 2016, the backlog of our engineering projects was approximately RMB4,988.2 million, among which, RMB2,461.0 million (tax included), RMB1,939.0 million (tax included) and RMB588.2 million (tax included) is expected to be recognized as revenue in 2016, 2017 and 2018, respectively. Backlog may not necessarily be indicative of our future performances. Based on our historical experiences, usually all of our backlog can be converted into revenue. Please see “Risk Factors — Risks Relating to Our Business and Industry — Our backlog does not necessarily reflect our future operating results” starting from page 33 in this prospectus.

The following table sets forth a breakdown of our revenue by segment and each segment as a percentage of total revenue and the gross profit margin by segment for the periods indicated:

	Year ended December 31,									Six months ended June 30,					
	2013			2014			2015			2015			2016		
	Revenue	Percentage of total revenue before elimination(1)	Gross profit margin(8)	Revenue	Percentage of total revenue before elimination(1)	Gross profit margin(8)	Revenue	Percentage of total revenue before elimination(1)	Gross profit margin(8)	Revenue	Percentage of total revenue before elimination(1)	Gross profit margin(8)	Revenue	Percentage of total revenue before elimination(1)	Gross profit margin(8)
	RMB'000	%	%	RMB'000	%	%	RMB'000	%	%	RMB'000	%	%	RMB'000	%	%
Environmental protection and energy conservation solutions:															
Environmental protection facilities concession operation	1,104,264	18.1	38.3	1,356,975	19.9	31.3	1,881,644	21.4	36.8	691,582	30.9	35.6	1,176,491	37.1	39.4
Denitrification catalysts	738,165	12.1	34.6	709,707	10.4	53.7	506,051	5.8	50.0	263,009	11.7	46.8	240,966	7.6	54.8
Environmental protection facilities engineering:															
Desulfurization facilities engineering	243,085	4.0	(1.5)	874,529	12.8	(3.1)	1,307,685	14.9	15.8	201,291	9.0	39.3	418,106	13.2	10.6
Denitrification facilities engineering	2,563,666	41.9	11.9	2,052,803	30.1	8.3	393,766	4.5	11.6	157,391	7.0	11.3	78,284	2.5	30.2
Dust removal facilities engineering	33,914	0.6	17.8	267,905	3.9	12.5	572,412	6.5	11.3	319,931	14.3	13.5	89,264	2.8	15.6
Ash and slag handling facilities engineering	63,737	1.0	14.8	57,950	0.8	13.9	77,393	0.9	12.3	22,801	1.0	20.5	3,418	0.1	(26.9)
Industrial site dust management	100,606	1.6	5.5	73,122	1.1	3.9	584,225	6.7	10.9	76,942	3.4	(12.0)	142,381	4.5	(1.7)
Sub-total of environmental protection facilities engineering	3,005,008	49.2	10.7	3,326,309	48.7	5.6	2,935,481	33.5	13.3	778,356	34.7	17.4	731,453	23.1	10.8
Water treatment business	5,154	0.1	(270.9)	104,186	1.5	(8.7)	191,790	2.2	(2.1)	49,973	2.2	(1.2)	81,356	2.6	11.2
Energy conservation business	142	0.0	94.4	123,910	1.8	13.9	79,956	0.9	16.9	14,348	0.6	27.1	7,748	0.2	18.6
Total of environmental protection and energy conservation solutions before elimination	4,852,733	79.4	20.3	5,621,087	82.3	17.8	5,594,922	63.8	24.0	1,797,268	80.2	28.3	2,238,014	70.6	30.6
Intra-segment elimination(2)	(278,206)			(286,678)			(129,376)			(135,114)			(25,123)		
Total revenue of environmental protection and energy conservation solutions after intra-segment elimination	4,574,527			5,334,409			5,465,546			1,662,154			2,212,891		
Inter-segment elimination(3)	(84,875)			(9,584)			(11,734)			(11,694)			–		
External revenue of environmental protection and energy conservation solutions	**4,489,652**			**5,324,825**			**5,453,812**			**1,650,460**			**2,212,891**		
Renewable energy engineering:															
Total of renewable energy engineering business	562,040	9.2	3.3	501,654	7.3	5.3	2,674,166	30.5	0.7	189,267	8.4	(15.0)	888,653	28.0	6.6
Inter-segment elimination	–			–			–			–			–		

	Year ended December 31,									Six months ended June 30,					
	2013			2014			2015			2015			2016		
	Revenue	Percentage of total revenue before elimination(1)	Gross profit margin(8)	Revenue	Percentage of total revenue before elimination(1)	Gross profit margin(8)	Revenue	Percentage of total revenue before elimination(1)	Gross profit margin(8)	Revenue	Percentage of total revenue before elimination(1)	Gross profit margin(8)	Revenue	Percentage of total revenue before elimination(1)	Gross profit margin(8)
	RMB'000	%	%	RMB'000	%	%	RMB'000	%	%	RMB'000	%	%	RMB'000	%	%
External revenue of renewable energy engineering business	**562,040**			**501,654**			**2,674,166**			**189,267**			**888,653**		
Thermal power plants engineering general contracting:															
Total of thermal power plants engineering general contracting	580,248	9.5	(4.8)	417,417	6.1	(0.6)	152,973	1.7	1.2	150,547	6.7	1.8	–	–	N/A
Inter-segment elimination(4)	(34,680)			(22,398)			(5,435)			(5,435)			–		
External revenue of thermal power plants engineering general contracting	**545,568**			**395,019**			**147,539**			**145,112**			**–**		
Other Businesses:															
Total of other businesses	117,891	1.9	18.1	289,532	4.3	13.8	351,686	4.0	4.7	102,910	4.6	5.1	44,075	1.4	(11.2)
Inter-segment elimination(5)	(27,181)			(11,903)			(17,615)			(13,715)			(3,531)		
External revenue of other businesses	**90,710**			**277,629**			**334,071**			**89,195**			**40,544**		
Total revenue before elimination(6)	**6,112,912**	**100.0**		**6,829,690**	**100.0**		**8,773,748**	**100.0**		**2,239,992**	**100.0**		**3,170,742**	**100.0**	
Total intra- and inter- segment elimination(7)	(424,942)			(330,563)			(164,160)			(165,958)			(28,654)		
Total revenue/gross profit	**5,687,970**		**17.4**	**6,499,127**		**16.3**	**8,609,588**		**16.0**	**2,074,034**		**23.5**	**3,142,088**		**22.8**

Note (1) to (7): See page 320.

Note (8): Calculated based on the gross profit of each segment or sub-segment (calculated based on the revenue of such segment or sub-segment (before any intra- or inter-segment elimination) minus the cost of sales of such segment or sub-segment (before any intra- or inter-segment elimination)) divided by the revenue of such segment or sub-segment (before any intra- or inter-segment elimination).

OUR COMPETITIVE STRENGTHS

- We are a trendsetter and leader of the environmental protection and energy conservation for China's electric power industry; we focus on environmental protection and energy conservation and have achieved outstanding historical performances and increasingly stable operating cash flows, which has laid a solid foundation for the future growth of our business operations.
- Our industry has a broad market prospect. The favorable public policy environment and broad market prospect provide us with ample room for expanding our business operations and assurances of growth in our performances.
- We enjoy substantial synergies among our different business operations. We have comprehensive capabilities to conduct integrated business operations and provide one-stop solutions covering the whole industry value chain of environmental protection and energy conservation for coal-fired power plants, releasing synergies among our business operations and creating value consistently for our customers.
- We have strong technology research and development capabilities. Our strength in technologies and strong capabilities in research and development, design and product development improve our market competitiveness and provide compelling assurance that we can continue to maintain our industry-leading position.
- We have outstanding professionalized management capabilities. Our professional management system and project management and control capabilities help us to improve efficiency and reduce costs, generating our core soft power in market competition.
- Our employees are of first-class caliber. Our experienced management team and professional technical and business employees are the foundation and driving force for maintaining our market position and achieving outstanding performance results.
- We are the sole platform of China Datang Group for the development of environmental protection and energy conservation business. China Datang Group's strong policies and abundant resources provide the support and foundation for expanding our market, facilitate the growth of our business operations and utilization of customer channel resources and research and development.

OUR DEVELOPMENT STRATEGIES

- Continue to maintain the market leading position of our desulfurization and denitrification concession operations.
- Solidify the industry-leading position of our denitrification catalyst business.
- Improve the sustainability of our environmental protection facility engineering business.
- Vigorously develop new emerging environmental protection and energy conservation business.
- Continue to promote research and development and technological innovation.
- Expand our existing business operations with competitive advantages to overseas.
- Continue to promote innovation in management.

OUR RESEARCH AND DEVELOPMENT

We have strong independent research and development capability and our research and development team has extensive experiences in related industries. We have established several technology research and development centers and laboratories, of which, our testing center for denitrification catalysts at the world first-class level has been accredited by CNAS. As of the Latest Practicable Date, in the PRC, we had obtained 457 patents and 44 software copyrights. As of the Latest Practicable Date, we were applying for 131 patents. During the Track Record Period, we had played a leading role in the drafting of PRC national standards, PRC industry standards and international industry standards in relation to environmental protection and energy conservation, which were then reviewed and adopted by the relevant authorities and industry bodies.

OUR SALES AND CUSTOMERS

During the Track Record Period, our customers had been mainly from the power industry in China, with major customers including the coal-fired power generation enterprises under China Datang Group and other large power industry conglomerates. In addition, we also have customers from other industries such as metallurgical industry and chemical industry. During the Track Record Period, we also provided biomass power plants general contracting services and desulfurization facilities general contracting services in Thailand and India. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, revenue from our top five customers accounted for approximately 24.0%, 14.4%, 31.7% and 33.5% of our total revenue, respectively. The super-majority of our top five customers during the Track Record Period were subsidiaries of China Datang, and the Group was heavily reliant on sales to China Datang Group as its principal source of revenue. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the total value of products and services provided by the Group to China Datang Group represented approximately 83.3%, 79.8%, 89.8% and 85.4% of the total revenue of the Group for the corresponding periods, respectively. If not taking into account of revenue generated from the concession operations, the Group's revenue generated from transactions with China Datang Group represented 63.9%, 59.1%, 68.1% and 51.3% of the total revenue of the Group for each of the corresponding periods, respectively. For details, please see "Connected Transactions — Continuing Connected Transactions" starting from page 246. We intend to ramp up our initiatives to increase the proportion of our desulfurization and denitrification concession operation customers that are independent from China Datang Group, and to expand the customer base of our environmental protection facilities engineering business by developing customers other than coal-fired power generation enterprises, such as customers in the iron and steel, cement and petro-chemical industries, the desulfurization and denitrification of which are also encouraged by the government policies. We also intend to seize upon the opportunities arising from the *Belt and Road Initiative* to further expand our business overseas. Please see "Business — Our Strategies" starting from page 135 in this prospectus for more details. During the Track Record Period and up to the Latest Practicable Date, to the knowledge of our Directors, except for the subsidiaries of China Datang that were among our top five customers, none of our Directors, Supervisors, officers, management and their respective associates or any of our Shareholders who held more than 5% of our issued share capital had any interest in our top five customers. Since our incorporation and up till June 30, 2016, the Group had served an aggregated number of over 300 independent customers other than China Datang Group. For more details, please see "Relationship with Our Controlling Shareholder — Independence of Business Operations" starting from page 240.

OUR RAW MATERIALS AND EQUIPMENT AND SUPPLIERS

Nearly all of our raw materials and equipment are procured through public tender and bidding processes. Given the diversity of our business operation, we maintain a rich portfolio of raw materials and equipment for our operation. The raw materials and equipment required for our business operations are mainly procured within China, except that certain raw materials for our production of denitrification catalysts are procured from overseas suppliers. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material shortage in supply of equipment or raw materials.

For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, purchase from our top five suppliers accounted for approximately 14.1%, 8.0%, 42.6% and 32.5% of our purchase of equipment and raw materials, respectively. During the Track Record Period, the Group procured certain products and services from China Datang Group. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the total value of products and services procured by the Group from China Datang Group represented approximately 5.1%, 6.6%, 28.4% and 12.3% of the total costs of the Group for the corresponding periods, respectively. For details, please see "Connected Transactions" starting from page 246 in this prospectus. Our Directors confirm that except for certain subsidiaries of China Datang, our suppliers are not our customers or connected persons. As of the Latest Practicable Date, other than the aforementioned circumstances, all of our top five suppliers are independent third parties and none of our Directors and their respective associates who held more than 5% of our issued share capital had any interest in our top five suppliers.

NON-COMPLIANCE

During the Track Record Period, there had been non-compliance incidents in relation to our business qualifications with respect to certain engineering general contracting projects undertaken by our Company and its subsidiaries, which can be summarized into the following two categories: (i) bidding consortium qualification issues, where our Company and its subsidiaries formed bidding consortiums to bid, but not all members of the relevant bidding consortiums possessed the required qualifications for such projects, and (ii) insufficient level of qualifications for one of our thermal power plant engineering general contracting projects. With respect to our bidding consortium qualification issues, our PRC legal advisor is of the view that, as the relevant laws and regulations do not specify the penalties applicable to the qualification issues of such nature, the risk that the government authorities may impose administrative penalty and pursue responsibility on account of the above qualification issues in the future is rather low. With respect to our insufficient level of qualification for the one thermal power plant engineering general contracting project, our PRC legal advisor is of the view that, considering (i) we have obtained a compliance certificate regarding the relevant project from the competent PRC authority, and (ii) we do not plan to undertake any thermal power plant general contracting project beyond the applicable scope of our current class of qualifications, there is no risk that the government authorities may impose administrative penalty and pursue responsibility on account of the insufficient level of qualifications issues in the future.

Considering (i) the facts and circumstances surrounding the non-compliances; (ii) we have not been subject to any fines or penalties for the non-compliances during the Track Record Period and up to the Latest Practicable Date; (iii) the rectification measures we took; (iv) the various confirmations from the competent government authorities and the indemnity undertakings of China Datang; (v) the enhanced internal control measures we have implemented; (vi) the fact that none of our Directors or senior managements had been involved in such non-compliances; and (vii) the confirmation by our PRC legal advisor that none of the above will result in material legal impediment against the Global Offering, our Directors are of the view that, our Directors, despite such non-compliance incidents, are still suitable to serve as directors of a listed company and our Company is suitable for listing.

For more information, please see "Business — Non-compliance" starting from page 219 in this prospectus.

SHAREHOLDING STRUCTURE AND CONTROLLING SHAREHOLDER

As of the Latest Practicable Date, China Datang was our sole controlling shareholder holding 99% equity interest in our Company. Upon completion of the Global Offering, China Datang will hold approximately 79.00% equity interest in the Company assuming that the Over-allotment Option is not exercised.

China Datang is a solely state-owned enterprise and a mega power generation company established based on certain business units of the former State Power Corporation (國家電力公司) in April 2003. Apart from the businesses and interests disclosed in "Relationship with Our Controlling Shareholder" starting from page 229, China Datang does not have any interest in businesses that directly or indirectly compete or potentially compete with those of the Group.

We expect that there will be certain continuing connected transactions between the Group and China Datang Group. In respect of the non-exempted continuing connected transactions, we had applied to the Stock Exchange, and the Stock Exchange had granted us, the waiver from strict compliance with relevant requirements under the Listing Rules. For further details, please see "Connected Transactions" starting from page 246.

We believe that we can operate our business independently from China Datang Group after the Global Offering. For more information, please see "Relationship with Our Controlling Shareholder — Independence from China Datang" starting from page 238 in this prospectus.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table sets forth our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
CONTINUING OPERATIONS					
Revenue	5,687,970	6,499,127	8,609,588	2,074,034	3,142,088
Cost of sales	(4,695,866)	(5,436,681)	(7,229,534)	(1,586,481)	(2,427,109)
Gross profit	992,104	1,062,446	1,380,054	487,553	714,979
Selling and distribution expenses	(29,130)	(38,101)	(38,252)	(13,920)	(18,211)
Administrative expenses	(194,870)	(235,769)	(289,947)	(83,263)	(107,483)
Other income and gains	4,015	15,928	71,013	30,702	23,093
Finance costs	(179,458)	(208,545)	(230,022)	(111,951)	(99,415)
Profit before tax from continuing operations	**592,661**	**595,959**	**892,846**	**309,121**	**512,963**
Income tax expense	(96,220)	(101,154)	(142,537)	(47,178)	(74,486)
PROFIT FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS	**496,441**	**494,805**	**750,309**	**261,943**	**438,477**
DISCONTINUED OPERATION					
(Loss)/profit for the year/period from a discontinued operation[1]	(450,980)	42,670	–	–	–
PROFIT FOR THE YEAR/PERIOD	**45,461**	**537,475**	**750,309**	**261,943**	**438,477**

Note:

(1) The profit/loss from discontinued operation represents the operating results of Hua Chuang. See "Financial Information — Description of Selected Components of Our Income Statements — Discontinued Operation" starting from page 330 in this prospectus.

The following table sets forth selected items from our consolidated balance sheet as of the dates indicated:

	December 31,			June 30,
	2013	2014	2015	2016
	(RMB'000)			
ASSETS				
Total current assets	8,142,807	7,019,115	7,893,164	7,846,662
Total non-current assets	4,086,913	3,326,049	6,085,663	6,079,069
Total assets	**12,229,720**	**10,345,164**	**13,978,827**	**13,925,731**
LIABILITIES AND EQUITY				
Total current liabilities	8,033,095	6,365,489	6,962,036	6,540,891
Total non-current liabilities	2,878,291	2,292,440	3,389,720	3,422,214
Total equity	1,318,334	1,687,235	3,627,071	3,962,626
Total liabilities and equity	**12,229,720**	**10,345,164**	**13,978,827**	**13,925,731**

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

	Year ended December 31,			Six Months ended June 30,	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Net cash flows from/(used in) operating activities	742,978	944,421	1,266,530	305,040	(55,035)
Net cash flows used in investing activities	(678,336)	(869,264)	(2,804,435)	(737,098)	(422,841)
Net cash flows from/(used in) financing activities	178,934	289,227	1,907,341	1,564,463	(219,382)

The negative operating cash flow in the first half of 2016 was primarily due to our procurement of wind power equipment for our new wind power projects that were undertaken in 2016. As these projects were at early stage, we procured equipment to prepare for the construction and had not recognized substantial revenue or collected substantial payments due to project schedule and billing arrangement. On the other hand, due to the intensive construction of existing wind power projects in the second half of 2015 pursuant to the requirement of our customers who were urged by certain government policy to complete the projects by the end of 2015, we collected large amount of payments in connection with such projects in the second half of 2015. This also affected the amount of cash inflow in the first half of 2016. With the anticipated increase in revenue from the new wind power projects and the revenue from other business segments/sub-segments and the collection of revenue in cash, we expect that we will generate positive operating cash flow for the year ended December 31, 2016.

The following table sets forth certain of our financial ratios as of the dates and for the periods indicated (without considering Hua Chuang's impact on our consolidated financial statements during the Track Record Period):

	December 31,			June 30,
	2013	2014	2015	2016
Current ratio(1)	108.2%	110.3%	113.4%	120.0%
Quick ratio(2)	106.4%	107.1%	111.2%	117.1%
Liabilities to assets ratio(3)	85.3%	83.7%	74.1%	71.5%
Leverage ratio(4)	207.1%	140.8%	81.2%	91.4%

	Year ended December 31,		
	2013	2014	2015
Return on total assets(5)	6.6%	5.3%	6.2%
Return on equity(6)	46.7%	33.9%	28.2%

Note (1) to (6): See page 384.

LISTING EXPENSE

Listing of the H Shares will generate listing expenses including professional fees, underwriting commissions and other fees and expenses. The total listing expenses (including underwriting commissions) is estimated to be approximately RMB86.8 million, among which, approximately RMB71.3 million is directly attributable to the issue of H Shares and will be capitalized, and approximately RMB15.5 million has been or will be reflected in our consolidated statements of profit or loss and other comprehensive income. During the Track Record Period, approximately RMB14.7 million has been reflected in our consolidated statements of profit or loss and other comprehensive income.

STATISTICS OF THE GLOBAL OFFERING

All the figures set forth in the following table are based on the following assumptions: (i) the Global Offering is completed and 540,000,000 H shares are issued and sold in the Global Offering; (ii) Over-allotment Option is not exercised at all; and (iii) 2,940,000,000 Shares are issued upon completion of the Global Offering.

	Based on an Offer Price of HK$3.55 per share	Based on an Offer Price of HK$4.74 per share
Market capitalization of the Shares upon completion of the Global Offering	HK$10,437.0 million	HK$13,935.6 million
Unaudited pro forma adjusted net tangible assets per Share(1)	HK$1.67	HK$1.88

Note:

(1) Unaudited pro forma adjusted net tangible assets per Share is calculated upon adjustment set out in Appendix II in this prospectus.

USE OF PROCEEDS

Assuming an Offer Price of HK$4.15 per H Share (being the midpoint of the stated Offer Price range in this prospectus), we estimate that we will receive net proceeds of approximately HK$2,141.5 million (approximately RMB1,868.5 million) from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering which may be payable by us (assuming the Over-allotment Option is not exercised at all).

The Directors intend to use the net proceeds from the Global Offering for the following purposes:

- Approximately 60% will be used to finance part of the capital expenditures for expanding our desulfurization and denitrification facilities concession operations;
- Approximately 15% will be used for our future business development to develop new sources of growth in our revenue and profit, including but not limited to EMC business for coal-fired power plants, water treatment business, and providing customers with overall solution plans of ultra-low emissions;
- Approximately 10% will be used to repay some of our existing bank loans in order to lower our financial costs and improve our leverage ratio;
- Approximately 10% will be used for our working capital and other general corporate purposes; and
- Approximately 5% will be used for our research and development expenditures to maintain our core competitiveness of continuous technological innovations.

DIVIDEND POLICY

According to the resolutions of the Shareholders passed on August 21, 2015 and August 17, 2016, in anticipation of the initial public offering, the Company declared special dividends representing all of the undistributed distributable profit of our Group accrued up to March 31, 2016 to our existing Shareholders. Such special dividend will be the lower of the retained profits of our Group attributable to the owners of the Company (after deducting the provisions of statutory and discretionary reserve funds made by the Company and its subsidiaries) as of March 31, 2016 determined in accordance with PRC GAAP and IFRS, after deducting the RMB100.0 million dividend for the year ended December 31, 2015, which was declared in April 2016 and paid in June 2016. According to our audited consolidated financial statements for the three months ended March 31, 2016 previously prepared by the Company in accordance with the IFRS, we currently estimate such special dividend to be approximately RMB1,000 million, after deducting the RMB100.0 million dividend for the year ended December 31, 2015 paid in June 2016 as described above. We will arrange a special audit for the three months ended March 31, 2016 to be conducted by our independent auditor to determine the retained profits of our Group accrued up to March 31, 2016 under the PRC GAAP. The actual amount of such special dividend will be ascertained upon the completion of such special audit. We intend to pay such special dividend within 12 months after the Listing with our then available cash and cash equivalents on hand and will make an announcement regarding the actual amount of such special dividend before we pay it.

Our Articles of Association provide that dividends may be paid by cash and/or stock. Any proposed distribution of dividends shall be formulated by the Board and subject to Shareholders' approval. The amount of dividends actually declared and paid will depend on a number of factors. The dividends shall be paid every year in principle. We might pay midyear dividend with consideration of relevant factors from the Board's perspective. Subject to the above factors and our Articles of Association, we expect that the profit to be distributed as dividend every year will be no less than 50% of the distributable profit, subject to the approval by the Company's Shareholders at the Shareholders' meeting for each year. However, we cannot assure you that we will be able to declare or distribute dividends in any amount each year or in any year. The declaration and payment of dividends may be limited by legal restrictions or financing arrangements that we may enter into in the future.

RISK FACTORS

There are certain risks and other factors that should be considered involved in our H share, which can be categorized into three categories: (i) risks relating to our business and industry, (ii) risks relating to the PRC, and (iii) risks relating to the Global Offering. Additional risks and uncertainties that are not presently known to us, the text below does not express or imply or we currently deem immaterial may develop and become material and could also harm our business, financial condition and results of operations.

We believe that the following are some of the major risks that we face:

- Development of environmental protection and energy conversation industry relies heavily on pollution prevention policies of the PRC Government;
- The majority of our revenue came from China Datang Group; we will continue to conduct connected transactions with China Datang Group;
- If the expansion of Chinese thermal power installed capacity slows down, the growth rate of our business may be affected;
- Our backlog does not necessarily reflect our future operating results; and
- Our business growth depends on our ability to identify profitable projects, to further develop our existing business and to expand into new businesses or markets. If we do not have the said ability, then our business and prospects may be adversely influenced.

RECENT DEVELOPMENTS

We continue to grow our business after June 30, 2016, the date of the latest audited financial information of the Group disclosed in this prospectus. Our environmental protection facilities engineering business, in particular, continued to grow at a healthy pace. For example, from July 1, 2016 up to the Latest Practicable Date, we had entered into contracts or won bids for 17 environmental protection facilities engineering projects related to desulfurization, denitrification or dust removal, with the cumulative capacity being 17,580 MW and the total contract value being RMB742.0 million (including the estimated value of the bids we won). Eight of these projects are ultra-low emission projects with the cumulative capacity being 6,220 MW and the total contract value being RMB216.9 million. For the eight months ended August 31, 2016, our revenue and gross profit were RMB4,233.1 million and RMB986.3 million, respectively, compared with RMB3,270.4 million and RMB699.9 million, respectively, for the eight months ended August 31, 2015. Our unaudited interim condensed consolidated financial information as of and for the eight months ended August 31, 2016 have been reviewed by our reporting accountants in accordance with the 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.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position, business, industry or market environment in which we operate since June 30, 2016.

In this prospectus, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"11th Five-Year Plan"	"11th Five-Year Plan for National Economic and Social Development of the PRC"
"12th Five-Year Plan"	"12th Five-Year Plan for National Economic and Social Development of the PRC"
"Accountants' Report(s)"	the report prepared by Ernst & Young (Certified Public Accountant), our reporting accountant as stated in Appendix I to this prospectus
"Action Plan"	The Upgrade and Transformation Plan on Energy Conservation and Emission Reduction of Coal and Electricity (2014-2020) jointly issued by the National Development and Reform Commission, MEP and the National Energy Administration in September 2014
"Announcement on Special Emission Cap"	The Announcement on Implementation of Special Emission Cap for Air Pollutants issued by MEP in February 2013
"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** application form(s) or, where the context so requires, any of them that is (are) in relation to the application of the Hong Kong Public Offering
"Articles of Association"	the articles of association of our Company adopted on August 21, 2015, which shall take effect on the Listing Date, and as amended from time to time and summarized in Appendix V to this prospectus
"Associate(s)"	has the meaning ascribed thereto under the Listing Rules
"backlog"	the total estimated contract value of outstanding contracts on a particular date, assuming the contracts are performed in accordance with the terms thereof
"Belt and Road Initiative"	the short form of the strategic concept of "Silk Road Economic Belt" and "21st Century Maritime Silk Road"
"Board" or "Board of Directors"	the board of Directors

"Boyuanshengtang"	Beijing Boyuanshengtang Energy Technology Co., Ltd. (北京博遠盛唐能源科技有限公司), a limited liability company established on January 12, 2007 pursuant to the PRC laws and a subsidiary of our Company
"business day"	a day that is not a Saturday, Sunday or public holiday in Hong Kong on which banks in Hong Kong are open for the public
"CAGR"	compound annual growth rate
"Capital Holding"	China Datang Group Capital Holding Co., Ltd. (中國大唐集團資本控股有限公司), a limited liability company established on September 15, 2005 pursuant to the PRC laws and a shareholder and promoter of our Company
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"CEC"	China Electricity Council (中國電力企業聯合會)
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this prospectus, Taiwan, the Macau Special Administrative Region of the PRC and the Hong Kong Special Administrative Region of the PRC
"China Datang"	China Datang Corporation (中國大唐集團公司), a state-owned enterprise established on April 9, 2003 in accordance with the PRC laws and the controlling shareholder and a promoter of our Company
"China Datang Group"	China Datang and its subsidiaries (excluding the Group)

"Chinese government" or "PRC government"	Chinese central government and all government branches (including provincial, municipal and other regional or local government entities) and such government's organizations (as the context so requires) or all the above-mentioned institutional entities and organizations
"CNAS"	China National Accreditation Service for Conformity Assessment
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on March 3, 2014, as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong, which came into effect on March 3, 2014) as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "Datang Environment"	Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司) was converted to a joint stock limited company on June 26, 2015, unless otherwise stated, including its predecessor China Datang Group Environment Technology Co., Ltd. (中國大唐集團環境技術有限公司) (a limited liability company established on July 25, 2011 pursuant to the PRC law and was renamed to Datang Technology Industry Co., Ltd. (大唐科技產業有限公司) in September 2013 and further to Datang Technology Industry Group Co., Ltd. (大唐科技產業集團有限公司) in December 2013)
"connected person(s)"	has the meaning ascribed under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed under the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulator responsible for supervising and regulating the Chinese securities market
"Datang Huayin"	Datang Huayin Electric Power Co., Ltd. (大唐華銀電力股份有限公司), a joint stock limited company established on March 22, 1993 in accordance with the PRC laws and a subsidiary of China Datang, which is listed on the Shanghai Stock Exchange (stock code: 600744)

"Datang Renewable"	China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源股份有限公司), a joint stock limited company established on September 23, 2004 in accordance with the PRC laws and a subsidiary of China Datang, which is listed on the Main Board (stock code: 1798)
"Director(s)"	the director of our Company
"Domestic Shares"	ordinary shares in our share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Energy Management Company"	Datang (Beijing) Energy Management Co., Ltd. (大唐(北京)能源管理有限公司), a limited liability company established on January 6, 2013 in accordance with the PRC laws and a subsidiary of our Company
"Energy Saving Technology Company"	Datang (Beijing) Energy Saving Technology Co., Ltd. (大唐(北京)節能技術有限公司), a limited liability company established on April 16, 2015 in accordance with the PRC laws and a subsidiary of our Company
"Fengjing Property"	Beijing Fengjingshengbao Property Management Co., Ltd. (北京豐璟晟寶物業管理有限公司), a limited liability company established on February 1, 2007 in accordance with the PRC laws and a subsidiary of our Company
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**Green** Application Form(s)"	the application form(s) to be completed by **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "our Group", "we" or "us"	our Company and all or any of our subsidiaries (as the context so requires)
"H Share(s)"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed and traded on the Hong Kong Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited

"Hangzhou Ruitang"	Hangzhou Ruitang Environmental Protection System Engineering Co., Ltd. (杭州瑞唐環保系統工程有限公司), a limited liability company established on January 14, 2005 pursuant to the PRC laws and a subsidiary of our Company prior to the Reorganization
"Hebei Shengtang"	Hebei Shengtang Machinery Manufacturing Co., Ltd. (河北盛唐機械製造有限公司), a limited liability company established on September 29, 2007 in accordance with the PRC laws and a subsidiary of our Company prior to the Reorganization
"Hengtong Mechanical"	Beijing Datang Hengtong Mechanical Transport Co., Ltd. (北京大唐恒通機械輸送技術有限公司), a limited liability company established on January 8, 2009 in accordance with the PRC laws and a subsidiary of our Company
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Public Offer Shares"	54,000,000 H Shares offered by us for subscription pursuant to the Hong Kong Public Offering (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offering by our Company of the Hong Kong Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price (plus 1% of brokerage fee, 0.0027% of SFC transaction levy and 0.005% of Hong Kong Stock Exchange trading fee) restricted by and pursuant to the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — Hong Kong Underwriters" in this prospectus

"Hong Kong Underwriting Agreement"	the underwriting agreement dated November 2, 2016 relating to the Hong Kong Public Offering entered into between, among others, our Company, the Sole Sponsor, the Joint Global Coordinators and the Hong Kong Underwriters
"Hua Chuang"	China Creative Wind Energy Co., Ltd. (瀋陽華創風能有限公司), a limited liability company established on April 6, 2006 in accordance with the PRC laws and a subsidiary of our Company prior to the Reorganization
"IEEE"	Institute of Electrical and Electronics Engineers
"IFRS"	International Financial Reporting Standard, including the standards, amendments and interpretations promulgated by International Accounting Standards Board ("IASB") and the International Accounting Standards and interpretations promulgated by International Accounting Standards Committee
"Independent Third Party(ies)"	person(s) or company(ies) who is (are) not (a) connected person(s) of our Company as defined in the Listing Rules
"Information Technology Company"	Datang (Beijing) Information Technology Co., Ltd. (大唐(北京)信息技術有限公司), a limited liability company established on December 16, 2013 in accordance with the PRC laws and a subsidiary of our Company prior to the Reorganization
"Internal Control Consultant"	Beijing Jingdu Management Consultants Co., Ltd. (北京京都管理顧問有限責任公司)
"International Offer Shares"	486,000,000 H Shares offered by our Company for subscription under the International Offering, and (if applicable) any additional H Shares to be offered in accordance with the exercise of Over-allotment Option, whose quantity shall be subject to the further adjustment as described in the section headed "Structure of the Global Offering" in this prospectus
"International Offering"	the conditional placing of the International Offer Shares by the International Underwriters as further described in the section headed "Structure of the Global Offering" in this prospectus

"International Underwriting Agreement"	the underwriting agreement relating to the International Offering to be entered into among our Company, Joint Global Coordinators and the International Underwriters on or around the Price Determination Date, as further described in the section headed "Underwriting — International Offering"
"International Underwriters"	the international underwriters expected to enter into the International Underwriting Agreement
"ISO"	International Organization for Standardization
"Joint Bookrunners"	CLSA Limited, Deutsche Bank AG, Hong Kong Branch, China Merchants Securities (HK) Co., Ltd., Haitong International Securities Company Limited, The Hongkong and Shanghai Banking Corporation Limited, ABCI Capital Limited and BNP Paribas Securities (Asia) Limited
"Joint Global Coordinators"	CLSA Limited, Deutsche Bank AG, Hong Kong Branch and China Merchants Securities (HK) Co., Ltd.
"Joint Lead Managers"	CLSA Limited, Deutsche Bank AG, Hong Kong Branch, China Merchants Securities (HK) Co., Ltd., Haitong International Securities Company Limited, The Hongkong and Shanghai Banking Corporation Limited, ABCI Securities Company Limited and BNP Paribas Securities (Asia) Limited
"Latest Practicable Date"	October 24, 2016, being the latest practicable date prior to its publications for the purpose of ascertaining certain information contained in this prospectus
"Listing"	listing of our H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or around November 15, 2016, on which dealings in the H Shares first commence on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or modified from time to time)

"Main Board"	Stock exchange market operated by the Hong Kong Stock Exchange (excluding the options market), independent from the Growth Enterprise Market of the Hong Kong Stock Exchange and operated in parallel with it
"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Joint Stock Limited Companies to be Listed Overseas (《到境外上市公司章程必備條款》) promulgated by the former State Council Securities Commission (國務院證券委員會) and the former State Council Office for Restructuring Economic Systems (國家經濟體制改革委員會) on August 27, 1994, as amended, supplemented or otherwise modified from time to time
"MEP"	Ministry of Environmental Protection of the PRC (中華人民共和國環境保護部)
"MHURD"	Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOST"	Ministry of Science and Technology of the PRC (中華人民共和國科學技術部)
"Nanjing Automation"	Datang Nanjing Automation Co., Ltd. (大唐南京自動化有限公司), a limited liability company established on May 7, 2008 in accordance with the PRC laws and a subsidiary of our Company prior to the Reorganization
"Nanjing Design Institute"	Jiangsu Nanjing Thermal Electricity Engineering Design Institute Co., Ltd. (江蘇南京熱電工程設計院有限責任公司), a limited liability company established on October 29, 1984 in accordance with the PRC laws and a subsidiary of our Company
"Nanjing Environmental Protection"	Datang Nanjing Environmental Protection Technology Co., Ltd. (大唐南京環保科技有限責任公司), a limited liability company established on December 14, 2011 in accordance with the PRC laws and a subsidiary of our Company
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

"NEA"	National Energy Administration of the PRC (中華人民共和國國家能源局)
"Non-Competition Agreement"	the non-competition agreement dated December 1, 2015 entered into between the Company and China Datang
"NPC"	The National People's Congress of the PRC, the PRC's national legislative apparatus
"NSSF"	National Council for Social Security Fund of the PRC (中華人民共和國全國社會保障基金理事會), an organization authorized by the State Council to be responsible for managing national social security fund
"Offer Price"	the final offer price per Offer Share in Hong Kong dollars (exclusive of 1% of brokerage fee, 0.0027% of SFC transaction levy and 0.005% of Hong Kong Stock Exchange trading fee) at which the Offer Shares are to be subscribed for and offered. This price shall be determined by the ways specified in the section headed "Structure of the Global Offering — The International Offering — Pricing of the Global Offering" in this prospectus
"Offer Shares"	the Hong Kong Public Offer Shares and the International Offering Shares together with any additional H Shares may be issued and offered pursuant to the exercise of the Over-allotment Option (if applicable)
"Over-allotment Option"	the option expected to be granted by us to the International Underwriters under the International Underwriting Agreement and exercisable by the Joint Global Coordinators on behalf of the International Underwriters under the International Underwriting Agreement pursuant to which we may be required by the International Underwriters to issue up to an aggregate of 81,000,000 additional H Shares (representing 15% of the initial H Shares issued by the Global Offering), at the Offer Price, within 30 days from the last date of the submission of the application for Hong Kong Public Offering
"Overseas Technologies Service Company"	China Datang Corporation Overseas Technologies Service Co., Ltd. (中國大唐集團海外技術服務有限公司), a limited liability company established on November 16, 2015 in accordance with the PRC laws and our associate

"PBOC"	the People's Bank of China (中國人民銀行), China's central bank
"PBOC Rate"	the foreign currency exchange rate set by the PBOC on each day in accordance with the China's interbank foreign exchange rate on the previous day and taking reference to the current exchange rate of global financial markets
"PRC Company Law"	Company Law of the PRC as adopted by the Fifth Session of Standing Committee of the Eighth National People's Congress on December 29, 1993 and effective on July 1, 1994, as amended, supplemented and otherwise modified from time to time. The amendment was adopted on December 28, 2013 and effective on March 1, 2014
"PRC GAAP"	Enterprise accounting standards and their interpretations issued by the MOF in 2006
"Price Determination Date"	the date, expected to be on or around November 8, 2016, but in any case no later than November 9, 2016, on which the Offer Price is fixed for the purposes of the Global Offering
"Province"	Provinces, autonomous regions and municipalities in China
"Qualified Institutional Buyers" or "QIBs"	qualified institutional buyers as defined in Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganization"	A series of reorganization arrangements conducted in preparation for the Listing by the Group, and more details are set out in the section headed "History, Reorganization and Corporate Structure — Reorganization" in this prospectus
"RMB" or "Renminbi"	the lawful currency of the PRC
"Rs" or "Indian Rupee"	the lawful currency of India
"Rule 144A"	Rule 144A under the U.S. Securities Act

"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), a Chinese government body responsible for managing matters in relation to foreign exchange
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (國務院國有資產監督管理委員會), responsible for the management of state assets
"SAT"	State Administration of Taxation of the PRC (國家稅務總局)
"SAWS"	State Administration of Work Safety of the PRC (國家安全生產監督管理總局)
"Securities Law"	The Securities Law of the PRC (中華人民共和國證券法) as promulgated by the Standing Committee of the NPC (全國人大常委會) on December 29, 1998 and effective on July 1, 1999, as amended and supplemented, or otherwise modified from time to time. The amendment was adopted on August 31, 2014 and effective on August 31, 2014
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of the Share(s)
"Shares"	ordinary share(s) with nominal value of RMB1.00 each in the share capital of our Company, composed of our Domestic Shares and H Shares
"Sole Sponsor"	CITIC CLSA Capital Markets Limited
"Special Regulations"	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份公司境外募集股份及上市的特別規定》), promulgated by the State Council on August 4, 1994
"Stabilizing Manager"	CLSA Limited
"State Council"	State Council of the PRC (中華人民共和國國務院)

"Subsidiary(ies)"	has the meaning ascribed to it under Section 2 of the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)" or "Supervisory Committee"	supervisor(s) or Supervisory Committee of our Company
"Technologies & Engineering Company"	China Datang Technologies & Engineering Co., Ltd. (中國大唐集團科技工程有限公司), a limited liability company established on May 10, 2004 in accordance with the PRC laws and a subsidiary of our Company
"Technologies & Engineering India"	Datang Technologies & Engineering India Private Limited (大唐科技工程印度有限公司), a limited liability company incorporated on December 13, 2013 in accordance with the laws of India and a subsidiary of our Company
"Tiandi Environmental Protection"	Zhejiang Datang Tiandi Environmental Protection Technology Co., Ltd. (浙江大唐天地環保科技有限公司), a limited liability company established on September 17, 2015 in accordance with the PRC laws and a subsidiary of our Company
"Track Record Period"	the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016
"Underwriters"	the Hong Kong Underwriters and International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	1993 U.S. Securities Act (as amended from time to time)
"US$" or "U.S. dollars"	US$ or U.S. dollars, the lawful currency of the U.S.
"Water Engineering & Technology Company"	Datang (Beijing) Water Engineering & Technology Co., Ltd. (大唐(北京)水務工程技術有限公司), a limited liability company established on June 11, 2015 in accordance with the PRC laws and a subsidiary of our Company

"**White Form eIPO**"	the application for Hong Kong Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** Service Provider at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Work Plan for Ultra-low Emission"	The *Work Plan for the Full Implementation of Ultra-low Emission and Energy Conservation Refurbishment for Coal-fired Power Plants* jointly promulgated by the MEP, NDRC and NEA in December 2015
"Xingshengtang Trading"	Beijing Xingshengtang Trading Co., Ltd. (北京興盛唐商貿有限公司), a limited liability company established on July 7, 2011 in accordance with the PRC laws and a subsidiary of our Company

In this prospectus, "associate(s)," "connected person(s)," "connected transaction(s)," "subsidiary(ies)," "controlling shareholder(s)," "substantial shareholder(s)" and other words shall have the meaning ascribed under the Listing Rules, unless the context otherwise requires.

Some amounts and percentage data set out in this prospectus have been rounded, so the total data included in some tables may not equal the sums of the previous data.

In this prospectus, in the event of any inconsistency between the Chinese names of the entities, agencies, organizations, institutions or enterprises established in the PRC, or the awards and certificates obtained in the PRC and their English translations, the Chinese names shall prevail.

This glossary of technical terms contains explanations of certain technical terms used in this prospectus in connection with our Group and our business. These terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"ash and slag handling"	the process of transporting ashes and slags generated during combustion of fuel in the furnace from ash collectors such as the slag hopper at the bottom of hearth and the ash hopper at the flue duct of a furnace and the ash precipitator out of the power plant
"BOO"	build, own and operate, a construction and operation model of infrastructures
"cloth bag dust removal"	a dry dust removal technology that removes dust in flue gas by a cloth bag, which is a dust removal equipment consisted of precipitators made by braided fabric
"concession operations"	the business model of environmental protection concession operation of coal-fired power generation enterprises is a kind of third party operation model determined through business negotiation between the coal-fired power generation enterprises and the environmental protection concession operation company. The environmental protection concession operation company invests, constructs and owns the desulfurization and denitrification facilities and also put into materials and manpower, among others, to operate the desulfurization and denitrification facilities with the aim to help the coal-fired power generation enterprises to be in line with the national and regional flue gas emission standards. The environmental protection concession operation company obtains revenue from the environmental protection treatment at the environmental electricity price issued by the government. The environmental electricity price is independent from the basic electricity price and the grid company will collect environmental electricity fees from the consumers and transfer these fees to power plants and then transfer to the environmental protection concession operation company. The environmental electricity fees are ultimately undertaken by the consumers.

	After obtaining the environmental protection concession operation business of a coal-fired power generation enterprise, the environmental protection concession operation company will continually provide environmental protection treatment services during the term of operation of the power plant. At the expiration of the life cycle of coal-fired power generation enterprises, the environmental protection concession operation company is still entitled to dispose the environmental protection facilities, which is equivalent to the business model of BOO (build-own-operate)
"dry slag extracting"	removing the slag at the bottom of boilers without water and the major equipment used is the dry slagging extractor
"EMC" or "Energy Management Contract"	a business model that the energy conservation companies provide energy-conservation services to customers according to the energy-conservation service contracts entered into with customers, and recover the investment and gain profit from the energy efficiency achieved upon the completion of energy conservation facilities refurbishment
"EP"	engineering and procurement
"EPC"	engineering, procurement and construction, a common form of contracting arrangement whereby the contractor is commissioned by the customer to carry out works, such as design, procurement, construction and trial operations, either through the contractor's own employees or by subcontracting part or all of the works, and be responsible for the quality, safety, timely delivery and cost of the project
"flue gas denitrification" or "denitrification"	the process of removing NO_x from flue gas combustion flue gas
"flue gas desulfurization" or "desulfurization"	the process of removing sulfur oxides from flue gas or other industrial waste gas
"flue gas dust removal" or "dust removal"	the process of separating, capturing and recovering dust generated during combustion of fuel or other materials from flue gas
"gigawatt" or "GW"	a unit of power. 1GW equals to 1,000 MW
"installed capacity"	the rated output capacity for power generation facilities

"kilowatt hour" or "kWh"	the unit of measurement for calculating the quantity of power output. One kilowatt hour is the work completed by a kilowatt generator running continuously for one hour at the rated output capacity
"kilowatt" or "kW"	a unit of power. 1 kW equals to 1,000 watts
"megawatt" or "MW"	a unit of power. 1 MW equals to 1,000 kW
"NO_x"	nitrogen compound, one of the main pollutants generated from combustion of fossil fuels, mainly includes nitric oxide and nitrogen dioxide
"plate-type denitrification catalyst"	a denitrification catalyst module formed by catalyst plates after pressing and calcinations. Those plates generally use stainless steel plate as base materials, which consists of a mixture of TiO_2, vanadium pentoxide (V_2O_5) and other substances on the plate's surface
"SCR"	selective catalytic reduction
"SNCR"	selective non-catalytic reduction
"SO_2"	sulfur dioxide, one of the main pollutants generated from combustion of fossil fuels
"TiO_2"	titanium dioxide
"wastewater treatment"	use of chemical and biological processes to remove pollutants from wastewater before discharging it into a water body
"water treatment island"	all water treatment systems located in a thermal power plant are collectively referred to as water treatment island, which usually includes boiler feed water treatment systems, wastewater treatment systems, water condensate polishing treatment systems, advanced treatment systems of urban recycling water and relevant auxiliary engineering
"wet gypsum flue gas desulfurization" or "limestone-wet gypsum flue gas desulfurization"	the process of washing flue gas mainly by using limestone, lime or calcium carbonate as detergent to remove sulfur dioxides in flue gas

The words "aim", "anticipate", "believe", "intend", "continue", "could", "estimate", "expect", "going forward", "propose", "may", "ought to", "plan", "potential", "speculate", "forecast", "arrange", "seek", "should", "target", "will", "might" and the negatives of these terms and other similar expressions, as they relate to us, identify a number of these forward-looking statements. These statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Except as required by applicable laws, rules and regulations, we undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Hence, should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated, or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- whether we can successfully implement business plans and strategies;
- our business and strategies and plans for the development of existing and new businesses, our ability to implement such strategies and plans, and the expected timetable of such implementation;
- our financial condition, capital expenditures and funding plans;
- the regulatory environment, the overall industry outlook, the technical trend and competitive environment of the environmental protection and energy conservation industry in China;
- the macro-economic measures adopted by the PRC government to manage economic growth;
- capital market development;
- the laws, rules and requirements of the central and local government departments and other relevant jurisdictions of the PRC and any changes in the rules and requirements of government departments and government in relation to our businesses in all aspects;

- certain statement in the sections headed “Risk Factors,” “Industry Overview,” “Regulatory Environment,” “Business,” “Financial Information,” “Relationship with Our Controlling Shareholder,” and “Future Plans and Use of Proceeds” with respect to exchange rates, prices, volumes, operations, margins, risk management and overall market trend;

- the regulatory environment for the electrical power industry in general and the level of policy support for renewable energy in China;

- our dividend distribution plans; and

- our ability to reduce costs.

In this prospectus, statements of or references to the intentions of our Company or those of any of our Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

You should consider carefully all of the information set out in this prospectus and, in particular, should evaluate the following risks before making an investment in our H Shares. You should be well aware that our Company was incorporated in the People's Republic of China where we conduct most of our businesses and are governed by a legal and regulatory environment that may differ from that which prevails in other countries and jurisdictions. There are risks associated with investing in the H Shares not typical of investment in the capital stock of companies incorporated andlor engaging in business in Hong Kong or the United States. Any of the risks and uncertainties described below could have a material and adverse effect on our business, results of operations, financial condition or the trading price of the H Shares, and could cause you to lose your investment.

There are certain risks involved in our operations and this Global Offering, some of which are beyond our control. We have categorized these risks into (i) risks relating to our business and industry, (ii) risks relating to the PRC, and (iii) risks relating to the Global Offering.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The development of environmental protection and energy conservation industry relies heavily on the pollution prevention policies of the PRC government.

We provide substantially all of our environmental protection and energy conservation products and services in the PRC. To enhance pollution control, the PRC government promulgated a series of laws and regulations on pollution issues in a number of industries, including the thermal power industry. These rules cover matters such as general policies supporting the development of environmental protection and energy conservation industry, mandatory requirements for the installation of certain environmental protection facilities such as desulfurization facilities, increasingly stringent standards for emission limits, and pilot plans for new business models in the environmental protection and energy conservation industry. The demand for our environmental protection and energy conservation products and services and our revenue generated therefrom are directly affected by the environmental protection rules and regulations. For example, the desulfurization industry in China experienced a boom in 2008 after the PRC government imposed compulsory requirements on installation of desulfurization equipment and tightened emissions controls. Similarly, as the PRC government imposed more stringent control over NO_x emissions in 2010, the demand for denitrification equipment installation services and denitrification catalysts has been growing rapidly.

The development of our business and competition in this industry are also greatly dependent on government policies. For example, upon the issuance of the *Notice of Pilot Plan of Concession Operations of Thermal Power Plants Flue Gas Desulfurization* (《關於開展火電廠煙氣脱硫特許經營試點工作的通知》) (the "Notice") issued by the NDRC and MEP in 2007, we became one of the few authorized service providers of desulfurization services through the concession operations model. Pursuant to the Notice, the revenue recognized by desulfurization concession operation service providers mainly comprises the increment in the on-grid tariff due to the installation of desulfurization facilities. In November 2011, the NDRC also announced rules on denitrification tariff, which became effective in 14 selected provinces in China starting from December 1, 2011 and resulted in the substantial development of the denitrification industry. A notice issued by the NDRC on December 28, 2012 extended the denitrification tariff to all coal-fired power generation units in China. In December 2015, the NDRC, MEP and NEA jointly promulgated the *Notice on the Implementation of Coal-fired Power Plants Ultra-low Emission Tariff Supportive Policy Related Issues* (《關於實行燃煤電廠超低排放電價支持政策有關問題的通知》) to encourage nationwide ultra-low emission refurbishments through explicitly providing ultra-low emission tariff. However, we cannot assure you that the current desulfurization, denitrification or ultra-low emission tariff will persist or that additional preferential policies for the industry will be released.

Environmental protection industry is one of the major industries that benefit from PRC government's constant support. However, there can be no assurance that the current favorable policies will continue to be available to us. In addition, these policies and incentives may attract additional new market entrants and may encourage the development of other products or services with greater pollution control effects than ours. Therefore, there can be no assurance that we will directly benefit from such favorable policies and incentives. Furthermore, as power generation enterprises have been in substantial compliance with certain requirements introduced a few years ago, the market or business for pollution control and the demand for specific services for such enterprises may shrink.

The majority of our revenue came from China Datang Group; we will continue to conduct connected transactions with China Datang Group.

We are the sole platform for the development of environmental protection and energy conservation business under China Datang Group. We have been conducting various transactions with China Datang Group, and we will continue to enter into more such transactions in the future. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the total value of products and services provided by the Group to China Datang Group (other than concession operations) was approximately RMB3,633 million, RMB3,839 million, RMB5,861 million and RMB1,613 million, respectively, representing 63.9%, 59.1%, 68.1% and 51.3% of the total revenue of the Group for each of the corresponding periods. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the total value of the services provided by the Group to China Datang Group under the concession operations (desulfurization and denitrification) was approximately RMB1,104 million, RMB1,350 million, RMB1,872 million and RMB1,071 million, respectively, accounting for 19.4%, 20.7%, 21.7% and 34.1% of the total revenue of the Group for each of the corresponding periods. Connected transactions conducted between the Group and China Datang Group are in the interest of the Company and its shareholders as a whole and do not undermine our ability to operate our business independently from China Datang Group. For more details, please see "Connected Transactions." Our revenue derived from connected persons, especially from China Datang Group, is estimated to account for a significant portion of our future total revenue. We have applied for waivers from the Hong Kong Stock Exchange in respect of the continuing connected transactions conducted on normal commercial terms during the ordinary and usual course of business with China Datang Group upon this Global Offering. For more details, please see "Connected Transactions."

If the increase of coal-fired power generation output slows down in China, the growth of our business may be affected.

The demand for our business relies heavily on the growth rate of the coal-fired power generation output in China. According to Frost & Sullivan Report, the coal-fired power generation output in China grew at a CAGR of 3.0% from 2010 to 2015, and is forecast to grow at a CAGR of 1.0% from 2015 to 2020. The coal-fired power generation output is impacted by the growth of China's economy. As pollution has become an increasingly severe environmental issue in China, the PRC government has shown considerable concern for the adjustment to the national energy structure and development, and has issued policies aiming to raise the share of non-fossil-fuel-based energy in the total amount of primary energy consumption. Therefore, there can be no assurance that coal-fired power generation output in China will continue to grow at the current pace. If the increase of coal-fired power generation output in China slows down, it may result in a decrease of utilization hours of coal-fired power generation units, or a lower demand for our products and services, which in turn will materially and adversely affect our results of operation and financial position.

Our backlog does not necessarily reflect our future operating results.

Backlog refers to the estimated total contract value of works that remain to be completed under the executed contracts as of a certain date (assuming that the works shall be completed according to the terms of the contracts). Backlog is not an audited measure as defined under IFRS and may not necessarily be indicative of our future performances. As of September 30, 2016, the backlog of our engineering projects was approximately RMB4,988.2 million. However, such data is based on the assumption that the relevant contracts will be fully performed according to the terms thereof. If one or more sizable contracts are terminated or amended, our backlog may be materially and immediately affected. There can be no assurance that the estimated backlog can be realized in full in a timely manner or at all or be converted into profits as expected even if it can be realized. Therefore, you should not rely on the information about our backlog included in this prospectus as an indicator of our future profits.

Our business growth depends on our ability to identify profitable projects, to further develop our existing business and to expand into new businesses or markets. If we do not have the said ability, then our business and prospects may be adversely influenced.

Our business expansion and future success depend, in part, upon our ability to identify profitable projects, further develop our existing business operations and expand into new businesses or markets. We plan to secure further growth by maintaining our major or leading market positions in the PRC market, especially the concession operation, denitrification catalyst and denitrification engineering markets, developing and introducing innovative and advanced technologies, exploring new business opportunities and expanding our overseas operations. We plan to further expand the EMC business, water treatment operations, wind power and photovoltaic power plant engineering business.

The success of our plans for growth depends on certain factors, including our abilities to expand and operate our production bases, implement and manage our business expansion plans, secure financing for business expansions, improve operational efficiency, maintain and expand our existing customer base, manage relationships with suppliers, ensure timely and sufficient supply of raw materials, parts and components, hire, train and retain qualified personnel, and deal with challenges that may arise in existing or emerging markets and business fields.

For example, the profitability of a desulfurization concession operation project depends on various factors. These factors include, among others, the power plant being located in a province where the local government grants a high on-grid desulfurization tariff based on more stringent flue gas desulfurization standards and the costs incurred to construct or acquire desulfurization facilities. We compete with other desulfurization concession operation providers by timely identifying and securing such projects.

Some of the above factors are beyond our control. If we fail to successfully implement our business expansion plans, maintain and further expand our domestic and overseas market share, increase sales and promote new products and services, and develop strategically significant businesses, or, if we encounter difficulties in any of the foregoing, our profitability, results of operation and financial position may be materially and adversely affected.

We have a concentrated customer portfolio, and changes in the demand of such customers may have material and adverse impacts on our business.

As the majority of our customers are large coal-fired power generation enterprises and other renewable energy enterprises, we have a relatively concentrated customer portfolio. For each of the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, revenue from our top five customers accounted for 24.0%, 14.4%, 31.7% and 33.5% of our total revenue, respectively. Our revenue derived from these major customers is expected to represent a significant portion of our total revenue in future. Should our major customers (including the top five customers) suffer adverse business changes or make adjustments to their investment strategies or slow down their investment in the coal-fired power generation and renewable energy, they may reduce or stop the purchase of our products. If we are not able to obtain equivalent purchase orders from our new customers, our business, results of operation and financial position may be adversely affected.

Acquisition of new businesses or assets involves risks.

We may expand our business through acquisition of relevant businesses or assets. Acquisition of new businesses or assets involves risks. For example, the acquisition targets may not be as profitable as anticipated. We may also incur unanticipated costs and expenses or be exposed to unanticipated liabilities in connection with the acquisitions. The integration of acquired businesses or assets into our existing business may require substantial resources and management attention, and may ultimately be unsuccessful. In addition, if the acquired businesses or assets are in emerging markets, we may be exposed to numerous risks associated with entering emerging markets where we have limited experience. We cannot assure you that we will be able to achieve the financial returns as we expect at the time such acquisitions are made. Any failure in the potential acquisitions may have a material and adverse effect on our business, financial position and results of operation.

We expect that the cumulative installed capacities in operation for our desulfurization and denitrification facilities concession operations will continue to grow. For more details, please see "Business — Our Strategies — Continue to maintain our market leading position of desulfurization and denitrification facilities concession operation." As the cumulative installed capacities of our desulfurization and denitrification facilities grow, we expect that our depreciation charges for such facilities will also increase in the future, which may have a material and adverse impact on the profitability of our desulfurization and denitrification facilities concession operations.

We may also require additional funding for the acquisitions, and our inability to borrow additional amounts or refinance the existing debts associated with the targets may adversely affect the results of operation and financial position of the entire Group and prevent us from fulfilling our financial obligations and business targets.

We face intense competition in most of the markets in which we operate.

We face increasingly intense competition in markets in which we operate. Some of our competitors may have greater financial, sales and marketing, research and development, manpower, or other resources than we do. Some new market entrants may acquire market share by leveraging existing business relationships and acquiring new technologies from third parties. Our competitors may also be more responsive to changes in technologies or customer requirements, or offer similar products or services at lower prices. All of the foregoing factors may intensify market competition, and we may face pressure in product and service pricing and competition for orders. Any adverse or unforeseeable change in our competitive environment may have a material and adverse effect on our business, prospects, results of operation and financial position.

Some of our businesses may be subject to seasonal fluctuations.

Our environmental protection facilities concession operation sub-segment is subject to seasonal fluctuation. The revenue of our environmental protection facilities concession operation sub-segment is affected by, among other things, the utilization hours of coal-fired power plants on which we operate the concession operation facilities. As a result, we typically generate more revenue from concession operation business in summer due to higher demand for electricity, which cause higher utilization hours of coal-fired power plants. In addition, industrial consumption of electricity is usually lower in the first quarter due to winter and Chinese New Year holidays. Accordingly, our revenue and cost of sales for concession operation business tend to be greater in the second half of a year as compared to the first half. The revenue from our concession operation business sub-segment accounted for a significant portion of our total revenue during the Track Record Period, representing approximately 18.1%, 19.9%, 21.4% and 37.1% of our total revenue for the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively. Seasonal fluctuation of the concession operation business sub-segment may have an impact on our overall financial performance, and our revenue, cost of sales and net income for a certain period in a year may not be comparable to that of the whole year.

Failure to manage our liquidity and cash flows may materially and adversely affect our business, result of operations and financial condition.

Although we had positive operating cash flows for the years ended December 31, 2013, 2014 and 2015, we had negative operating cash flow of RMB55.0 million for the six months ended June 30, 2016. A key factor that negatively affected our operating cash flow in the first half of 2016 was our undertaking of new wind power projects in the first half of 2016. We procured large amount of equipment to prepare for the construction of such projects while we had not recognized substantial revenue or collected substantial payments due to project schedule and billing arrangement. See "Financial Information — Liquidity and Capital Resources — Cash Flow." We cannot assure you that our operating cash flow for any future period will be positive. Our ability to generate adequate cash inflows from operating activities in the future will depend in large part on project schedule and billing arrangement, our ability to collect receivables from our customers in a timely manner and the credit terms that we can obtain from suppliers. If we are not able generate sufficient cash flows from our operations or obtain sufficient financing to support our business operation, our growth prospects may be materially and adversely affected.

We may experience delays in the payment of accounts receivables, installments or releases of performance guarantees or quality guarantees by our customers.

Our EPC contracts typically provide for installments we shall receive from customers based on the value of work completed on given dates. Our customers generally pay us an amount equal to about 10% of the total contract value in advance, and once the project reaches a certain stage as specified in the relevant contract, we will receive payments for the remaining portion of the contract value based on the project's progress. As a result, we may be required to commit cash and other resources to projects prior to the receipt of additional payments from customers to cover items of certain project expenditure as they are incurred. In addition, upon the completion of a project, an amount equal to 10% of the contract value is usually retained by our customers and will generally be released after the warranty period. We generally obtain our EPC contracts through bidding and tendering process. In general, upon winning a bid, we are usually required to provide performance guarantee in the amount equal to 10% of total contract value. Such performance guarantee will usually be returned to us upon the issuance of the acceptance certificate for the relevant project.

Due to the foregoing and other factors, we may have a large amount of receivables on any given date. In addition, mainly because we usually enhance our trade receivables collection when it is close to year-end, the settlement of our trade and bills receivables in the middle of a year may be relatively slower than that at the end of a year. As of September 30, 2016, approximately RMB1,585.0 million (or 28.6%) of our trade receivables (before provision for impairment) of RMB5,534.2 million which were outstanding as of June 30, 2016 had been settled. Delays in the collection and payment of accounts receivables and progress payments or release of performance guarantees or quality guarantees from our customers may increase our needs for working capital. If a customer defaults on its payments for a project, it could affect our liquidity and decrease the capital resources that are otherwise available for other uses. We may file a claim for compensation of the loss that we incurred pursuant to our contracts but the settlement of disputes generally takes significant time, financial and other resources, and the outcome is often unpredictable. There can be no assurance that the accounts receivables, progress payments, performance guarantees and quality guarantees will be paid to us on a timely basis or at all or that we will be able to effectively manage the level of bad debts arising from such overdue payment.

In the event of a slowdown of China's economy, it may have an adverse effect on our results of operation and financial condition.

Most of our revenue is derived from sales in the PRC. We rely on domestic supply and demand for electric power to achieve growth in our revenue. Domestic supply or demand for electric power is materially affected by industry development, growth of private consumption and overall economic growth in China. Unfavorable financial or economic conditions caused by the recent global financial and economic conditions, have imposed significant challenges to China's economy. Any slowdown in the growth of, or the occurrence of a recession in, China's economy may have a material and adverse effect on our growth, prospects, results of operation and financial condition.

Failure to obtain sufficient raw materials and equipment, or to do so on commercially acceptable terms could adversely affect our results of operation and financial condition.

Our business operation requires timely procurement of sufficient raw materials and equipment at commercially acceptable prices. We cannot assure you that we will be able to obtain sufficient raw materials and equipment from our existing suppliers or from alternative sources at commercially acceptable prices and in a timely manner, or at all. We cannot assure you that shortages of raw materials and equipment will not occur or that we will be able to pass on cost increases to our customers in the future. Any failure to obtain adequate raw materials and equipment, or to do so on commercially acceptable terms and in a timely manner, could interfere with and hence adversely affect our business operations.

In order to maintain our competitiveness and to achieve profitability, we must effectively control our costs. A significant portion of our business with our customers is conducted pursuant to fixed-price contracts awarded through public bidding and tendering process. The profit margins realized on such fixed-price contracts may vary from original estimates as a result of changes in costs and income over their terms due to factors such as changes in costs of raw materials or equipment, difficulties in obtaining adequate financing, unanticipated technical problems and modifications to projects or schedules.

Fluctuations in the purchase prices of raw materials and equipment are a key factor affecting our costs. The prices and availability of raw materials and equipment may be affected by factors beyond our control, including demand and supply dynamics, inflation and economic cycles, price control measures imposed by the government or private companies, international geopolitical issues and instability of governments in the exporting countries. Because it is difficult to predict the trends of prices for raw materials and equipment, and cost fluctuations may occur during the term of a contract, our profitability, financial condition and results of operations may be materially and adversely affected.

We do not hedge our exposure to price fluctuations of raw materials and equipment, thus we are exposed to the risk of increases in the prices of these raw materials and equipment, and, to the extent we cannot pass on the price increases in these raw materials and equipment to our customers fully or partially, our business and financial condition could be affected. We cannot assure you that we will realize the expected profits from our fixed-price contracts and our results of operations and financial condition may be materially and adversely affected.

Our business relies heavily on technologies and techniques that are subject to continuous changes and we may not be able to develop new technologies that meet the changing market demand or to successfully introduce new technologies in a timely manner.

We operate in industries where technological and technical advancement is part of the core competencies and is a crucial competitive advantage. Our continuous success and competitiveness depend on our ability to develop and improve our technologies and techniques. These technologies and techniques are subject to continuous evolution and changes. We currently own patented technologies that are of a domestic or international leading level, such as the key technology of the SCR denitrification urea-pyrolysis ammonia preparation, efficiency-improving desulfurization turbulence apparatus, SNCR denitrification technology and technology of SCR urea hydrolysis. However, technologies in the relevant industries in which we operate evolve rapidly. To maintain our leading position in the market, we need, on a rapid and constant basis, to design and develop new and improved products to keep pace with the technological developments in order to meet the ever-growing market demand.

A variety of competing technologies that others may develop could prove to be more cost-effective or yield better performance than our technologies. Therefore, our research and development efforts may be rendered obsolete. Our failure to further refine our technologies or develop new technologies could render our products uncompetitive or obsolete, resulting in a decline in our market share.

We have devoted substantial resources to our research and development activities and formulated business plans to develop new product lines utilizing leading technologies in line with the market trends. However, we cannot assure you that our research and development activities will yield anticipated results. If we encounter delays in our research and development or fail to meet the changing market demand or successfully introduce newly developed products to the market, or our competitors are more responsive than we are, our business, financial position and results of operation may be materially and adversely affected.

We may not be able to protect our patents and other intellectual property rights, which could have a material and adverse impact on our business.

As of the Latest Practicable Date, we owned 457 patents and 44 software copyrights in the PRC. We continue to apply for new patent rights in the PRC for the products and technologies we develop, and were applying for 131 patents as of the Latest Practicable Date. In addition, we own other intellectual properties such as non-registered trade secrets, and proprietary technologies, procedures and processes. We believe our patents and other intellectual property rights are important to our success. Existing laws in China offer limited protection for our intellectual property rights. We rely upon a combination of patents, copyrights and trademarks, trade secrets, confidentiality policies, non-disclosure and other contractual arrangements to protect our intellectual property rights. We cannot assure you that we will be able to detect any unauthorized use of, or take appropriate, adequate and timely actions to enforce, our intellectual property rights. Consequently, we may not be able to effectively prevent unauthorized use of our trademarks or patents in other countries where such trademarks and patents are not registered. China does not protect intellectual property rights to the same extent as the United States or Hong Kong does. The measures we take to protect our intellectual property rights may not be adequate, and our monitoring and preventing unauthorized use may be infeasible. The protection of our intellectual properties may be compromised as a result of (i) expiration of the protection period of our registered intellectual property rights, (ii) infringement by others, including counterfeiting our products, or (iii) refusal by relevant regulatory authorities to approve our pending patent applications. Furthermore, the application of laws governing intellectual property rights in China and abroad is uncertain and constantly evolving, and may pose substantial risks to us. If we are unable to adequately protect our trademarks, patents and other intellectual property rights, it may have a negative impact on our reputation, and our business may be materially and adversely affected.

If we are unable to accurately estimate the overall risks, revenue or costs of our contracts, we may gain lower-than-anticipated profits or incur losses in our contracts.

A number of our contracts in the environmental protection and energy conservation business segment are either on a fixed-price or fixed-unit-price basis, such as desulfurization and denitrification concession operation agreements and sale contracts for denitrification catalysts. Terms of these contracts require us to provide products or services for a fixed price or a fixed unit price and therefore expose us to cost overrun risks. Cost overruns, whether due to inefficiency, inaccurate estimates or other factors, may result in a lower profit or losses in a project. As a result, we may only realize profits under these contracts if we could accurately estimate our costs and avoid cost overruns. Despite any buffer we may have built into our bids for increases in labor, raw materials and equipment costs, unforeseen factors, such as changes in job conditions, variations in labor and equipment productivity over the term of a contract and unexpected increases in the costs of raw materials and equipment may cause the revenue and gross profit realized from a fixed price based or fixed unit price based contract to be lower than our originally estimated value.

If our estimates of the overall risks, revenue or costs prove inaccurate, circumstances change or unforeseen circumstances occur, or if the price escalation formula in our contracts does not cover the increase in costs in full, we may experience lower profits or even losses on our contracts, which could materially and adversely affect our business, prospects, profitability, financial position and results of operation.

Some of our businesses have a limited operating history and our historical growth rate during the Track Record Period may not be indicative of our growth rate in the future.

We have been engaged in desulfurization concession operations since 2008, the production of denitrification catalysts by acquisition since 2011, denitrification facilities engineering business since 2006, energy conservation business since 2013, and denitrification concession operations since 2014. Therefore, we have a limited operating history for you to evaluate the performance of our relevant businesses.

Each of our businesses has experienced rapid growth during the Track Record Period. For more details, please see "Business — Our Competitive Strengths — We are a trendsetter and leader of the environmental protection and energy conservation for China's electric power industry; we focus on environmental protection and energy conservation and have achieved outstanding historical performances and increasingly stable operating cash flows, which lays a solid foundation for the future growth of our business operations." However, we have a limited operating history and our historical growth rate may not be indicative of our performance in the future. We cannot assure you that we will grow at the same rate as we did during the Track Record Period.

If we fail to maintain an effective quality control system, our product quality and service quality, and thus our business, may be materially and adversely affected.

The quality, performance and safety of our products and services are critical to our customers, our reputation and, ultimately, our success. Therefore, we have established and maintained stringent quality assurance standards and inspection procedures, including quality control for raw materials, parts and equipment. The effectiveness of our quality control system is determined by various factors, including systematic design, implementation of quality standards, quality of training programs, and monitoring of our employees' compliance with our quality control policies and guidelines. Failure to maintain an effective quality control system may result in defective products or services that will expose us to risks relating to liabilities and indemnity claims from our customers, and undermine our reputation and relationships with existing customers, thereby materially and adversely affecting our business.

We are subject to risks associated with changes in preferential tax treatment.

We are subject to various PRC taxes, including the current statutory PRC enterprise income tax of 25% as determined in accordance with the relevant PRC tax laws and regulations. For details, please see "Appendix III — Taxation and Foreign Exchange." In addition, pursuant to the *PRC Enterprise Income Tax Law* (《中華人民共和國企業所得稅法》) and the *Regulations on the Implementation of PRC Enterprise Income Tax* (《中華人民共和國企業所得稅法實施條例》), the Company and a number of our subsidiaries are accredited as high and new technology enterprises, which are currently taxed at a preferential rate of 15%. Certain branches of the Company are engaged in qualified environmental protection projects. Starting from the year when such project first generates operating income, the income derived from such project is exempted from the enterprise income tax for the first three years, followed by a 50% exemption from the fourth to the sixth years. Please see "Financial Information — Factors Affecting Our Results of Operations — Taxation." Termination or revision of any such preferential tax treatments may materially and adversely affect our profitability, results of operations and financial condition.

Availability of financing on reasonable commercial terms may affect our business expansion or financial performance.

Construction, maintenance and operation of new facilities, equipment purchases and research and development of new products and technologies require substantial capital. If we fail to obtain adequate financing on commercially acceptable terms, we may not be able to sufficiently fund our operations or implement our expansion strategy. As a result, we may be forced to adopt alternative strategies that may include delaying capital expenditures, refinancing our indebtedness or seeking equity capital. These circumstances may subject us to loss of market competitiveness and future revenues, and thus materially and adversely affect our results of operations and financial condition.

We have obtained bank loans to support our business expansion. As of December 31, 2013, 2014 and 2015 and June 30, 2016, our liabilities to assets ratio (which is calculated by dividing total liabilities on the relevant date by total assets on the same date and then multiplying the result by 100%) was 85.3%, 83.7%, 74.1% and 71.5%, respectively. For more details, please see "Financial Information — Liquidity and Capital Resources — Financial Ratios." As of December 31, 2013, 2014 and 2015 and June 30, 2016, our total borrowings were RMB4,252.3 million, RMB3,447.9 million, RMB4,387.3 million and RMB4,372.0 million, respectively. Our total finance costs were approximately RMB179.5 million, RMB208.5 million, RMB230.0 million and RMB99.4 million, in each of the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively. Interest rates on these borrowings may fluctuate. Our interest expenditure may increase significantly in the future, which may have a material and adverse effect on our profitability, financial performance and results of operations. In addition, the PRC government may adopt measures in monetary policies which may have the effect of limit the money supply and the availability of credit. If these measures lead PRC banks to reduce their volume of commercial loans, our accessibility to financing to fund our business expansion may be adversely affected.

We will continue to be controlled by China Datang, whose interests may differ from yours or those of our other shareholders.

Upon the completion of the Global Offering, China Datang will own directly and indirectly an aggregate of 79.80% of our total equity assuming no exercise of the Over-allotment Option (or approximately 77.39% of our total equity if the Over-allotment Option is exercised in full). According to the Articles of Association and applicable laws and regulations, as our controlling shareholder, China Datang will, through its representatives on our Board, be able to influence our major policy decisions, including our management, business strategies and policies, the timing and amount of dividend distributions, any plans relating to material property transactions, major overseas investments, mergers and acquisitions, issuances of securities and adjustments to our capital structure, amendment of our articles of incorporation and other actions that require the approval by our Directors and Shareholders. Hence, subject to applicable laws and regulations, China Datang is in a position to direct us to take actions which may not be in the best interest of our minority shareholders. See "Relationship with Our Controlling Shareholder." It is possible that differences in opinion may arise between China Datang and any of the minority shareholders from time to time.

We depend on key management team and technical specialists. Failure to retain or hire qualified personnel at reasonable costs may materially and adversely affect our results of operations.

The success of our business depends on our ability to retain our key management and personnel in research and development, production, quality control, after-sales service and operations functions. Due to the rapidly growing demand for qualified personnel in China, competition for recruiting such personnel is intense. If we fail to retain or hire qualified personnel, we may experience difficulties in developing new products and services, applying new technologies, maintaining product and service quality, providing our customers with quality after-sales services or managing and continuously expanding our operations, which may in turn have a material and adverse effect on our business and reputation.

In addition, certain technical personnel cannot be easily or quickly replaced due to higher technical requirements of our operations. Hence, if a significant number of our skilled technicians terminate their employment relationships with us within a short period of time, we may encounter interruptions to our production or services, which may materially and adversely impact on our operations.

Our overseas marketing and sales plans and strategies may not yield the desired results.

While most of our revenue is generated from the PRC, we are actively developing our overseas business. This involves setting up and operating overseas subsidiaries, conducting overseas marketing activities or providing services to overseas customers and other activities. There is no assurance that our overseas growth strategies will be implemented smoothly. Our global business expansion may be hindered by risks such as: low demand for our products or services, lack of a track record in these markets, lack of availability of overseas financing on suitable terms to fund our international expansion, possible difficulties in the management of overseas personnel and business operations, including a potential increase in labor costs due to our overseas expansion, lack of understanding of the local business environment, financial and management system or legal system, volatility in currency exchange rates, potentially more stringent product and service liability requirements, the risk that foreign countries may impose withholding taxes (or otherwise tax our foreign income or place restrictions on repatriation of profits), cultural differences, changes in political, regulatory or economic environments in the foreign countries or other regions, inherent difficulties and delays in contract enforcement and collection of receivables through the use of foreign legal systems, as well as the risk of barriers, such as anti-dumping and other tariffs or other restrictions being imposed on foreign trade. If we fail to manage the above risks effectively, our global expansion may be hindered, which may in turn result in a material and adverse effect on our business prospects, results of operations and financial condition.

To the extent our business expands into overseas markets, our business may be affected by economic, political and other risks in such countries where we operate.

During the Track Record Period, we had business presence in certain counties such as India and Thailand. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, revenue from our overseas business was RMB89.6 million, RMB270.3 million, RMB392.5 million and RMB78.8 million, respectively. We plan to pursue suitable opportunities in overseas markets and strategically expand the scope of our overseas business. Our overseas business will be affected by the changes in and the instability of international economic and political conditions as well as the regional condition of the jurisdictions where we have business presence. The political and economic conditions in such regions may be instable. In particular, any changes in the diplomatic and economic relations between the PRC government and governments of those countries where we operate could adversely affect our business in those countries.

We are exposed to certain risks relating to countries and regions where we have business presence, including political risks, such as civil unrest, acts of terrorism, war, coups, civil war, local or global political or military tensions, diplomatic relations tensions or changes, confiscation or nationalization of our assets; fluctuations in the economy and financial markets, as well as credit risk; changes in foreign government regulations or policies and the lack of a well-developed or independent legal system, which may create difficulties for us to enforce our contractual rights; dependence on foreign governments or entities controlled by such foreign governments for utility or infrastructure, possible unfavorable labor conditions or employee strikes, or the existence of anti-Chinese sentiment and related events, demonstrations or policies such as the implementation of protectionism against PRC companies; unfamiliarity with local operating and market conditions, lack of understanding of local taxation, customs and other laws, regulations, standards and other requirements; and the cyclical nature and the demand of international markets, and competition from other international and local companies; preferential treatment or corrupt business practices; tax increases or adverse tax policies; foreign currency controls and fluctuations.

In addition, we may need to allocate management resources and employees to high risk regions where overseas projects are situated. We may adopt appropriate measures to protect employees and assets that may incur significant expenses. However, the sufficiency and effectiveness of such measures cannot be assured. Our exposure to such risks varies depending on the projects and the specific stage of each project. The above scenarios may disrupt our projects, incur loss of staff and assets and may materially and adversely affect our overseas expansion, results of operation and financial position.

Negative publicity against us or any member of China Datang Group could cause us reputational harm and have an adverse effect on our business, results of operations, prospects or the trading price of our shares.

From time to time, we or members of China Datang Group may be subject to negative publicity in relation to our or their business or staff in the PRC and overseas. Historically, such negative publicity has covered issues such as anti-corruption, safety production, environmental protection and operations in certain countries or with certain persons that are subject to economic sanctions. Such negative publicity, even if later proven to be false or misleading, and even where the entities or individuals implicated are members or employees of China Datang Group and not of us, could lead to a temporary or prolonged negative perception against us by virtue of our affiliation with China Datang. Our reputation in the marketplace is important to our ability to generate and retain businesses. In particular, damage to our reputation could be difficult and time-consuming to repair and could have a material adverse effect on our business, results of operations, prospects or the trading price of our shares.

Our business operations are subject to various environment, health and safety laws and regulations.

Our business operations are subject to various environment, health and safety laws and regulations. These laws and regulations require us to undergo environmental impact assessments and inspection processes and implement environmental, health and safety programs and procedures to control risks associated with the design, construction and operation of various facilities. For example, we are required to prepare and submit an environmental impact assessment report to the relevant environmental protection authorities for review and approval before we can start the construction of flue gas desulfurization or denitrification facilities for coal-fired power plants. When the construction is completed, these facilities also need to pass certain inspection procedures to ensure the satisfaction of environmental protection requirements prior to commercial operation.

If we do not comply with applicable laws and regulations, we may be subject to penalties or fines or may even be required to cease the operation of the affected projects. In addition, the existing Environmental Protection Law and related regulations require us to establish an environmental protection and management system, which includes adopting effective measures to prevent and control exhaust gas, sewage, slag, dust or other waste, to discharge waste properly and to pay certain discharge fees. The PRC government may adopt more stringent environment, health and safety laws and regulations in the future. Any such change may result in a substantial increase in the costs of compliance, which in turn could materially and adversely affect our business, prospects, profitability, financial conditions and results of operation.

If we fail to procure or renew qualifications, licenses or permits required by our business operation, we may be subject to penalties or fines and our business and growth plan will also be affected.

We shall obtain several qualifications, licenses or permits from several government authorities in order to operate our business. During the Track Record Period, there had been non-compliance incidents in relation to our business qualifications with respect to certain engineering general contracting projects undertaken by our Company and certain subsidiaries. For more details, please see "Business — Non-compliance." During the Track Record Period, our Company and certain subsidiaries formed bidding consortiums to bid and, if successful, enter into agreements for certain engineering general contracting projects. Not all members of the relevant bidding consortiums formed between our Company and certain subsidiaries possessed the required qualifications for our certain engineering general contracting projects undertaken during the Track Record Period. Moreover, there had been one engineering general contracting project for thermal power plant undertaken during the Track Record Period without sufficient level of Construction General Contracting Qualification for Electric Engineering required under the PRC laws and regulations. We cannot assure you that the relevant government authorities will not impose any administrative penalty on us or pursue responsibility on account of the relevant non-compliance incidents, which may materially and adversely affect our business, financial condition, results of operations and prospects.

In addition, qualifications, licenses or permits required by our business operation shall be reviewed and renewed regularly by relevant government authorities, and the compliance standards may be subject to adjustments from time to time. Any changes to the existing policies by relevant government authorities may render us unable to obtain or possess relevant qualifications, licenses or permits. Therefore, fines or other penalties may be imposed on us which will have material and adverse impacts on our business, financial conditions, results of operations and prospects.

Lessors of the properties that we rent have not obtained valid title certificates.

As of the Latest Practicable Date, valid title certificates for the properties we leased for denitrification and desulfurization facilities, production or office use have not been obtained. For more details about our property leasing, please see "Business — Properties — Buildings — Leased Buildings." There can be no assurance that the lessors will be able to obtain valid title certificates for all of these properties. Our rights as lessee of these properties and results of operations and financial condition may also be adversely affected due to the absence of such valid title certificates. There can be no assurance that disputes or claims concerning the title will not occur, nor can we assure you that any third-party claim that we should indemnify for utilizing the properties illegally and/or without authorization will not occur.

We are subject to the risk of product or service liability claims.

Due to the complex technical specifications of our products and services, we may be subject to substantial product and service liability claims due to quality defects of our products or services or shutdown resulting from malfunctions of environmental protection, energy conservation and other facilities we construct or operate. As of the Latest Practicable Date, we have not been sued for any malfunction, accident, breach of warranty or defective products or services. The main insurance policies we apply for include property all risks insurance, machinery breakdown insurance, and personal accident insurance. However, there may be difficulties in receiving compensation from the insurance companies, claims may be subject to lengthy processing time, or we may not receive sufficient compensation to cover our liabilities or damages in full or at all. If we fail to receive compensation in full or at all from the insurance companies for our losses, our business, profitability, results of operations and financial condition may be materially and adversely affected.

Substantial loss of life and property may occur in the course of our production and construction processes.

Our production and construction processes involve dangerous activities, including engineering and routine construction works. We are required to comply with the necessary safety requirements and standards. Risks associated with our production and construction activities include work-related injuries and geologic hazards, which may result in personal injuries or fatalities and damage to property and equipment. Accidents related to any of these circumstances may result in personal injury claims, subcontractor claims, cessation of business, or civil and criminal penalties. If we incur substantial losses or liabilities due to the above causes and our insurance coverage is inadequate to cover such losses or liabilities, our results of operations and financial condition may be materially and adversely affected.

There can be no assurance if and when we will pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings and other factors. A decision to declare or to pay any dividends and the amount of the dividends will depend on various factors, including our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits, our Articles of Association and any other applicable laws and regulations, market conditions, our strategic plans and prospects for our business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, regulatory restrictions and any other factors as determined by our Board of Directors from time to time in relation to the declaration or suspension of dividend payments. Therefore, although we have declared dividends in the past, there can be no assurance if and when we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. Please see "Financial Information — Dividend and Dividend Policy" for more details of our dividend policy.

Our production and operations may be affected by factors beyond our control.

Our business may be interrupted by factors beyond our control, which may include natural disasters such as flooding, cyclones, typhoons, blizzards, sleet, landslides, earthquakes, and fire, as well as power shortage, labor strikes, union strikes or social turmoil. Any major interruption of our business may have a material and adverse effect on our ability to manufacture and sell products or provide services. If any of such events takes place, there may be a material and adverse effect on our production capacity, business, results of operations and financial condition.

We are subject to litigation risks.

In our ordinary course of business, we may be involved in claims relating to dispute with our customers, suppliers or other third parties from time to time. See "Business — Legal Proceedings and Regulations." If we were found to be liable for any of the claims, we would have to incur additional costs. Both claims brought against us and by us, if not resolved through negotiation, may be subject to lengthy and expensive litigation or arbitration proceedings. Charges and/or write-downs associated with such claims could have a material adverse impact on our financial condition, results of operations and cash flows. Moreover, legal proceedings resulting in judgments or findings against us may harm our reputation and damage our prospects.

RISKS RELATING TO THE PRC

The majority of our assets are located in the PRC and most of our revenue is derived from the PRC. Hence, our business operations and prospects are to a large extent affected by the economic, political and legal developments in the PRC.

Changes in the economic, political and social conditions in the PRC may have a material and adverse effect on our results of operations and financial condition.

The Chinese economy differs from that of most developed countries in many respects, including the degree of government involvement and control of capital investment. The PRC government is committed to the continued reform of the PRC economic system as well as the structure of the government. The PRC government's reform policies have emphasized the independence of enterprises and the use of market mechanisms. Since the introduction of these reforms, significant progress has been achieved in economic development, and enterprises have enjoyed an improved environment for their development. Although the government has implemented economic reform measures to introduce market forces and establish sound corporate governance in business enterprises, such economic reform measures may be adjusted, modified or applied inconsistently from industry to industry, or across different regions of the country. Any changes in the PRC's political, economic and social conditions may have a material and adverse effect on our present and future business operations, results of operations and financial condition.

Because the PRC's legal system is still evolving, there exist uncertainties as to the interpretation and enforcement of PRC laws.

Our Company is incorporated under the laws of the PRC and most of our activities are conducted in the PRC, hence our business operations are regulated primarily by PRC laws and regulations. The PRC laws and regulations are based on written statutes, and past court judgments may be cited only for reference. Since 1979, the PRC government has been committed to developing and refining its legal system and has achieved significant progress in the development of its laws and regulations governing economic matters in such areas as foreign investment, company organization and management, business, tax and trade. However, as these laws and regulations are still evolving, and because of the limited number and non-binding nature of published cases, there exist uncertainties about their interpretation and enforcement.

In addition, the PRC Company Law is different in certain important respects from company laws in common law countries or territories such as Hong Kong and the United States, particularly with regard to investor protection, including areas such as derivative actions by shareholders and other measures protecting non-controlling shareholders, restrictions on the directors, disclosure obligations, variations of class rights, procedures at general meetings and payments of dividends. Protection for investors under the PRC Company Law is enhanced, to a certain extent, by the introduction of the Mandatory Provisions and certain additional requirements that are imposed by the Listing Rules with a view toward minimizing and addressing the differences between the company laws of Hong Kong and those of the PRC. The Mandatory Provisions and those additional requirements must be included in the articles of association of all PRC companies applying for listing in Hong Kong. The Articles of Association have incorporated the provisions in the Mandatory Provisions and the Listing Rules. Despite the incorporation of those provisions, there is no assurance that you will enjoy the same level of protection that you might have been entitled to as an investor in a company incorporated in certain other common-law jurisdictions.

Government control over foreign currency exchange and requirements for governmental approval may affect our results of operations and financial condition.

The Renminbi is not currently a freely convertible currency. As our operations are primarily conducted in the PRC and substantially all of our revenue is denominated in RMB, fluctuations in the RMB exchange rate against other currencies do not have a material impact on our results of operations during the Track Record Period. However, as we expand our business into international markets, our overseas income and expenditure may increase, and exposure to fluctuations in foreign exchange may also increase.

Pursuant to the existing foreign exchange regulations in the PRC, we are allowed to carry out current account foreign exchange transactions (including dividend payouts) without submitting the certifying documents of such transactions to SAFE for approval in advance as long as they are processed by banks designated for foreign exchange trading evidenced by commercial documents. However, foreign exchange transactions for capital account purposes, including direct overseas investments and various international loans, may still be directly or indirectly regulated by SAFE and its branches. If we fail to meet SAFE's relevant regulatory requirements for converting RMB into foreign currencies for such purposes, our capital expenditure plans, business operation and subsequent results of operation and financial conditions could be materially and adversely affected.

We face foreign exchange and currency conversion risks, and fluctuations in the value of the RMB may have a material and adverse effect on our business.

The exchange rate between RMB and U.S. dollar and other currencies may fluctuate from time to time and be affected by, among others, changes in China's political and economic environment. At present, RMB is no longer only pegged to U.S. dollar, but is subject to a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. We cannot predict the future fluctuations of RMB. We face foreign exchange and conversion risks primarily through sales and procurement that are denominated in currencies other than RMB. If the exchange rate of RMB against other related foreign currencies were to appreciate, our export prices would increase, and the competitiveness of our products and services in comparison with those manufactured and provided in other countries would decrease. On the other hand, if the exchange rate of RMB against other related currencies were to depreciate, the price of our imported raw materials and components when converted into RMB would increase, which may have a material and adverse effect on us. Moreover, we will need to convert part of the proceeds denominated in foreign currencies from the Global Offering into RMB. The fluctuations in the exchange rate between RMB and Hong Kong dollar and other currencies may have a material and adverse effect on our business, results of operations and financial condition.

It may be difficult to enforce judgments rendered by courts other than PRC courts against us or the Directors, Supervisors or senior management residing in China.

Substantially all of our Directors, Supervisors and senior management reside within the PRC. Substantially all of our assets and the assets of our Directors, Supervisors and senior management are located within the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom or Japan, among many other countries. Therefore, it may not be possible for investors to serve summons upon us or the aforesaid persons residing in the PRC or to enforce against us or them any judgments obtained from non-PRC courts in the PRC. In addition, recognition and enforcement in the PRC of judgments of a court of any other jurisdiction in relation to any matter not subject to a binding arbitration provision may not be possible.

The Articles of Association and the Listing Rules provide that disputes or claims for rights between holders of the H Shares and us, our Directors, Supervisors, senior management or holders of the Domestic Shares, arising out of the rights and obligations provided in the Articles of Association, the PRC Company Law and the related laws and regulations and in relation to affairs of our Company, are to be resolved through arbitration in Hong Kong or the PRC, rather than by a court of law, except for disputes associated with the definition of "shareholders" or "register of shareholders." Under the current arrangements for reciprocal enforcement of arbitral awards between the PRC and Hong Kong, awards made by PRC arbitral authorities, which are recognized under the Arbitration Ordinance of Hong Kong, can be enforced in Hong Kong. Hong Kong arbitration awards are also enforceable in the PRC. We cannot assure you that any action brought in the PRC by any holder of H Shares to enforce a Hong Kong arbitral award made in favor of holders of H Shares would succeed.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are our net profit as determined under PRC GAAP or IFRSs, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profits to enable us to make dividend distributions to our shareholders, including periods in which we are profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years.

You may be subject to PRC taxation.

Non-PRC resident individual holders of H Shares whose names appear on the register of members of H Shares of the Company ("non-PRC resident individual holders") are subject to PRC individual income tax on dividends received from us. Pursuant to the *Notice on Questions Concerning the Collection of Individual Income Tax following the Repeal of Guo Shui Fa [1993] No. 045* (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) issued by the SAT on June 28, 2011, non-PRC resident individual shareholders of a domestic non-foreign invested enterprise whose shares are listed in Hong Kong may be entitled to preferential tax treatments in accordance with applicable tax treaties between the countries in which they are tax residents and the PRC as well as the tax arrangements between Mainland China and Hong Kong (Macau). Dividend income of individual shareholders who are residents of countries that have not entered into taxation treaties with the PRC is generally subject to income tax at the rate of 20%. However, domestic non-foreign-invested enterprises whose shares are listed in Hong Kong generally may withhold individual income tax at the rate of 10% when distributing dividends with respect to such listed shares without prior application to the PRC tax authorities. If we pay a dividend, we will be required to withhold tax at the applicable rate (which can be higher than 10% if the relevant individual shareholders and the tax rate applicable to such shareholder can be identified by the Company). In addition, according to the *Individual Income Tax Law* of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, non-PRC resident individuals are subject to individual income tax at a rate of 20% on gains realized upon sale of equity interests of a PRC resident enterprise. There are no specific PRC laws or regulations imposing individual income tax on non-PRC resident individuals of gains realized upon sale of shares of a PRC resident enterprise listed on an overseas stock exchange. To our knowledge, in practice the PRC tax authorities have not sought to collect individual income tax from non-PRC resident individuals for gains realized upon sale of shares of a PRC resident enterprise listed on an overseas stock exchange. If such tax is collected in the future, the investment value of such H Shares held by the individual holders may be materially and adversely affected. Please see "Appendix III — Taxation and Foreign Exchange — A. PRC Taxation."

Pursuant to the EIT Law and its implementation rules, income generated from the PRC (including gains derived from the disposal of equity interests in PRC resident enterprise and PRC-sourced dividends) by Non-PRC Resident Enterprises is generally subject to EIT at a rate of 10%, subject to the provisions of any applicable special arrangements or treaties. Pursuant to the *Notice on the Issues Concerning Withholding Enterprise Income Tax on the Dividends Payable by PRC Resident Enterprises to Overseas Non-PRC Resident Enterprise H Share Holders* (《關於中國居民企業向境外H股非居民企業股東派發股利代扣代繳企業所得稅有關問題的通知》) promulgated by the SAT on November 6, 2008, dividends paid to Non-PRC Resident Enterprise H Shareholders that are derived from profits generated since January 1, 2008 are subject to the withholding of EIT at a rate of 10%. Accordingly, we intend to withhold income tax from any dividend paid through CCASS or otherwise paid to Non-PRC Resident Enterprises H Shareholders. Non-PRC Resident Enterprises H Shareholders that are entitled to preferential tax treatments pursuant to any tax treaty or arrangement may apply to the relevant tax authorities for refund of the excess amount withheld. See "Appendix III — Taxation and Foreign Exchange — A. PRC Taxation." As the EIT Law and its implementation rules are relatively new, there are uncertainties as to their interpretation and implementation by the PRC tax authorities, including whether and how EIT on gains derived upon transfer or other disposal of H Shares should be collected from Non-PRC Resident Enterprises H Shareholders. If such taxes are collected in the future, the investment value of H Shares held by the enterprise holders may be materially and adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares, and the liquidity, market price and trading volume of the H Shares may be volatile.

Prior to the Global Offering, there has been no public market for our H Shares. We have applied to the Hong Kong Stock Exchange for the listing of, and the permission to deal in, our H Shares. However, there is no assurance that the Global Offering will result in the development of an active and liquid public trading market for our H Shares. The market price, liquidity and trading volume of our H Shares may be volatile.

We cannot assure you that Shareholders will be able to sell their H Shares or achieve their desired price for, or any profit on, such H Shares. Shareholders may not be able to sell their H Shares at prices equal to or greater than the price paid for their H Shares in the Global Offering. Factors that may affect the volume and price at which the H Shares will be traded include, among other things, variations in our revenue, earnings, changes in cash flows and costs, announcements of new investments and changes in the PRC laws and regulations. We cannot assure you that these factors will not have a negative impact on the market price for the H Shares. In addition, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that the H Shares may be subject to changes in price not directly related to our performance.

Future sales or perceived sales of substantial amounts of our securities in the public market, including any future public offering in the PRC, sale of our H Shares by NSSF or re-registration of Shares held on our Domestic share register into H Shares, could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise capital in the future, and may result in dilution of your shareholdings.

The market price of our H Shares could decline as a result of future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market or the issuance of new H Shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital in the future at a time and at a price which we deem appropriate. In addition, our shareholders may experience dilution in their holdings to the extent we issue additional securities in future offerings. A certain amount of our Shares currently outstanding will be subject to contractual and/or legal restrictions on resale for a period of time after completion of the Global Offering. See "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings to the Stock Exchange pursuant to the Listing Rules." After these restrictions lapse or if they are waived or breached, future sales, or perceived sales, of substantial amounts of our Shares, or the possibility of such sales, by us could negatively impact the market price of our H Shares and our ability to raise equity capital in the future.

Our Domestic Shares immediately after the Global Offering will amount to 2,346.0 million Shares, representing approximately 79.80% of our total issued share capital assuming the Over-allotment Option is not exercised (or approximately 2,337.9 million Shares, representing approximately 77.39% of our total issued share capital assuming the Over-allotment Option is exercised in full). The H Shares issued and sold under the Global Offering will amount to 540.0 million H Shares, representing approximately 18.37% of our total issued share capital assuming the Over-allotment Option is not exercised (or 621.0 million H Shares, representing approximately 20.56% of our total issued share capital assuming the Over-allotment Option is exercised in full). The H Shares to be converted from Domestic Shares and held by NSSF immediately after the Global Offering will amount to 54.0 million H Shares, representing approximately 1.84% of our total issued share capital assuming the Over-allotment Option is not exercised (or approximately 62.1 million H Shares, representing approximately 2.06% of our total issued share capital assuming the Over-allotment Option is exercised in full). NSSF has not entered into any undertaking restricting its disposal or resale of these H Shares. See "Share Capital." Any transfer or disposal of these H Shares by NSSF will result in an increase of the number of H Shares available on the market and may affect the share price of our H Shares.

In addition, subject to the approval of the State Council securities regulatory authority, all of our Domestic Shares may be converted into H Shares, and such converted Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the converted Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such stock exchange. No class shareholder voting is required for the listing and trading of the converted Shares on an overseas stock exchange. However, the PRC Company Law provides that in relation to the public offering of a company, the shares of that company which are issued prior to the public offering shall not be transferred within one year from the date of the listing. Therefore, upon obtaining the requisite approval, shares currently held on our domestic share register may be traded, after the conversion, in the form of H Shares on the Stock Exchange after one year of the Global Offering, which could further increase the supply of our H Shares in the market and could negatively impact the market price of our H Shares.

The sale of H Shares in the public market (including any future offering) may affect the prevailing market price of the H Shares and our ability to raise capital, and future additional issuance of securities may dilute your shareholdings.

The sale of substantial amounts of the H Shares or other securities related to the H Shares in the public market, or the issuance of new H Shares or other securities, or the market anticipation that such sales or issuances may occur, may cause fluctuations in the market price of the H Shares. Future sales, or perceived sales, of substantial amounts of our H Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favorable to us. Furthermore, if we issue additional securities in future offerings, the shareholdings of the Shareholders may be diluted. If additional funds are raised through the issuance of new equity or equity-linked securities of us other than on a pro-rata basis to existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the H Shares.

There will be a four-business-day time gap between pricing and trading of the H Shares offered pursuant to the Global Offering.

The Offer Price of the H Shares sold in the Global Offering will be determined on the Price Determination Date. However, the trading of the H Shares on the Hong Kong Stock Exchange will not commence until they are delivered, which is expected to be the 5th business day after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the H Shares during that period. Consequently, holders of such initial H Shares would bear the risks associated with potentially adverse market conditions or other unfavorable circumstances that may arise during the period between the Price Determination Date and the time trading begins and the price of the H Shares may be lower than the Offer Price at the start of trading.

Investors will experience dilution in their equity interests because the Offer Price is higher than our net tangible assets per Share.

As the Offer Price of our H Shares is higher than the net tangible assets per share immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering will experience real-time dilution in their equity interests. Therefore, purchasers of our H Shares in the Global Offering will receive amount less than his/her payment if we immediately distribute the net tangible assets after the Global Offering. Please see "Appendix II — Unaudited Pro Forma Financial Information."

Certain industry statistics contained in this prospectus are derived from various publicly available official sources and may not be reliable.

Certain statistical data and other information relating to the PRC and the industries in which we operate contained in, for instance, "Industry Overview" in this prospectus, has been derived from various publicly available official publications. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy. We make no representation as to the accuracy of the information contained in such sources, which may not be consistent with other information compiled within or outside the PRC. Accordingly, the industry information and statistics contained herein may not be accurate and should not be unduly relied upon for your investment in us.

Forward-looking information in this prospectus may prove inaccurate.

This prospectus contains certain forward-looking statements and information relating to us that are based on our management's belief and assumptions. The words "anticipate," "believe," "expect," "going forward" and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect our management's current views with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described herein. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed or expected.

You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering. Prior to the date of this prospectus, there has been press and media coverage regarding us and the Global Offering, which included certain financial information, financial projections, valuations, capital expenditure and other information about us that do not appear in this prospectus. We have not authorized the disclosure of any such information in the press or media. We do not accept any responsibility for any such information and such information was not sourced from or authorized by our Directors or our management. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information included in or referred to by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding us or the Global Offering. You should not rely on any such information, particularly to the extent that any such information is inconsistent or conflicts with the information contained in this prospectus. Accordingly, you are cautioned that, in making your decision about whether to purchase our H Shares, you should rely only on the financial, operational and other information included in this prospectus and the Application Forms. By applying to purchase our Offer Shares in this Global Offering, you will be deemed to have agreed that you will not rely on any information but will rely on only the information contained in this prospectus and the Application Forms.

DIRECTORS' RESPONSIBILITY FOR THE CONTENT IN THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes information given in compliance with the Listing Rules for the purpose of providing the public with information regarding the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus misleading.

APPROVAL BY CSRC

The CSRC has issued its approval on October 19, 2016 for the submission of the application for the Global Offering and to list the H Shares on the Hong Kong Stock Exchange. In granting such approval, the CSRC accepts no responsibility for the financial soundness of the Company, nor for the accuracy of any of the statements made or opinions expressed in this prospectus or in the Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the relevant Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The listing of the H Shares on the Hong Kong Stock Exchange is sponsored by the Sole Sponsor. The Global Offering is managed by the Joint Global Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters on a conditional basis. The International Underwriting Agreement is expected to be entered into on, before or after November 8, 2016, subject to agreement on the Offer Price among us, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators, the Joint Bookrunners and the Underwriters, and us, the Global Offering will not proceed. Further details about the Underwriters and the underwriting arrangements are contained in "Underwriting" in this prospectus.

CERTAIN MATTERS RELATING TO THE HONG KONG PUBLIC OFFERING

Restrictions on offer and sale of the Offer Shares

Each person acquiring the Hong Kong Public Offer Shares will be required to, or be deemed by his/her acquisition of the Hong Kong Public Offer Shares to, confirm that he/she is aware of the restrictions on offers of the Hong Kong Public Offer Shares described in this prospectus and the related Application Forms.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus and/or relevant Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation for the offering in any jurisdiction or in any circumstances in which such an offer or invitation for the offering is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Each person acquiring the Hong Kong Public Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of the Hong Kong Public Offer Shares to, confirm that he/she is aware of the restrictions on offering and sales of the Hong Kong Public Offer Shares described in this prospectus and the related Application Forms.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus and the relevant Application Forms, and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Global Offering to give any additional data or statement not contained in this prospectus, and any data or statements not contained in this prospectus must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their respective directors or any other persons or parties involved in the Global Offering. For further details of the arrangement of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Public Offer Shares, please see "Structure of the Global Offering" and "How to Apply for the Hong Kong Public Offer Shares" in this prospectus and the relevant Application Forms.

Application for listing on the Hong Kong Stock Exchange

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in the H Shares (including (i) the Offer Shares; and (ii) any H Shares which may be issued pursuant to the exercise of the Over-allotment Option). Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on November 15, 2016.

Save as disclosed in this prospectus, no part of our share capital is listed on or dealt on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

H share register of member and stamp duty

All of the H Shares issued pursuant to applications made in the Global Offering will be registered on the H Share register of the Company to be maintained in Hong Kong. Our principal register of members will be maintained by us at our headquarters in the PRC.

Dealings in the H Shares registered in our H Share register will be subject to Hong Kong stamp duty. Please see Appendix III — "Taxation and Foreign Exchange" to this prospectus for further details.

Professional tax advice recommended

Applicants for the Hong Kong Public Offer Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of holding and dealing in H Shares. It is emphasized that none of us, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective directors, officers, employees, advisors, agents or representatives nor any persons or parties involved in the Global Offering accept responsibility for subscribing for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposing or dealing in our H Shares or exercising any rights attached to them.

Registration of subscription, purchase and transfer of H Shares

We have instructed Computershare Hong Kong Investor Services Limited, our H Share Registrar, and it has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

(i) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Company Law, the Special Regulations, and the Articles of Association;

(ii) agrees with us, each of our Shareholders, Directors, Supervisors, managers and senior officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and senior officers, agree with each of our Shareholders to refer all disputes and claims concerning the Company's business arising from the rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive. Please see Appendix V — "Summary of Articles of Association" to this prospectus for further details;

(iii) agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and

(iv) authorizes us to enter into a contract on his behalf with each of our Directors and senior officers whereby such Directors and senior officers undertake to observe and comply with their obligations to our Shareholders as stipulated in the Articles of Association.

Over-allotment Option and stabilization

Details of the arrangements relating to the Over-allotment Option and stabilization are set forth in the sections headed "Structure of the Global Offering — The International Offering — Over-allotment Option" and "Structure of the Global Offering — The International Offering — Stabilization," respectively.

Procedure for application for Hong Kong Public Offer Shares

The procedures for subscribing for the Hong Kong Public Offer Shares are set out in "How to Apply for Hong Kong Public Offer Shares" in this prospectus and in the Application Forms.

Arrangement of the Global Offering

Details of the arrangement of the Global Offering, including its conditions, are set forth in "Structure of the Global Offering" in this prospectus.

H Shares will be eligible for admission into CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the H Shares to be admitted into CCASS.

Currency translations

Solely for your convenience, certain amounts denominated in RMB have been translated into Hong Kong dollars and U.S. dollars, and certain amount denominated in Hong Kong dollars have been translated into U.S. dollars in this prospectus at particular exchange rate. You should not construe these translations as representations that the Renminbi amounts could actually be converted into any Hong Kong dollar or U.S. dollar amounts, or the Hong Kong dollar amounts could actually be converted into any U.S. dollar amounts (as the case may be) at the rates indicated or at all. Unless we indicate otherwise, the translation of Renminbi into Hong Kong dollars has been made at the rate of RMB0.8725 to HK$1.00, the PBOC intermediate rate prevailing on October 24, 2016, the translation of Hong Kong dollars into U.S dollars has been at the rate of HK$7.7576 to US$1.00, the noon buying rate in the H.10 statistical release of the Federal Reserve Board on October 21, 2016. Further information on exchange rates is set forth in Appendix III — "Taxation and Foreign Exchange" to this prospectus.

Rounding

In this prospectus, where information is presented in hundreds, thousands, ten thousands, millions or hundred millions, certain amounts of less than one hundred, one thousand, ten thousand, one million or a hundred million, as the case may be, have been rounded to the nearest hundred, thousand, ten thousand, million or hundred million, respectively. Amounts presented as percentages have, in certain cases, been rounded to the nearest tenth or hundredth of a percent. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

In preparation for the Global Offering, we have applied to the Stock Exchange for the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Listing Rules, our Company must have sufficient management presences in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Our executive Directors, Mr. Deng Xiandong (鄧賢東) and Mr. Lu Shengli (路勝利), do not ordinarily reside in Hong Kong. Both of them will spend the majority of their time looking after the Company's principal businesses and operations in the PRC. The Company also considers that the Group's management is best able to attend to its duties and functions by being based in the PRC. As such, the Company does not, and will not for the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules, subject to the following conditions to maintain regular and effective communication between the Stock Exchange and us:

- we have appointed Mr. Deng Xiandong (鄧賢東), an executive Director of our Company, and Mr. Hu Xiaodong (胡曉東), one of our joint company secretaries, as our authorized representatives pursuant to Rule 3.05 of the Listing Rules, and they will serve as our Company's principal channel of communication with the Stock Exchange. Each of them has confirmed that he will be readily contactable by the Stock Exchange and can meet with the Stock Exchange on reasonable notice. Their contact details (including mobiles, telephones, facsimiles and emails) have been provide to the Stock Exchange;

- we have appointed Haitong International Capital Limited as our compliance advisor pursuant to Rule 3A.19 of Listing Rules. The compliance advisor has means to contact our authorized representatives, Directors and senior management promptly at all times. The compliance advisor will serve as an additional channel of communication of our Company with the Stock Exchange from the Listing Date to the date when our Company distributes our annual report to our Shareholders for the first full financial year immediately after the Listing; and

- we have provided to the authorized representatives of our Company and the Stock Exchange with the contact details of each Director, including mobile phone numbers, office phone numbers, email addresses and fax numbers. Both of our authorized representatives have means to contact all of the Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any reason; each of the Directors who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents and visas to visit Hong Kong to meet with the Stock Exchange within a reasonable period of time upon the Stock Exchange's request.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, our Company must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. Pursuant to Rule 3.28 of the Listing Rules, we must appoint an individual as our company secretary who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules sets forth the following academic and professional qualifications considered to be acceptable by the Stock Exchange:

(a) a member of The Hong Kong Institute of Chartered Secretaries;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the laws of Hong Kong)); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the laws of Hong Kong)).

Note 2 to Rule 3.28 of the Listing Rules sets forth the following factors that the Stock Exchange considers when assessing an individual's "relevant experience":

(a) length of employment with the issuer and other issuers and the roles he played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Codes on Takeovers and Mergers and Share Buy-backs;

(c) relevant training taken and/or to be taken in addition to the 15-hour minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Mr. Hu Xiaodong (胡曉東) and Ms. Wong Sau Ping (黃秀萍) (a member of The Hong Kong Institute of Chartered Secretaries) as our joint company secretaries. They will jointly discharge the duties and responsibilities as our company secretaries. For further detailed information about Mr. Hu Xiaodong and Ms. Wong Sau Ping, please see "Directors, Supervisors and Senior Management" in this prospectus.

As Mr. Hu Xiaodong does not possess the specified qualifications required by Rule 3.28 of the Listing Rules, and may not possess the relevant experience as required by the Stock Exchange, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules.

Through his experience and length of service with the Company, Mr. Hu Xiaodong has gained extensive knowledge about and is therefore familiar with, the administration procedures of the Board and the operations and business of the Company. By virtue of his background and experience, the Directors consider that Mr. Hu Xiaodong is capable of discharging the functions of the company secretary. As Mr. Hu Xiaodong does not possess the professional qualifications or the relevant experience yet to fulfill the requirements under Rule 3.28 of the Listing Rules, we, on behalf of the Company, have applied for a waiver from strict compliance with Rule 8.17 and Rule 3.28 of the Listing Rules in connection with Mr. Hu Xiaodong's appointment as a joint company secretary on the basis of the proposed arrangements below.

The Company understands that the company secretary plays an important role in the corporate governance of an issuer, particularly in assisting the issuer as well as its directors in complying with the Listing Rules and the applicable company law. The Company also understands that since its Directors and senior management do not reside in Hong Kong, it is particularly important that its company secretary should possess sufficient knowledge and experience in discharging his functions as company secretary.

In view of this, we have made the following arrangements for the waiver:

- In addition to the minimum training requirements under the Listing Rules, Mr. Hu Xiaodong will, to the extent possible, attend training courses on a regular basis, including briefing on the latest changes to the applicable Hong Kong laws and regulations and the Listing Rules organized by the Company's Hong Kong legal advisor and seminars organized by the Stock Exchange from time to time, so as to ensure his knowledge of the Listing Rules and other applicable securities laws and regulations in Hong Kong remains current;

- the Company has engaged Ms. Wong Sau Ping, who meets all the requirements under Rule 3.28 of the Listing Rules, as a joint company secretary to provide joint company secretarial support and assist Mr. Hu Xiaodong in acquiring relevant experience and in discharging his functions as a company secretary. Ms. Wong Sau Ping is currently senior manager of the Listing Services Department of TMF Hong Kong Limited. She is an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administration in the United Kingdom. She has over 15 years' experience in corporate secretarial work; and

- Mr. Hu Xiaodong will be assisted by Ms. Wong Sau Ping for an initial period of three (3) years from the Listing Date. As part of the arrangement, Ms. Wong Sau Ping will communicate regularly with Mr. Hu Xiaodong and provide training to Mr. Hu Xiaodong on matters relating to corporate governance, the Listing Rules as well as other laws and regulations which are relevant to the Company. She will also inform Mr. Hu Xiaodong on a timely basis the amendments or supplement to the Listing Rules and any new or amended law, regulations or codes applicable to the Company after the Proposed Listing. She will also work closely with Mr. Hu Xiaodong and provide assistance to Mr. Hu Xiaodong in discharging his duties as the company secretary such as organizing Board meetings and Shareholders' meetings as well as other matters of the Company which are incidental to the duties of a company secretary.

Upon expiry of the initial three-year period, qualifications of Mr. Hu Xiaodong will be re-evaluated to determine whether the requirements as stipulated in Rule 3.28 of the Listing Rules can be satisfied and continuous assistance provided by Ms. Wong Sau Ping to Mr. Hu Xiaodong would be necessary. In the event that Mr. Hu Xiaodong can satisfy requirements under Rule 3.28 of the Listing Rules then, the above joint company secretaries arrangement would no longer be necessary for our Company.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions and expect to continue such transactions after the Listing, which would constitute non-exempt continuing connected transactions under the Listing Rules after the Listing. Pursuant to Chapter 14A of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the rules regarding the announcement requirement under Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions. Further details of such non-exempt continuing connected transactions and the waiver, please refer to the section headed "Connected Transactions" in this prospectus.

PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) of the Hong Kong Listing Rules requires that there shall be an open market for the securities for which listing is sought, and that a sufficient public float of an issuer's listed securities shall be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public. Pursuant to Rule 8.08(1)(d) of the Listing Rules, the Stock Exchange may, subject to certain conditions and at its discretion, accept a lower percentage of between 15% and 25% in the case of issuers with an expected market capitalization at the time of listing of over HK$10 billion.

Based on the minimum Offer Price HK$3.55 and assuming no exercise of the Over-allotment Option, we expected that our market capitalization will be not less than approximately HK$10.4 billion. We have applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Hong Kong Listing Rules to allow a minimum public float for our Shares to be the highest of (i) 15% of the issued share capital of the Company (assuming the Over-allotment Option is not exercised); (ii) such percentage of H Shares to be held by the public immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised); or (iii) such percentage of H Shares to be held by the public if the Over-allotment Option is exercised.

In support of such application, the Company has confirmed to the Hong Kong Stock Exchange that it will (i) make appropriate disclosure of the lower percentage of public float required by the Hong Kong Stock Exchange in the prospectus; and (ii) confirm the sufficiency of the public float in its successive annual reports after the Listing.

DIRECTORS

Name	Address	Nationality
Non-executive Directors		
Jin Yaohua (金耀華) *(Chairman)*	No. 1304, Building 5, Jiangong Nanli, Xicheng District, Beijing, PRC	Chinese
Liu Chuandong (劉傳東)	Suite 602, Unit 2, Building 4, Courtyard 9, Beiwa Road, Haidian District, Beijing, PRC	Chinese
Liu Guangming (劉光明)	Energy Department, No. 1, Baiguang Road Ertiao, Xicheng District, Beijing, PRC	Chinese
Liang Yongpan (梁永磐)	No. 16B Financial Street, Xicheng District, Beijing, PRC	Chinese
Executive Directors		
Deng Xiandong (鄧賢東) *(General Manager)*	No. 002, Unit 1, Building 2, Courtyard 107, Laoqianggen Street, Xicheng District, Beijing, PRC	Chinese
Lu Shengli (路勝利)	No. 601, Door 1, Building 2, Fayuansixili, Xicheng District, Beijing, PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Ye Xiang (叶翔)	11G, Block 15, South Horizons, Hong Kong	Chinese
Mao Zhuanjian (毛專建)	No. 602, Door 2, Building 1, Fayuansixili, Xicheng District, Beijing, PRC	Chinese
Gao Jiaxiang (高家祥)	64 Fuchengmen Inner Street, Ministry of Geology and Mineral Resources, Xicheng District, Beijing, PRC	Chinese
Supervisors		
Wang Yuanchun (王元春)	No. 2506, District 1, No. 15 Majiapu West Road, Fengtai District, Beijing, PRC	Chinese
Liu Liming (柳立明)	Room 301, Unit 2, Chedaogou Dormitory of Administration of Power Supply, Haidian District, Beijing, PRC	Chinese
Wang Hongjin (王洪津)	Suite 402, Unit 3, Building 9, 161 East Chongmingdao Road, Huangdao District, Qingdao, Shandong, PRC	Chinese

Further information is set out in the section headed "Directors, Supervisors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Global Coordinators	**CLSA Limited** 18/F One Pacific Place 88 Queensway Hong Kong
	Deutsche Bank AG, Hong Kong Branch 52/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	China Merchants Securities (HK) Co., Ltd. 48/F, One Exchange Square Central Hong Kong
Joint Bookrunners	**CLSA Limited** 18/F One Pacific Place 88 Queensway Hong Kong
	Deutsche Bank AG, Hong Kong Branch 52/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	China Merchants Securities (HK) Co., Ltd. 48/F, One Exchange Square Central Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	ABCI Capital Limited 10/F Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	BNP Paribas Securities (Asia) Limited 63/F, Two International Finance Centre 8 Finance Street Central Hong Kong

Joint Lead Managers	**CLSA Limited** 18/F One Pacific Place 88 Queensway Hong Kong
	Deutsche Bank AG, Hong Kong Branch 52/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	China Merchants Securities (HK) Co., Ltd. 48/F, One Exchange Square Central Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	ABCI Securities Company Limited 10/F Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	BNP Paribas Securities (Asia) Limited 63/F, Two International Finance Centre 8 Finance Street Central Hong Kong
Sole Sponsor	**CITIC CLSA Capital Markets Limited** 18/F One Pacific Place 88 Queensway Hong Kong
Legal Advisors to our Company	*as to Hong Kong and United States laws* **Kirkland & Ellis** 26/F, Gloucester Tower, The Landmark, 15 Queen’s Road Central, Central, Hong Kong

as to PRC laws
Zhong Lun Law Firm
36–37/F, SK Building,
Jia-6 Jianguomenwai Avenue,
Chaoyang District,
Beijing, PRC

Legal Advisors to the Underwriters

as to Hong Kong and United States laws
Clifford Chance
27/F,
Jardine House, 1 Connaught Place,
Central,
Hong Kong

as to PRC laws
Jingtian & Gongcheng
34/F, Tower 3,
China Central Place,
77 Jianguo Road,
Chaoyang District,
Beijing, China

Reporting Accountants and Independent Auditor

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

Independent Industry Consultant

Frost & Sullivan (Beijing) Inc. Shanghai Branch Co.
Room 1018, Tower B,
No. 500 Yunjin Road, Xuhui District,
Shanghai, PRC

Internal Control Consultant

Beijing Jingdu Management Consultants Co., Ltd.
5th Floor, Scitech Place,
22 Jianguomen Wai Avenue,
Chaoyang District,
Beijing,
PRC

Receiving Banks

Bank of China (Hong Kong) Limited
1 Garden Road,
Hong Kong

Wing Lung Bank Limited
16/F, Wing Lung Bank Building,
45 Des Voeux Road Central,
Hong Kong

Registered Office	No. 120 Zizhuyuan Road, Haidian District, Beijing, PRC
Head Office in the PRC	No. 120 Zizhuyuan Road, Haidian District, Beijing, PRC
Principal Place of Business in Hong Kong	36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Company Website	**www.dteg.com.cn** (The website and information contained on this website does not form part of this prospectus)
Joint Company Secretaries	Mr. Hu Xiaodong (胡曉東) No. 120 Zizhuyuan Road, Haidian District, Beijing, PRC Ms. Wong Sau Ping (黃秀萍) *(ACIS; ACS)* 36/F, Tower Two, Time Square, 1 Matheson Street, Causeway Bay, Hong Kong
Authorized Representatives	Mr. Deng Xiandong (鄧賢東) No. 120 Zizhuyuan Road, Haidian District, Beijing, PRC Mr. Hu Xiaodong (胡曉東) No. 120 Zizhuyuan Road, Haidian District, Beijing, PRC
Audit Committee	Mr. Gao Jiaxiang (高家祥) *(Chairman)* Mr. Ye Xiang (叶翔) Mr. Liu Chuandong (劉傳東)
Nomination Committee	Mr. Jin Yaohua (金耀華) *(Chairman)* Mr. Mao Zhuanjian (毛專建) Mr. Gao Jiaxiang (高家祥)

Remuneration and Evaluation Committee	Mr. Ye Xiang (叶翔) *(Chairman)* Mr. Mao Zhuanjian (毛專建) Mr. Deng Xiandong (鄧賢東)
Strategy Committee	Mr. Deng Xiandong (鄧賢東) *(Chairman)* Mr. Liu Guangming (劉光明) Mr. Liang Yongpan (梁永磐)
Investment Committee	Mr. Mao Zhuanjian (毛專建) *(Chairman)* Mr. Ye Xiang (叶翔) Mr. Deng Xiandong (鄧賢東)
Compliance Advisor	**Haitong International Capital Limited** 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Principal Bankers	**Agricultural Bank of China** **Beijing Xuanwu Sub-branch** Door 10, No. 28 West Xuanwumen Street, Xicheng District, Beijing, PRC **China Construction Bank Corporation** **Beijing Xuanwu Sub-branch** No. 314 Guang'anmennei Street, Xicheng District, Beijing, PRC

Unless otherwise indicated, the information contained in this section is derived from various governmental and official publications, other publications and the market research report prepared by Frost & Sullivan, which was commissioned by us.

We believe that the sources of information are appropriate and we have taken reasonable and cautious care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. We, the Joint Global Coordinators, Joint Bookrunners, Sole Sponsor, Underwriters or any of our or their respective directors, senior management, representatives or any other person involved in the Global Offering have not independently verified such information and have made no representation as to accuracy and completeness thereof. The relevant information and statistics may not be consistent with such other information and statistics compiled within or outside the PRC. As a result, you are advised not to place undue reliance on such information.

SOURCES OF INFORMATION

We have commissioned Frost & Sullivan, an independent market researcher and consultant, to analyze and report (the "Frost & Sullivan Report") on the environmental protection and energy conservation industry in China. We commissioned Frost & Sullivan for a fee of RMB1,560,000, which we consider to reflect a reasonable market rate. Founded in 1961, Frost & Sullivan has 40 offices worldwide that engage in industry research and provision of other services.

The Frost & Sullivan Report covers the environmental protection and energy conservation industry information and the economic data quoted in this prospectus. When preparing its report, Frost & Sullivan has made reference to various data sources, including independent interviews, reviews of relevant reports and Frost & Sullivan's own research database. Frost & Sullivan has also cross checked different information from various channels in order to ensure the consistency of its report with the information obtained following industry practice. Frost & Sullivan has adopted the following basis and assumptions when preparing its report: (i) the global economy will continue to grow steadily during the forecast period; (ii) the social, economic and political environment of the PRC will remain stable during the forecast period, ensuring a steady development of the coal-fired power and energy market in the PRC; and (iii) certain crucial market drivers are expected to facilitate the rapid and steady development of the environmental protection and energy conservation market regarding coal-fired power plants in the PRC.

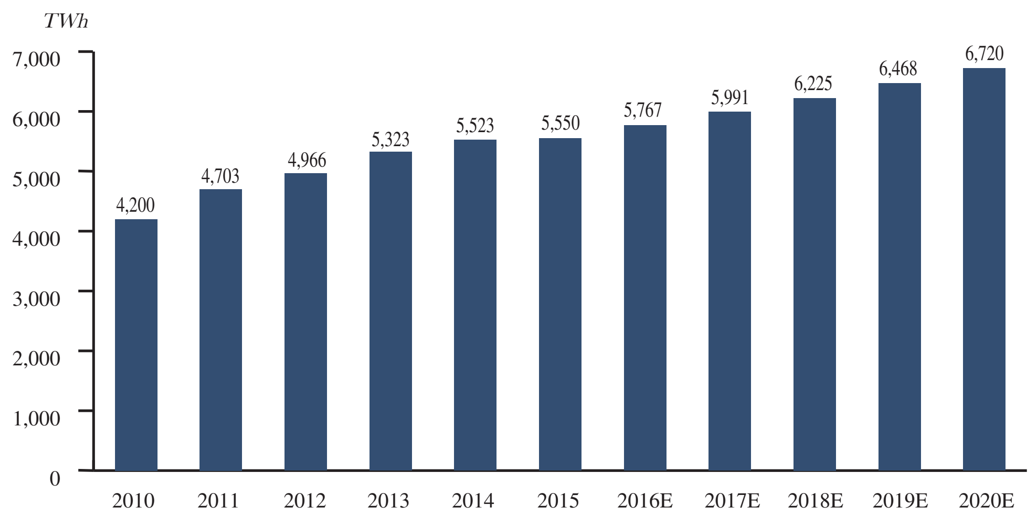
Upon reasonable and due inquiry, our Directors confirm that there has been no adverse change in the market information since obtaining the data provided by Frost & Sullivan, which may limit, contradict or affect the information in this section.

OVERVIEW OF POWER INDUSTRY IN THE PRC

Power industry continues to grow and coal-fired power will continue to dominate the power supply market

The demand for energy in the PRC continues to grow with the rapid economic development, and a stable growth is also seen in the total power consumption in China.

2010 to 2020 Power Consumption of China

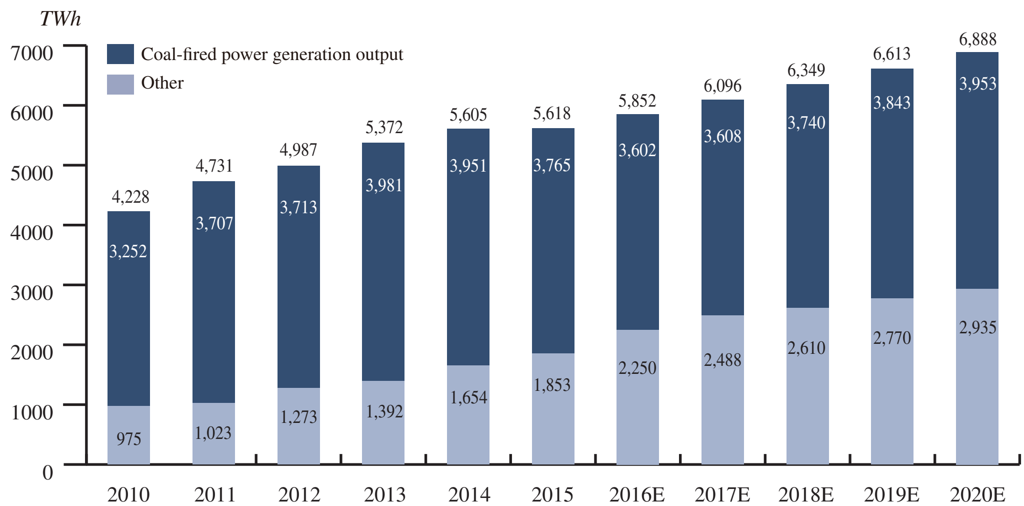


Source: *National Bureau of Statistic; CEC; Frost & Sullivan*

In terms of the power generation portfolio in China, coal-fired power generation still dominates the market. According to Frost & Sullivan Report, the output of coal-fired power generation accounted for approximately 67.0% of the power generated throughout China in 2015. It is forecast that coal-fired power generation will still be the most important source for power generation, accounting for approximately 57.4% of the electricity generated by 2020 in China.

From 2015 to 2020, the CAGR of coal-fired power generation output is expected to be 1.0% while the CAGR of the total installed capacity of coal-fired power plants is expected to reach 3.8% in China. Meanwhile, the utilization hours of coal-fired power plants are expected to decrease from approximately 4,030 in 2016 to approximately 3,800 in 2020.

2010 to 2020 Power Generation Output and Coal-fired Power Generation Output in China



Source: CEC; Frost & Sullivan

Increasing demand for environmental protection and energy conservation in China driven by policies

With greater importance attached to environmental protection in recent years, China has been escalating its support and investment in the environmental protection and energy conservation industry. Environmental protection and energy conservation industry consists of environmental protection and energy conservation, which grows rapidly in the PRC. From 2010 to 2015, the output of environmental protection and energy conservation industry increased from RMB2.0 trillion to RMB4.6 trillion in the PRC. According to Frost & Sullivan Report, it is forecast that the environmental protection and energy conservation industry in the PRC will continue to keep the double-digit growth and the output of environmental protection and energy conservation industry as a whole is forecast to reach RMB9.2 trillion by 2020 with a CAGR of 14.9%.

Driving factors for the environmental protection industry in China

China's energy endowment determines its structure of energy consumption and electricity source. According to Frost & Sullivan Report, China has abundant coal resources with proved reserve of approximately 114.5 billion tonnes throughout the country by the end of 2015, representing 12.8% of proved coal reserve all over the world. China's coal production was approximately 3.8 billion tonnes in 2015, representing approximately half of global production in the year. According to Frost & Sullivan Report, the coal consumption accounted for 64% of the primary energy consumption in 2015 in China. China's primary energy consumption structure determines the leading position and fundamental role of coal-fired power generation in the power generation industry.

As environmental protection awareness increases over the years, China has placed greater importance on air pollution control and imposed increasingly stringent flue gas emission standards for coal-fired power plants in the past few years as set out in the following table, which has contributed to the development of environmental protection engineering for coal-fired power plants enormously.

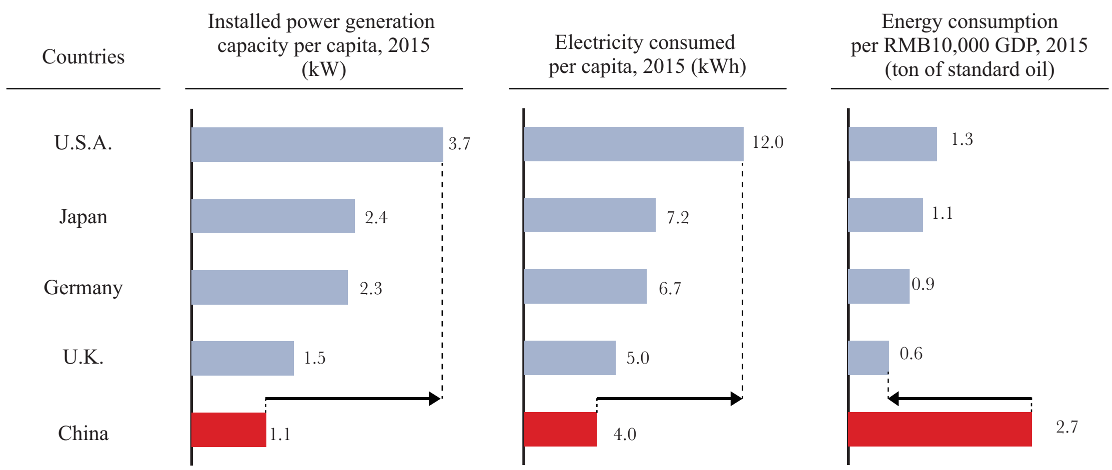
	SO_2 (mg/m^3)		NO_x (mg/m^3)		Dust (mg/m^3)		
	Newly-built	**Existing**	**Newly-built**	**Existing**	**Newly-built**	**Existing**	**Notes**
Prior to 2012 . . .	400	400	450~1,100	450~1,100	50	50	*The Atmospheric Pollutant Emission Standards for Thermal Power Plants* (《火電廠大氣污染物排放標準》 (GB13223-2003))
January 2012 . . .	100		100		30		*The Atmospheric Pollutant Emission Standards for Thermal Power Plants* (《火電廠大氣污染物排放標準》 (GB13223-2011))
July 2014 . .		200		100		30	*The Atmospheric Pollutant Emission Standards for Thermal Power Plants* (《火電廠大氣污染物排放標準》 (GB13223-2011))
September 2014 . . .	35		50		10		*Action Plan* (《行動計劃》) (specially for newly-built power plants in eastern China)

In addition, Legislative Affairs Office of the State Council promulgated the *Environmental Protection Tax Law (Draft for Discussion)* (《環境保護稅法(徵求意見稿)》) in June 2015, proposing to double the environmental tax for pollutant emissions that exceed the emission ceiling or the total emission amount. As the policies become more definitive, the investment in environmental protection increased rapidly in China. By 2020, it is expected that the investment in the treatment for environmental pollution in China will amount to RMB2.0 trillion, representing 2.1% to its GDP. According to Frost & Sullivan Report, industrial pollution treatment currently is and will continue to be the focus of environmental pollution treatment for a long run in the PRC.

Driving factors for the energy conservation industry in China

There is relatively huge discrepancy when comparing the installed power generation capacity per capita and the electricity consumed per capita in the PRC with those in developed countries. Yet, from the perspective of energy consumption efficiency, there is plenty room for improvement. According to relevant policies, the total consumption of coal in China will be controlled under 4.2 billion tonnes of standard coal by 2020, whereas the total consumption of coal in China was 3.5 billion tonnes in 2014. Moreover, the consumption of standard coal for power supply will be gradually decreased from 323 g/kWh during the 12th Five-Year Plan to 300 g/kWh (for existing coal-fired generation units of 600,000 kW or above) by 2020.

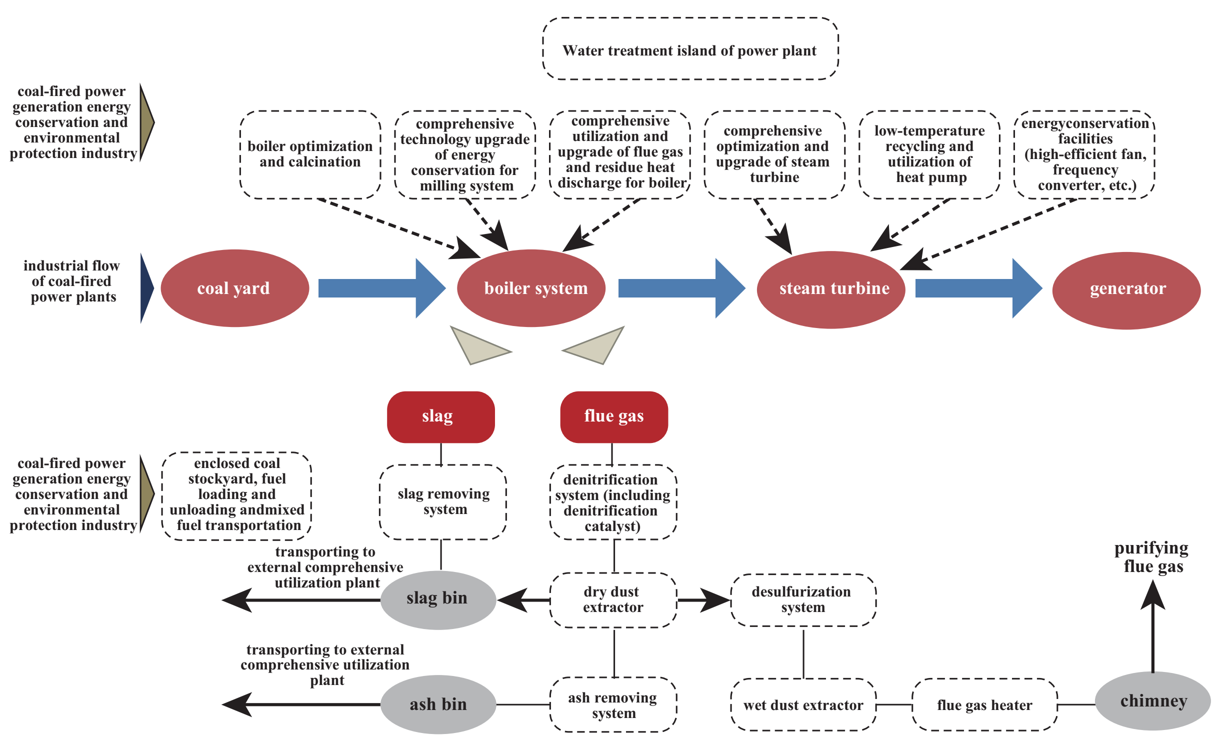
Comparison of Power and Energy Consumption Related Indices



Source: U.S. Energy Information Administration; Frost & Sullivan

Prominent prospect for the future development of coal-fired power generation environmental protection and energy conservation industry

The prospects of coal-fired power generation environmental protection and energy conservation industry in China are promising. The following graph shows the industry value chain of environmental protection and energy conservation for coal-fired power plants.



DESULFURIZATION AND DENITRIFICATION CONCESSION OPERATIONS FOR COAL-FIRED POWER PLANTS IN THE PRC

The "implementation of pollution treatment by the third party" was explicitly proposed in 2013 in China. The concept of pollution treatment by the third party means that companies specialized in environmental protection will be responsible for the operation and management of pollutant emission facilities as well as other environmental protection related matters to ensure the normal operation of environmental protection facilities. China has promulgated a series of policies to promote the third party treatment model, including the *Opinion on Promoting the Third-party Treatment of Environment Pollution* (《關於推行環境污染第三方治理的意見》), the *Administrative Measures on the Concession Operation of Infrastructures and Public Utilities* (《基礎設施和公用事業特許經營管理辦法》) and the *Guidance Opinion on Promoting the Third-party Treatment of Environment Pollution in Coal-fired Power Plants* (《關於在燃煤電廠推行環境污染第三方治理的指導意見》). Third party treatment models are mainly adopted in areas such as municipal wastewater treatment, industrial wastewater treatment and coal-fired power plants pollutant treatment. Third party treatment can be carried out through concession operation or entrusted operation.

Under the flue gas desulfurization or denitrification concession operation model, coal-fired power generation enterprises will grant professional companies the right, through agreements, to collect the desulfurization or denitrification tariff and other income derived from the relevant preferential policies. The professional companies shall invest, construct or acquire the desulfurization or denitrification facilities, and undertake the operation, maintenance and daily management of such facilities to satisfy the technical indices agreed by the parties. In terms of desulfurization or denitrification concession operations, the major power generation groups mainly engage its respective designated subsidiaries to undertake its own projects, while other regional power generation enterprise usually outsource such projects to third party environmental protection companies.

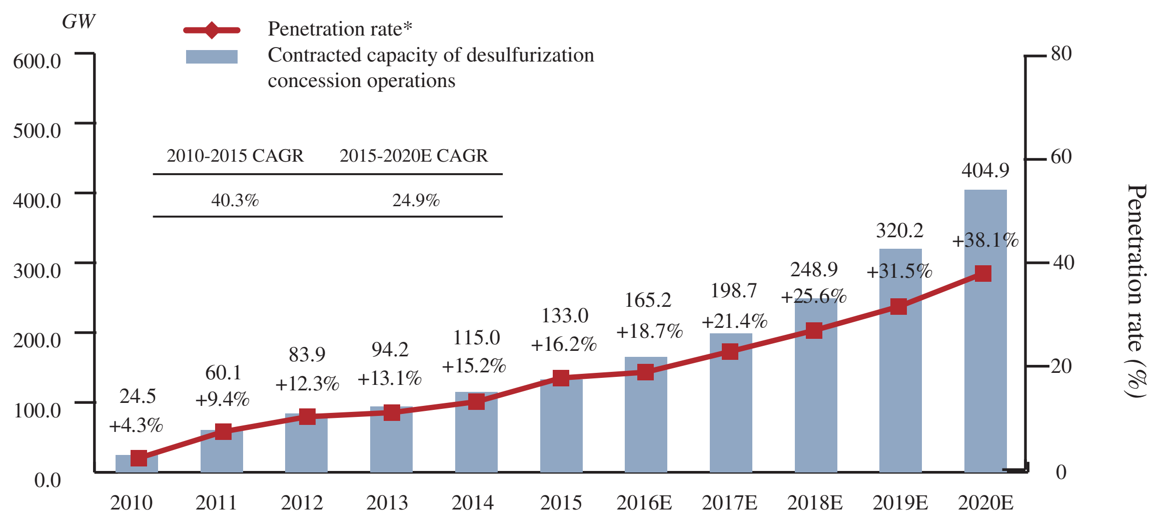
The strengths of such model mainly include that: (i) it allows enterprises that emit pollutants to focus on the expansion of production and sales to improve their economic efficiency while, on the other hand, companies specialized in environmental protection can help reduce costs through professional treatment; and (ii) the third party service provider is selected through the market competition mechanisms, which can help environmental protection authorities to supervise the emission process, and thus lower the cost of law enforcement. Therefore, in the long run, the adoption of third party treatment model for environmental protection is in line with the development trend of environmental protection industry in China.

Market Demand and Competition of Flue Gas Desulfurization and Denitrification Concession Operations

Flue Gas Desulfurization Concession Operations for Coal-fired Power Plants

The PRC commenced trial operation of desulfurization concession operations for coal-fired power generation enterprise in 2007. In January 2008, the desulfurization concession operation agreements for the first 11 pilot projects were executed. It is expected that with the policy support, concession operations will maintain a steady growth with increasingly high market penetration rate.

2010 to 2020 Cumulative Contracted Capacity of Desulfurization Concession Operations and Penetration Rate

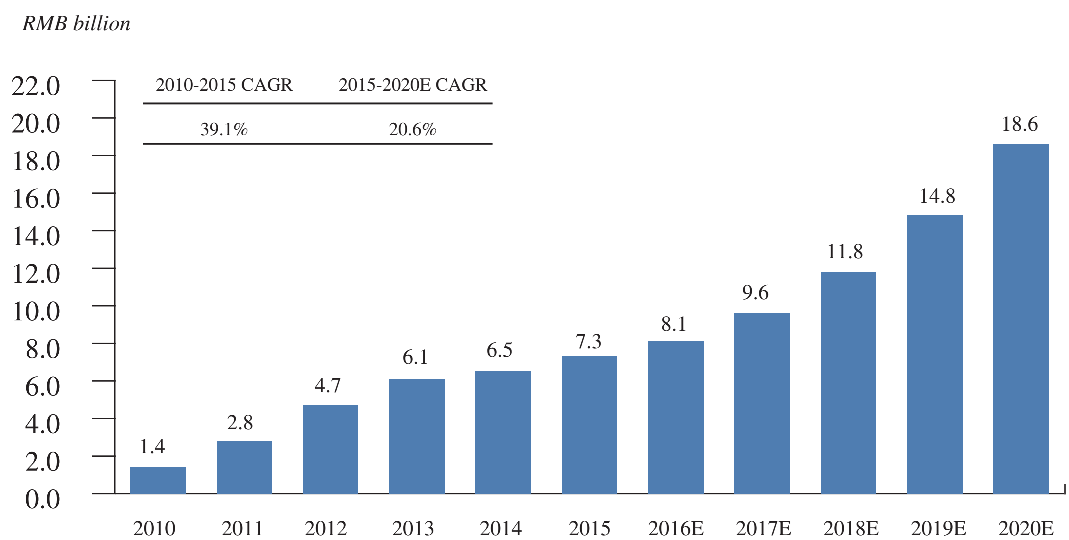


Source: *CEC; Frost & Sullivan*

**Note:* Penetration rate = (cumulative contracted capacity of desulfurization concession operations at year end) ÷ (cumulative installed capacity of desulfurization facilities at year end).

With more coal-fired power generation enterprises adopting the desulfurization facilities concession operation model in China, the market grew rapidly in recent years. According to Frost & Sullivan Report, the market size of desulfurization concession operation for coal-fired power generation in China increased from RMB1.4 billion in 2010 to RMB7.3 billion in 2015, representing a CAGR of 39.1%, and is expected to reach RMB18.6 billion in 2020.

2010 to 2020 Market Size of Desulfurization Concession Operations in China



Source: Frost & Sullivan

According to Frost & Sullivan Report, the concentration of flue gas desulfurization concession operation market in China is rather high. The following table shows relevant information regarding the top five companies in the market as of December 31, 2015.

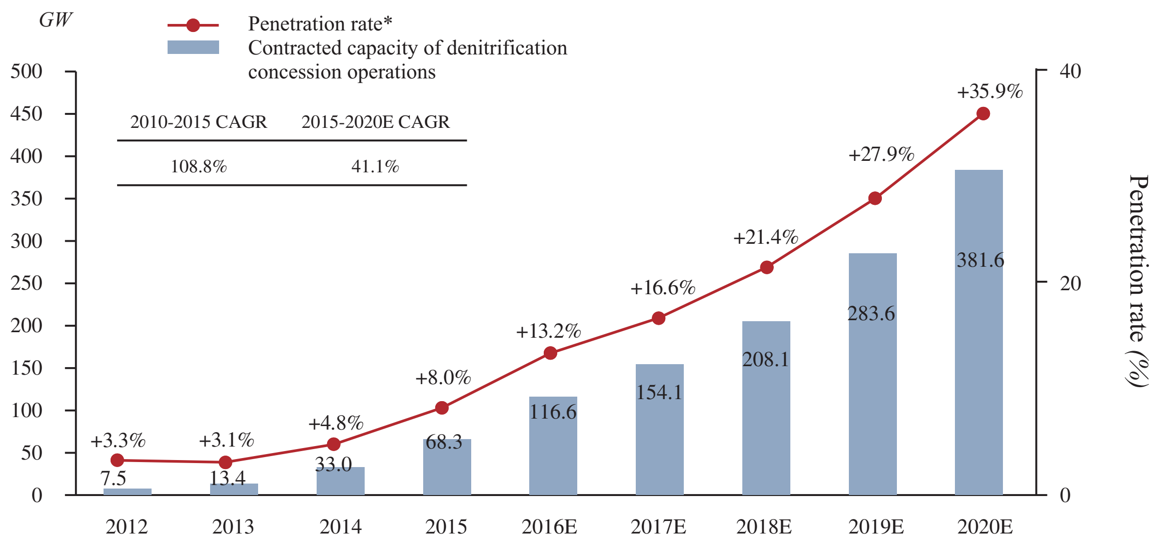
Top Five Companies of Desulfurization Concession Operations as of December 31, 2015	Cumulative contracted capacity	Market share of cumulative contracted capacity
	GW	%
The Group	28.7*	21.6
Beijing SPC Environmental Protection Tech Co., Ltd. ("SPC Environment")	22.3	16.8
Guodian Technology & Environment Group Corporation Limited ("Guodian Tech")	15.2	11.4
SPIC Yuanda Environmental-Protection Engineering Co., Ltd ("SPIC Yuanda")	11.5	8.6
Jiangsu Feng Ye Technology & Environment Group Limited	8.6	6.5
Total	***86.3***	***64.9***

Source: CEC; Frost & Sullivan
**Note:* 29.8 GW according to the Company's data. Difference primarily reflects whether to attribute certain year-end projects to the next year.

Flue Gas Denitrification Concession Operations for Coal-fired Power Plants

Starting from 2012, coal-fired power plants also begun to adopt concession operation model to operate flue gas denitrification facilities. It is expected that, with the continuous promotion of and support for third party treatment model, the flue gas concession operation market for coal-fired power plants will maintain healthy growth.

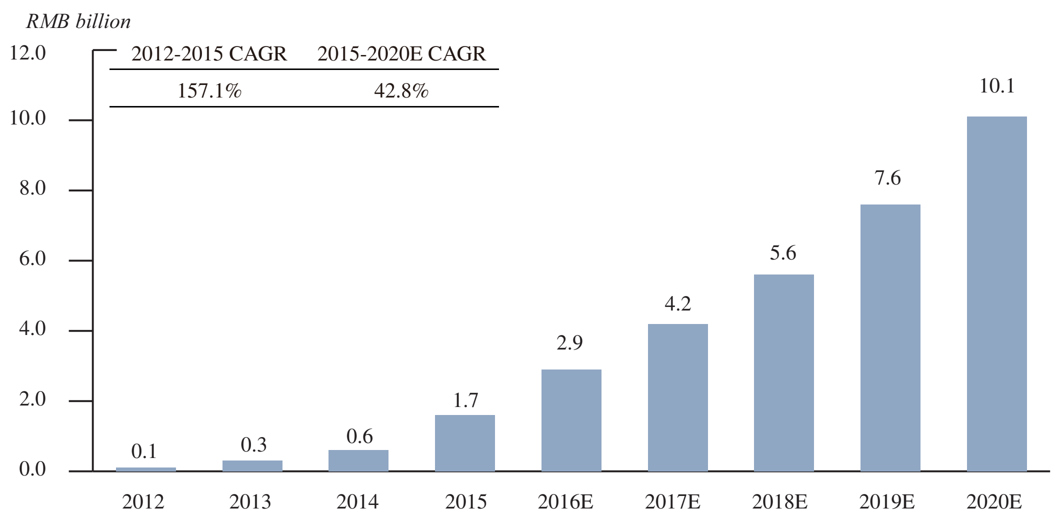
2012 to 2020 Cumulative Contracted Capacity of Denitrification Concession Operations and Penetration Rate



Source: *CEC; Frost & Sullivan*
**Note:* Penetration rate = (cumulative contracted capacity of denitrification concession operations at year end) ÷ (cumulative installed capacity of denitrification facilities at year end).

According to Frost & Sullivan Report, the market size of denitrification concession operation for coal-fired power plants increased from RMB0.1 billion in 2012 to RMB1.7 billion in 2015, representing a CAGR of 157.1%. It is expected that such market size will reach RMB10.1 billion in 2020, representing a CAGR of 42.8% from 2015 to 2020.

2012 to 2020 Market Size of Denitrification Concession Operations in China



Source: CEC; Frost & Sullivan

According to Frost & Sullivan Report, the concentration of flue gas denitrification concession operation market in China is higher than that of the flue gas desulfurization concession operation market. The following table shows relevant information regarding the top five companies in the market as of December 31, 2015.

Top Five Companies of Denitrification Concession Operations as of December 31, 2015	Cumulative contracted capacity	Market share of cumulative contracted capacity
	GW	%
The Group	26.1	38.2
SPIC Yuanda	15.0	21.9
SPC Environment	10.6	15.6
Guodian Tech	7.9	11.6
China Huadian Engineering Co. Ltd (“Huadian Engineering”)	4.5	6.6
Total	***64.1***	***93.9***

Source: CEC; Frost & Sullivan

Ultra-low Emission Tariff for Concession Operations

According to Frost & Sullivan Report, it is expected that by the end of 2016, in terms of cumulative installed capacity, less than 10% environmental protection facilities operated through concession operation can satisfy the ultra-low emission standards, and such ratio will increase to approximately 35% by the end of 2020. In December 2015, the NDRC, MEP and NEA jointly promulgated the *Notice on the Implementation of Coal-fired Power Plants Ultra-low Emission Tariff Supportive Policy Related Issues* (《關於實行燃煤電廠超低排放電價支持政策有關問題的通知》). It provides that the ultra-low emission tariff for the existing power generation units in operation prior to January 1, 2016 amounts to RMB0.01 per kWh and for the newly-built power generation units after January 1, 2016 amounts to RMB0.005 per kWh. According to Frost & Sullivan Report, the introduction of ultra-low emission tariff will promote the development of concession operation market. A concession operation project that satisfies the ultra-low emission standards will be entitled to the additional ultra-low emission tariff in the amount of RMB0.01 per kWh or RMB0.005 per kWh, therefore the revenue of such concession operation project will increase significantly.

ENVIRONMENTAL PROTECTION FACILITIES ENGINEERING FOR COAL-FIRED POWER PLANTS

Business Model

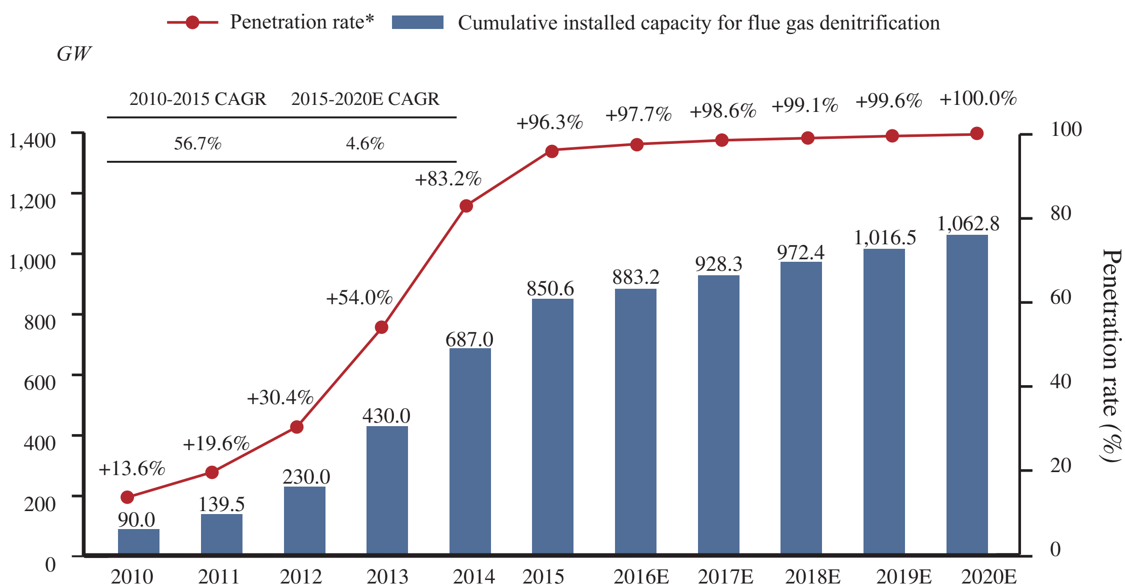
Currently, environmental protection facilities engineering is mostly conducted under the EPC model, which stands for engineering, procurement and construction. Environmental protection facilities engineering companies are responsible for the construction of the environmental facilities while the coal-fired power generation enterprises are responsible for the daily operation thereafter. Coal-fired power generation enterprises usually pay for the EPC project in installments based on project progress.

Market Demand and Competition

Flue Gas Denitrification Engineering for Coal-fired Power Plants

Following the implementation of relevant policies, the development of flue gas denitrification engineering market in China witnessed booming growth and erupted in 2013 and 2014. According to the Frost & Sullivan Report, the market size of flue gas denitrification engineering for coal-fired power plants grew from RMB3.0 billion in 2010 to RMB19.3 billion in 2014.

2010 to 2020 Cumulative Installed Capacity in Operation and Penetration Rate of Flue Gas Denitrification Facilities for Coal-fired Power Plants in China



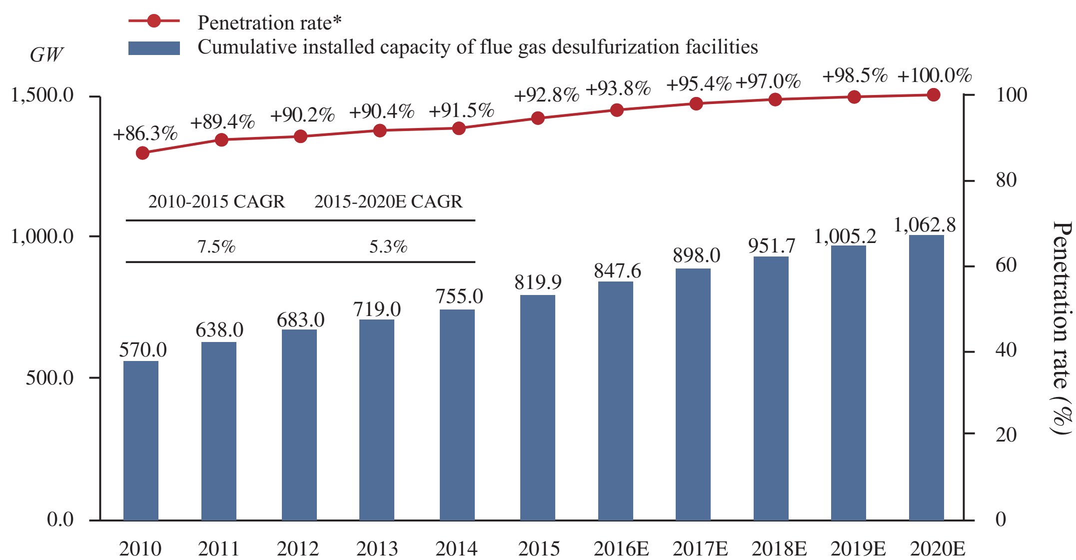
Source: *CEC; Frost & Sullivan*
**Note:* Penetration rate = (installed capacity of coal-fired power plants equipped with denitrification facilities at year end) ÷ (cumulative installed capacity of coal-fired power plants at year end).

The market of flue gas denitrification engineering for coal-fired power plants in China is of rather high concentration. As of the end of 2015, in terms of the cumulative installed capacity in operation, the top five companies accounted for 35.1% of the domestic market. As of the end of 2015, the Group's cumulative installed capacity in operation for denitrification engineering was 53.8 GW, ranked as the third largest in China and accounting for 6.3% of the domestic market.

Flue Gas Desulfurization Engineering for Coal-fired Power Plants

Flue gas desulfurization engineering, as one of the major focuses of air pollution control during the 11th Five-Year Plan period, developed rapidly. It is forecast that the market of flue gas desulfurization engineering will experience another round of boost, because of the requirement and refurbishment plan for energy conservation and emission reduction in the coal-fired power generation industry.

2010 to 2020 Cumulative Installed Capacity in Operation and Penetration Rate of Flue Gas Desulfurization Facilities for Coal-fired Power Plants in China



Source: *CEC; Frost & Sullivan*
**Note:* Penetration rate = (installed capacity of coal-fired power plants equipped with desulfurization facilities at year end) ÷ (cumulative installed capacity of coal-fired power plants at year end).

The market of flue gas desulfurization engineering in China started quite early. In addition to the subsidiaries of the five major power generation groups specialized in environmental protection, a number of private enterprises also compete in the market. As of the end of 2015, the top 15 major enterprises accounted for 66.9% of the domestic market in terms of cumulative installed capacity.

Dust Removal Engineering

Dust removal technologies for coal-fired power plants mainly cover static dust removal, cloth bag dust removal, and static-bag composite technology. Coal-fired power plants in the PRC originally adopted static dust removal facilities. However, as the emission standard elevates, cloth bag dust removal and static-bag composite removal technologies are gradually favored by coal-fired power plants. In 2015, the cumulative installed capacity in operation of dust removal facilities adopting cloth bag dust removal and static-bag composite removal technologies reached 278 GW. It is expected that with the promotion of ultra-low emission standard, the bag-type dust removal and the newly-developed wet electrostatic dust removal technology will be widely applied. The market concentration of the cloth bag dust remover for coal-fired power plants is rather high. By the end of 2015, the top ten companies accounted for approximately 89.5% of the domestic market in terms of the cumulative installed capacity in operation.

Ultra-low Emission Engineering for Coal-fired Power Plants

Comparing with the existing emission standards for coal-fired power plants, the ultra-low emission standard is substantially more stringent. Coal-fired power generation enterprises need to largely increase their investment in flue gas desulfurization, denitrification and dust removal facilities to meet such standard. Recently, the price of coal has dropped and it is expected that in the near future, it will remain stable or continue decreasing. Such trend leads to cost reduction of coal-fired power enterprises, which in turn encourages environmental protection and energy conservation initiatives. The ultra-low emission standard in China is one of the most stringent standards throughout the world, and is more stringent than the emission standards in certain developed countries, such as the US, Germany and Japan. The table below sets forth comparisons between the ultra-low emission standard in China and the emission standards in relevant countries.

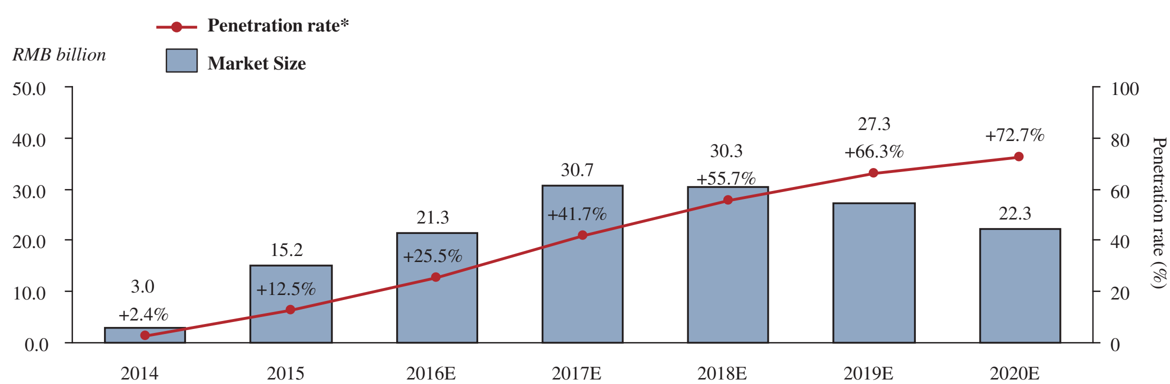
	Dust (mg/m^3)	**SO_2 (mg/m^3)**	**NO_x (mg/m^3)**
Ultra-low emission in China	10	35	50
The US.	12.3	136.1	95.3
Germany.	20	200	200
Japan.	50	200	200
India*	50	200–600	300

Source: *State Power Environmental Protection Research Institute; Frost & Sullivan*

**Note:* These are the current emission standards in India. The emission ceiling for the power plants constructed before December 31, 2003 are 100 mg/m^3 for dust, 200-600 mg/m^3 for SO_2 and 600 mg/m^3 for NO_x, while the emission ceiling for the power plants constructed after January 1, 2017 will be 30 mg/m^3 for dust, 100 mg/m^3 for SO_2 and 100 mg/m^3 for NO_x.

The MEP, NDRC and NEA promulgated the *Work Plan for Ultra-low Emission* in December, 2015. Pursuant to such work plan, the scale of ultra-low emission refurbishment is expanded throughout China, and the refurbishment progress is also expedited, especially for the power generation units in the eastern and central areas which are required to reach the ultra-low emission standard by the end of 2017 and 2018, respectively. According to the Frost & Sullivan Report, the market size of ultra-low emission engineering will reach RMB22.3 billion in 2020 from RMB15.2 billion in 2015. A peak will be reached in 2017 and 2018 with the market size reaching RMB30.7 billion and RMB30.3 billion, respectively. The ultra-low emission refurbishment market will have tremendous growth potentials. Since the second half of 2014, major power generation groups had successively announced the completion of its first ultra-low emissions refurbishment project. The Group is one of such pioneers.

2014 to 2020 Market Size of Ultra-Low Emission Engineering for Coal-fired Power Plants and Penetration Rate



Source: *Frost & Sullivan*

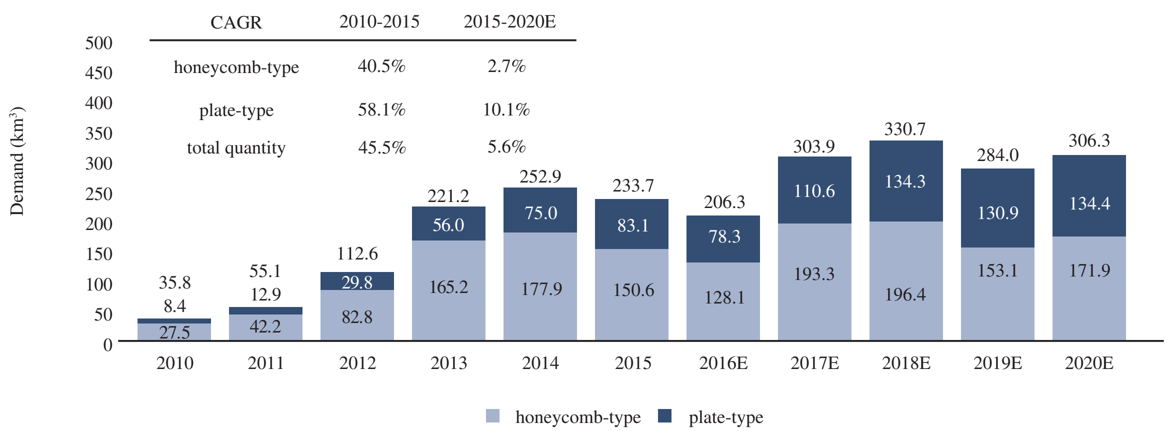
**Note:* Penetration rate = (cumulative installed capacity of coal-fired power generation units achieved ultra-low emission standards at year end) ÷ (cumulative installed capacity of coal-fired power plants at year end)

DENITRIFICATION CATALYST FOR COAL-FIRED POWER PLANTS IN CHINA

The SCR technology, as one of the most mature flue gas denitrification technologies, is widely used worldwide. Denitrification catalyst is the core of SCR technology and is decisive to the efficiency of denitrification. There are honeycomb-type, plate-type and wave-type denitrification catalysts, among which, honeycomb-type and plate-type are most commonly used. The advantages of plate-type catalysts include strong resistance to ash clogging, poisoning-resistance, and durability, low SO_2 conversion rate, lighter load, and strong adaptability to coal with different ash contents. Plate-type catalyst is particularly suitable for coal-fired power plants with high concentration of ash, coal-fired boilers in petroleum chemical industry, glass making furnace and cement kilns. It is also known to be more suitable for the size requirement of ultra-low emission.

Market Demand and Competition

According to Frost & Sullivan Report, the market demand for the plate-type denitrification catalyst in the PRC will continue to maintain steady growth in the future mainly because it is more suitable for the coal burning conditions with high ash contents commonly seen in China. Many coal-fired power generation enterprises tend to choose to replace their existing honeycomb-type denitrification catalysts, when they lose effectiveness, with plate-type denitrification catalysts. In 2015, in terms of market demand, plate-type denitrification catalyst accounted for 35.6% of the domestic market and is expected to reach 43.9% in 2020.



Source: Frost & Sullivan

According to Frost & Sullivan Report, the market size of denitrification catalysts in China increased from RMB0.9 billion in 2010 to RMB4.7 billion in 2015, and is expected to reach RMB6.2 billion in 2020, among which, the domestic market of plate-type denitrification catalysts grew at a faster pace from RMB0.2 billion in 2010 to RMB1.6 billion in 2015, and is expected to reach RMB2.6 billion in 2020.

In 2015, in terms of the total production volume of denitrification catalysts, the top five enterprises accounted for 49.2% of the domestic market, and the production volume of the Group accounted for 10.9% of the domestic market, ranking as the largest in China. In terms of the production volume of plate-type denitrification catalysts in 2015, the market concentration was very high, and the top five enterprises accounted for 84.4% of the market in China, and the Group accounted for 30.7% of the market, ranking as the largest in China.

Top five companies by production volume of plate-type denitrification catalysts in China in 2015	Market Share
	%
The Group	30.7
Tianhe (Baoding) Environment Engineering Limited	15.7
Babcock-Hitachi (Hangzhou) Environmental Protection Equipment Limited	14.4
Jiangsu Wonder Environmental Protection Technology Co. Ltd	13.2
Denox Environmental & Technology Holdings Limited	10.4
Total	***84.4***

Source: Information from the Group; Frost & Sullivan

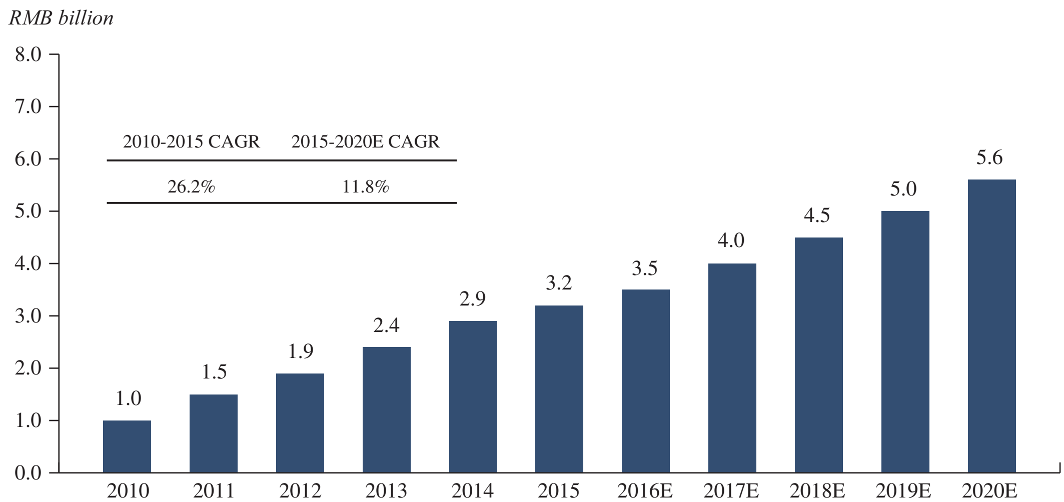
Price of Products

According to Frost & Sullivan Report, the market demands for denitrification catalysts in China grew rapidly between 2011 and 2013, resulting in a continuous price rise. The average price per cubic meter of plate-type denitrification catalysts increased from RMB25,600 in 2011 to RMB26,400 in 2013. As the market supply grew and the price of raw materials dropped, the average price per cubic meter of plate-type denitrification catalysts in China fell to RMB19,200 in 2015. According to Frost & Sullivan Report, the price of plate-type denitrification catalysts, in the long run, will remain stable.

ENERGY CONSERVATION AND ENERGY MANAGEMENT CONTRACTING

In recent years, the energy conservation service industry experienced rapid growth in China. From 2010 to 2015, the CAGR of the total output of energy conservation service industry reached 30.2%. The industry is expected to maintain a steady growth in the future and reach RMB548.7 billion by 2020, with a forecast CAGR of 11.9% from 2015 to 2020. According to the State Council decision on December 2, 2015, the average coal consumption per kWh of all the existing power plants and newly-built power plants shall not exceed 310g and 300g prior to 2020, respectively, and the power plants in the eastern and central areas shall meet that requirement by the end of 2017 and 2018, respectively. Coal-fired power plants that fail to meet such requirement within the specified time frame must be shut down. According to Frost & Sullivan Report, this decision will bring tremendous growth potentials for the energy conservation market. Energy conservation for coal-fired power plants involves a lot of transformation technologies and huge amount of investment. The construction is rather complicated with high risk of safety. Moreover, owing to the impact of a series of complex factors, it is difficult to determine whether the refurbishment expectation can be met. Energy management contract model can help coal-fired power generation enterprises solve the foregoing issue. Energy management contracting (EMC) is an energy conservation investment method by which the energy cost saved is used to pay for the cost of energy conservation projects. Compared with the developed countries, the EMC model started rater late in the PRC. At present, there are more than 3,000 EMC companies filed with relevant authority in the PRC. The entire market is relatively scattered with low industry concentration.

2010 to 2020 Annual Contracted Value for EMC Projects for Coal-fired Power Plants in the PRC



Source: EMCA; Frost & Sullivan

RENEWABLE ENERGY

The *12th Five-Year Plan of Renewable Energy Development* expressly states that the optimization of the energy structure is one of the principal objectives and that the non-fossil energy shall account for 11.4% of the primary energy consumption. On November 4, 2014, the NDRC promulgated the *National Plan for Climate Change* (《國家應對氣候變化規劃》), stating that by 2020, the non-fossil energy shall account for approximately 15% of the primary energy consumption. Although coal-fired power generation will continue dominating the market in terms of the energy structure in China by 2020, renewable energy represented by wind and photovoltaic power will continue to grow in the future.

The NEA promulgated *The Opinion on the Establishment of the Guidance System of Renewable Energy Development and Utilization Objective* (《關於建立可再生能源開發利用目標引導制度的指導意見》) in March 2016 to provide that by 2020, except for the non-fossil energy enterprises, the renewable energy (other than hydropower) generation ratio of the power generation enterprises must exceed 9%. Such policy further stimulates the development of renewable energy market. The annual installed capacity of wind power plants reached 33.0 GW in 2015 and is predicted to maintain steady growth during the 13th Five-Year Plan period with the annual installed capacity forecast to reach 27.1 GW by the end of 2020. By 2020, the cumulative installed capacity of wind power will reach 258 GW. According to Frost & Sullivan Report, in terms of the annual installed capacity of wind power in 2015, the top five engineering companies only accounted for less than 20% of the market in China. From 2010 to 2015, the annual installed capacity of photovoltaic power plants increased from 0.6 GW to 15.1 GW, with a CAGR of 90.6%. The photovoltaic power industry will maintain a steady growth in the future. The average annual installed capacity is forecast to exceed 18 GW from 2016 to 2020 with the CAGR from 2015 to 2020 reaching 8.0%. According to Frost & Sullivan Report, the top five engineering companies only accounted for less than 30% of the market in China in 2015.

PRICES OF KEY RAW MATERIALS

The price of liquefied ammonia, as the principal raw material used in the denitrification concession operation business, is mainly affected by the market supply-demand dynamics and the price of coal. Steel ball, limestone and pulverized lime are the principal raw materials for the desulfurization concession operation business. Steel is the primary component for the equipment used in the environmental protection facilities engineering business. The price of steel has been directly affected by the macro economic environment. The principal raw materials used in denitrification catalysts business include TiO_2 and steel belts, and the cost of raw materials accounts for more than 70% of the production cost for denitrification catalysts. The table below shows the change in the price of some of the key raw materials from 2010 to 2015.

	2010	2011	2012	2013	2014	2015
			RMB'000 per ton			
TiO_2*	15.1	16.9	18.5	16.1	13.7	12.0
Steel Belt	14.4	14.2	13.1	12.6	12.4	10.1
Liquefied ammonia	2.4	2.8	2.7	2.4	2.1	2.0
Steel	3.7	4.1	3.6	3.4	3.1	2.3
Steel Ball	7.1	7.3	6.5	6.1	5.5	4.3

Source: *Wind; Frost & Sullivan*

**Note:* One of the major raw materials of denitrification catalysts is nanoscale TiO_2; however, since nanoscale TiO_2 has a relatively niche market and no reliable data on its price is publicly available. The above table shows the trend of the price of ordinary-scale TiO_2. The price of nanoscale TiO_2 is usually higher than the average price of ordinary-scale TiO_2 and shows similar trend.

As to limestone or pulverized lime, there is no reliable industry index for their price. Generally speaking, the price of limestone or pulverized lime varies based on territory and product category with little fluctuation over the years.

ENTRY BARRIERS TO THE ENVIRONMENTAL PROTECTION AND ENERGY CONSERVATION MARKET IN CHINA

The main entry barriers to the environmental protection and energy conservation market are as follows:

- Technology barriers. Although the environmental protection facilities are highly automatic, they are not standardized systems, thus customized design is required based on, among others, the surrounding environmental layout of the power plant, terms for extension, coal quality, water quality, electricity consumption. Various procedures and techniques in respect of, among others, desulfurization, denitrification, dust removal, anti-corrosion, automatic control need to be fully considered as well. Environmental protection facilities have strong characteristics of technical integration.

- Experience barriers. Customers in the environmental protection and energy conservation industry usually value the performance and experience of a certain company. The professional expertise and experience accumulated in the previous environmental protection and energy conservation projects can help the project evaluation to be more accurate and to optimize solutions. New market entrants will have difficulty competing due to the lack of relevant experience.

- Customer resources barriers. The market concentration of the power industry in China is relatively high. The cumulative installed capacity by the end of 2015 and the power generation output in 2015 of the five major state-owned power generation groups accounted for almost 45% of the entire power industry market in China. The cumulative installed capacity by the end of 2015 and the power generation output in 2015 of China Datang Group accounted for approximately 8.4% and 8.5% of the entire power industry market in China, respectively. The maintenance of good cooperative relationship with all major power generation groups is another entry barrier.

- Capital barriers. New entrants to the market of environmental protection and energy conservation usually need to contribute large amount of funds to carry out independent research and development or introduce overseas core technologies. Moreover, large amount of funds are also required to be advanced in the stages of construction and operation of environmental protection and energy conservation facilities. Therefore, strong capital strength or financing capability is a notable entry barrier to such market.

OVERVIEW

Our businesses (including the following four business segments, (i) environmental protection and energy conservation solutions; (ii) renewable energy project business; (iii) EPC business of coal-fired plants; and (iv) other businesses) are extensively regulated by PRC policies, relevant laws and regulations and other competent government authorities. These laws and regulations mainly relate to requirements for environmental protection and energy conservation, supervision of pollutant discharge by coal-fired power plants, and service of renewable energy. In addition, all our operations in the PRC are subject to applicable PRC taxation and general regulations, such as work safety and labor protection.

Major Regulatory Authorities

The State Council. As the highest administrative body, the State Council is responsible for the regulation of administrative measures and the formulation, determination and issuance of administrative regulations regarding national environmental protection and energy-conservation and emission reduction and other administrative regulations, as well as the preparation and implementation of development plan of energy-conservation and environmental protection industries.

The NDRC. The NDRC has several functions, which include (among others): (i) formulating and implementing major policies related to economic and social development in the PRC; (ii) examining and approving investment projects that exceed a certain level of investment or fall under special industrial categories, including foreign investment projects; (iii) supervising the reforms of state-owned enterprises; (iv) formulating and coordinating the implementation of industrial and investment policies for the environmental protection and energy conservation industries; and (v) setting power tariffs.

The MOST. The MOST drafts and implements laws and regulations relating to science and technology research plans and regulates the national high-tech industrial development zones. The MOST is also responsible for budgeting, final accounting, and supervision of science and technology funds, and making recommendations for major policies and implementing rules on science and technology resources allocation.

The MIIT. The MIIT is responsible for researching and making industrialization development strategies and policies, formulating and implementing industry development plan and industry policies; making recommendations for the investment scale and target of industrial fixed assets (including use of foreign funds and overseas investments), expressing opinions about arrangement of fiscal construction funds by the central government, approving and verifying the fixed assets investment projects under the state planning and annual planning within the scope of authority approved by the State Council; preparing and implementing plans of industrial energy-conservation and comprehensive utilization of resources and clean production promoting policies, and taking part in formulating schemes of energy-conservation and comprehensive utilization of resources and clean production promotion.

The MOF. The MOF determines financial policies for major energy project construction and manages the special funds for renewable energy development.

The MEP (formerly known as the State Environmental Protection Administration). The MEP is responsible for (i) developing and organizing the implementation of national policies and plans for environmental protection, (ii) drafting laws, regulations, and formulating administrative rules for environmental protection, (iii) the overall coordination, supervision and management of key environmental issues, and (iv) the supervision and management of the prevention and control of environmental pollution, including developing environmental monitoring programs and information publication systems.

The MHURD (formerly known as the Ministry of Construction). The MHURD is responsible for the promotion and management of building energy conservation and emissions reduction in the urban and rural areas, drafting and implementing energy conservation policies and regulations, and organizing major energy conservation projects.

The SAT. The SAT is responsible for the promulgating and implementing of tax policies and regulations.

The SAWS. The SAWS is responsible for supervising work safety of power generation operations and project construction, and formulating various safety regulations.

The NEA. The NEA is a national administration managed by the NDRC, major duties include: (i) formulating policies and relevant standards for energy industries of coal, oil, natural gas, electric power, emerging energy and renewable energy and other kinds of energy; verifying and approving fixed assets investment projects in the energy industry within the scope of authority approved by the State Council; (ii) taking charge of the conservation of energy and comprehensive utilization of resources in the energy industry; (iii) supervising the operation of power market, regulating the order of power market, supervising and inspecting relevant electricity tariffs, setting prices of various auxiliary electric services, researching, recommending and supervising the implementation of electricity universal service, and conducting administrative enforcement of laws related to electric power; (iv) taking charge of supervision and management of work safety of power industry, reliability management and keeping normal operation of the industry in the case of emergencies, formulating safety regulations of the operation of power industry (excluding nuclear power) and power construction projects, and supervision and management rules of project quality and safety and organizing the implementation thereof, implementing administrative licensing items pursuant to relevant laws; organizing or participating in the investigation into and handling of safety accidents of power production; (v) organizing the promotion of international cooperation in energy industries, verifying and approving significant overseas investment projects in energy industries (coal, oil, natural gas, electric power, etc.) within the scope of authority; and (vi) playing a role in the formulation of policies of resources, finance and taxation, environmental protection and climate change with respect to energy industries.

ENVIRONMENTAL PROTECTION AND ENERGY CONSERVATION SERVICES

The Regulatory Framework

Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the "Environmental Protection Law") was adopted by the Eleventh Session of Standing Committee of the Seventh National People's Congress on December 26, 1989, amended by the

Eighth Session of Standing Committee of the Twelfth National People's Congress on April 24, 2014 and was effective and implemented on January 1, 2015. It is the basic law governing the field of the state's environmental protection. The Environmental Protection Law as amended introduces concepts of ecological civilization construction and sustainable development and highlights the basic state policy and principle of environmental protection. The Environmental Protection Law as amended further improves basic environment management systems, including environment monitoring system, environmental impact valuation system, inter-administrative-region pollution prevention system, pollution prevention facilities "three simultaneities" system, control system of total priority pollutant discharges and system of regional restrictions on total priority pollutant discharges. It also specifies pollutant discharge permit management system and adds a red-line regulation of ecological protection. The Environmental Protection Law as amended further emphasizes government responsibilities of supervision and management. It includes a special chapter for information disclosure and public engagement, in which citizens' environmental rights and obligations are set out, environmental responsibilities of enterprises and public institutions and other manufacturers and operators are further emphasized and they need to bear larger responsibilities for illegal discharge of pollutant and penalties thus imposed upon them are increased.

Government will adopt policies and measures with respect to finance, taxation, pricing and government procurement etc. to encourage and support development of environmental protection industries of environmental protection technologies and facilities, comprehensive utilization of resources and environmental services, as specified in the Environmental Protection Law. Enterprises and public institutions and other manufacturers and operators who, on the basis of meeting legal requirements for pollutant discharge, further manage to cut pollutant discharge, will receive encouragement and support of government by policies and measures with respect to finance, taxation, pricing and government procurement and others. Government will reinforce protection over air, water and soil, establish and improve corresponding systems of investigation, detection, valuation and repair. The authorities and other organizations using financial capital shall prioritize energy conservation, water-saving and material-saving products, equipment and facilities when it comes to purchase and use. Pollution-preventing facilities of a construction project must be designed, constructed and put into operation at the same time as the main construction project. Pollution-preventing facilities shall meet the requirement of environmental impact valuation documents that are approved and shall not be dismantled or left idle without prior approval. Enterprises and public institutions and other manufacturers and operators that cause pollutant discharge shall take measures to prevent and control the pollution and harms caused to the environment due to exhaust gas, wastewater, waste residues, medical waste, dust, malodorous gases, radioactive substances, noise, vibration, light radiation and electromagnetic radiation generated in the course of production, construction or other activities. Enterprises and public institutions discharging pollutants must establish an accountability system for environmental protection and specify responsibilities of directors and relevant persons. Major pollutant-discharge enterprises and institutions shall install and utilize monitoring equipment in line with regulations and standards of the PRC and guarantee the normal operation of the monitoring equipment and keep original monitoring records. It is strictly forbidden to illegally discharge pollutants by subsurface drainage pipe, percolation well, percolation pit, perfusion, alteration or forgery of monitoring data or to operate pollution-preventing facilities abnormally.

Law of the PRC on Promotion of Sustainable Economy (《中華人民共和國循環經濟促進法》) was promulgated by the Standing Committee of the NPC on August 29, 2008 and became effective on January 1, 2009. The term "Sustainable Economy" as mentioned in the law is a collection of activities including reducing, reusing and recycling activities conducted in the process of production, circulation and consumption. It sets regulations of energy conservation and water-saving, circulatory water use, and recycling and utilization of waste heat and pressure.

Law of the PRC on Promoting Clean Production (《中華人民共和國清潔生產促進法》) was promulgated by the Standing Committee of the NPC on June 29, 2002, amended on February 29, 2012 and became effective on July 1, 2012. The term "Clean Productions" as mentioned in the law refer to reducing pollution from the source, raising the efficiency of utilizing the resources, reducing or avoiding the production and emission of pollutants in the process of production, services and using products by means of incessantly improving designs, using clean energy and raw materials, adopting advanced techniques, technologies and equipments, improving management, making comprehensive utilizations, and other measures so as to alleviating or eliminating the harm done to the health of human beings and the environment. It includes regulations of the promotion, implementation and supporting incentives and other relevant aspects of the above-mentioned "Clean Productions."

On August 1, 2013, the State Council promulgated the Opinions on Accelerating the Development of Energy-conservation and Environmental Protection Industry (《關於加快發展節能環保產業的意見》). The basic principle of these opinions is to promote market-oriented new operations of energy conservation and environmental protection industry such as EMC, concession operations and comprehensive environmental service, to promote energy conservation and environmental protection products, to accelerate key projects of energy conservation, circular economy and environmental protection, to release consumption and investment demand for energy conservation and environmental protection products, equipment and services, and thus to form a powerful driving force for the development of energy conservation and environmental protection industry.

Since 2013, with further implementation of China's industrialization and urbanization plan, environmental pollution gets more serious each day. In fields of air and water pollution as well as soil contamination prevention, the State Council issued special environmental protection action plans such as Air Pollution Prevention and Control Action Plan (《大氣污染防治行動計劃》), Action Plan for Preventing and Treatment of Water Pollution (《水污染防治行動計劃》) and the Action Plan for Prevention and Treatment of Soil Contamination (《土壤污染防治行動計劃》) to effectively improve air quality, reinforce water pollution prevention and treatment and strengthen prevention and treatment of soil contamination and thus maintain the national ecological safety. In addition, special action plans for soil pollution treatment, heavy metal pollution treatment in particular, are in intense preparation.

Opinions on Promoting Third-Party Treatment of Environmental Pollution (《關於推行環境污染第三方治理的意見》) was issued by the General Office of the State Council on December 27, 2014 in which the term "Third-Party Treatment" ("Third Party Treatment") is specified to be a new model in which a discharger entrusts environmental service company to conduct pollution treatment by paying it directly or the payment is otherwise specified in a contract. Third-party treatment is a vital method for promoting the construction and specialized and industrialized operation of environmental protection facilities and an effective measure to promote the development of environmental service industry. It is expressly set out in the opinions that pollutant-discharge enterprises take up main responsibilities for pollution treatment whereas third-party treatment enterprises undertake pollution treatment as agreed upon in line with relevant laws and regulations and standards as well as the requirement of pollutant-discharge enterprises' engagement. Regulations and rules of third-party treatment should be formulated as soon as possible to specify respective responsibilities of related parties, penalties and subjects of penalty. The opinions also make regulations of investment and operation model in conjunction with pricing and charging policies of wastewater treatment facilities and desulfurization and denitrification facilities.

To accelerate the implementation and regulation of environmental pollution treatment in coal-fired power plants by third parties, the NDRC, MEP and NEA issued the Guidance Opinions for Implementation of Environmental Pollution Treatment by the Third Party (《關於在燃煤電廠推行環境污染第三方治理的指導意見》) on December 31, 2015 pursuant to relevant policies and regulations including the Proposal by the General Office of the State Council Concerning the Third Party Treatment of Environment Pollution (《國務院辦公廳關於推行環境污染第三方治理的意見》). The guidance opinions clarify that the treatment for coal-fired power plants by third parties is mainly classified into concession operations model and entrusted operations model; responsibilities involving the treatment for coal-fired power plants by third parties are categorized into those for the treatment of pollutions, production safety and the economy; it is stipulated that in the third party treatment contracts (including agreements) which shall be entered into by coal-fired power plants with designated environmental services companies, the scope of responsibilities for pollution treatment (the ownership of relevant assets for those involving assets), the boundary conditions of treatment and requirements of pollution treatment by third parties and responsibilities such as safety, environmental protection, economic responsibilities that shall be undertaken by coal-fired power plants and environmental services companies shall be clarified, and the main elements of such contracts shall be presented. In addition, the guidance opinions also stipulate the principal measures and implementation of policies on the implementation of treatment for coal-fired power plants by third parties Regarding the principal measures, guidance opinions are proposed on areas such as the agreed settlement price, the agreed operating term, land for production purposes, time for settlement, coordination mechanism, measures for additional profit (loss), measures for risks and dispute settlement, operation in dispute periods and information handover.

The Notice on Promulgation of Catalogue for Preferential Enterprise Income Tax for Environmental Protection and Energy and Water Saving Programs (Trial) (《關於公佈環境保護節能節水項目企業所得稅優惠目錄(試行)的通知》) issued by the MOF, The SAT and the NDRC was implemented on January 1, 2008. According to the catalogue, enterprises engaged in certain environmental protection and energy and water conservation projects, including municipal sewage treatment projects, industrial wastewater treatment projects, solar heat and electricity integration technical renovation projects on existing buildings, dust removal projects of steel industry, fuel-burning power plant flue gas desulfurization renovation projects, may enjoy preferential tax treatment for, as long as they meet the conditions set out in the catalogue. According to Regulations on the Implementation of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (effective on January 1, 2008), companies providing flue gas desulfurization services to coal-fired power plants may enjoy an exemption from enterprise income tax from the first to the third year and a 50% reduction in its enterprise income tax rate from the fourth to the sixth year.

The notice from the MOF and SAT in relation to the publication of the List of Products and Services of Integrated Utilization of Resources Entitled to Preferential Tax Treatment for Value-added Tax was promulgated in June 2, 2015 and has been enforced since July 1, 2015. According to the said notice, the MOF and SAT have decided to consolidate and adjust the preferential tax treatment policies for VAT tax levied on products and services that utilize resources in an integrated manner. It is expressly specified taxpayers who sell self-made products and provide services that utilize resources in an integrated manner ("Sale of Products and Services of Integrated Utilization") are entitled to immediate refund of VAT levied. In particular, Sale of Products and Services of Integrated Utilization comprises industrial wastewater (pit water), reclaimed water, flue gas generated during the production processes of coal-fired power plants and companies of various industries, natural gas with a high sulfur content, gypsum, sulfuric acid, ammonium sulfate, sulfur, waste heat generated during the industrial production processes, residual pressure, sewage treatment services and industrial wastewater treatment services.

Desulfurization and denitrification

The Law of the PRC on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》) ("The Law of Prevention and Control of Air Pollution") was revised and approved by the Standing Committee of the NPC at the 16th meeting convened on August 29, 2015 and became effective January 1, 2016. The laws has stipulated certain aspects including standards for prevention and control of atmospheric pollution and planning for achieving targets by a deadline, supervision and management of prevention and control of atmospheric pollution, measures for prevention and control of atmospheric pollution, joint prevention of atmospheric pollution at key regions, and heavy pollution weather contingency plan. Among which, for measures for prevention and control of atmospheric pollution, the laws clearly state that the State encourages coal-fired units to adopt advanced dust removal, desulfurization, denitrification, demercuration techniques and devices for coordinated control of atmospheric pollutants, to reduce emission of atmospheric pollutants; iron and steel, building materials, nonferrous metals, oil, chemical and other enterprises which emit dust, sulphur compounds, NO_x in the manufacturing process shall adopt clean production process, build complementary dust removal, desulfurization, denitrification devices etc., or adopt technological transformation or other measures to control emission of atmospheric pollutants.

Air Pollution Prevention and Control Action Plan (《大氣污染防治行動計劃》) promulgated by the State Council on September 10, 2013 makes it clear that retrofit projects of desulfurization, denitrification and dust removal of major industries shall be accelerated. Sintering machines and pelletizing devices of all coal-fired plants and steel enterprises, catalytic cracking unit of petroleum refining industry and equipment of non-ferrous metal metallurgy enterprises shall be equipped with desulfurization facilities. Coal-burning furnace of 20t/h and more shall be desulfurized. All coal-fired units other than circulating fluid bed boiler should be equipped with denitrification facilities. Cement kiln using new dry process cement production technology shall adopt low nitrogen combustion technical retrofit and have denitrification facilities. Current dust removal facilities of coal-fired units and industrial furnaces shall be upgraded and retrofited. We shall promote technological R&D regarding desulfurization and denitrification, high-efficiency dust removal, environmental monitoring and other areas and put R&D results into actual use. Rates shall be adjusted based on denitrification costs and denitrification tariff policy shall be improved. Current coal-fired units that undergo dust removal retrofit adopting new technologies shall be supported by special tariff policy. Progressive pricing system for electricity is implemented.

Since 2003, the PRC government has raised three times the emission standard of air pollutants for thermal power plants (on the basis of GB13223-2003, GB13223-2011 Emission Standard of Air Pollutants for Thermal Power Plants, and the Action Plan for Upgrading and Retrofitting of Energy Conservation and Emission Reduction of Coal-fired Plant (2014–2020)). According to the Action Plan for Upgrading and Retrofitting of Energy Conservation and Emission Reduction of Coal-fire Plant (2014–2020) (《煤電節能減排升級與改造行動計劃(2014–2020年)》) issued by the NDRC, the MEP and the NEA on September 12, 2014, new coal-fired power plants (including plants under constructions and within the national construction plans) shall be equipped with synchronized advanced and efficient desulfurization, denitrification and dust removal facilities. Flue gas bypass ducts are prohibited. The emission concentration of air pollutants of new coal-fired power plants in the eastern area (11 provinces including Liaoning, Beijing, Tianjin, Hebei, Shandong, Shanghai, Jiangsu, Zhejiang, Fujian, Guangdong and Hainan) basically reaches the allowable emission concentration maximum (10, 35, 50 mg/m^3 for ash, SO_2 and NO_x respectively with 6% of benchmarking oxygen contents), while principally approaching or reaching the allowable emission concentration maximum in the middle area (8 provinces including Heilongjiang, Jilin, Shanxi, Anhui, Hubei, Hunan, Henan and Jiangxi). The parameter is encouraged to approach or reach the maximum in the western area. Synchronized co-reduction of other air pollutants is encouraged to reduce the emission of pollutants including sulfur trioxide, mercury and arsenic.

Based on that mentioned in preceding paragraph, Action Plan (《行動計劃》) makes clear the aim at ultra-low emissions refurbishment at the state level. Since 2015, local governments also issued local implementation regulations on ultra-low emissions refurbishment in succession. For instance, the General Office of the People's Government of Jiangsu Province issued the Upgrade and Transformation Plan on Energy Conservation and Emission Reduction of Coal in Jiangsu Province (2014–2020) (《江蘇省煤電節能減排升級與改造行動計劃(2014–2020年)》) on November 10, 2014, which specified the aims and tasks of Jiangsu Province, including by the end of 2018, the concentration of the atmospheric pollutant emission of coal-fired generation units of 0.1 million kW and above shall basically reach the emission standard for gas turbines (e.g. ultra-low emissions standard); and the concentration of the atmospheric pollutant emission of coal-fired generation units of below 0.1 million kW shall reach the emission cap of major regions. The General Office of the Peoples' Government of Shanxi Province issued the Notice of Further Acceleration of Transformation Work of Ultra-low Emission for Coal-fired Generation Units in the Whole Province (《關於進一步加快推進全省燃煤發電機組超低排放改造工作的通知》) on March 1, 2015, which specifies that all the coal-fired generating units active in service with unit capacity of 0.3 million kW and above in Shanxi Province shall be scientifically and reasonably transformed in accordance with regions and peak shifting and averting on the premise that normal electricity supply are ensured, so as to bring forward the time limit of completing ultra-low emissions refurbishment in 2017 instead of 2020. By the end of 2017, all the coal-fired generating units with capacity of 0.3

million kW and above which fail to complete the transformation nor reach the criteria of ultra-low emissions standard, shall be shut down. The Office of Leading Group for Air Pollution Prevention and Control Work in Hebei Province printed and distributed the Implementation Plan of Special Action of Ultra-low Emission Upgrade and Transformation of Coal-fired Generating Units in Hebei Province (《河北省燃煤發電機組超低排放升級改造專項行動實施方案》) on April 7, 2015, which requires that the construction and transformation of dust removal, desulfurization and denitrification equipment for all the coal-fired generating units in the whole province shall be completed by the end of 2015, reaching an ultra-low emission cap that is stricter than the national standard. The Guiding Opinions of Shandong Provincial Government on Facilitating Ultra-low Emissions of Coal-fired Generating Units (Boilers) promulgated by the Shandong Provincial Environmental Protection Bureau, the Shandong Provincial Development and Reform Commission, the Shandong Provincial Commission of Economy and Informatization, the Shandong Provincial Finance Bureau and Shandong Provincial Price Bureau on August 13, 2015 specifies the key tasks including the completion of the ultra-low emission refurbishment for all coal-fired generating units with 100,000 kWh or above throughout the Shandong Province by the end of 2018. The Action Plan for the Integrated Refurbishment and Upgrade of the Local Coal-fired Cogeneration Industry promulgated by the Zhejiang Provincial Commission of Economy and Informatization, the Zhejiang Provincial Development and Reform Commission, the Zhejiang Provincial Environmental Protection Bureau, the Zhejiang Provincial Finance Bureau, the Zhejiang Provincial Price Bureau and the Zhejiang Provincial Energy Bureau on September 6, 2015 specifies the targets for clean energy, including the compliance of all local thermal power plants with the flue gas emission limits for gas-fired turbine units as set forth in the Emission Standards on the Air Pollutants for Thermal Power Plants (GB13223-2011) by the end of 2017.

On December 11, 2015, the MEP, NDRC and NEA issued the Notice in Respect of Publishing and Dispatching of the Proposal of Full Implementation of the Ultra-Low Emission of Coal-Fired Power Plants and Energy Conservation Refurbishment (《關於印發〈全面實施燃煤電廠超低排放和節能改造工作方案〉的通知》) to further clarify the transformation targets and key tasks regarding the ultra-low emission: by 2020, all the coal-fired power plants with refurbishment conditions in the PRC shall devote efforts to ultra-low emission (i.e. the emission concentration of dust, SO2 and NOx shall be no more than 10 mg/Nm^3, 35 mg/Nm^3 and 50 mg/Nm^3, respectively, under 6% of benchmarking oxygen contents). Newly-built coal-fired power plants with relevant conditions in the PRC have reached the ultra-low emission level. To speed up the refurbishment pace of the ultra-low emission of existing coal-fired power generation units in operation, the ultra-low emission refurbishment tasks in the eastern area (11 provinces including Beijing, Tianjin, Hebei, Liaoning, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong and Hainan) originally planned to be completed by 2020 shall be completed in general by 2017; the requirements for the eastern area shall be progressively applied to other areas with relevant conditions throughout the nation. In particular, endeavors shall be made for the general completion of such tasks for the central area (8 provinces including Shanxi, Jilin, Heilongjiang, Anhui, Jiangxi, Henan, Hubei and Hunan) by 2018, and the western area (12 provinces including Inner Mongolia, Guangxi, Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang as well as the Xinjiang Production and Construction Corps) by 2020. For the policies and measures, the plan stipulates the implementation of policies on electric tariff subsidies, rewards granted based on the power generation volume and incentive policies on wastewater discharge fees, the provision of financial aid and credit facility support as well as the promotion of transactions on wastewater discharge rights and the application of advanced technologies, etc.

On July 19, 2007, the NDRC and the MEP jointly promulgated the Notice of Pilot Plan of Concession of Coal-fired Power Plant Flue Gas Desulfurization (《關於開展火電廠煙氣脱硫特許經營試點工作的通知》). The notice provides for the framework and implementing rules of the flue gas desulfurization concession pilot plan of fossil-fire power plants in China and aims to improve the utilization rate of the desulfurization plants installed at the fossil-fire power plants. According to the notice, flue gas desulfurization concession of fossil-fire power plant means that, under coordination by the relevant governmental agency, the thermal power plant operation enters into a concession agreement with the professional desulfurization service provider for the right to income from desulfurization, which comprises the right to receive a special tariff for on-grid desulfurization and all other incentives for desulfurization. In return, the professional desulfurization service provider is responsible for the investment, construction, operation and maintenance and daily administration of the desulfurization plants and for achieving the desulfurization targets set out in the concession agreement. As a general principle, the power plants are still responsible for environmental protection and shall be legally liable for non-compliance with the emissions standard of SO_2. The desulfurization service provider shall be responsible for the investment, construction, operation, maintenance and daily management of the flue gas desulfurization facilities, achieve desulfurization goals and take corresponding responsibilities in accordance with the contract. The desulfurization service provider shall enjoy the desulfurization special on-grid tariff and all the benefits granted by the preferable policies under the national regulations. Power generation enterprise shall be responsible for the reduced desulfurization tariffs and economic penalty under the relevant regulations of the State given that the operations of the desulfurization facilities fail to meet the requirements of environmental protection due to the performance of the said enterprise; while the desulfurization service provider shall be responsible for the reduced desulfurization tariffs and economic penalty under the relevant regulations of the State given that the operations of the desulfurization facilities fail to meet the requirements of environmental protection due to the performance of the said service provider. Land for desulfurization facilities shall be provided by the power generation enterprises at no cost. The specialized desulfurization service provider shall enjoy all the economic benefit from the by products of the desulfurization. Resources including water, electricity and gas related to the operations of desulfurization facilities shall be settled in auxiliary prices. The said relationship of interests shall be clarified with economic contracts between the power generation enterprise and the desulfurization service provider.

The NDRC issued a notice on increasing on-grid tariff (the "Notice") on November 30, 2011. According to this Notice, starting from December 1, 2011, the average on-grid tariff of coal-fired power plants in the PRC is increased by RMB2.6 cents per kWh. In particular, a new denitrification tariff of RMB0.8 cent per kWh is added to the on-grid tariff of a selection of 14 PRC provinces (Guangdong, Hainan, Sichuan, Gansu, Ningxia, Beijing, Tianjin, Hebei, Shanxi, Shandong, Shanghai, Jiangsu, Zhejiang and Fujian) to subsidize the coal-fired power plants for their costs incurred for compliance with the denitrification requirement.

On December 28, 2012, the NDRC released the Notice of Relevant Issues for Expansion of Pilot Area of Policies of Denitrification Tariffs (《關於擴大脱硝電價政策試點範圍有關問題的通知》). The notice took effective on January 1, 2013 and grant the denitrification tariff from partial coal-fired power plants in 14 provinces (autonomous regions, municipalities) to all the coal-fired power plants in China. The standard of denitrification tariffs is RMB0.008/kWh.

On August 27, 2013, the NDRC issued the Notice of Standard Adjustment of Surcharge on Renewable Energy Tariffs and Relevant Issues on Environmental Electricity Price (《關於調整可再生能源電價附加標準與環保電價有關事項的通知》) and raised the denitrification tariffs from RMB0.008/kWh to RMB0.01/kWh for all coal-fired power plants. The Notice took effective from September 25, 2013.

The Measures for the Supervision and Administration of Prices of Electricity from Coal-Fired Generating Units with Environmental Protection Facilities and the Operation of the Environmental Protection Facilities (《燃煤發電機組環保電價及環保設施運行監管辦法》) issued by the NDRC and the MEP on March 28, 2014 specify that environmental price-increasing policies are implemented to the newly-built or retrofitted environmental protection facilities of the coal-fired generating units. The increase standard of the environmental price of electricity shall be formulated and adjusted by the NDRC. Provincial environmental protection administrative department shall sent written document to the provincial pricing department to implement environmental electricity tariffs on the coal-fired generating companies installed with environmental protection facilities from the approval date of acceptance check on the facilities. Benchmarking prices including environmental electricity prices issued by the NDRC are implemented for the entities with synchronized constructions of new coal-fired generating units and environmental protection facilities.

The Opinions on Promoting the Third-Party Treatment of Environmental Pollution(《關於推行環境污染第三方治理的意見》) issued by the General Office of the State Council on December 27, 2014 also specify the comprehensive implementation of environmental electricity tariffs of desulfurization, denitrification and dust removal for all coal-fired generating units. In order to implement the supportive policies on electric tariff of "promoting the refurbishment of ultra-low emission of coal-fired power plants", the NDRC, MEP and NEA promulgated the Notice on the Implementation of Coal-fired Power Plants Ultra-low Emission Tariff Supportive Policy Related Issues (《關於實行燃煤電廠超低排放電價支持政策有關問題的通知》) on December 2, 2015, and the policy became effective on January 1, 2016. Pursuant to the policy, ultra-low emission refers to the emission concentration of air pollutants of coal-fired generating units in basic compliance with the emission limits of gas-fired generating units (hereinafter referred to as the "Ultra-low Limits"), which shall be no more than 10 mg/Nm^3, 35 mg/Nm^3, 50 mg/Nm^3 for dust, SO_2 and NOx respectively under 6% of benchmarking oxygen contents. To encourage the guidance of ultra-low emission, appropriate support on on-grid tariff shall be provided to power generation enterprises which are approved and accepted by the provincial environmental protection department and comply with the above abovementioned Ultra-low limits. In particular, the on-grid tariff for the unified procurement on-grid electricity of the existing units in operation prior to January 1, 2016 shall be increased by 1 cent per kWh (inclusive of tax), whilst the on-grid tariff for the unified procurement on-grid electricity of the newly-built units power generation after January 1, 2016 shall be increased by 0.5 cent per kWh (inclusive of tax).

Water Treatment

The Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) (the "Prevention and Control of Water Pollution Law") was promulgated by the Standing Committee of the NPC on May 11, 1984. It was amended on February 28, 2008 and took effect on June 1, 2008. The main purpose of this legislation is to prevent and control water pollution, protect and improve the environment, and ensure drinking water safety. The law stipulates that the PRC Government shall rigorously control industrial wastewater pollution and municipal domestic wastewater pollution, as well as prevent and control agricultural surface source water pollution. Under this legislation, the PRC Government encourages and supports scientific research relating to the prevention and control of water pollution and the application of advanced technologies in the field.

According to the Prevention and Control of Water Pollution Law, all entities are obliged to protect water resources. Water pollutant discharges shall meet national or local discharge standards and the control index for total discharge volume of major water pollutants. In addition, the PRC Government applies a licensing system for water pollutant discharge. Enterprises which directly or indirectly discharge industrial wastewater mush obtain a pollutant discharge license. Urban sewage treatment plants must also obtain pollutant discharge licenses. The State Council reserves the authority to provide specific measures and implementation rules for the administration of water pollutant discharge licenses. Enterprises are prohibited from discharging wastewater without (or in violation of) the discharge license. The law also promulgates specific regulation regarding various types of wastewater (including industrial wastewater, urban wastewater, and agricultural wastewater). The law a prohibits the construction of small-scale industrial projects that seriously pollute water and the environment, do not conform to the national industrial policies and imposes legal liability on entities and persons who fail to comply with the aforementioned requirements, including fines, administrative measures, and criminal liability.

On April 16, 2015, the State Council promulgated the Action Plan for Preventing and Treatment of Water Pollution. As the action guideline in preventing and treatment of water pollution, the plan aims to enhance the prevention and treatment of water pollution to guarantee the water security in China. In the aspect of industrial pollution prevention and control and water resource saving and protection, the plan proposes to put great effort in industrial pollution prevention and control while improving the recycle of industrial water and promoting the utilization of recycled water. Water-drawing permits for additional water resource will not be granted to such coal-fired and other projects that have the conditions to utilize recycled water but do not give full play to them; seawater utilization is promoted by encouraging power and other industries in the coastal areas to draw the seawater directly as the industrial water used for circulated cooling and other purposes; for industrial water saving, national catalog will be prepared to specify the water utilization related technologies, techniques, products and equipment encouraged or required to be obsoleted while the standard for the quota of water drawing and consumption in the water-intensive industries will be further improved. Water-intensive industries such as power industry will implement the advanced standard regarding the water quota by 2020. In addition, the Action Plan for Preventing and Treatment of Water Pollution proposes to accelerate the development of environmental protection service industry, clarify the responsibilities and obligations of the regulatory authorities, enterprise discharging sewage and companies engaged in environmental protection services, and improve the mechanisms regarding risk sharing, performance guarantee and other matters. The development of the EPC model of environmental protection service that comprises system design, completed equipment, engineering construction and commissioning operation, and the public-private partnership model are encouraged. The third-party treatment of environmental pollution is carried forward with focus on the sewage and garbage treatment and the industrial park.

With respect to the concession operation of public utilities, the Ministry of Construction issued the Administrative Measures on the Concession Operation of Municipal Public Utilities (《市政公用事業特許經營管理辦法》) on March 19, 2004. Effective on May 1, 2004 and amended on May 4, 2015, the measures contain the principal regulatory plan on the concession operation of municipal public utilities. According to the measures, the municipal water treatment industry shall adopt the concession operation system, pursuant to which the government selects the investors or operators for municipal public utilities in the market in accordance with the relevant laws and regulations, and specify the term and scope of the products or services provided by such operators for the municipal public utilities. On April 25, 2015, the NDRC, the MOF, the MHURD, the Ministry of Transport, the Ministry of Water Resources and the PBOC jointly released the Administrative Measures on the Concession Operation of Infrastructures and Public Utilities (《基礎設施和公用事業特許經營管理辦法》) which has become effective since June 1, 2015. The measures are applicable to the concession operations of the infrastructures and public utilities such as energy, transport, water resources, environmental protection and municipal construction in China. Pursuant to the measures, the government authorizes domestic or overseas legal persons or other organizations in the competition in accordance with the laws, and specifies the rights, obligations and risk sharing by agreement, mutually agreeing that such legal persons or organizations will invest in and derive income from the construction and operation of infrastructures and public utilities, and provide public products or services within the specific term and scope.

ENERGY CONSERVATION SERVICES

The amendments to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) (the "Energy Conservation Law") on July 2, 2016, were implemented on September 1, 2016. Under this legislation, energy conservation is a basic national policy of China and the PRC Government implements energy development strategy that concurrently promotes energy conservation and energy exploitation and prioritizes energy conservation. Under the Energy Conservation Law, the PRC Government shall implement industrial policies that are favorable to energy conservation and environmental protection, restrict the development of high-energy consumption and high pollution industries and develop industries that are energy-efficient and environmental-friendly. The law requires the grid operator to arrange for on-grid connection of electricity generated by heat and power cogeneration appliances, waste heat or waste pressure recovery appliances or other energy-conservation appliances. The PRC Government also encourages the use of energy-efficient and energy conservation equipment and the application of energy conservation technologies including cogeneration of heat and electricity, waste heat recovery, clean coal and energy consumption monitoring and control systems. Moreover, the Energy Conservation Law mandates enterprises to carry out technological transformation for energy conservation. The law also sets out an incentive scheme to encourage the development and use of energy conservation technologies and appliances.

Launched on November 10, 2004 by NDRC, the Medium and Long-term Plans of Energy Conservation (《節能中長期專項規劃》) details energy conservation goals and implementing plans for China during the period from 2006 to 2020. According to the plan, China shall continue to prioritize and promote energy conservation, and reinforce energy conservation regulations on high energy consumption sectors. Necessary expenses for energy conservation management and energy conservative renovations shall be included in the relevant government fiscal budgets to provide funding and subsidy to support major energy conservation projects such as upgrading of fossil-fired industrial boilers and the improvement of waste heat recovery.

The Action Plan for Upgrading and Retrofitting of Energy Conservation and Emission Reduction of Coal-fired Plant (2014–2020) (《煤電節能減排升級與改造行動計劃 (2014–2020年)》) was issued by the NDRC, the MEP and the NEA on September 12, 2014 and the Implementation Plan for the Comprehensive Project of Coal-burning Furnaces Energy-conserving and Environment-friendly Improvement (《燃煤鍋爐節能環保綜合提升工程實施方案》) was issued on October 29, 2014 by 7 authorities, including the MIIT, the NDRC, the MEP, the MOF, the General Administration of Quality Supervision, Inspection and Quarantine, the National Government Offices Administration and the NEA, to specify the regulations on retrofitting of energy conservation of furnaces and other environmental protection of equipment, especially mature and applicable retrofitting techniques of energy conservation, such as recycling the waste heat in the furnaces, frequency conversion motors and refined heat supply.

The NDRC, the MOF, and the People's Bank of China and the SAT jointly promulgated the Opinions on Accelerating to Promote Energy Management Contracting to Facilitate the Development of Energy Conservation Service Industry (《關於加快推行合同能源管理促進節能服務產業發展的意見》) on April 2, 2010. The opinions stipulate that the PRC Government will implement policies and measures promoting the development of energy saving industry including providing financial support, tax benefits, improving accounting system and financial services. The opinions also provide that the PRC Government shall support the growth of energy conservation solution companies.

On June 29, 2010, the MOF and the NDRC jointly released the Notice of Requirements of Financial Incentive Funds for Energy Management Contracting Projects and Approval and Filing of Energy Conservation Service Company (《關於合同能源管理財政獎勵資金需求及節能服務公司審核備案有關事項的通知》) to set out a dynamic administrative system of approval and filing for the energy conservation service companies which apply for financial incentive funds. The Supplementary Notice for Fiscal Incentives for Energy Management Contracting Projects (《關於財政獎勵合同能源管理項目有關事項的補充通知》) issued by the NDRC and the MOF on October 19, 2010 clarifies the projects and their technology, techniques and products support by the fiscal incentives include modification project of furnaces, and recycling of residual heat and pressure, with together the projects the funds do not support.

On May 12, 2015, the MOF issued the notice on the Interim Measures for the Administration of Subsidy Funds for Energy Conservation and Emission Reduction (《節能減排補助資金管理暫行辦法》). For the purposes of the notice, "Subsidy Funds for Energy Conservation and Emission Reduction" refers to special funds allocated from the PRC central financial budget to support the development of energy conservation and emission reduction. The key supporting scope of the subsidy funds for energy conservation and emission reduction includes innovative systems and mechanisms of energy conservation and emission reduction, fundamental ability and construction of public platforms of energy conservation and emission reduction, comprehensive demonstration of financial policies of energy conservation and emission reduction, energy conservation and emission reduction in key fields, key industries and key regions, demonstration, promotion, improvement and upgrading of key energy conserving and emission reducing techniques, and other relevant projects as approved by the State Council.

Renewable energy services

The Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》) was promulgated on February 28, 2005, and has been implemented since January 1, 2006. Subsequently, the Amendment to The Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》修正案) was promulgated on December 26, 2009, and has been implemented since April 1, 2010. It outlines a regulatory framework for the development and use of renewable energy, which includes, among other things, wind energy and solar energy. The main purpose of this legislation is to promote the development and use of renewable energy, increase energy supply, improve the energy structure, secure the safety of energy, protect the environment and eventually achieve sustainable economic and social development in China.

On August 31, 2007, the NDRC issued the Medium and Long-Term Development Plan for Renewable Energy (《可再生能源中長期發展規劃》). The plan stipulates that China will strive to achieve the goal of reaching 15% of the total energy consumption in the PRC being made up of consumption of renewable energy (including hydropower) by 2020. In regions covered by a major power grid, the percentage of power generated by renewable energy (not including hydropower) sources shall reach at least 3% of the total power generated by the power grid by 2020. Meanwhile, for investors with attributable installed capacity of over 5 GW for power generation, the percentage of the attributable installed capacity of renewable power generation must reach over 8% of the attributable installed power capacity owned by them by 2020. Moreover, with respect to wind power generation, the plan also requires full leverage of the economic strength of the more developed coastal regions and the natural resources of China's "three northern regions", being the northwestern, northern and northeastern regions, to construct large and mega wind power stations. The plan also calls for other regions in China to construct medium and small wind power stations as appropriate. With respect to solar power generation, the plan addresses the development of solar power in the areas of (i) household solar power generation system or small-scale PV power station for remote areas; (ii) on-grid rooftop solar power system and solar power system used in public on-grid facilities; (iii) large-scale PV and solar thermal power station. The plan also stipulates that there is a large potential for PV application in communications, meteorology, long distance pipelines, railways, and public roads.

On June 7, 2014, the General Office of the State Council promulgated "The Action Plan for Energy Development Strategy (2014–2020)" (《能源發展戰略行動計劃(2014-2020年)》). The action plan proposed green and low carbon strategy, stating that by 2020, the non-fossil energy shall account for approximately 15% of the primary energy consumption, the natural gas shall amount to over 10%, and the portion of coal consumption shall be controlled within 62%.

On February 29, 2016, the NEA promulgated "The Opinion on the Establishment of the Guidance System of Renewable Energy Development and Utilization Objective" (《關於建立可再生能源開發利用目標引導制度的指導意見》) to specify that according to the requirement that by 2020, the non-fossil energy shall account for approximately 15% of the total primary energy consumption, in 2020, except for the non-fossil energy enterprises, the renewable energy (other than hydropower) generation ratio of the power generation enterprises must exceed 9%.

SAFETY AND LABOR PROTECTION

The Production Safety Law of the PRC (《中華人民共和國安全生產法》) which was promulgated by the Standing Committee of the NPC on June 29, 2002 and effective on November 1, 2002, and first amended on August 27, 2009, recently amended on August 31, 2014 and implemented on December 1, 2014, is the principal law governing the supervision and administration of work safety and labor protection for power projects. According to the Measures for the Supervision and Administration of Power Work Safety (《電力安全生產監督管理辦法》) issued by the NDRC on February 17, 2015 (effective on March 1, 2015), electric power construction entities shall be fully responsible for the administration of the construction safety and quality of electric power construction projects, perform the responsibilities for project organization, coordination and supervision, and report as prescribed the information on the administration of work safety of electric power engineering projects to local dispatched offices for filing, and file registration application for supervising the quality of engineering projects with electric power project quality supervision institutions.

The main PRC employment laws and regulations include the Labor Law of the PRC (《中華人民共和國勞動法》), the labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and the Regulations for the implementation of the labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》).

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) was promulgated on June 29, 2007 and became effective on January 1, 2008 and was amended on December 28, 2012, then being effective on July 1, 2013. This law governs the establishment of employment relationships between employers and employees, and the execution, performance, termination of, and the amendment to, employment contracts. Compared to the PRC Labor Law (《中華人民共和國勞動法》), the PRC Labor Contract Law (《中華人民共和國勞動合同法》) provides additional protections to employees by requiring written labor employment contracts, limiting the scope of the circumstances under which employees could be required to pay damages for breach of employment contracts and imposing stricter sanctions on employers who fail to pay remuneration or social security contributions for their employees.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, which became effective on July 1, 2011, an enterprise shall enter into labor contracts with its employees and maintain their social insurance, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, according to the law.

TAXATION

Enterprise Income Tax

On March 16, 2007, the PRC National People's Congress enacted the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "EIT Law"), which, together with its related implementation rules issued by the State Council on December 6, 2007, became effective on January 1, 2008. According to the EIT Law, PRC enterprises typically pay an enterprise income tax at the rate of 25% and enterprises identified as high-and-new-technology enterprises requiring key state support enjoy a preferential enterprise income tax rate of 15%.

According to the Notice for Issues Regarding the Withholding and Payment of Enterprise Income Tax for Dividends distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-Shares of the Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) promulgated by the SAT on November 6, 2008, enterprise income tax shall be withheld at a uniform tax rate of 10% on dividends for 2008 and the subsequent years which are distributed by PRC resident enterprises to foreign H shareholders that are non-resident enterprises, except where the jurisdiction in which the foreign investor is established has a different withholding arrangement under a tax treaty with the PRC.

In addition, for the purposes of implementing the treaties on double taxation avoidance entered into between the Government of the People's Republic of China and foreign governments (including tax arrangements entered into with the Hong Kong Special Administrative Region and Macau Special Administrative Region, hereinafter referred to collectively as the "tax treaties"), the People's Republic of China and foreign countries have entered into the tax clauses in air transport treaties, tax clauses in maritime treaties, tax clauses in motor vehicle transport treaties, treaties or exchange of letters for mutual tax exemption of international transportation income (hereinafter referred to collectively as the "international transport agreements"), standardizing the administration of tax treaty benefits for non-resident taxpayers. The Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties (《非居民納稅人享受稅收協定待遇管理辦法》) promulgated by the SAT on August 27, 2015 applies to the entitlement to tax treaty benefits by non-resident taxpayers incurring tax payment obligations in China. Tax treaty benefits refers to the mitigation of or exemption from tax payment obligations pursuant to tax treaties or international transport treaties for enterprise income tax or individual income tax required to be performed pursuant to the provisions of domestic tax laws. Non-resident taxpayers that satisfy the criteria for the entitlement to tax treaty benefits may, at the time of tax declaration or withholding declaration through a withholding agent, enjoy the tax treaty benefits, and be subject to follow-up administration by the tax authorities.

Individual Income Tax

According to the Notice of the SAT on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) dated June 28, 2011 from the SAT of the PRC, the individual income tax shall be withheld at a tax rate of 10% on dividends distributed by PRC companies to individual shareholders who are Hong Kong residents. The Notice further stipulates that individual H shareholders who are Hong Kong residents do not have to undergo the application process for entitlement of the preferential tax rate. For foreign individual H shareholders who are residents of jurisdictions with different withholding agreements under a tax treaty with the PRC, the tax rate under the specific tax treaty applies. For individual H shareholders who are residents of jurisdictions with no taxation arrangement with China, the individual income tax shall be withheld at a tax rate of 20% on dividends distributed to these foreign H shareholders.

The Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties (《非居民納稅人享受稅收協定待遇管理辦法》) also applies to the entitlement to tax treaty benefits by non-resident individual taxpayers incurring tax payment obligations in China. For details, please refer to the contents in relation to the Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties (《非居民納稅人享受稅收協定待遇管理辦法》) as set out in the paragraph above headed "Enterprise Income Tax."

Value-added Tax

According to the Interim Regulation of the PRC on Value Added Tax (《中華人民共和國增值稅暫行條例》) (the "Interim Regulation on Value Added Tax") of the State Council, which became effective on January 1, 1994, amended on November 5, 2008, and was amended on February 6, 2016 and became effective on January 1, 2009, all entities and individuals engaged in the sale of goods or provision of processing, repairing and replacing services and import of goods within the territory of the PRC shall pay the VAT. The amount of the VAT payable shall be calculated based on the VAT received and the VAT paid. In respect of the sale and import of goods or provision of processing, repairing and replacing services by the taxpayer, the VAT rate is 17%, while for the sale and import of particular commodities listed on the Interim Regulation on Value Added Tax by the taxpayer, the VAT rate is 13% and for the export of applicable commodities by the taxpayer, the VAT rate is zero.

OUR HISTORY

Our history can be traced back to 1984 when the predecessor of Nanjing Design Institute, a principal subsidiary of our Company, was established in the PRC, initially engaged in the business of engineering design for coal-fired power generation.

Commencing from 2004, upon the establishment of a number of our principal subsidiaries, our businesses were gradually expanded to environmental protection and energy conservation solutions, renewable energy engineering, thermal power plants engineering general contracting and other businesses. Please refer to the subsection headed "— Our Entities" for details.

The predecessor of our Company, China Datang Group Environment Technology Co., Ltd. (中國大唐集團環境技術有限公司), was established in the PRC in July 2011. Upon its establishment and immediately prior to completion of the Reorganization, China Datang, a wholly state-owned enterprise and our controlling shareholder, held 100% of its equity interest. Please refer to the subsection headed "— Our Shareholders" for details.

In preparation for the Listing, we underwent the Reorganization. In June 2015, upon the approval by the shareholders and SASAC, our Company was incorporated as a joint stock limited company through conversion from a limited liability company where China Datang and Capital Holding became our promoters. Further, in anticipation of focusing on our primary businesses after the Listing, we undertook a series of business restructuring whereby we transferred certain assets, equity interests in certain entities and employees relating to the businesses irrelevant of our principal businesses after the Listing to China Datang and its subsidiaries and/or independent third parties. As of the Latest Practicable Date, China Datang and Capital Holding held 99% and 1% equity interest in our Company, respectively. Please refer to the subsection headed "— Reorganization" for details.

OUR MILESTONES

Our development has gone through the key milestones as follows:

1984
- The predecessor of Nanjing Design Institute, Nanjing Dongnan Power Engineering Development Company (南京東南動力工程開發公司), was incorporated

2004
- Technologies & Engineering Company (科技工程公司) was incorporated
- Entered into the flue gas desulfurization technology transfer agreement with Austrian Energy Environmental Company (奧地利能源環境公司)

2008
- Successfully initiated the business sector of concession operations by obtaining the concession operations regarding 4 × 300 MW + 2 × 600 MW generating units of Luohe Power Plant

2011	•	The predecessor of our Company, China Datang Group Environment Technology Co., Ltd. (中國大唐集團環境技術有限公司) was incorporated
	•	Introduced the world-leading production technologies for plate-type denitrification catalysts from Johnson Matthey Catalysts (Germany) GmbH (formerly known as Argillon GmbH)
	•	Nanjing Environmental Protection was incorporated
2012	•	Participated in the construction project of the NPP5A 1 × 98 MW power station of Thailand, which was the first overseas project of our Company
	•	Carried out desulfurization concession operations at six coal-fired plants under China Datang Group, with an additional installed capacity of 11,660 MW
2013	•	Energy Management Company and Technologies & Engineering India were incorporated
2014	•	The production volume of our plate-type denitrification catalysts, ranked the largest in China, accounted for 42.4% of the market nationwide as of December 31, 2014
	•	Carried out denitrification concession operation at three coal-fired plants under China Datang Group, with a cumulative installed capacity of 3,980 MW
2015	•	Energy Saving Technology Company and Water Engineering & Technology Company were incorporated
	•	Our Company was converted into a joint stock limited company upon the approval from our Shareholders and the SASAC
	•	The cumulative contracted capacity of our desulfurization concession operations, ranked the largest in China, accounted for 21.6% of the total cumulative contracted capacity nationwide as of December 31, 2015
	•	The cumulative contracted capacity of our denitrification concession operations, ranked the largest in China, accounted for 38.2% of the total cumulative contracted capacity nationwide as of December 31, 2015
	•	The Datang Binzhou Power Plant Water Treatment Island Engineering Project was put into operation

2016 • We started our water treatment operation by entering into a water treatment island BOO contract for the water treatment island for Yan'an Thermal Power Plant

OUR ENTITIES

Our Company

The predecessor of our Company, China Datang Group Environment Technology Co., Ltd. (中國大唐集團環境技術有限公司), was established in the PRC as a limited liability company in July 2011 with an initial registered capital of RMB500 million. Upon the establishment of China Datang Group Environment Technology Co., Ltd. and immediately prior to completion of the Reorganization, China Datang, a wholly state-owned enterprise and our controlling shareholder, held 100% of its equity interest.

China Datang Group Environment Technology Co., Ltd. was renamed to Datang Technology Industry Co., Ltd. (大唐科技產業有限公司) in September 2013 and further to Datang Technology Industry Group Co., Ltd. (大唐科技產業集團有限公司) in December 2013.

In March 2014, the registered capital of Datang Technology Industry Group Co., Ltd. was increased to RMB550 million where China Datang subscribed and fully paid the additional share capital.

In December 2014, China Datang and Capital Holding (a wholly-owned subsidiary of China Datang) entered into an equity transfer agreement, pursuant to which China Datang transferred 1% equity interest in Datang Technology Industry Group Co., Ltd. to Capital Holding at nil consideration. Further, in June 2015, upon approvals by the then shareholders and the SASAC, our Company was incorporated in the PRC through conversion to a joint stock limited company from Datang Technology Industry Group Co., Ltd. where China Datang and Capital Holding became our promoters. Meanwhile, our Company was renamed to Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司).

In June 2015, the registered capital of our Company was further increased to RMB2,400 million. Upon completion of the capital increase and as of the Latest Practicable Date, China Datang and Capital Holding held 99% and 1% equity interest in our Company, respectively.

Our Subsidiaries

As of the Latest Practicable Date, our Company had twelve subsidiaries with details set out below:

1. Nanjing Design Institute (南京設計院)

In October 1984, Nanjing Dongnan Power Engineering Development Company (南京東南動力工程開發公司), the predecessor of Nanjing Design Institute, was established in the PRC as an enterprise under collective ownership (全民所有制企業) funded by Nanjing Xiaguan Electricity Factory (南京下關電廠), a state-owned enterprise. Since the commencement of its operations, it has been primarily engaged in engineering design for coal-fired electricity generation.

Subsequently, Dongnan Power Engineering Development Company was renamed to Nanjing Dongnan Power Engineering (Development) Company (南京東南動力工程(開發)公司) in May 1986, Nanjing Dongnan Power Engineering Joint Development Company (南京東南動力工程聯合開發公司) in March 1989 and further Jiangsu Nanjing Thermal Power Engineering Design Institute (江蘇南京熱電工程設計院), or Nanjing Thermal Power, in May 1992, respectively.

In April 2004, China Datang became the sole shareholder of Nanjing Thermal Power pursuant to a restructuring of state-owned enterprises in the electricity industry.

In December 2008, China Datang and Technologies & Engineering Company entered into an equity transfer agreement, pursuant to which China Datang transferred its 100% equity interest in Nanjing Thermal Power to Technologies & Engineering Company at a consideration of RMB2,491,500 based on valuation on the then assets of Nanjing Thermal Power.

In April 2015, Nanjing Thermal Power was converted to a limited liability company and renamed to Jiangsu Nanjing Thermal Electricity Engineering Design Institute Co., Ltd. (江蘇南京熱電工程設計院有限責任公司), or Nanjing Design Institute.

In April 2016, Technologies & Engineering Company and our Company entered into an equity transfer agreement, pursuant to which Technologies & Engineering Company transferred its 100% equity interest in Nanjing Design Institute to our Company at a consideration of RMB672,200 based on valuation of the assets of Nanjing Design Institute. As of the Latest Practicable Date, registration of such equity transfer with competent PRC authorities had not been completed.

As of the Latest Practicable Date, the registered capital of Nanjing Design Institute was RMB2,000,000. Upon completion of shareholder registration, our Company would hold its 100% equity interest.

2. Technologies & Engineering Company (科技工程公司)

In May 2004, Datang Environment Technology Co., Ltd. (大唐環境科技工程有限公司) was established as a limited liability company in the PRC and commenced its operations, primarily engaged in engineering of environmental protection facilities, general contracting of coal-fired power plants and renewable energy engineering .

Its initial shareholders included China Datang, China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd. (中國水利電力物資集團有限公司), a wholly-owned subsidiary of China Datang, and four companies who are independent third parties. In October 2007, it was renamed to China Datang Technologies & Engineering Co., Ltd. (中國大唐集團科技工程有限公司), or Technologies & Engineering Company.

In July 2012, China Datang and our Company entered into an equity transfer agreement, pursuant to which China Datang transferred its 51% equity interest in Technologies & Engineering Company to our Company at nil consideration.

As of the Latest Practicable Date, the registered capital of Technologies & Engineering Company was RMB180 million, and the equity interest of Technologies & Engineering Company was held by our Company, China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd. (a connected person), Centre Industrial Development Corporation (欣正實業發展總公司) (an independent third party immediately prior to holding the 10% equity interest in Technologies & Engineering Company), Beijing Huake Electric Engineering Technologies Co., Ltd. (北京華科電力工程技術有限公司) (an independent third party), Tuoketuo Electric Power Tongfa Commercial and Trading Co., Ltd. (托克托電力同發商貿有限責任公司) (an independent third party) and Wuxi Fanya Environmental Protection Technologies Co., Ltd. (無錫泛亞環保科技有限公司) (an independent third party) as to 51%, 23%, 10%, 6%, 5% and 5%, respectively.

3. Boyuanshengtang (博遠盛唐)

In January 2007, Beijing Boyuanshengtang Energy Technology Co., Ltd. (北京博遠盛唐能源科技有限公司), or Boyuanshengtang, was established pursuant to the laws of the PRC and commenced its operations, primarily engaged in investment management and other business. As of the Latest Practicable Date, the registered capital of Boyuanshengtang was RMB12,760,000 where Technologies & Engineering Company held its 100% equity interest.

4. Fengjing Property (豐璟物業)

In February 2007, Beijing Fengjingshengbao Property Management Co., Ltd. (北京豐璟晟寶物業管理有限公司), or Fengjing Property, was established pursuant to the laws of the PRC and commenced its operations, primarily engaged in the business of property management. As of the Latest Practicable Date, the registered capital of Fengjing Property was RMB500,000 where Boyuanshengtang held its 100% equity interest.

5. Hengtong Mechanical (恒通機械)

In January 2009, Beijing Datang Hengtong Mechanical Transport Co., Ltd. (北京大唐恒通機械輸送技術有限公司), or Hengtong Mechanical, was established pursuant to the laws of the PRC and commenced its operations, primarily engaged in the manufacturing and sales of dry slag extractor and pipe conveyor, chimney anti-corrosion engineering for coal-fired power plants. Upon the establishment of Hengtong Mechanical, Technologies & Engineering Company, Boyuanshengtang and Beijing Hengtong Huanke Material Conveying Technologies Co., Ltd. (北京恒通環科物料輸送技術有限公司), or Beijing Hengtong, an independent third party, held its 45.5%, 34.5% and 20% equity interest, respectively.

In May 2016, Beijing Hengtong and our Company entered into an equity transfer agreement, pursuant to which Beijing Hengtong transferred its 20% equity interest in Hengtong Mechanical to our Company at a consideration of RMB3,192,889.33 based on valuation of the assets of Hengtong Mechanical. As of the Latest Practicable Date, registration of such equity transfer with competent PRC authorities had not been completed.

As of the Latest Practicable Date, the registered capital of Hengtong Mechanical was RMB5,000,000. Upon completion of shareholder registration, Technologies & Engineering Company, Boyuanshengtang and our Company would hold its 45.5%, 34.5% and 20% equity interest, respectively.

6. Xingshengtang Trading (興盛唐商貿)

In July 2011, Datang (Beijing) Energy Saving Technology Co., Ltd. (大唐(北京)節能技術有限公司), was established in accordance with the laws of the PRC and commenced its operations, primarily engaged in the sales of construction materials, chemical products and machinery equipment. Subsequently, it was renamed to Beijing Xingshengtang Trading Co., Ltd. (北京興盛唐商貿有限公司), or Xingshengtang Trading, in August 2012. As of the Latest Practicable Date, the registered capital of Xingshengtang Trading was RMB10,000,000, where Technologies & Engineering Company held its 100% equity interest.

7. Nanjing Environmental Protection (南京環保)

In December 2011, Datang Nanjing Environmental Protection Technology Co., Ltd. (大唐南京環保科技有限責任公司), or Nanjing Environmental Protection, was established in the PRC and commenced its operations, primarily engaged in the production and manufacturing of denitrification catalysts. As of the Latest Practicable Date, the registered capital of Nanjing Environmental Protection was RMB124,630,000, and the equity interest of Nanjing Environmental Protection was held by our Company as to 92.11%, with the remaining 7.89% equity interest held by Jiangsu Shuangliang Technologies Co., Ltd. (江蘇雙良科技有限公司) (an independent third party) and Beijing Weidao Technologies Development Co., Ltd. (北京唯道科技發展有限公司) (an independent third party) as to 2.89% and 5%, respectively.

8. Energy Management Company (能源管理公司)

In January 2013, Datang (Beijing) Energy Management Co., Ltd. (大唐(北京)能源管理有限公司), or Energy Management Company, was established in the PRC and commenced its operations, primarily engaged in energy conservation engineering business and EMC business. As of the Latest Practicable Date, the registered capital of Energy Management Company was RMB50,000,000, where our Company held its 100% equity interest.

9. Technologies & Engineering India (科技工程印度公司)

Datang Technologies & Engineering India Private Limited (大唐科技工程印度有限公司), or Technologies & Engineering India, was established as a limited liability company pursuant to the laws of India in December 2013. The authorized share capital of Technologies & Engineering India is Rs 1,000,000, with Technologies & Engineering Company holding its 100% equity interest. Technologies & Engineering India commenced its operation in March 2014 and is primarily engaged in the business of engineering service and equipment purchase.

10. Energy Saving Technology Company (節能技術公司)

Datang (Beijing) Energy Saving Technology Co., Ltd. (大唐(北京)節能技術有限公司), or Energy Saving Technology Company, was established in the PRC and commenced its operations in April 2015, primarily engaged in the engineering of energy conservation transformation. As of the Latest Practicable Date, the registered capital of Energy Saving Technology Company was RMB10,000,000, where our Company and Beijing Mingwa Energy Saving & Environmental Protection Technologies Co., Ltd. (北京明娃節能環保科技有限公司) (an independent third party immediately prior to holding the 35% equity interest in Energy Saving Technology Company) held its 65% and 35% equity interest, respectively.

11. Water Engineering & Technology Company (水務工程公司)

Datang (Beijing) Water Engineering & Technology Co., Ltd. (大唐(北京)水務工程技術有限公司), or Water Engineering & Technology Company, was established in the PRC and commenced its operations in June 2015, primarily engaged in the waterwork engineering. As of the Latest Practicable Date, the registered capital of Water Engineering & Technology Company was RMB100,000,000, where our Company held its 100% equity interest.

12. Tiandi Environmental Protection (天地環保)

Zhejiang Datang Tiandi Environmental Protection Technology Co., Ltd. (浙江大唐天地環保科技有限公司), or Tiandi Environmental Protection, was established in the PRC in September 2015 and commenced its operations in November 2015, primarily engaged in the business of denitrification and desulfurization concession operations. As of the Latest Practicable Date, the registered capital of Tiandi Environmental Protection was RMB60,000,000, where our Company and Zhejiang Tiandi Environmental Protection Engineering Co., Ltd. (浙江天地環保工程有限公司), (an independent third party immediately prior to holding the 35% equity interest in Tiandi Environmental Protection) held its 65% and 35% equity interest, respectively.

Our Associate

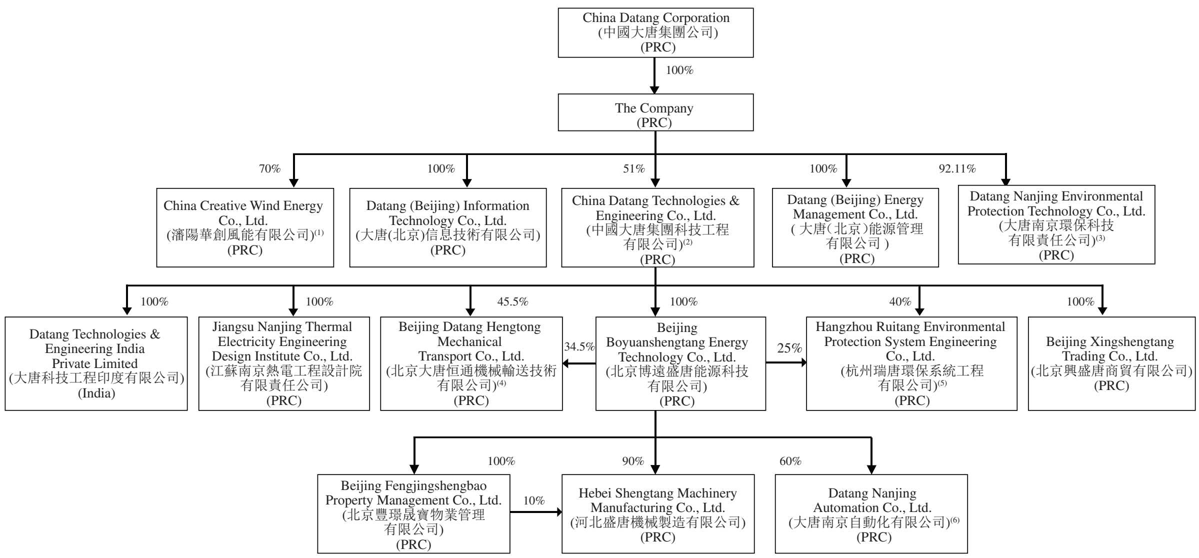
Overseas Technologies Service Company (海外技術服務公司)

China Datang Corporation Overseas Technologies Service Co., Ltd. (中國大唐集團海外技術服務有限公司), or Overseas Technologies Service Company, was established in the PRC in November 2015 and primarily engaged in the business of technology services and development. As of the Latest Practicable Date, the registered capital of Overseas Technologies Service was RMB50,000,000, where our Company held its 10% equity interest, with its remaining equity interest held by China Datang, China Datang Overseas Investment Co., Ltd. (中國大唐集團海外投資有限公司), Datang Shandong Power Generation Co., Ltd. (大唐山東發電有限公司), Datang Anhui Power Generation Co., Ltd. (大唐安徽發電有限公司) as to 40%, 30%, 10% and 10%, respectively. Each of China Datang Overseas Investment Co., Ltd., Datang Shandong Power Generation Co., Ltd., Datang Anhui Power Generation Co., Ltd. is a wholly-owned subsidiary of China Datang and a connected person.

REORGANIZATION

Commencing from December 2014, our Group undertook the Reorganization in preparation for the Listing.

The corporate chart below illustrates the shareholding structure of our Group immediately prior to the Reorganization:



Notes:

(1) The remaining 30% equity interest of China Creative Wind Energy Co., Ltd. (瀋陽華創風能有限公司) was held by Energy and Environment Research Institute of Shenyang University of Technology (瀋陽工大能源環境研究所), Qingdao Land of State Power Environment Engineering Co., Ltd. (青島國電藍德環境工程有限公司), Mr. Zhao Bingsheng and Mr. Yao Xingjia, all of whom were independent third parties, as to 18%, 10.55%, 1.27% and 0.18%, respectively. China Creative Wind Energy Co., Ltd. has five subsidiaries, including Ningxia Hua Chuang Wind Power Co., Ltd. (寧夏華創風能有限公司), Qingdao Hua Chuang Wind Power Co., Ltd. (青島華創風能有限公司), Tongliao Hua Chuang Wind Power Co., Ltd. (通遼華創風能有限公司), Laizhou Hua Chuang Wind Power Co., Ltd. (萊州華創風能有限公司), and Cirrus Wind Energy Inc., a company incorporated in the United States.

(2) The remaining 49% equity interest of China Datang Technologies & Engineering Co., Ltd. (中國大唐集團科技工程有限公司) was held by China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd. (中國水利電力物資集團有限公司), a wholly-owned subsidiary of China Datang (a connected person of the Company, primarily engaged in the business of trade and logistics related to water resources and electricity), Centre Industrial Development Corporation (欣正實業發展總公司) (an independent third party immediately prior to holding the 10% equity interest, primarily engaged in the business of real estate investment, trust and asset securitization, merger acquisition and restructuring of companies, domestic and overseas trading, property development and others), Beijing Huake Electric Engineering Technologies Co., Ltd. (北京華科電力工程技術有限公司) (an independent third party, primarily engaged in the business of manufacturing of automation equipment for power stations), Tuoketuo Electric Power Tongfa Commercial and Trading Co., Ltd. (托克托電力同發商貿有限責任公司) (an independent third party, primarily engaged in the business of accommodation, catering and entertainment) and Wuxi Fanya Environmental Protection Technologies Co., Ltd. (無錫泛亞環保科技有限公司) (an independent third party, primarily engaged in the business of environmental protection flue gas desulfurization, denitrification, sewage treatment, general contracting of engineering and production of green construction materials) as to 23%, 10%, 6%, 5% and 5%, respectively.

(3) The remaining 7.89% equity interest of Datang Nanjing Environmental Protection Technology Co., Ltd. (大唐南京環保科技有限責任公司) was held by Jiangsu Shuangliang Technologies Co., Ltd. (江蘇雙良科技有限公司) (primarily engaged in the business of manufacturing of air-conditioning products, manufacturing of boilers, and sales of metallic products and metal materials) and Beijing Weidao Technologies Development Co., Ltd. (北京唯道科技發展有限公司) (primarily engaged in the business of research and development of new advanced technology regarding environmental protection for electric power), both of whom are independent third parties, as to 2.89% and 5%, respectively.

(4) The remaining 20% equity interest of Beijing Datang Hengtong Mechanical Transport Co., Ltd. (北京大唐恒通機械輸送技術有限公司) was held by Beijing Hengtong Huanke Material Conveying Technologies Co., Ltd. (北京恒通環科物料輸送技術有限公司), an independent third party immediately prior to holding the 20% equity interest, primarily engaged in the business of researching, designing, manufacturing, installing and adjusting for the dry slag extracting system, coal transportation system, and other transportation system and the equipment for coal-fired power plants.

(5) The remaining 35% equity interest of Hangzhou Ruitang Environmental Protection System Engineering Co., Ltd. (杭州瑞唐環保系統工程有限公司) was held by Hangzhou Dexin Electric Environmental Protection Technology Co., Ltd. (杭州德鑫電力環保技術有限公司), an independent third party.

(6) The remaining 40% equity interest of Datang Nanjing Automation Co., Ltd. (大唐南京自動化有限公司) was held by Nanjing Ruitang Technology Development Co., Ltd. (南京瑞唐科技發展有限公司), an independent third party.

Introduction of our Promoters and Conversion

In December 2014, China Datang and Capital Holding entered into an equity transfer agreement, pursuant to which, China Datang transferred 1% equity interest in Datang Technology Industry Group Co., Ltd. to Capital Holding. In June 2015, upon approvals by the then shareholders and the SASAC, Datang Technology Industry Group Co., Ltd. was incorporated and converted into a joint stock limited company from a limited liability company with China Datang and Capital Holding as its promoters. Please refer to the subsection headed "— Our Entities — Our Company" for details.

Business Restructuring

Commencing from December 2014, in anticipation of focusing on its primary businesses after the Listing, our Group undertook a series of business restructuring.

Transfer of Equity Interest in Certain Entities

Prior to the Reorganization, our Company held, directly or indirectly, equity interest in five entities which were engaged in businesses other than our proposed primary businesses after the Listing. Therefore, as part of the Reorganization, our Company transferred our entire equity interest in these five entities to China Datang, the subsidiaries of China Datang and/or independent third parties.

- ***Information Technology Company***. Datang (Beijing) Information Technology Co., Ltd. (大唐(北京)信息技術有限公司), or Information Technology Company, was established in December 2013 as a wholly-owned subsidiary of our Company, primarily engaged in information and technology services and the business of digitalization and informatization of power plants. In December 2014, our Company and China Datang entered into a share transfer agreement, pursuant to which our Company transferred the 100% equity interest in Information Technology Company to China Datang at nil consideration.

- ***Hua Chuang***. China Creative Wind Energy Co., Ltd. (瀋陽華創風能有限公司), or Hua Chuang, was established in April 2006, where our Company acquired 70% of its equity interest from China Datang in November 2013, while Energy and Environment Research Institute of Shenyang University of Technology (瀋陽工大能源環境研究所), Qingdao Land of State Power Environment Engineering Co., Ltd. (青島國電藍德環境工程有限公司), Mr. Zhao Bingsheng and Mr. Yao Xingjia, all of whom were independent third parties, held its equity interests as to 18%, 10.55%, 1.27% and 0.18%, respectively. Hua Chuang was primarily engaged in the production of wind power generating products. Pursuant to an equity transfer agreement entered into by our Company and China Datang in December 2014, our Company transferred the 70% equity interest in Hua Chuang to China Datang at nil consideration.

- ***Hangzhou Ruitang***. Hangzhou Ruitang Environmental Protection System Engineering Co., Ltd. (杭州瑞唐環保系統工程有限公司), or Hangzhou Ruitang, was established in January 2005, where Technologies & Engineering Company and Boyuanshengtang held 40% and 25% of its equity interest, respectively, with the remaining 35% equity interest held by Hangzhou Dexin Electric Environmental Protection Technology Co., Ltd. (杭州德鑫電力環保技術有限公司), an independent third party. Hangzhou Ruitang was primarily engaged in the research, development and manufacturing of limestone ground delivery sorting and pneumatic conveying systems. In April 2015, through a public auction process, Technologies & Engineering Company and Boyuanshengtang transferred their entire equity interest in Hangzhou Ruitang to Beijing Beike Huadian Technological Co., Ltd. (北京北科華電科技股份有限公司), an independent third party, at a consideration of RMB1, respectively. Such transaction was made at arm's length where the consideration was determined by all parties based on a valuation on the then net assets of Hangzhou Ruitang.

- ***Hebei Shengtang***. Hebei Shengtang Machinery Manufacturing Co., Ltd. (河北盛唐機械製造有限公司), or Hebei Shengtang, was established in September 2007, where Boyuanshengtang and Fengjing Property, two subsidiaries of our Company, held 90% and 10% of its equity interest, respectively. Hebei Shengtang was primarily engaged in the business of house and equipment leasing. In February 2015, through a public auction process, Boyuanshengtang and Fengjing Property jointly transferred their 100% of equity interest and entire claims in Hebei Shengtang to Sanhe Fusheng Investment Co., Ltd. (三河福生投資有限公司), an independent third party, at a consideration of RMB25,180,000. Such transaction was made at arm's length where the consideration was determined by all parties based on a valuation on the then net assets of Hebei Shengtang.

- ***Nanjing Automation***. Datang Nanjing Automation Co., Ltd. (大唐南京自動化有限公司), or Nanjing Automation, was established in May 2008, where Boyuanshengtang, a subsidiary of the Company, held its 60% equity interest, with the remaining 40% equity interest held by Nanjing Ruitang Technology Development Co., Ltd. (南京瑞唐科技發展有限公司), or Nanjing Ruitang, an independent third party. Nanjing Automation was primarily engaged in the business of manufacture, research and development of intelligent monitoring system. In May 2015, Boyuanshengtang entered into a share transfer agreement with Information Technology Company to dispose of its 60% equity interest in Nanjing Automation because the primary business of Nanjing Automation was no longer the focus of our business operations. Such transaction was made at a consideration of RMB28,638,100, which was determined by Boyuanshengtang and Information Technology Company at arm's length based on a valuation on the then net assets of Nanjing Automation. According to the advice of our PRC legal advisor, such share transfer agreement and transaction were legal, valid and effective, and were compliant with applicable PRC laws and regulations and the articles of association of Nanjing Automation. As of the Latest Practicable Date, the shareholder registration of Information Technology Company had not been completed at the relevant authority; however, based on the advice of our PRC legal advisor, it shall not affect the validity and effectiveness of the transfer of 60% equity interest in Nanjing Automation from Boyuanshengtang to Information Technology Company under PRC laws and regulations, although there have been disputes from Nanjing Ruitang on the validity and effectiveness of such share transfer. Please refer to the section headed "Business — Legal Proceedings and Regulations" for more details.

Business Agreements

As confirmed by our PRC legal advisor, upon completion of the transfer of our equity interest in the above five entities, we were not required to amend or revise our business agreements with our customers, suppliers or other business partners for the purpose of our business restructuring. However, we might need to notify our customers, suppliers or other business partners where relevant contractual terms require so.

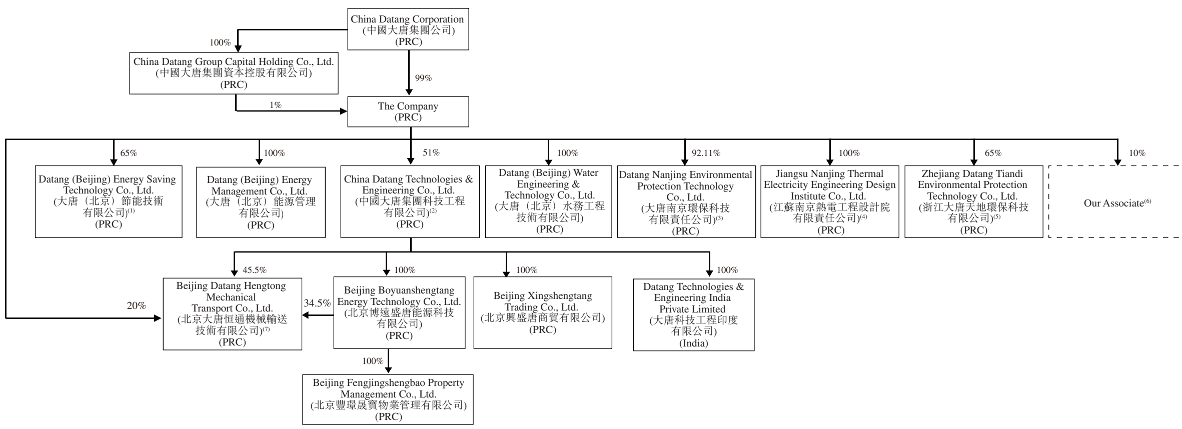
Properties, Intellectual Properties and other Assets

Upon completion of the transfer of our equity interest in the above five entities, properties, intellectual properties and other assets owned by these entities were no longer owned by our Group.

Employees

Upon completion of the transfer of our equity interest in the above five entities, employees of these entities were no longer employees of our Company and its subsidiaries whose salaries and social benefits were no longer paid by our Group.

The chart below illustrates the shareholding structure of our Group upon completion of the Reorganization and immediately prior to the Global Offering:



Notes:

(1) The remaining 35% equity interest of Datang (Beijing) Energy Saving Technology Co., Ltd. (大唐(北京)節能技術有限公司) was held by Beijing Mingwa Energy Saving & Environmental Protection Technologies Co., Ltd. (北京明娃節能環保科技有限公司) (an independent third party immediately prior to holding the 35% equity interest, primarily engaged in the business of investment management).

(2) The remaining 49% equity interest of China Datang Technologies & Engineering Co., Ltd. (中國大唐集團科技工程有限公司) was held by China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd. (中國水利電力物資集團有限公司), a wholly-owned subsidiary of China Datang (a connected person of the Company, primarily engaged in the business of trade and logistics related to water resources and electricity), Centre Industrial Development Corporation (欣正實業發展總公司) (an independent third party immediately prior to holding the 10% equity interest, primarily engaged in the business of real estate investment, trust and asset securitization, merger acquisition and restructuring of companies, domestic and overseas trading, property development and others), Beijing Huake Electric Engineering Technologies Co., Ltd. (北京華科電力工程技術有限公司) (an independent third party, primarily engaged in the business of manufacturing of automation equipment for power stations), Tuoketuo Electric Power Tongfa Commercial and Trading Co., Ltd. (托克托電力同發商貿有限責任公司) (an independent third party, primarily engaged in the business of accommodation, catering and entertainment) and Wuxi Fanya Environmental Protection Technologies Co., Ltd. (無錫泛亞環保科技有限公司) (an independent third party, primarily engaged in the business of environmental protection flue gas desulfurization, denitrification, sewage treatment, general contracting of engineering and production of green construction materials) as to 23%, 10%, 6%, 5% and 5%, respectively.

(3) The remaining 7.89% equity interest of Datang Nanjing Environmental Protection Technology Co., Ltd. (大唐南京環保科技有限責任公司) was held by Jiangsu Shuangliang Technologies Co., Ltd. (江蘇雙良科技有限公司) (primarily engaged in the business of manufacturing of air-conditioning products, manufacturing of boilers, and sales of metallic products and metal materials) and Beijing Weidao Technologies Development Co., Ltd. (北京唯道科技發展有限公司) (primarily engaged in the business of research and development of new advanced technology regarding environmental protection for electric power), both of whom are independent third parties, as to 2.89% and 5%, respectively.

(4) As of the Latest Practicable Date, registration of transfer of 100% equity interest in Nanjing Design Institute from Technologies & Engineering Company to our Company with competent PRC authorities had not been completed.

(5) The remaining 35% equity interest of Zhejiang Datang Tiandi Environmental Protection Technology Co., Ltd. (浙江大唐天地環保科技有限公司) was held by Zhejiang Tiandi Environmental Protection Engineering Co., Ltd. (浙江天地環保工程有限公司) (an independent third party immediately prior to holding the 35% equity interest, primarily engaged in the business of environmental engineering general contracting, development of environmental protection products and technologies, power engineering design, environmental engineering, environmental protection facilities operation and technical services).

(6) For details of our associate, please see the paragraph headed "— Our Entities — Our Associate" in this section.

(7) As of the Latest Practicable Date, registration of transfer of 20% equity interest in Hengtong Mechanical from Beijing Hengtong to our company with competent PRC authorities had not been completed.

Our PRC legal advisor has confirmed that, as of the Latest Practicable Date, (i) the settlement of all the equity transfers in the Reorganization process had been properly and legally completed; (ii) the Reorganization of the Group was in compliance with the provisions of relevant PRC laws and regulations; and (iii) the Group had obtained the approvals related to the Reorganization from the relevant authorities in the PRC.

OUR SHAREHOLDERS

1. China Datang

China Datang Corporation (中國大唐集團公司), or China Datang, is our controlling shareholder and one of our promoters. It is a wholly state-owned enterprise and a mega power generation company established based on certain business units of the former State Power Corporation (國家電力公司) in April 2003. As of the Latest Practicable Date, its registered capital amounted to approximately RMB18,009 million. China Datang is primarily engaged in various power generation business.

2. Capital Holding

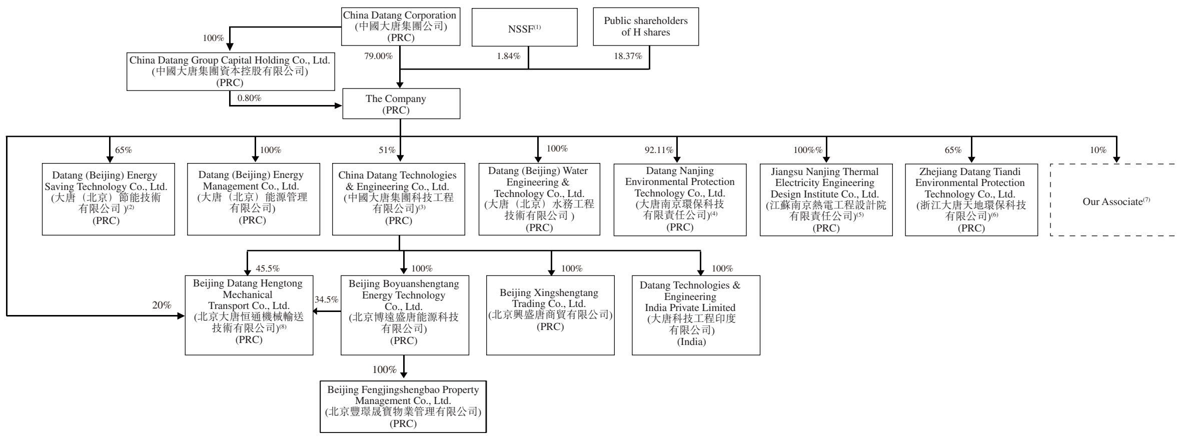
China Datang Group Capital Holding Co., Ltd. (中國大唐集團資本控股有限公司), or Capital Holding, is a wholly-owned subsidiary of China Datang and one of our promoters. It was established in the PRC in September 2005. As of the Latest Practicable Date, its registered capital amounted to approximately RMB2 billion. Capital Holding is primarily engaged in investment management, asset management and investment consultation.

INVESTMENT, OPTION, WARRANT AND CONVERTIBLE BONDS PRIOR TO THE GLOBAL OFFERING

As of the Latest Practicable Date, the Company has not carried out any investment nor granted any option, warrant or convertible bond prior to the Global Offering.

CORPORATE STRUCTURE

Assuming that the Over-allotment Option is not exercised at all, the shareholding and corporate structure of the Group immediately after the completion of the Global Offering is illustrated in the chart as follows:



Notes:

(1) Upon completion of the Global Offering and assuming that the Over-allotment Option has not been exercised, 54,000,000 Domestic Shares (accounting for approximately 1.84% of the total share capital of the Company) shall be transferred to the NSSF and shall be held by the NSSF pursuant to the relevant PRC regulations regarding the reduction in the holding of state-owned shares.

(2) The remaining 35% equity interest of Datang (Beijing) Energy Saving Technology Co., Ltd. (大唐(北京)節能技術有限公司) is held by Beijing Mingwa Energy Saving & Environmental Protection Technologies Co., Ltd. (北京明娃節能環保科技有限公司) (an independent third party immediately prior to holding the 35% equity interest, primarily engaged in the business of investment management).

(3) The remaining 49% equity interest of China Datang Technologies & Engineering Co., Ltd. (中國大唐集團科技工程有限公司) was held by China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd. (中國水利電力物資集團有限公司), a wholly-owned subsidiary of China Datang (a connected person of the Company, primarily engaged in the business of trade and logistics related to water resources and electricity), Centre Industrial Development Corporation (欣正實業發展總公司) (an independent third party immediately prior to holding the 10% equity interest, primarily engaged in the business of real estate investment, trust and asset securitization, merger acquisition and restructuring of companies, domestic and overseas trading, property development and others), Beijing Huake Electric Engineering Technologies Co., Ltd. (北京華科電力工程技術有限公司) (an independent third party, primarily engaged in the business of manufacturing of automation equipment for power stations), Tuoketuo Electric Power Tongfa Commercial and Trading Co., Ltd. (托克托電力同發商貿有限責任公司) (an independent third party, primarily engaged in the business of accommodation, catering and entertainment) and Wuxi Fanya Environmental Protection Technologies Co., Ltd. (無錫泛亞環保科技有限公司) (an independent third party, primarily engaged in the business of environmental protection flue gas desulfurization, denitrification, sewage treatment, general contracting of engineering and production of green construction materials) as to 23%, 10%, 6%, 5% and 5%, respectively.

(4) The remaining 7.89% equity interest of Datang Nanjing Environmental Protection Technology Co., Ltd. (大唐南京環保科技有限責任公司) is held by Jiangsu Shuangliang Technologies Co., Ltd. (江蘇雙良科技有限公司) (an independent third party, primarily engaged in the business of manufacturing of air-conditioning products, manufacturing of boilers, and sales of metallic products and metal materials) and Beijing Weidao Technologies Development Co., Ltd. (北京唯道科技發展有限公司) (an independent third party immediately prior to holding the 10% equity interest, primarily engaged in the business of research and development of new advanced technology regarding environmental protection for electric power) as to 2.89% and 5%, respectively.

(5) As of the Latest Practicable Date, registration of transfer of 100% equity interest in Nanjing Design Institute from Technologies & Engineering Company to our Company with competent PRC authorities had not been completed.

(6) The remaining 35% equity interest of Zhejiang Datang Tiandi Environmental Protection Technology Co., Ltd. (浙江大唐天地環保科技有限公司) was held by Zhejiang Tiandi Environmental Protection Engineering Co., Ltd. (浙江天地環保工程有限公司) (an independent third party immediately prior to holding the 35% equity interest, primarily engaged in the business of environmental engineering general contracting, development of environmental protection products and technologies, power engineering design, environmental engineering, environmental protection facilities operation and technical services).

(7) For details of our associate, please see the paragraph headed "— Our Entities — Our Associate" in this section.

(8) As of the Latest Practicable Date, registration of transfer of 20% equity interest in Hengtong Mechanical from Beijing Hengtong to our company with competent PRC authorities had not been completed.

OVERVIEW

We are the sole platform for the development of environmental protection and energy conservation business under China Datang Group, one of the five major state wholly-owned power generation groups in the PRC. Leveraging our strategic advantage in operating a national leading business with a presence throughout the entire industry value chain for environmental protection and energy conservation business for coal-fired power plants, we provide one-stop solutions that are convenient to coal-fired power generation enterprises and other customers.

Our environmental protection facility concession operations dominate our business operations. Our flue gas desulfurization and denitrification concession operations for coal-fired power plants involve the investment, operation, maintenance and daily management of desulfurization and denitrification facilities, with a goal to meet the target emission indices as specified in the relevant concession operation agreements. According to Frost & Sullivan Report, in terms of cumulative contracted capacity by the end of 2015, the cumulative contracted capacity of our desulfurization and denitrification concession operation represented 21.6% and 38.2% of the domestic market, respectively, both ranking as the largest nationwide. We focus on the standardization, centralization and professionalization of our management of flue gas desulfurization and denitrification concession operations for coal-fired power plants, aiming to improve our cost structure and ultimately achieve operation efficiency significantly above industry norm. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the gross margin of our desulfurization and denitrification concession operation was 38.3%, 31.3%, 36.8% and 39.4%, respectively.

According to Frost & Sullivan Report, we were the largest manufacturer of plate-type denitrification catalyst in the world in terms of production volume in 2015, with a market share in the PRC plate-type denitrification catalyst market of 30.7%, ranking as the largest nationwide. We also aim to develop an integrated and full industry value chain comprising of manufacturing, testing, regenerating, recycling and specialized training in relation to denitrification catalyst. We can provide comprehensive technical service and guidance related to denitrification catalyst. We have adopted advanced information technology and established a big data analysis center for denitrification system, which allows us to achieve full life-cycle management of denitrification catalysts for power plants and build a technical management support system in relation to, among others, catalyst activity monitoring, life-cycle management, regeneration and reloading guidance.

Our environmental protection facilities engineering business primarily adopts EPC business model, under which we provide engineering construction and refurbishment services by combining design, procurement and construction management services for environmental protection facilities, such as desulfurization, denitrification, dust removal and ash and slag handling, and industrial site dust management for coal-fired power generation enterprises. According to Frost & Sullivan Report, in terms of cumulative installed capacity of denitrification facilities in operation by the end of 2015, we accounted for 6.3% of the domestic market, ranking as the third largest nationwide. We have continuously carried out independent research and development and seized the initiative in market competitions. As of June 30, 2016, we had completed 96 denitrification facilities engineering projects (including both newly-built and refurbished projects), with the cumulative installed capacity in operation and cumulative contracted capacity reaching 60,640 MW and 67,980 MW, respectively; we had completed 59 desulfurization facilities engineering projects (including both newly-built and refurbished projects), with the cumulative installed capacity in operation and cumulative contracted capacity reaching 36,220 MW and 55,360 MW, respectively; we had completed 51 dust removal facilities engineering projects (including both newly-built and refurbished projects), with the cumulative installed capacity in operation and cumulative contracted capacity reaching 31,460 MW and 47,300 MW, respectively; we had completed 93 sets of ash removal system projects for power generation units with a cumulative capacity of 14,688 MW, and 101 sets of dry slag extractor projects for power generation units with a cumulative capacity of 15,711 MW ; and we had completed the engineering general contracting projects for three newly-built coal transportation systems of power plants and the installation of two sets of pipe conveyor belts under the industrial site dust management business.

As part of our comprehensive environmental protection and energy conservation solutions for coal-fired power plants, we are also engaged in water treatment business, providing water treatment engineering services primarily under EPC model, and water treatment operation business including investment, design, construction and operation of water treatment facilities. We also provide coal-fired power generation enterprises with energy conservation solutions, including energy conservation engineering business and energy management contract (EMC) business, to refurbish their existing high energy-consuming facilities to conserve water, electricity, coal or oil. Our energy conservation technologies comprehensively cover the major facilities used for coal-fired power generation, including the pulverizing system, wind and smoke system, steam and water system, and cold-end system.

In addition to our comprehensive environmental protection and energy conservation solutions for coal-fired power plants, we also provide our customers with one-stop solutions for renewable energy engineering primarily under EPC model, including engineering general contracting business for newly-built wind power plants and photovoltaic power plants. We also conduct thermal power plants engineering general contracting business under EPC model. As of June 30, 2016, we had completed 21 wind power plants engineering projects, with a cumulative installed capacity in operation and a cumulative contracted capacity of 1,016.8 MW and 1,715.1 MW, respectively; we had completed four photovoltaic power plant engineering projects, with a cumulative installed capacity in operation and a cumulative contracted capacity of 80 MW and 80 MW, respectively; and we had completed two thermal power plant engineering general contracting projects with a cumulative installed capacity in operation and a cumulative contracted capacity of 625 MW and 625 MW, respectively.

Leveraging the favorable public policy environment and the fast development of environmental protection and energy conservation industry in China, we have achieved rapid growth and sound operating results. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, our revenue was RMB5.7 billion, RMB6.5 billion, RMB8.6 billion and RMB3.1 billion, respectively, with our profit from continuing operations amounting to RMB496.4 million, RMB494.8 million, RMB750.3 million and RMB438.5 million, respectively.

We intend to continue focusing on research and development as the "core driving force" of our sustainable development. We endeavor to strengthen and enhance the competitive advantages of our existing business, and promote new sources of growth in income and profit. Our vision is to become a renowned player in the global environmental protection and energy conservation industry, contributing to the environmental improvement and resource conservation in China and the world.

OUR COMPETITIVE STRENGTHS

We are a trendsetter and leader of the environmental protection and energy conservation for China's electric power industry; we focus on environmental protection and energy conservation and have achieved outstanding historical performances and increasingly stable operating cash flows, which lays a solid foundation for the future growth of our business operations.

- Environmental protection and energy conservation are our primary business operations. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, before intra-segment and inter-segment elimination of segments or sub-segments, the gross profit of our environmental protection and energy conservation solutions business represented 98.8%, 94.0%, 97.4% and 92.7% of our total gross profit, respectively.

- Many of our environmental protection businesses holding leading positions in China.

  ➢ Leading desulfurization facilities concession operations in the PRC. We were among the first enterprises in China that were approved to conduct desulfurization facilities concession operations, and also the first pilot enterprise engaging in flue gas desulfurization facilities concession operations for coal-fired power plants in the PRC that passed the evaluation by CEC. As of December 31, 2015, the cumulative contracted capacity of our desulfurization concession operation business accounted for 21.6% of the total cumulative contracted capacity of flue gas desulfurization concession operation in China and ranked as the largest nationwide according to Frost & Sullivan Report. In terms of installed capacity, we expect to put over 31 GW of desulfurization facilities into concession operation from 2016 to 2020.

  ➢ Rapidly growing denitrification facilities concession operations. Our denitrification facilities concession operations have been growing rapidly since we started the business in 2014. As of December 31, 2015, the cumulative contracted capacity of our denitrification concession operation business accounted for 38.2% of the total cumulative contracted capacity of flue gas denitrification concession operation in China and ranked as the largest nationwide according to Frost & Sullivan Report. Our denitrification facilities concession operation business has great growth potentials. In terms of installed capacity, we expect to put over 31 GW of denitrification facilities into concession operation from 2016 to 2020.

➢ World-leading plate-type denitrification catalyst business. According to Frost & Sullivan Report, plate-type denitrification catalyst is believed to be more suitable for the composition features of the coal consumed by coal-fired power enterprises in China. According to Frost & Sullivan Report, we were the largest manufacturer of plate-type denitrification catalyst in the world in terms of our production volume in 2015, with a market share in the PRC plate-type denitrification catalyst market at 30.7%, ranking as the largest nationwide. We have diversified customer portfolios: in addition to the subsidiaries of China Datang, our customers also include many independent third parties, such as coal-fired power generation enterprises under, among others, China Huaneng Group, China Huadian Corporation and Shenhua Group Corporation Limited, which demonstrated the market recognition of our business operation. We have also established a CNAS-accredited testing center for denitrification catalysts and a denitrification big data information system, which allows us to become one of the few suppliers in China capable of achieving full life-cycle management for denitrification catalysts.

➢ Leading denitrification engineering business in the PRC. In 2007, the denitrification facilities for No. 8 power generation unit of Yangcheng Power Plant (陽城發電廠) Phase II undertaken by us commenced operation and was one of the first self-built denitrification facilities put into operation at coal-fired power plants in China. By the end of 2015, the cumulative installed capacity in operation for all denitrification engineering projects completed by us represented 6.3% of the total cumulative installed capacity in operation for the PRC flue gas denitrification engineering market and ranked as the third largest in China according to Frost & Sullivan Report.

- Outstanding historical performances and increasingly stable cash flows. The rapid growth and profit contribution from our environmental protection and energy conservation solutions business has propelled the rapid ramping-up of financial performances. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, before intra-segment and inter-segment elimination of segments or sub-segments, the gross profit from our environmental protection and energy conservation solutions business represented 98.8%, 94.0%, 97.4% and 92.7% of our total gross profit, respectively. For the years ended December 31, 2013, 2014 and 2015, our return on total assets reached 6.6%, 5.3% and 6.2%, respectively, demonstrating our industry-leading profitability. Desulfurization and denitrification concession operations contribute significantly to our gross profit and will generate stable cash flows. The contractual terms of our desulfurization and denitrification facilities concession operations and coal-fired power plant water treatment operations are the same with the life cycles of the relevant coal-fired power plants, which enables us to effectively lock up the customers of our concession operations and generate stable cash flows, quality operating revenue and strong risk resistance.

Our industry has a broad market prospect. The favorable public policy environment and broad market prospect provide us with ample room for expanding our business operations and assurances of growth in our performances.

- China's resources reserve determined the structure of energy consumption and electric power generation. According to Frost & Sullivan Report, China has abundant coal resources, with a nationwide proved reserve of approximately 114.5 billion tonnes as of the end of 2015, representing 12.8% of the global proved reserve of coal; China's production volume in 2015 was approximately 3.8 billion tonnes, representing approximately half of the global annual production. According to Frost & Sullivan Report, coal's contribution to China's primary energy consumption amounted to 64% in 2015. The structure of China's primary energy consumption determines the leading and fundamental role played by coal-fired power generation units in the power generation industry. According to Frost & Sullivan Report, coal-fired power generation contributed to approximately 67.0% of the electric power generated in China in 2015. It is forecast that coal-fired power generation will continue to be the most important source of power generation and contribute approximately 57.4% of the electric power generation in China in 2020.

- Urgent demands of ecological and cultural development in China resulted in favorable policy environment. Due to the increasingly severe environmental pollutions in China and the key role of energy conservation and emission reduction in coal-fired power generation for improving environmental pollution, the PRC government has issued a series of policies in recent years to encourage energy conservation and emission reduction and vigorously promote the development of environmental protection and energy conservation industry.

  ➢ Energy conservation and emission reduction of coal-fired power generation. The PRC government has imposed increasingly stringent caps on coal consumption and pollutant emission on coal-fired power plants in recent years. For example, according to the Action Plan and other relevant laws and regulations, the PRC government aims to achieve the goal in 2020 that the standard coal consumption for power supply at existing coal-fired power generation units of 600,000 kW or above to be of 300 g/kWh. Meanwhile, the PRC government imposed stringent ultra-low emission standards, seeking to achieve the emission cap for dust, SO_2 and NO_x of 10 mg/m^3, 35 mg/m^3 and 50 mg/m^3, respectively.

➢ Actively promoting environmental protection and energy conservation industry. The PRC government promulgated a series of rules and regulations such as the "*12th Five-Year" Plan on Development of Energy Conservation and Environmental protection Industry* (《「十二五」節能環保產業發展規劃》), the *Opinion on Accelerating the Development of Energy Conservation and Environmental Protection Industry* (《關於加快發展節能環保產業的意見》), the *Implementation Program for Energy Efficiency 'Forerunner' System* (《能效「領跑者」制度實施方案》), the *Action Plan for Water Pollution Prevention and Control* (《水污染防治行動計劃》), the *Soil Pollution Prevention Action Plan* (《土壤污染防治行動計劃》), and the *Work Plan for Ultra-low Emission.* Consistent policy support provides strong driving force for the development of environmental protection and energy conservation industry.

➢ Promoting concession operations and third-party treatment. Based on its review of the pilot projects of desulfurization and denitrification facilities concession operations for coal-fired power generation enterprises, CEC fully acknowledges the impact and implications of concession operation model, and concludes that the concession operation model shall continue to be promoted among coal-fired power generation enterprises. The NDRC also issued the *Guidance Opinion on Promoting Third-party Treatment of Environment Pollution in Coal-fired Power Plants* (《關於在燃煤電廠推行環境污染第三方治理的指導意見》) in 2015, assuring the encouragement and acknowledgement of third-party treatment model for coal-fired power plants, including concession operations.

• Attractive market prospect for environmental protection and energy conservation industry in the PRC. The public policies of the PRC government in relation to environmental protection and energy conservation provide effective driving force for the rapid development of the target markets for our products and services. According to Frost & Sullivan Report, the environmental protection and energy conservation industry will continue to maintain a double-digit growth rate in the future, with the industry output CAGR from 2015 to 2020 reaching 14.9% and the industry output growing from RMB4.6 trillion in 2015 to RMB9.2 trillion in 2020. The substantial market room provides tremendous growth potential for our environmental protection and energy conservation business.

- ➢ Market for desulfurization and denitrification facilities concession operations. According to Frost & Sullivan Report, the desulfurization and denitrification facilities operated through concession operation account for a relatively small market share in the PRC. By the end of 2015, the desulfurization and denitrification facilities contracted to be operated by way of concession operation represented 16.2% and 8.0% of all desulfurization and denitrification facilities in operation in the PRC, respectively. It is expected that, in 2020, the cumulative contracted capacity of desulfurization and denitrification concession operations in the PRC will represent approximately 38.1% and 35.9% of the then installed capacity of desulfurization and denitrification facilities in operation in the PRC, respectively. We believe that as the PRC authorities continue to promote the application of third-party treatment model in environmental protection industry in future, the proportion of desulfurization and denitrification facilities operated by way of concession operation will continue to grow at the coal-fired power plants. According to Frost & Sullivan Report, from 2015 to 2020, the market size for desulfurization facilities concession operations is forecast to grow from RMB7.3 billion to RMB18.6 billion, with a CAGR of 20.6%; and the market size for denitrification facilities concession operations is forecast to grow from RMB1.7 billion to RMB10.1 billion, with a CAGR of 42.8%.

- ➢ Market for ultra-low emissions. The PRC government had recently imposed increasingly stringent restrictions on standards of air pollutant emissions by coal-fired power plants. According to Frost & Sullivan Report, the development of coal-fired power plant "ultra-low emissions" engineering market in China will peak in 2017 and 2018, and its market size will reach RMB30.7 billion and RMB30.3 billion, respectively. The introduction of ultra-low emission tariff will also promote the development of concession operation market. According to Frost & Sullivan Report, it is expected that by the end of 2016, in terms of cumulative installed capacity, less than 10% environmental protection facilities operated through concession operation can satisfy the ultra-low emission standards, and such ratio will increase to approximately 35% by the end of 2020. A concession operation project that satisfies the ultra-low emission standards will be entitled to the additional ultra-low emission tariff in the amount of RMB0.01 per kWh or RMB0.005 per kWh, therefore the revenue of such concession operation project will increase significantly. The ultra-low emission policy will continue to propel the development of market for environmental protection at coal-fired power plants and create new growth opportunities for us.

- ➢ Market for energy conservation services. According to Frost & Sullivan Report, the energy conservation industry in China is forecast to develop stably in future, with the total output reaching more than RMB548.7 billion in 2020. The output of energy conservation industry in China is estimated to grow at a CAGR of 11.9% from 2015 to 2020. According to Frost & Sullivan Report, the annual contract value for energy management contracts of coal-fired power plants in China will continue to maintain a double-digit growth rate up to 2020 at a CAGR of 11.8% from 2015 to 2020, reaching an expected annual contract value of approximately RMB5.6 billion in 2020.

- ➢ Market for water treatment. There is substantial room for growth in China's water treatment market, especially in counties and less-developed regions. According to Frost & Sullivan Report, investments in relation to water treatment in China are forecast to be more than RMB2 trillion during the period from 2015 to 2020. The market for water treatment business (including water treatment operation and water treatment engineering) at coal-fired power plants also have attractive growth prospect in future. We are one of the four enterprises in China that currently have the capability for undertaking water treatment island engineering projects for power plants and we are undertaking water treatment island operation business for coal-fired power plants. We believe that the water treatment island model will be increasingly adopted by newly-built power plants in China in the future.

- Tremendous potential in overseas market. The *Belt and Road Initiative* (namely the strategic blueprint to construct the *Silk Road Economic Belt* and *21st Century Maritime Silk Road*) focuses on the infrastructure construction, including energy, as one of its key investment regimes. According to the International Energy Agency, the average annual investment in the power industry by the non-OECD *Belt and Road Initiative* countries is expected to amount to approximately EUR246.1 billion from 2014 to 2020. With the continuous enhancement of the environmental protection standards by the *Belt and Road Initiative* countries, there will be bright prospect in the overseas market.

As the environmental protection and energy conservation industry continues to maintain high-speed growth in the future, we believe our business will continue growing stably over the long run by leveraging our professionalized management abilities, market shares and capabilities for expansion in relation to environmental protection and energy conservation.

We enjoy substantial synergies among our different business operations. We have comprehensive capabilities to conduct integrated business operations and provide one-stop solutions covering the whole industry value chain of environmental protection and energy conservation for coal-fired power plants, releasing synergies among our business operations and creating value consistently for our customers.

- Comprehensive capabilities to conduct integrated business operations. The increasingly stringent requirements imposed by the PRC government on environmental protection and energy conservation of coal-fired power plants drive the rapid development of environmental protection and energy conservation industry for coal-fired power plants in the PRC. We are able to provide our customers with one-stop solutions for environmental protection and energy conservation, covering research and development, design, product, service, investment and operation. For example, with respect to the desulfurization and denitrification facilities concession operation projects built and operated by us, we design the desulfurization and denitrification systems, make investment and organize equipment procurement and engineering construction; meanwhile, we also supply plate-type denitrification catalysts in our operation of such projects, and offer our customers with one-stop services in relation to denitrification catalysts including testing and assessment, online life-cycle management, evaluation of investment or refurbishment plans, covering services such as procurement, operation, regeneration, replacement and discharge disposal of denitrification catalysts.

- Providing one-stop solutions covering the whole industry value chain of environmental protection and energy conservation. Our business operations cover the whole industry value chain of environmental protection and energy conservation for coal-fired power plants, providing one-stop solutions for coal-fired power generation enterprises. For example, our environmental protection solutions can help coal-fired power generation enterprises in relation to flue gas desulfurization, denitrification, dust removal, ash and slag handling and industrial site dust management, and can provide our customers with integrated solutions to achieve ultra-low emissions; our energy conservation solutions can help coal-fired power generation enterprises to carry out technical refurbishment of energy conservation, such as upgrading of combustion optimization technology, cogeneration and heat pump technology, and to carry out EMC business; we can also provide coal-fired power generation enterprises with services in relation to water treatment engineering and water treatment operation.

- Releasing synergies among our environmental protection and energy conservation businesses. Our environmental protection and energy conservation solutions seek to address various issues of energy conservation and emission reduction faced by the coal-fired power plants. The knowledge and techniques required for our different environmental protection and energy conservation businesses are complementary, resulting in substantial synergies in terms of technologies and suppliers network among various businesses. In addition, according to Frost & Sullivan Report, coal-fired power generation enterprises will value the capability of providing comprehensive integrated solutions when selecting product and service providers for environmental protection and energy conservation. Our ability to offer one-stop solutions positions ourselves to centralize our resources in relation to management, finance, technology and suppliers, continuously reduce the costs of our projects, create value for our customers, strengthen the cohesiveness and sustainability of our customer relationship, and continuously improve the competitiveness of our products and services.

We have strong technology research and development capabilities. Our strength in technologies and strong capabilities in research and development, design and product development improve our market competitiveness and provide compelling assurance that we can continue to maintain our industry-leading position.

In 2013, we were certified as a "Key High and New-Tech Enterprise of National Torch Plan (國家火炬計劃重點高新技術企業)" by the MOST, which is the most advanced level of qualification that a high and new-technology enterprise can obtain in China . We derive our competitive advantages in technology research and development primarily in the following manners:

- Gaining initiatives in market competition through independent technology development. Responding to the demands of our business operation and development, we invest substantial resources in research and development, focusing on proprietary development and innovation to gain initiatives in the market competition, which would help us to increase our market share and continuously enhance our market competitiveness. Our efforts on technology research and development have yielded many achievements:

  ➢ As of the Latest Practicable Date, we had obtained 457 patents and 44 software copyrights, with applications for 131 patents pending;

  ➢ We had also independently developed a urea-pyrolysis ammonia preparation device used for denitrification facilities, which is determined world-leading by the Chinese Society for Electrical Engineering (中國電機工程學會);

  ➢ We independently developed a urea-catalyzed hydrolysis ammonia reaction device for denitrification facilities, which is the first of its kind in China and opens up an uncharted territory in terms of technologies available in China;

  ➢ We had mastered advanced integrated technologies for achieving ultra-low emissions in relation to desulfurization, denitrification, and dust removal, by successfully completing ultra-low emission refurbishments for 8,930 MW environmental protection facilities as of the Latest Practicable Date. For example, in December 2014, we completed our first ultra-low emission desulfurization facilities refurbishment project at China Datang Nanjing Power Plant, achieving a SO_2 emission level of 16.3 mg/m^3, which is significantly below the ultra-low emission cap of 35 mg/m^3. This project represents a breakthrough in the pollutant emission reduction for the massive fleet of coal-fired power generation units in China.

- Introducing advanced international technologies into our business operations to achieve internationalization. We have introduced various advanced international technologies into our business operations, which enable us to keep abreast with our peers in the world and closely follow world-leading technologies:

  - ➢ We introduced into our business operations the advanced limestone-wet gypsum flue gas desulfurization technology from Andritz Energy & Environment GmbH, in 2004;
  - ➢ We introduced into our business operations the advanced liquid ammonia SCR flue gas denitrification technology from Babcock-Hitachi Kabushiki Kaisha, a Japanese company, in 2007;
  - ➢ We introduced into our business operations the leading low voltage rotary pulse-jet cloth bag dust removal technology from Envirotherm GmbH, a German company, in 2008;
  - ➢ We introduced into our business operations one of the world-leading production technologies of plate-type denitrification catalyst from Johnson Matthey Catalysts (Germany) GmbH (formerly known as Argillon GmbH) in 2011;
  - ➢ We introduced into our business operations the advanced wet electrostatic precipitating dust removal technology from Clyde Bergemann Power Group Americas Inc. in 2014;
  - ➢ We also introduced the advanced denitrification catalyst regeneration technology from STEAG Energy Services GmbH in 2014, which we expect to apply in the operation of our denitrification catalyst regeneration base in Nanjing, China, expected to commence production by the end of 2016.

- Participating in the drafting of industry standards help us to maintain our industry-leading position. We have participated in drafting a number of PRC national standards, PRC industry standards and international industry standards in relation to environmental protection and energy conservation for coal-fired power generation, including the *Technical Criteria of Thermal Power Plant Flue Gas Denitrification Catalyst Testing* (《火電廠煙氣脱硝催化劑檢測技術規範》), the IEEE Standards on *Power Plant De-Nitrogen Oxide (DeNo$_x$) Plate-Type Catalyst (IEEE 的《火電廠煙氣脱硝平板式催化劑》標準)* and the *Technical Guidelines for Energy Management Contracting of Power Enterprises* (《電力企業合同能源管理技術導則》), which were then reviewed and adopted by the relevant authorities or industry bodies. Our participations in drafting various standards are not only the showcase to our customers our industry-leading technological capabilities, but also help us to gain an in-depth understanding of various standards, which in turn can help us to ensure strict compliance with applicable standards of our products and services provided to the customers.

- Our research and development platform is an incubator for our scientific and technological innovation. We have established a number of technology research and development centers and laboratories, such as Datang Electric Power Design Institute (大唐電力設計研究院) located in Beijing, and Denitrification Catalyst Testing Center (脱硝催化劑檢測中心) and Key Laboratory of Denitrification Catalyst (脱硝催化劑重點實驗室) located in Nanjing. In particular, our Denitrification Catalyst Testing Center has been accredited by CNAS as of first-class standard, with the investment in equipment and instruments thereof amounting to over RMB30 million. Our Denitrification Catalyst Testing Center is an authoritative testing center accredited by CNAS with the widest range of testing items currently available in the industry, covering all major testing items for both plate-type and honeycomb-type catalysts. We have established, with the approval of the Ministry of Human Resources and Social Security of the PRC (國家人力資源和社會保障部), two post-doctoral mobile scientific research stations in 2008 and 2013, respectively, and an academicians and experts workstation (院士專家工作站) in 2013.

We have outstanding professional management capabilities. Our professionalized management system and project management and control capabilities help us to improve efficiency and reduce costs, generating our core soft power in market competition.

- Establishing professionalized management system for our concession operations. We have established standardized management system, technical standards and operating procedures. We have also set up an operation management information platform, which provides our specialized management with basis by collecting real-time data in relation to the desulfurization and denitrification facilities. We have developed a technical support platform to provide technical support and services to our concession operations. We have established an operation supervision and assessment platform to supervise, assess, and preemptively control the risks over various indices of our concession operations such as safety, technology, economics and environmental protection performances. We have established a modularized operation management platform to formulate standardized procedures for each aspect of our concession operations, such as acquisition and construction of desulfurization or denitrification facilities, procurement and maintenance. We have built a human resources support platform to centralize the human resources administration of our concession operations.

- Innovations in management model helping to improve efficiency and reduce costs. According to Frost & Sullivan Report, we are the pioneer in adopting the collaborative management model in the coal-fired power plants environmental protection and energy conservation industry to carry out desulfurization and denitrification concession operations. Adopting the collaborative management model can lower our operational costs, transfer away part of the risks in operation, and improve our operating efficiency by leveraging the existing human resources of the coal-fired power plants. Under this model, we set forth the technical standards and guidelines for operation and maintenance, formulate plan and budget for operation and maintenance, prepare technology refurbishment proposal and make investment, and supervise and manage the daily operation and maintenance of the facilities. The coal-fired power plants are responsible for providing ancillary services such as daily operation and maintenance. We believe that, compared with models where the concession operators build their own or acquire teams providing ancillary services, our collaborative management model has cost advantages. The professional management of environmental protection facilities by concession operators creates synergies with the integrated operations at the power plants, resulting in reduced risks in relation to stable operation and safety of the relevant equipment; the concession operators may also transfer away the relevant risks to the power plants. Such professional management optimizes raw material and energy consumption indices, and decreases the required number of employees of the concession operators. As the management of the concession operations projects is more streamlined, the operating efficiency is improved and operating costs are reduced.

Our employees are of first-class caliber. Our experienced management team and professional technical and business employees are the foundation and driving force for maintaining our market position and achieving satisfactory performance results.

- Management team with abundant industry experiences and professional expertise. The responsibilities and duties of each member of our senior management team are clearly delineated, with most of them having worked at our Company for over five years. A stable senior management team can build up in-depth and thorough understanding of each aspects of the operation and management of our business operations. Members of our senior management team possess an average of 20 years of experience in the electric power industry and years of experience in the environmental protection and energy conservation industry. Abundant industry experience enable our management to maintain outstanding professional expertise, which helps us to obtain accurate understanding of our customers' demands and stay current with and even lead the industry development.

- A professional and competitive employee team of appropriate scale. As of June 30, 2016, we had 983 employees in total. Our research and development team comprised 154 employees, among which, more than 62.3% held mid and senior levels technician titles, more than 48.1% held master's degrees or above, and more than 13.6% were registered engineers in various fields or held national level professional qualifications for the relevant industries. We are one of the first enterprises in China to commence concession operations, and we have established a professional team with ample experiences to conduct concession operations. As of June 30, 2016, among the employees engaged in concession operations, 16 held a master's degree and approximately 93.7% held an associate degree or above, 36 held advanced professional and technical qualifications and approximately 83.0% of employees engaged in concession operations had obtained professional and technical qualifications.

- Internal and external research and development teams with outstanding professional and technical expertise. As of June 30, 2016, our own research and development team comprised 154 employees. We also endeavor to leverage the talented professionals of third parties through various manners. For example, we often collaborate with renowned universities such as Tsinghua University (清華大學), Zhejiang University (浙江大學) and Southeast University (東南大學).

We are the sole platform of China Datang Group for the development of environmental protection and energy conservation business. Strong policies and abundant resources of China Datang Group provide the support and foundation for our market expansion, facilitate the growth of our business operations and utilization of customer channel resources and research and development.

China Datang Group is one of the five major state wholly-owned power generation groups in the PRC, and has been a Fortune Global 500 enterprise for six consecutive years since 2010. China Datang Group positions the environmental protection and energy conservation business to be of strategic importance, receiving recognitions from the PRC government and international organizations. In 2011, China Datang was named as one of the "Top Ten Green Enterprises in the PRC" (中國十佳綠色責任企業) by the United Nations Environment Programme. In addition, China Datang was named as an "Excellent Enterprise in Energy Conservation and Emission Reduction" (節能減排優秀企業) multiple times by the SASAC.

We are positioned as the sole platform of China Datang Group for the development of environmental protection and energy conservation business, focusing on comprehensively catering to the demands of coal-fired power plants for environmental protection and energy conservation. Such strategic positioning will help us to ensure the potential for our future business growth, develop and maintain long-term and cohesive customer relationship with coal-fired power generation enterprises.

- Ensuring growth potentials of our business. Leveraging our position as the sole platform within China Datang Group for the development of environmental protection and energy conservation business, the cumulative contracted capacity for our desulfurization and denitrification concession operations as of December 31, 2015, both ranked as the largest in the PRC; the production volume of denitrification catalysts in 2015 was the largest nationwide and worldwide; the cumulative installed capacity in operation for our denitrification engineering business ranked as the third largest in China by the end of 2015. We primarily carry out our concession operation business through acquiring existing desulfurization and denitrification facilities or constructing new ones for coal-fired power plants of China Datang Group. As the installed capacity of coal-fired power generation of China Datang Group continues increasing in the future, we expect continuous growth of the cumulative installed capacity in operation for our desulfurization and denitrification facilities concession operations.

We have also entered into a Non-Competition Agreement with China Datang, which is designed to bring more visibility to the future growth potential of our business operations and increase the predictability of our business growth. Under the Non-Competition Agreement, China Datang has awarded us a right of first refusal in acquiring new business opportunities such as environmental protection and energy conservation solutions, renewable energy engineering, thermal power plants engineering general contracting, and a right of first refusal in acquiring the reserved business and any future competitive business of China Datang Group. For more details, please see "Relationship with Our Controlling Shareholder."

- Enabling us to develop long-term and cohesive customer relationship. China's electric power industry is relatively highly concentrated. The five major state wholly-owned power generation groups in the PRC, including China Datang Group, contributed nearly 45% of the cumulative installed capacity by the end of 2015 and power generation output in 2015, among which China Datang Group contributed approximately 8.4% and 8.5% of the cumulative installed capacity and power generation output, respectively. The relatively high customer concentration of the environmental protection and energy conservation industry, highlights the importance of long-term and cohesive relationship between power generation enterprises and environmental protection and energy conservation enterprises. As the sole platform of China Datang Group for the development of environmental protection and energy conservation business, we are advantageously positioned to establish and maintain good business relationship with power generation enterprises under China Datang Group. It would be easier for us to develop stable and mutually trustworthy customer relationship with power generation enterprises who are independent from China Datang Group.

OUR STRATEGIES

Our mission is to become a renowned player in the global environmental protection and energy conservation industry, with consistent technological advantages, proprietary technical service capabilities, and capabilities to provide specialized equipment and one-stop integrated solutions, which enables us to create value for our customers and shareholders, and contribute to the environmental improvement and resource conservation. To achieve our mission, we intend to adopt the following strategies.

Continue to maintain our market leading position of desulfurization and denitrification facilities concession operations

According to Frost & Sullivan Report, as of December 31, 2015, the cumulative contracted capacity of our denitrification and desulfurization facilities concession operations both ranked as the largest in the PRC. We intend to continue expanding our desulfurization and denitrification facilities concession operation business through construction or acquisition. As the sole platform of China Datang Group for the development of environmental protection and energy conservation business, we intend to continue to expand our business generated from China Datang Group. Meanwhile, we intend to ramp up our initiatives to explore the external market for desulfurization and denitrification facilities concession operations and gradually increase the proportion of our business generated therefrom, especially the power generation enterprises under the local power investment enterprises or coal enterprises. We also intend to seize upon the market opportunities to develop the integrated ultra-low emissions operations. The PRC government has promulgated rules on ultra-low emission tariff. It is provided that the ultra-low emission tariff for the existing power generation units in operation prior to January 1, 2016 amounts to RMB0.01 per kWh and for the newly-built power generation units after January 1, 2016 amounts to RMB0.005 per kWh. Such ultra-low emission tariff is tentatively enforceable until the end of 2017 and will be gradually unified and lowered after 2018. According to Frost & Sullivan Report, the revenue of a concession operation project that satisfies the ultra-low emission standards will increase significantly. We are actively developing the ultra-low emission concession operation business and it is expected that by the first quarter of 2017, we will have over 20,000 MW environmental protection facilities operated through concession operation satisfied the ultra-low emission standards and enjoy the ultra-low emission tariff thereof.

From 2016 to 2020, we plan to put desulfurization facilities with an installed capacity over 31 GW into concession operation and denitrification facilities with an installed capacity over 31 GW into concession operation.

We have established a data analysis center for concession operations to collect data throughout the entire operation process, from planning, design, model selection, procurement, manufacture, installment, operation, maintenance, refurbishment to discharge disposal, with an aim to realize the interconnection of environmental protection facility data and to realize the integration of informatization and industrialization. This data analysis center will not only serve as a technical support platform, but will be able to provide comprehensive support and is the primary platform for the professionalized management of environmental protection facilities to realize the centralized monitoring, full life-cycle management of the environmental protection facilities, data and experience sharing.

Solidify the industry-leading position of our denitrification catalyst business

Based on our production volume of denitrification catalysts in 2015, our market share in the PRC plate-type denitrification catalyst market was 30.7%, ranking as the largest nationwide according to Frost & Sullivan Report. We intend to fully utilize our branding effect and market profile as a state-owned enterprise to expand our sales channels and attract new customers. Leveraging the development of our testing center for denitrification catalysts and big data system, we also intend to promote our full life-cycle management for denitrification catalysts and eventually render more comprehensive services to our customers and further increase customer loyalty. In addition, we intend to closely keep track of the latest environmental protection public policies and market demands and diversify our product portfolio by expanding into denitrification catalyst regeneration and discharge disposal business, in order to grow into an integrated denitrification catalyst supplier covering the entire industry value chain, including manufacture, testing, regeneration, discharge disposal and professional training.

Improve the sustainability of our environmental protection facility engineering business

We intend to leverage our integrated operating capabilities in relation to environmental protection, covering research and development, design, product, service, investment and operation, and fully utilize our existing talents reserve and technological advantages, in order to provide tailor-made and integrated environmental protection solutions to our customers, and ultimately strengthen the competitiveness and sustainability of our environmental protection facilities engineering business. We also intend to fully leverage our first-mover advantages in ultra-low emissions and seize upon market opportunities to expand our ultra-low emissions refurbishment engineering business. As of the Latest Practicable Date, we had entered into contracts or won bids for 57 ultra-low emission refurbishment projects with the total capacity being 41,090 MW and the total contract value being RMB2,675.8 million, among which we had completed 8,930 MW.

We intend to further develop our environmental protection facility engineering business. We will review the potential projects based on various factors, please see "Risk Factors — Risks Relating to Our Business and Industry — Our business growth depends on our ability to identify profitable projects, to further develop our existing business and to expand into new businesses or markets. If we do not have the said ability, then our business and prospects may be adversely influenced."

We will continue to ramp up our marketing initiatives for our environmental protection facilities engineering business in relation to customers other than coal-fired power enterprises, such as those in the iron and steel, cement and petro-chemical industries, in order to expand our environmental protection facilities engineering business into other areas with future demands for environmental improvement. As air pollutant emissions in the iron and steel, cement and petro-chemical industries become increasing severe in recent years, the Chinese government has issued a series of policies to strengthen the governance thereof. In addition, the enforcement of various standards is expected to be further enhanced. The demand for the refurbishment of desulfurization and dust removal facilities in iron and steel industry, installation of ancillary denitrification facilities, refurbishment of denitrification and dust removal facilities in cement industry, refurbishment of desulfurization, denitrification and dust removal facilities in petro-chemical industry will constantly increase. For instance, the PRC government has issued the *Emission Standard of Air Pollutants for Cement Industry* (水泥工業大氣污染物排放標準) (GB4915-2013), the *Emission Standard of Air Pollutants for Sintering and Pelletizing of Iron and Steel industry* (鋼鐵燒結、球團工業大氣污染物排放標準) (GB28662-2012) and the *Pollutant Emission Standard for Petro-chemical Industry* (《石油化學工業污染物排放標準》) (GB31571-2015) to raise the emission standards in those industries. The environmental protection technologies for coal-fired power plants are also applicable to iron and steel, cement and petro-chemical industries. By leveraging our technology advantages, we believe we are able to attract new customers in these industries. We will also endeavor to build up our reserve of cutting-edge technologies to seize upon in a timely manner market opportunities in relation to our engineering business in areas such as flue gas demercuration, removal of heavy metal, and carbon emission reduction.

Vigorously develop new emerging environmental protection and energy conservation business

We intend to closely keep track of the rapidly growing demands of environmental protection and energy conservation in China, flexibly utilize various business models, and vigorously develop new emerging environmental protection and energy conservation business, in order to develop new sources of growth in income and profit:

- Water treatment business. As of June 30, 2016, we had completed 83 water treatment engineering projects, through which we had built up ample experience and established long-term and close relationships with our customers, and had entered into one water treatment island BOO contract. We will continue to develop our water treatment islands engineering business for coal-fired power plants, actively develop our wastewater compliant discharge or zero-discharge engineering business for coal-fired power plants, vigorously develop our water treatment operations for coal-fired power plants, and engage in industrial and municipal water treatment business for customers other than coal-fired power plants.

- Energy conservation business. We endeavor to grow into a provider of integrated energy conservation solutions for the electric power industry, capable of offering solutions such as energy conservation diagnosis, technical consulting, design and research and development, supply of equipment, engineering construction and energy conservation investment.

- Soil treatment business. Along with the promulgation of *Soil Pollution Prevention Action Plan*, it is expected that in the 13th Five-Year Plan period, the size of soil repair market in the PRC will increase to approximately RMB500 billion to RMB600 billion. We plan to seize the market opportunities to actively develop the soil treatment business for coal-fired power plants, including soil investigation for newly-built coal-fired power plant and prevention and control engineering of solid waste and hazardous waste, soil examination for existing coal-fired power plants, technology renovation of the prevention and control engineering of solid waste and hazardous waste, and detection and repair of pollution outbreaks.

Continue to promote research and development and technological innovation

Leveraging our existing platform for research and development, we intend to continue to engage in independent research and development, technological innovation or introduction, in order to provide the "core driving force" for our sustainable development. We will continue to increase our investments in research and development and technological innovation, strengthen the development of our research and development and technological innovation team, and carry out research and development collaborations with higher education institutions and third-party scientific research institutes, in order to build up our core competitive strength through continuous technological innovation. Our research and development and technological innovation efforts primarily focus on the following key areas:

- Zero discharge of wastewater from coal-fired power plants. Many local governments of the PRC have commenced to impose increasingly stringent standards on air pollutants emissions of coal-fired power generation enterprises, seeking to meet the ultra-low emission standard for the gas turbine generation units. We believe that coal-fired power generation enterprises will begin seeking to achieve zero-discharge of wastewater in the future. One of the key focus areas of our research and development efforts is the technology and equipment required to achieve zero-discharge of wastewater.

- Flue gas demercuration for coal-fired power plants. In recent years, the treatment for mercury pollutant emission by coal-fired power plants has been gaining increasing importance. We intend to continue to improve our existing technology for collaborative demercuration through utilizing denitrification catalysts.

- Disposal of replaced denitrification catalysts. According to Frost & Sullivan Report, the penetration rate of the cumulative installed capacity for flue gas denitrification in China amounted to 96.3% by the end of 2015. Upon the expiration of the life cycle of denitrification catalysts, which usually last 24,000 hours, it is necessary to either regenerate or directly replace such denitrification catalysts. Such replaced denitrification catalysts need to be disposed. We intend to ramp up our research and development efforts with regard to the disposal technology for replaced denitrification catalysts.

- Removal of sulfur trioxide from flue gas of coal-fired power plants. Microscopic particles of sulfur trioxide (SO_3) are produced during the operation of flue gas desulfurization and denitrification facilities at coal-fired power plants. Although there is no strict limit on SO_3 emissions in the existing standards on flue gas emissions for coal-fired power generation, we intend to develop technologies for removal of SO_3 from the flue gas of coal-fired power generation, to build up our reserve of technologies for the more stringent environmental protection standards in the future.

- Soil remediation. The soil remediation industry in the PRC is at a rather early stage. We intend to focus on developing remediation technologies for soil contaminated by industrial pollutions, primarily developing integrated soil remediation technologies and in-situ bioremediation technologies for polluted soil.

Expand our existing business operations with competitive advantages to overseas

During the Track Record Period, we had established relevant business operations in certain countries such as India and Thailand. We intend to seize upon the opportunities arising from the *Belt and Road Initiative* proposed by the PRC government to aggressively develop our overseas business. Currently, the power-related environmental protection standards for most *Belt and Road Initiative* countries are not high. In light of the agreement reached in the United Nations Climate Change Conference in Paris in 2015, *Belt and Road Initiative* countries are expected to further enhance the atmospheric pollutant emissions standards. In recent years, the environmental protection and energy conservation industry of *Belt and Road Initiative* countries, such as India, is still at a rather early stage, and those countries start to pay increasing attention to relevant environmental protection issues and gradually improve the standards, which will boost the development of overseas market. We expect favorable opportunities emerging in the overseas market. By utilizing our integrated capabilities in relation to environmental protection and energy conservation and our ample experience and reserve of technologies, we aim to seize upon the market opportunities in *Belt and Road Initiative* countries in order to expand our overseas business and achieve rapid development.

Continue to promote innovation in management

We will continue to promote our unique standardized management system for concession operations. We also intend to continuously improve our operation efficiency and optimize the technical and economic indices of our concession operations, by utilizing our uniform platforms set up for the concession operations, including the human resources support platform, operation supervision and assessment platform, technical support platform, informatized supervision platform and modularized operation management platform.

We will also continue to strengthen our customer management by establishing fast response mechanism for customer demands and further improving the suitability of our tailor-made environmental protection and energy conservation solutions, in order to create additional value for our customers. In addition, we intend to continue to reduce our expenditures and costs for engineering and operation and improve our management efficiency, through measures such as optimizing design, optimizing operation, and centralized procurement.

OUR BUSINESS

We have been focusing on providing superior environmental protection and energy conservation solutions, since our establishment, to coal-fired power generation enterprises, assisting them to reduce the emission of pollutants and facilitating them to reach the national standards in China and to further satisfy the even more strict standards imposed by the local governments. According to Frost & Sullivan Report, we are a national leading first-class enterprise in environmental protection and energy conservation business for coal-fired power plants in China and one of the very few environmental protection and energy conservation solution providers who can integratedly provide quality products and services throughout the entire industry value chain. For the years ended December 31, 2013, 2014 and 2015 and for the six months ended June 30, 2016, our revenue derived from our environmental protection and energy conservation solutions business, before inter-segment elimination of business segments or sub-segments, was approximately RMB4,852.7 million, RMB5,621.1 million, RMB5,594.9 million and RMB2,238.0 million, respectively, accounting for 79.4%, 82.3%, 63.8% and 70.6% of our total revenue before inter-segment elimination of business segments or sub-segments, respectively.

Our environmental protection and energy conservation solution business can be further divided into five sub-segments, namely environmental protection facility concession operation, denitrification catalysts, environmental protection facilities engineering, water treatment business and energy conservation business:

- Environmental protection facility concession operation. It currently covers desulfurization and denitrification concession operations of coal-fired power generation enterprises. Under such model, coal-fired power generation enterprises grant us with the right, through agreements, to collect the statutory desulfurization or denitrification tariff and other benefits from the preferential policies promulgated by the PRC government, and we shall undertake the investment, operation, maintenance and daily management of the desulfurization or denitrification facilities and accomplish the desulfurization or denitrification mission provided in such agreements. With the implementation of ultra-low emission tariff nationwide, we will also benefit therefrom.

- Denitrification catalysts. We are committed to establishing our presence over the entire industry value chain, integrating services including manufacturing, testing, regeneration, recycling and treatment as well as professionalized training in relation to denitrification catalysts.

- Environmental protection facilities engineering. Currently, it mainly includes the construction and refurbishment of environmental protection facilities such as desulfurization, denitrification, dust removal, ash and slag handling and industrial site dust management for coal-fired power generation enterprises. Our environmental protection facilities engineering business mainly adopts EPC business model. Under the EPC model, we, as the general contractor of a project, undertake services related to environmental protection facilities including design, equipment and raw materials procurement, construction and installation, testing, trial operation, inspection and acceptance, and client personnel trainings. We undertake overall responsibility for all elements of a project and coordinate the integration of the overall system to deliver tailor-made integrated solutions to our customers.

- Water treatment business. Currently, we carry out our water treatment engineering business for coal-fired power plants mainly under EPC model. According to Frost & Sullivan Report, there are currently only four enterprises in China that have the required integrated design and construction capabilities to undertake water treatment island engineering projects for coal-fired power plants. We also carry out water treatment operation which includes investment, design, construction and operation of water treatment facilities.

- Energy conservation business. We offer coal-fired power generation enterprises with energy conservation solutions to refurbish their existing high energy-consuming equipment to achieve purposes of conserving water, electricity, coal or oil. The energy conservation solutions provided by us currently include energy conservation engineering business and energy management contract (EMC) business.

In addition to the environmental protection and energy conservation solutions business, we are also engaged in the renewable energy engineering business, thermal power plants engineering general contracting business and other businesses.

Environmental Protection and Energy Conservation Solutions

Being the sole platform for the development of environmental protection and energy conservation business under China Datang Group, we have been focusing on providing superior environmental protection and energy conservation solutions, since our establishment, to coal-fired power generation enterprises, assisting them to reduce the emission of pollutions and facilitating them to satisfy the national standards in China and the even more stringent standards set by the local governments. According to Frost & Sullivan Report, in terms of China's energy structure, it is expected that coal-fired power generation will continue to be the most important source of power generation by 2020, accounting for approximately 57.4% of the total power generation in the PRC in 2020. With increasing public environmental protection awareness over the past few years, the PRC government has gradually imposed more stringent requirements on and increased the investment in environmental protection. During the 11th Five-year Plan period, the PRC government had invested RMB71.3 billion in desulfurization and denitrification. During the 12th Five-year Plan period, such investment had been increased to RMB135.0 billion and more attention has been paid to the emerging environmental protection industry. For example, the PRC government has contributed RMB30 billion towards the cloth bag dust removal during the 12th Five-year Plan period.

We provide convenient one-stop solutions for our customers. Our environmental protection and energy conservation solutions business focuses on and comprehensively covers the needs throughout the entire industry value chain of environmental protection and energy conservation for coal-fired power plants. Our environmental protection and energy conservation solution business mainly includes flue gas desulfurization and denitrification facilities concession operation business for coal-fired power plants; the manufacture and sale of denitrification catalysts business; engineering business for coal-fired power plants, including the engineering of denitrification, desulfurization, dust removal, ash and slag handling and other environmental protection facilities and industrial site dust management related engineering; water treatment business; and energy conservation business including energy conservation engineering and EMC. According to Frost & Sullivan Report, we are a trendsetter and a leader of the environmental protection and energy conservation for China's electric power industry and one of the very few environmental protection and energy conservation solution providers who can integratedly provide quality products and services throughout the entire industry value chain. In order to assist coal-fired power generation enterprises to satisfy the applicable standards, we are capable to help coal-fired power generation enterprises build, operate or upgrade and refurbish their desulfurization and denitrification facilities and other environmental protection and energy conservation facilities.

Our environmental protection and energy conservation solutions business can be further divided into five sub-segments, namely environmental protection facilities concession operation, denitrification catalysts, environmental protection facilities engineering, water treatment business and energy conservation business. The table below sets forth our revenue breakdown by sub-segments of our environmental protection and energy conservation solutions business, before inter-segment elimination of business segments or sub-segments:

	For the year ended December 31,						For the six months ended June 30,	
	2013		2014		2015		2016	
	RMB'000	% of the total	RMB'000	% of the total	RMB'000	% of the total	RMB'000	% of the total
Environmental protection and energy conservation solutions								
Environmental protection facilities concession operation	1,104,264	22.8	1,356,975	24.1	1,881,644	33.6	1,176,491	52.6
Denitrification catalysts	738,165	15.2	709,707	12.6	506,051	9.1	240,966	10.8
Environmental protection facilities engineering	3,005,008	61.9	3,326,309	59.2	2,935,481	52.5	731,453	32.7
Water treatment business	5,154	0.1	104,186	1.9	191,790	3.4	81,356	3.6
Energy conservation	142	0.0	123,910	2.2	79,956	1.4	7,748	0.3
Total revenue from environmental protection and energy conservation solutions	**4,852,733**	**100.0**	**5,621,087**	**100.0**	**5,594,922**	**100.0**	**2,238,014**	**100.0**
Inter-segment elimination(1)	(363,081)		(296,262)		(141,110)		(25,123)	
Total external revenue from environmental protection and energy conservation solutions	4,489,652		5,324,825		5,453,812		2,212,891	

Note:

(1) Inter-segment elimination of revenue from environmental protection and energy conservation solutions segment mainly arises from the inter-segment sales to other business segments or sub-segments made by the sub-segments within environmental protection and energy conservation solutions segment, mainly including the inter-segment sales from denitrification facilities engineering sub-segment to thermal power plants engineering general contracting segment, the inter-segment sales from dust removal facilities engineering sub-segment to thermal power plants engineering general contracting segment, the inter-segment sales from water treatment business sub-segment to thermal power plants engineering general contracting segment and the inter-segment sales from denitrification catalysts sub-segment to environmental protection facilities concession operation sub-segment.

Environmental Protection Facilities Concession Operation Business

Overview

The PRC government decides to promote the concession operation model to deal with certain issues arising during the process of flue gas desulfurization for coal-fired power plants, such as the failure to meet the quality standards on flue gas desulfurization engineering, the poor operational results of desulfurization facilities due to the lack of professional operation and maintenance, and the slow progress in desulfurization technology innovation. The PRC government also encourages the flue gas denitrification concession operations for coal-fired power plants. Concession operation model integrates the design, construction and operation of pollution treatment facilities, and encourages coal-fired power generation enterprises to engage professional companies to carry out pollution treatment or environmental protection facility operation. Under such model, coal-fired power generation enterprises grant the professional companies with the right, through agreements, to collect the desulfurization or denitrification tariff and other benefits under the preferential policies promulgated by PRC government. The professional companies, on the other hand, shall undertake the investment, construction, operation, maintenance and daily management of the desulfurization or denitrification facilities, and accomplish the desulfurization or denitrification missions stipulated in such agreements. For the desulfurization or denitrification facilities in operation, concession operations can be carried out upon the acquisition thereof. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, our revenue derived from our concession operation business was approximately RMB1,104.3 million, RMB1,357.0 million, RMB1,881.6 million and RMB1,176.5 million, respectively.

Flue gas desulfurization and denitrification concession operations for coal-fired power plants generally have the following characteristics:

- <u>Desulfurization and denitrification facilities.</u> The desulfurization and denitrification facilities involved in concession operations are designed and constructed or acquired by concession operators with expertise and techniques. The concession operators bear the costs of constructing or acquiring the desulfurization or denitrification facilities and own the title thereto. Through concession operations, coal-fired power generation enterprises no longer need to bear the costs that should have been used to construct desulfurization and denitrification facilities, and the concession operators are able to earn stable income during the course of concession operations.

- <u>Cost of and income from concession operations.</u> Concession operators bear the costs of operating desulfurization and denitrification facilities and generate revenue from the operation thereof. The revenue generated from concession operations includes the increment in the on-grid tariff, due to the installation of desulfurization or denitrification facilities, calculated based on the standard per kilowatt hour and revenue generated from the sale of the by-products, if any. Under the business model of our concession operation, the desulfurization or denitrification tariff is determined by the central or local government pursuant to the relevant rules and policies issued by the NDRC and MEP, and paid to us by the power grid enterprises through the power generation enterprises. Apart from the desulfurization and denitrification tariff, the PRC government has promulgated rules on ultra-low emission tariff. Since the relevant on-grid tariff is generally determined by the national or local rules and policies, concession operators can obtain steady cash flows over a long period of time.

- Satisfying flue gas emission standards. When operating desulfurization and denitrification facilities, concession operators shall ensure that the total emission of SO_2 or NO_x by coal-fired power plants and the concentration thereof shall comply with the statutory standards. The professional management offered by concession operators can help enhance the operation efficiency of desulfurization and denitrification facilities. In the event that any penalties or costs were imposed on the coal-fired power generation enterprises due to excessive SO_2 or NO_x emissions over the statutory limits caused by the concession operators, such concession operators shall be held accountable to the coal-fired power generation enterprises. If such failure to comply was caused by coal-fired power generation enterprises, such coal-fired power generation enterprises shall be held liable for any deduction of the desulfurization or denitrification tariff or economic penalties in relation thereto. During the Track Record Period, we have neither been subject to any penalty nor held liable for any cost due to any excessive SO_2 or NO_x emission.

- Term of Concession Operations. The contractual term of concession operations is usually the same as the life-cycle of coal-fired power generation units. The standard designed life-cycle of coal-fired power generation units usually amounts to 30 years, which can be extended through repair and maintenance or technical refurbishment. Through long-term concession operations, concession operators are able to lock specific coal-fired power generation enterprise clients, leading to relatively higher predictability for future operational performance.

During the Track Record Period, our concession operation business covers desulfurization and denitrification concession operations for coal-fired power plants. As of December 31, 2015, the cumulative contracted capacity of our desulfurization and denitrification concession operation business accounted for 21.6% and 38.2% of the market in China, respectively, both ranking as the largest nationwide. The table below sets out the number of our concession operation projects and the cumulative installed capacity in operation during the Track Record Period:

	As of December 31,			As of June 30,
	2013	2014	2015	2016
Desulfurization concession operation				
– Number of projects in operation.	11	12	21	21
– Cumulative installed capacity in operation *(MW)*	18,540	19,860	29,800	32,060
Denitrification concession operation				
– Number of projects in operation .	–	3	14	14
– Cumulative installed capacity in operation *(MW)*	–	3,980	26,100	26,100

During the Track Record Period, we also operated certain desulfurization facilities projects through entrusted operation arrangements. Such entrusted operation arrangements were transition measures before we can finalize and enter into concession operation agreements with the coal-fired power generation enterprises, which owned the desulfurization facilities. For more details, please see "— Environmental Protection Facilities Concession Operation Business — Desulfurization Entrusted Operation."

Management of Our Concession Operation Business

The management of our concession operation business follows the principles of standardization, centralization and professionalization, aiming to enhance the operational efficiency and to reduce costs. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the gross margin of our desulfurization and denitrification concession operation business was 38.3%, 31.3%, 36.8% and 39.4%, respectively.

We have formulated the Professional Management Scheme of Desulfurization and Denitrification Concession Operations (《脱硫脱硝特許經營專業化管理方案》). Pursuant to the requirements of such scheme, we formulated the management standards for concession operations including production safety, operational indices, equipment inspection and maintenance. These management standards cover the technical standards for design, operation, inspection and maintenance, supervision and the standardized working process, for the purpose of carrying out our desulfurization and denitrification concession operation projects pursuant to a set of unified standards and working processes nationwide. We have also established the following five business platforms that are open to all of our concession operation projects: (i) informatized production and management platform (信息化生產管理平台) that provides us with the basis for professional management by collecting the real-time data regarding the relevant desulfurization and denitrification environmental protection facilities and achieving online real-time monitoring of pollutant emission indices; (ii) technical support platform (技術支撐平台) that provides support for technological research and development, promotion and application as well as major technical issues arising from our operation, and provides our concession operation business with technical support and services; (iii) environmental protection operation, supervision and evaluation platform (環保運營監督評價平台) that provides regular supervision, evaluation and risk control over production safety, technology, and performance of all projects; (iv) business modularization management platform (業務模塊化管理平台) that establishes standardized processes for all aspects of our concession operation business including, among others, acquisition, construction, procurement, inspection and maintenance; and (v) human resources assurance platform (人力資源保障平台) that uniformly determines matters, such as staff allocation and training, for all projects.

We usually manage desulfurization and denitrification concession operation projects through two models: the self-management model and the collaborative management model. As for the self-management model, we build our own team including management staff, on-site operational staff and maintenance staff. On-site operational staff and maintenance staff are stationed at the premises of the desulfurization and denitrification facilities, who operate relevant facilities under the guidance of our management staff.

As for most of our concession operation projects of desulfurization and denitrification facilities, we adopt the collaborative management model. The coal-fired power generation enterprises equipped with desulfurization and denitrification facilities enter into production auxiliary service agreement with us and have their on-site operational staff and maintenance staff provide production auxiliary services such as daily operation and maintenance of desulfurization and denitrification facilities under the guidance and supervision of our own management staff. In addition, the relevant power generation enterprises are responsible for water and electricity supply, procurement of certain raw materials and spare parts, and equipment maintenance. We are responsible for setting up technical standards, operational and maintenance rules, and budget and operational plans. We shall pay service fees to the relevant power generation enterprises for their production auxiliary services.

According to Frost & Sullivan Report, we are the pioneer in adopting the collaborative management model to carry out desulfurization and denitrification concession operations in the coal-fired power plant environmental protection and energy conservation industry. Other peer companies have begun adopting such collaborative management model gradually. Adopting such model can help us lower our operational cost. The service fees payable by us to a coal-fired power generation enterprise for its production auxiliary services are generally lower than our corresponding costs under the self-management model, where we recruit our own on-site operational and maintenance staff. As a result, we are able to enjoy a higher level of profitability under the collaborative management model than under the self-management model, assuming other conditions being the same. We may also seek indemnification from the relevant power generation enterprises in the event of any damages caused by their on-site operational and maintenance staff under the collaborative management model, which mitigates our exposure to operational risks. Lastly, the efficient operation of the desulfurization and denitrification facilities requires day-to-day cooperation and coordination with the staff of the relevant coal-fired power generation enterprises. The on-site operational staff and maintenance staff provided by coal-fired power generation enterprises, under the guidance and supervision of our own management staff, are generally familiar with the daily operation of the relevant power generation units. Therefore, the collaborative management model can help us enhance the operational efficiency by leveraging the existing human resources of the coal-fired power generation enterprises. From the perspective of a coal-fired power generation enterprise under the collaborative management model, it receives services fees for the production auxiliary services provided to us. Such service fees are determined based on costs of personnel involved, the relevant administrative and management expenses and the maintenance fees of the equipment of relevant coal-fired power generation enterprise after taking into account the aggregate level of the industry. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the ancillary service fees under the concession operation model paid by the Group to the relevant coal-fired power generation enterprises under the collaborative management model were RMB18.4 million, RMB55.9 million, RMB63.4 million and RMB61.0 million, respectively. The Directors of the Group believe that such service fees were fair, reasonable and in the interest of the Company and its shareholders as a whole. The coal-fired power generation enterprises can also ensure the satisfaction of applicable flue gas emission standards by virtue of enhanced operational efficiency and effectiveness of the relevant desulfurization or denitrification facilities. For more details regarding the collaborative management model, please see "Connected Transactions — Continuing Connected Transactions — Non-exempt Continuing Connected

Transactions — A. Non-exempt Continuing Connected Transactions subject to Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirement — 1. Integrated Product and Service Framework Agreement between the Group and China Datang Group."

Usually, we carry out our concession operations by constructing new facilities or acquiring existing facilities. As for new desulfurization and denitrification facilities that need to be constructed, we will organize experts to conduct project feasibility studies. After executing concession operations agreements, we will invest to construct the desulfurization and denitrification facilities. Upon the completion of such facilities, we commence the operation, maintenance and management thereof pursuant to the agreed terms in the concession operations agreements. As for the existing desulfurization and denitrification facilities of coal-fired power generation enterprises, we will evaluate their expected economic performance and conduct on-site visit to evaluate the production and operational condition of the power generation units, such as, among others, the coal supply and utilization rate thereof. Based on the evaluation results, we will negotiate the desulfurization or denitrification facilities acquisition agreements and concession operation agreements with such coal-fired power generation enterprises. With respect to the acquisition consideration, we usually make our decisions based on the evaluation of such desulfurization and denitrification facilities by a third-party appraisal agent jointly appointed by us and the coal-fired power generation enterprises. The acquisition decisions are made by our Investment Committee, consisting of three Directors, including two independent non-executive Directors. As of June 30, 2016, the average consideration of the acquired projects of our desulfurization and denitrification concession operation was 1.1 times of their book value.

According to the *Catalogue of Preferential Value-added Tax Policies for Products and Labor Services with Comprehensive Utilization of Resources* (《資源綜合利用產品和勞務增值稅優惠目錄》) issued by MOF and SAT in June 2015, our desulfurization and denitrification concession operation business are eligible for tax refund and are entitled to the favorable treatment of immediate refund of value-added tax levied. As of the Latest Practicable Date, we had received the value-added tax refund for a portion of our desulfurization and denitrification concession operation projects in the amount of RMB42.0 million. We expect to continue receiving such tax refund for our concession operation projects in the future.

Desulfurization concession operation

Overview

We are one of the seven pilot companies qualified to provide desulfurization services through concession operation business model pursuant to the *Notice of Pilot Plan of Concession Operation of Thermal Power Plant Flue Gas Desulfurization* (《關於開展火電廠煙氣脫硫特許經營試點工作的通知》). We commenced our desulfurization concession operation business in 2008, carrying out the Luohe Power Plant flue gas desulfurization concession operation including two power generation units with the then capacity being 600 MW and four power generation units with the then capacity being 300 MW. This project was the first pilot coal-fired power plant desulfurization concession operation project in China, among the first

11 desulfurization concession operation projects, that passed the appraisal by the CEC. In terms of cumulative contracted capacity as of December 31, 2015, our desulfurization concession operation business ranked as the largest in the country, accounting for 21.6% of the domestic market.

As of June 30, 2016, 21 desulfurization concession operation projects were put into operation with a cumulative installed capacity of 32,060 MW. The following table sets out the changes in the installed capacity of our desulfurization concession operation business during the Track Record Period:

	For the year ended December 31,			For the six months ended June 30,
	2013	2014	2015	2016
	MW			
Desulfurization concession operation				
Installed capacity in operation at the beginning of the period	14,160	18,540	19,860	29,800
Newly-installed capacity in operation during the period	4,380	1,320	9,940	2,260
– Newly-acquired installed capacity in operation during the period	1,860	1,320	8,940	1,260
– Newly-built installed capacity in operation during the period	2,520	–	1,000	1,000
Installed capacity in operation at the end of the period	18,540	19,860	29,800	32,060

The following tables set out the status of our desulfurization concession operation projects in operation as of June 30, 2016:

Acquired desulfurization concession operation projects	Capacity	Acquisition consideration	Commencement date of concession operation
	MW	RMB million	(Month/Year)
Luohe Desulfurization Concession Operation Project (洛河脱硫特許經營項目)	2,500	293.5	January 2008
Huangdao Desulfurization Concession Operation Project (黃島脱硫特許經營項目)	1,340	314.1	February 2012
Ma'anshan Desulfurization Concession Operation Project (馬鞍山脱硫特許經營項目)	1,320	154.5	August 2012
Tianjia'an Desulfurization Concession Operation Project (田家庵脱硫特許經營項目)	600	130.3	August 2012
Lvsigang Desulfurization Concession Operation Project (呂四港脱硫特許經營項目)	2,640	319.9	October 2012

Acquired desulfurization concession operation projects	Capacity	Acquisition consideration	Commencement date of concession operation
	MW	RMB million	(Month/Year)
Chaozhou Desulfurization Concession Operation Project (潮州脱硫特許經營項目)	3,200	644.6	October 2012
Zhangjiakou Desulfurization Concession Operation Project (張家口脱硫特許經營項目)	2,560	427.6	October 2012
Xutang Desulfurization Concession Operation Project (徐塘脱硫特許經營項目)	600	110.3	January 2013
Binchang Desulfurization Concession Operation Project (彬長脱硫特許經營項目)	1,260	100.9	August 2013
Nanjing Desulfurization Concession Operation Project (南京脱硫特許經營項目)	1,320	122.0	January 2014
Anyang Power Plant Desulfurization Concession Operation Project (安陽電廠脱硫特許經營項目)	600	45.3	May 2015
Anyang Power Generation Desulfurization Concession Operation Project (安陽發電脱硫特許經營項目)	640	45.1	June 2015
Wangtan Desulfurization Concession Operation Project (王灘脱硫特許經營項目)	1,200	151.4	June 2015
Zhangjiakou thermal Desulfurization Concession Operation Project (張家口熱電脱硫特許經營項目)	600	165.4	June 2015
Sanmenxia Huayang Desulfurization Concession Operation Project (三門峽華陽脱硫特許經營項目)	640	42.7	September 2015
Shouyangshan Desulfurization Concession Operation Project (首陽山脱硫特許經營項目)	1,040	76.4	September 2015
Xuchang Longgang Desulfurization Concession Operation Project (許昌龍崗脱硫特許經營項目)	700	47.4	September 2015
Xuchang Yulong Desulfurization Concession Operation Project (許昌禹龍脱硫特許經營項目)	1,320	72.1	September 2015
Jixian Desulfurization Concession Operation Project (薊縣脱硫特許經營項目)	1,200	175.5	October 2015
Shentou Desulfurization Concession Operation Project (神頭脱硫特許經營項目)	1,000	107.1	October 2015
Sanmenxia Power Generation Desulfurization Concession Operation Project (三門峽發電脱硫特許經營項目)	1,260	142.2	March 2016
Total	**27,540**	**3,688.3**	–

Newly-built desulfurization concession operation projects	Capacity	Total investment in newly-built facilities	Agreement date	Date of completion and operation
	MW	RMB million	(Month/Year)	(Month/Year)
Hushan Desulfurization Concession Operation Project (虎山脱硫特許經營項目)	1,320	118.0	April 2012	September 2013
Hutubi Desulfurization Concession Operation Project (呼圖壁脱硫特許經營項目)	600	109.1	April 2012	December 2013
Xutang Desulfurization Concession Operation Project (徐塘脱硫特許經營項目)	600	81.6	January 2013	January 2013
Fuzhou No. 1 Generation Unit Desulfurization Concession Operation Project (撫州1號機脱硫特許經營項目). . . .	1,000	138.9	May 2014	December 2015
Fuzhou No. 2 Generation Unit Desulfurization Concession Operation Project (撫州2號機脱硫特許經營項目). . . .	1,000	177.0	August 2014	April 2016
Total	**4,520**	**624.6**	–	–

The following table sets out the status of our desulfurization concession operation projects under construction as of June 30, 2016:

Desulfurization concession operation projects under construction	Capacity	Estimated total investment amount	Commencement date	Expected date of completion and operation
	MW	RMB million	(Month/Year)	(Month/Year)
Sanmenxia Phase III Desulfurization Concession Operation Project(三門峽三期脱硫特許經營項目)	1,000	199.0	October 2013	November 2016
Tuoketuo Power Plant Phase V Desulfurization Concession Operation Project (托克托電廠五期脱硫特許經營項目)	1,320	155.6	September 2015	April 2017
Yu County Desulfurization Concession Operation Project (蔚縣脱硫特許經營項目).	1,320	198.1	June 2016	November 2017
Gongyi Desulfurization Concession Operation Project (鞏義脱硫特許經營項目).	1,320	178.2	June 2016	September 2017
Total	**4,960**	**730.9**	–	–

Desulfurization Concession Operation Agreement

For each of the desulfurization concession operation projects, we enter into a concession operation agreement to regulate the rights and obligations of the parties. Principal terms of the typical concession operation agreements entered into between us and the relevant coal-fired power generation enterprises are set out as follows:

- Scope of concession operation. We are entitled to an exclusive concession operation right to invest, operate, maintain and manage desulfurization facilities. We have the ownership of desulfurization facilities.

- Term of concession operation. The term of the concession operations is usually the same as the life-cycle of the relevant coal-fired power generation units.

- Pricing and settlement. Our concession operation income mainly includes the increment in the on-grid tariff due to the installation of desulfurization facilities that comply with the environmental protection and emission standards approved by the pricing department of the PRC government. Currently, the benchmark desulfurization tariff provided by the PRC government is RMB0.015 per kWh (value-added tax included). However, certain local governments would make corresponding adjustments to the desulfurization tariff pursuant to the types of local coal and applicable local flue gas desulfurization standards. Coal-fired power generation enterprises will transfer such desulfurization tariff to us within the agreed timeframe upon receipt of the on-grid tariff from power grid enterprises.

- Minimum on-grid power generation output. Some of our concession operation agreements provide that the coal-fired power generation enterprises shall ensure their on-grid power generation output satisfy the minimum requirement stipulated in the agreements. Otherwise, we are entitled to claim compensation from the relevant coal-fired power generation enterprises or even terminate the concession operation agreements based on the discrepancy between the actual on-grid power generation output and the minimum requirement stipulated in the agreement. The minimum on-grid power generation output is usually calculated by reference to a specified minimum power generation hours per annum, the capacity of the relevant power generation unit, and a rate depending on the total power generated and the power consumed during the operation of the relevant power plant during the corresponding year.

- Flue gas indicator. Coal-fired power generation enterprises shall ensure that the technical indicators of flue gas at the entrance of desulfurization facilities satisfy the stipulated standards in the agreements, for example, the concentration of SO_2 and dust and the flow of flue gas must not exceed the indicators stipulated in the agreements, to ensure the normal operation of our desulfurization facilities. Otherwise, relevant coal-fired power generation enterprises shall compensate us for the loss and be held liable for any legal liability arising therefrom.

- Our main obligations. We bear the expenses and risks in the implementation of desulfurization concession operations on our own and shall ensure the normal operation of desulfurization facilities and be subject to the supervision and the management by the relevant coal-fired power generation enterprises to meet the performance indicators stipulated in the agreements, for example, to ensure the concentration of SO_2 at the exit of desulfurization facilities meet the applicable emission standards in the PRC. Otherwise, we shall be held liable for environmental protection and economical responsibilities, such as excessive SO_2 emission fees and penalties. We shall compensate the loss of the relevant coal-fired power generation enterprises due to accidents caused by us, such as suspended operation of the power generation units.

- Subcontracting. Subject to the prior consent of the relevant coal-fired power generation enterprises, we are entitled to subcontract the operation and maintenance of desulfurization facilities to third-party professional companies. We will not be relieved from our rights and obligations under the concession operation agreements because of subcontracting.

- Expiry of concession operation. Upon the expiry of the concession operation, we can either (i) upon the request of the relevant coal-fired power generation enterprises, demolish the relevant desulfurization facilities at our own expenses and be entitled to dispose of and profit from such desulfurization facilities upon demolition; or (ii) upon the agreement of the parties, transfer the title of desulfurization facilities to the relevant coal-fired power generation enterprises pursuant to the agreed appraisal value.

Operation of desulfurization facilities

We generally operate desulfurization concession operation projects through two models: self-management model and collaborative management model. Please see "— Environmental Protection Facilities Concession Operation Business — Management of our Concession Operation Business." Under the self-management model, we need to establish our own team including management staff, on-site operational staff and maintenance staff. Generally, in order to operate the desulfurization facilities for two coal-fired power generation units with an installed capacity of 600,000 kW, we need approximately 12 management staff (including supervisors and technicians), approximately 16 on-site operational staff (including on-site operators) and approximately 20 maintenance staff. We will make proper adjustments of the number of staff for a certain project according to factors including the quality of and the technical requirements for such power generation units and desulfurization facilities. Under the collaborative management model, the relevant coal-fired power generation enterprises equipped with desulfurization facilities provide on-site operational staff and maintenance staff pursuant to the production auxiliary service contract between the parties.

For certain desulfurization concession operation projects operated under self-management model, we subcontract certain work streams, such as repair and maintenance, which require a lower level of technics, to independent third-party sub-contractors, who will provide services under the guidance and supervision of our management staff and technicians. We enter into written agreements with the relevant third-party sub-contractors to regulate the rights and obligations of the parties. Typical principal terms of such sub-contract agreements are set out as follows:

- Pricing and payment. The fees we shall pay to a subcontractor are fixed for each year within the term of the subcontract agreement. We generally pay the sub-contractors on a monthly basis.

- Terms of subcontracting. The terms of subcontract agreements normally range from two to three years. Such agreements can be renewed as agreed by the parties prior to the expiry thereof.

- Working scope and duties of subcontractors. Subcontract agreements will specify the scope and contents of on-site works, such as repair and maintenance, undertaken by subcontractors.

- Human resources of subcontractors. Based on the specific requirements of a certain desulfurization facility, a subcontract agreement specifies the requirements for the number, qualifications and experience of a subcontractor's staff. We are entitled to request a subcontractor to replace any incompetent staff.

- Tools and consumable materials. We provide specialized tools required for on-site repair and maintenance of desulfurization facilities and of other functions to subcontractors. We also procure parts and components provided to subcontractors. General consumable materials, such as steel wires and engine oil, are procured by subcontractors themselves.

- Examination and assessment. We examine and assess the quality of subcontractors' work on a monthly basis. Based on the results of the evaluation, we are entitled to adjust the fees payable to subcontractors under the agreements.

- Responsibilities. Pursuant to the agreement, subcontractors shall be held liable for the equipment damages or major environmental accidents caused by them.

For the main components of desulfurization facilities and the main process flow of flue gas desulfurization of our concession operation business, please see "— Environmental Protection Facilities Engineering Business — Desulfurization Facilities Engineering."

Desulfurization Entrusted Operation

During the Track Record Period, we also operated certain desulfurization facilities projects through entrusted operation arrangements. Such entrusted operation arrangements were transition measures before we can finalize and enter into concession operation agreements with the coal-fired power generation enterprises, who owned the desulfurization facilities.

All of our entrusted operation arrangements were entered into with coal-fired power generation enterprises under China Datang Group. Pursuant to the relevant entrusted operation agreements, we provide operational and management services for relevant desulfurization facilities during the transition period until the parties could finalize and enter into concession operation agreements. The relevant coal-fired power generation enterprises, instead of the Group, own the desulfurization facilities. The table below sets out the number of our desulfurization entrusted operation projects and the cumulative installed capacity in operation during the Track Record Period.

	As of December 31,			As of June 30,
	2013	2014	2015	2016
Desulfurization entrusted operation				
– Number of projects in operation.	6	6	2	1[(1)]
– Cumulative installed capacity in operation *(MW)*	8,060	8,060	3,180	1,920

Note:

(1) As of June 30, 2016, we had only one desulfurization entrusted operation project and had entered into concession operation agreements with regard to all other projects.

We periodically collect entrusted operation fees as stipulated in the relevant entrusted operation agreements from the coal-fired power generation enterprises. During the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, revenue derived from our desulfurization entrusted operation was RMB147,195.4 thousand, RMB133,924.6 thousand, RMB85,794.1 thousand and RMB19,654.0 thousand, respectively, representing 2.6%, 2.1%, 1.0% and 0.6% of our Group's total revenue during the relevant periods.

We currently do not anticipate any expansion of our desulfurization entrusted operation projects.

Denitrification concession operation

Overview

We have been engaged in denitrification concession operation business since 2014. As of December 31, 2015, the cumulative contracted capacity of our denitrification concession operation accounted for 38.2% of the total cumulative contracted capacity of all flue gas denitrification in China, ranking as the largest in the country. We have insightful understanding in the management and operation of and unique technological advantages in coal-fired power generation units, have developed a professional management and operational team to carry out concession operations and are able to fully leverage the industry-chain advantages brought by our world-leading plate-type denitrification catalyst business. Therefore, our denitrification concession operation business will achieve a robust growth.

As of June 30, 2016, we entered into acquisition agreements and concession operation agreements with respect to 14 existing denitrification facilities with both the cumulative installed capacity and the cumulative contracted capacity being 26,100 MW. In addition, we entered into concession operation agreements and commenced investment in the construction of four newly-built denitrification facilities with the cumulative contracted capacity of 4,960 MW.

The following table sets out our denitrification concession operation projects in operation as of June 30, 2016:

Denitrification concession operation projects	Capacity	Acquisition consideration	Commencement date of concession operation
	MW	RMB million	(Month/Year)
Nanjing Denitrification Concession Operation Project (南京脱硝特許經營項目)	1,320	91.9	May 2014
Huangdao Denitrification Concession Operation Project (黃島脱硝特許經營項目)	1,340	110.9	December 2014
Hushan Denitrification Concession Operation Project (虎山脱硝特許經營項目)	1,320	126.2	December 2014
Lvsigang Denitrification Concession Operation Project (呂四港脱硝特許經營項目)	2,640	157.3	January 2015
Ma'anshan Denitrification Concession Operation Project (馬鞍山脱硝特許經營項目)	1,320	105.3	May 2015
Luohe Phase I Denitrification Concession Operation Project (洛河一期脱硝特許經營項目)	640	98.4	May 2015
Chaozhou Denitrification Concession Operation Project (潮州脱硝特許經營項目)	3,200	261.0	June 2015
Togtoh Denitrification Concession Operation Project (托克托脱硝特許經營項目)	4,800	467.7	June 2015
Wangtan Denitrification Concession Operation Project (王灘脱硝特許經營項目)	1,200	95.6	June 2015
Zhangjiakou Thermal Denitrification Concession Operation Project (張家口熱電脱硝特許經營項目)	600	52.3	June 2015
Binchang Denitrification Concession Operation Project (彬長脱硝特許經營項目)	1,260	121.8	June 2015
Luohe Phase II & III Denitrification Concession Operation Project (洛河二三期脱硝特許經營項目).	1,860	188.9	September 2015
Jixian Denitrification Concession Operation Project (薊縣脱硝特許經營項目).	1,200	105.0	October 2015
Shentou Denitrification Concession Operation Project (神頭脱硝特許經營項目).	1,000	106.6	October 2015
Wushashan Denitrification Concession Operation Project (烏沙山脱硝特許經營項目).	2,400	245.7	October 2015
Total	**26,100**	**2,334.6**	–

The following table sets out our denitrification concession operation projects under construction as of June 30, 2016:

Denitrification concession operation project under construction	Capacity	Estimated total investment amount	Commencement date	Estimated date of completion and operation
	MW	RMB million	(Month/Year)	(Month/Year)
Sanmenxia Phase III Denitrification Concession Operation Project (三門峽三期脱硝特許經營項目)	1,000	86.9	October 2013	October 2016
Tuoketuo Power Plant Phase V Denitrification Concession Operation Project (托克托電廠五期脱硝特許經營項目).	1,320	122.7	September 2015	April 2017
Yu County Denitrification Concession Operation Project (蔚縣脱硝特許經營項目).	1,320	75.7	June 2016	November 2017
Gongyi Denitrification Concession Operation Project (鞏義脱硝特許經營項目).	1,320	90.9	June 2016	September 2017
Total	**4,960**	**376.2**		

We entered into concession operation agreements with relevant coal-fired power generation enterprises for each denitrification concession operation project. The principal terms of such denitrification concession operation agreements are similar to those under our desulfurization concession operation agreements. Our denitrification concession operation income mainly includes the increment in the on-grid tariff due to the installation of denitrification facilities approved by the pricing department of the PRC government. Currently, the benchmark denitrification tariff provided by the PRC government is RMB0.01 per kWh (value-added tax included). However, certain local governments would make corresponding adjustments to the denitrification tariff pursuant to the types of local coal and applicable local flue gas denitrification standards.

We currently operate all of our denitrification facilities under concession operation model. Similar to the operation of desulfurization facilities, we need to establish a team including management staff, on-site operational staff and maintenance staff. Generally, in order to operate the denitrification facilities for two coal-fired power generation units with an installed capacity of 600,000 kW, we need approximately seven management staff (including supervisors and technicians), 13 on-site operational staff (including on-site operators) and eight maintenance staff. We will make proper adjustments to the number of staff for a certain project, according to factors including the quality of and the technical requirements for such power generation units and denitrification facilities. For the projects where we operate both the desulfurization and denitrification facilities, we can leverage the synergies in terms of staffing. Under the collaborative management model, the relevant coal-fired power generation enterprises, equipped with denitrification facilities, provide on-site operational staff and maintenance staff pursuant to the production auxiliary service agreement entered into between the parties.

We plan to use self-produced plate-type denitrification catalysts in all of our future newly-built denitrification concession operation projects, and, if the project conditions permit, we will also gradually expand the usage of self-produced plate-type denitrification catalysts in the acquired denitrification concession operation projects.

For the main components of denitrification facilities and the main process flow of flue gas denitrification of our concession operation business, please see "— Environmental Protection Facilities Engineering Business — Denitrification Facilities Engineering."

The introduction ultra-low emission tariff is expected to improve the profitability of our concession operation business

As required by the relevant PRC policies, the air pollutant emission standards applicable to the coal-fired power generation enterprises located in the Beijing-Tianjin-Hebei Metropolitan Region were revised to be more stringent for three consecutive times in 2014. The PRC government also imposed stringent standards on coal-fired power plant air pollutants emissions, seeking to meet the ultra-low emissions of dust, SO_2 and NO_x achieved by gas turbine units.

The ultra-low emission of coal-fired power plants means, pursuant to the *Action Plan* (《行動計劃》) promulgated by the NDRC in September 2014, concentration of the atmospheric pollutant emission of newly constructed coal-fired power generation units in the 11 provinces and cities in eastern China shall reached the emission cap for gas turbines, i.e., with the standard oxygen content of 6%, the concentration of dust, SO_2 and NO_x emission of coal-fired power plants shall not exceed 10 mg/m^3, 35 mg/m^3 and 50 mg/m^3, respectively, which will be substantially lower than the current standard of 30 mg/m^3, 100 mg/m^3 and 100 mg/m^3, respectively, applicable to the newly-built power plant and the current standard of 30 mg/m^3, 200 mg/m^3 and 100 mg/m^3, respectively, applicable to the existing power plant. The newly constructed generation units in the central areas shall, in principle, get close to or reach the emission cap for gas turbines. The newly constructed generation units in the western regions are encouraged to get close to or reach the emission cap for gas turbines. As for the existing generation units, the public coal-fired generation units of 0.3 million kW or above, self-owned coal-fired generation units of 0.1 million kW or above and other coal-fired generation units with necessary resources in eastern areas are required to be refurbished so that the concentration of the atmospheric pollutant emission of such generation units shall basically reach the emission cap for gas turbines by 2020.

In December 2015, the NDRC, MEP and NEA jointly promulgated the *Notice on the Implementation of Coal-fired Power Plants Ultra-low Emission Tariff Supportive Policy Related Issues* (《關於實行燃煤電廠超低排放電價支持政策有關問題的通知》). It provides that the ultra-low emission tariff for the existing power generation units in operation prior to January 1, 2016 amounts to RMB0.01 per kWh and for the newly-built power generation units after January 1, 2016 amounts to RMB0.005 per kWh. Such ultra-low emission tariff is tentatively enforceable until the end of 2017 and will be gradually unified and lowered after 2018. The introduction of ultra-low emission tariff will improve the profitability of our concession operation projects. According to Frost & Sullivan Report, a concession operation project that satisfies the ultra-low emission standards will be entitled to the additional ultra-low emission tariff in the amount of RMB0.01 per kWh or RMB0.005 per kWh, therefore the revenue of such concession operation project will increase significantly. We are actively developing the ultra-low emission concession operation business and it is expected that by the first quarter of 2017, we will have over 20,000 MW environmental protection facilities operated through concession operation satisfied the ultra-low emission standards and enjoy the ultra-low emission tariff thereof.

Denitrification Catalysts Business

General

In 2011, we acquired a production line for plate-type denitrification catalysts from a third party in Shanghai, and commenced to manufacture plate-type denitrification catalyst. In May 2013, we completed the construction of our production base in Nanjing, China for denitrification catalysts, and moved the acquired production line originally located in Shanghai to Nanjing where it was reassembled and commissioned for production. According to Frost & Sullivan Report, we were the largest manufacturer of plate-type denitrification catalysts in the world in terms of our production volume in 2015, with a market share in the PRC plate-type denitrification catalyst market of 30.7%. In the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the revenue, before intra-segment and inter-segment elimination of segments or subsegments, derived from our denitrification catalysts business was approximately RMB738.2 million, RMB709.7 million, RMB506.1 million and RMB241.0 million, respectively.

Denitrification catalysts functions as the core of the selective catalytic reduction process for removing NO_x, which as a result can have critical impact on the efficiency of denitrification. With the use of denitrification catalysts, NO_x are converted into nitrogen and water through selective catalytic reduction. Denitrification catalysts can be classified into honeycomb-type, plate-type and wave-type. Honeycomb-type and plate-type denitrification catalysts are two major categories of denitrification catalysts. We manufacture and sell plate-type denitrification catalysts.

As the largest plate-type denitrification catalyst manufacturer in the world in terms of the production volume in 2015, our world-leading plate-type denitrification catalysts business primarily enjoys the following competitive advantages:

- Product category in line with market trend. According to Frost & Sullivan Report, the demand for plate-type denitrification catalysts by coal-fired power generation enterprises in China has outpaced that for honeycomb-type in recent years, primarily reflecting the advantages of the plate-type denitrification catalysts in terms of strong resistance to ash clogging, high wear resistance, low SO_2 conversion rate and better resistance to poisoning. Coal used in China usually has a complicated composition, usually containing a relatively high level of ashes. The plate-type denitrification catalysts are considered to be more suitable for coal with mid-to-high levels of ashes. Our product category is in line with market trend, and provides us with a target market with higher growth potential.

- World-leading production technology. We introduced into our business operation one of the world-leading production technologies for plate-type denitrification catalysts from Johnson Matthey Catalysts (Germany) GmbH in 2011. As such, we are one of the very few manufacturers in the world which possesses the core production techniques for plate-type denitrification catalysts. We also conduct research and development continuously to improve the existing technologies and have successfully achieved localization of the introduced technology. We successfully developed domestically leading proprietary technologies, such as the Localization of the Flue Gas Denitrification Catalyst Technology and Its Application, which was awarded the 2014 China Power Innovation Award Third Prize (2014年度中國電力創新獎三等獎). As a result, our procurement costs were significantly reduced. During the Track Record Period, we had led or participated in the drafting of a number of PRC national standards, PRC industry standards and international industry standards in relation to denitrification catalysts, including DL/T1286-2013 *Technical Criteria of Thermal Power Plant Flue Gas Denitrification Catalysts Testing* (《火電廠煙氣脱硝催化劑檢測技術規範》), China's first industry standard for catalysts testing, the national standards for *Plate-type Flue Gas Denitrification Catalysts* (《平板式煙氣脱硝催化劑》), the national standard for the *Methods for Chemical Composition Analysis of Flue Gas Denitrification Catalysts* (《煙氣脱硝催化劑化學成分分析方法》). We are currently leading the drafting of the national Standards for *Flue Gas Denitrification Catalyst Regeneration Technology* (《煙氣脱硝催化劑再生技術規範》), the national standards on the Methods for *Microelements Analysis of Regenerated Flue Gas Denitrification Catalysts* (《再生煙氣脱硝催化劑微量元素分析方法》), and the international IEEE *Standards on Power Plant De-Nitrogen Oxide (DeNOx) Plate-Type Catalyst.* Mastering leading production technologies allows our business to enjoy relatively high barriers advantages.

- Business model of one-stop solutions covering the entire industry value chain. We are committed to establishing our presence over the entire industry value chain, integrating services including manufacturing, testing, regeneration, recycling and treatment as well as professionalized training in relation to denitrification catalysts. We aim to become an integrated provider of one-stop solutions. We can provide comprehensive technical services and guidance with respect to denitrification catalysts, such as the installation or debugging, performance testing and evaluation, assessment of technical proposal for investment or refurbishment, full life-cycle management of denitrification catalysts, and denitrification system simulation training. With the help of advanced information technologies, we have established a big-data analysis center on denitrification system which can achieve full life-cycle management of denitrification catalysts at power plants, and develop a technical management and optimization support system to support, among others, design and monitoring, activity monitoring, life-cycle management, regeneration and replacement guidance. In particular, this big-data analysis center provides denitrification system data integration and analysis to achieve operation alarm and guidance by mastering the relationship among factors such as the denitrification catalyst activity, the denitrification efficiency, the ammonia-spraying volume and the operation temperature. By comprehensively analyzing the testing data collected from each of the denitrification catalyst laboratory and the on-site operation testing and data-mining, this big-data analysis center is able to establish forecast models for the catalyst deterioration trend and provide reloading guidance for power plants. Our business model covering the entire industry value chain helps us enhance the cohesiveness of our relationship with existing customers and attract new customers.

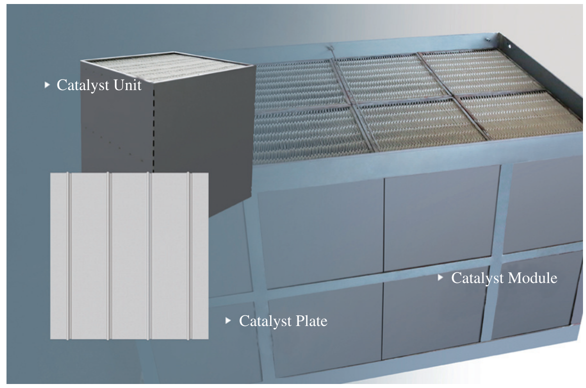
- <u>Broad customer portfolio enhancing risk resistance.</u> We have a broad and diversified customer portfolio. In addition to the coal-fired power generation enterprises under China Datang Group, our customers also include many independent third parties, such as coal-fired power generation enterprises under, among others, China Huaneng Group, China Huadian Corporation, China Guodian Group, Shenhua Group Corporation Limited and China Resources Group. Our broad customer portfolio fully embodies our wide market recognition. In addition, it also lowers our dependence on any individual customer and improves our risk resistance ability.

- <u>Effective management on raw material procurement reducing our costs and enhancing our capability to timely respond to markets.</u> The raw materials for the production of plate-type denitrification catalysts primarily include TiO_2 and steel belt. We explore ways to localize our raw material supply by continuously working with our domestic suppliers, provided that the quality of our products will not be compromised. In addition, we have established long-term and stable relationship with our major international suppliers, enabling us to further shorten our procurement cycle and strengthen stability of the supply.

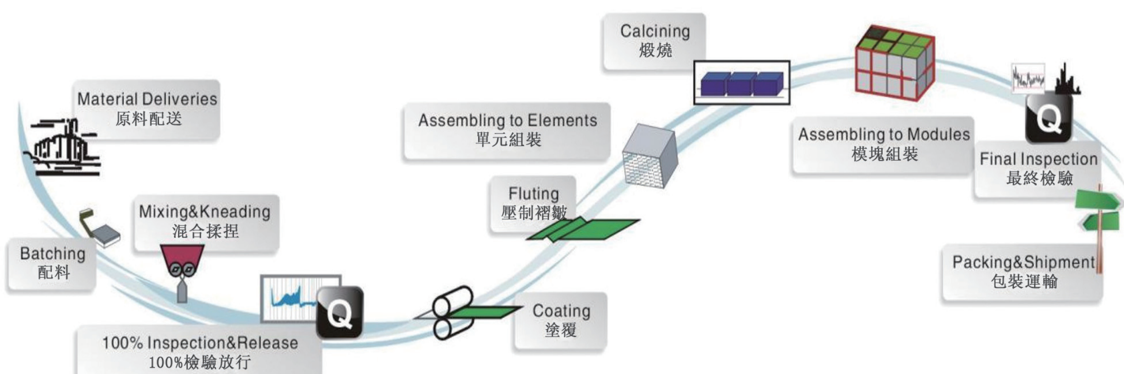
Denitrification Catalysts Products

The advantages of plate-type catalysts include short production cycle, high wear resistance, strong adaptability to high dust-concentration environment, effective resistance to ash clogging, low SO_2 conversion rate and high resistance to poisoning, compared to honeycomb-type catalysts. We offer a broad portfolio of plate-type denitrification catalysts to flexibly cater to the needs of different customers. The distinguishing specifications among different categories of plate-type denitrification catalysts primarily include height and pitch. Pitch refers to the distance between the centerlines of two adjacent catalyst plates, or the distance of the gap between two adjacent plates plus the thickness of a plate. In terms of height, we can offer in the range between 450 mm and 680 mm. We can tailor our plate-type denitrification catalysts in terms of different heights as requested by our customers. We offer 6.1 mm, 6.3 mm, 6.5 mm, 6.7 mm, 6.9 mm, 7.1 mm and 7.3 mm in terms of pitch for our plate-type denitrification catalysts.

The picture below illustrates our typical plate-type denitrification catalysts:



The key equipment used in our production process of plate-type denitrification catalysts includes draw benches, compounders, coating machines, calcination machines, tail gas treatment equipment and inspection and testing equipment. We have established regular maintenance plans for all key production equipment. We generally conduct maintenance and repair when our equipment is not in operation to avoid interruption to our production. The major procedures and key steps for our production of plate-type denitrification catalysts include the following:



We use thin stainless steel sieve plates as the base materials for our plate-type denitrification catalysts. We press the active coating ingredients onto the surface of the sieve plates, and then flute and cut the plates coated with catalysts into single plates in accordance with relevant requirements. The fluted and cut single plates will then be assembled into catalyst units, which will be calcined into catalyst modules.

We enjoy substantial technological competitive advantages in plate-type denitrification catalysts. In 2011, we introduced into our business operations one of the world-leading technologies to manufacture, design and test plate-type denitrification catalysts from Johnson Matthey Catalysts (Germany) GmbH. During the Track Record Period, leveraging our strong research and development capabilities and our well-equipped research laboratories, we have developed a number of domestically leading proprietary technologies for plate-type denitrification catalysts, such as *Localization of the Flue Gas Denitrification Catalyst Technology and Its Application*, which was awarded the 2014 China Power Innovation Award

Third Prize (2014年度中國電力創新獎三等獎). This technology optimizes the production technology for plate-type denitrification catalysts we introduced to address the demands of the PRC coal-fired power generation enterprises. We successfully achieve the localization of the major raw materials, and breakthrough the bottlenecks including reliance on limited sources of supply, high costs and long procurement cycle for raw materials. The synergistic demercuration technology for plate-type denitrification catalysts we developed has obtained a national patent. We endeavor to put it into commercial production as soon as possible.

We have led or participated in drafting a number of PRC national standards, PRC industry standards and international industry standards in relation to denitrification catalysts, which were then reviewed and adopted by the relevant authorities or industry bodies including, the DL/T1286-2013 *Technical Criteria of Thermal Power Plant Flue Gas Denitrification Catalysts Testing* (《火電廠煙氣脱硝催化劑檢測技術規範》), China's first industry standard for catalysts testing, the national standards for *Plate-type Flue Gas Denitrification Catalysts* (《平板式煙氣脱硝催化劑》), the national standard for the *Methods for Chemical Composition Analysis of Flue Gas Denitrification Catalysts* (《煙氣脱硝催化劑化學成分分析方法》). We are currently leading the drafting of the national *Standards for Flue Gas Denitrification Catalyst Regeneration Technology* (《煙氣脱硝催化劑再生技術規範》), the national standards on the *Methods for Microelements Analysis of Regenerated Flue Gas Denitrification Catalysts* (《再生煙氣脱硝催化劑微量元素分析方法》), and the international IEEE *Standards on Power Plant De-Nitrogen Oxide (DeNOx) Plate-Type Catalyst*. We have also established a research and development team for denitrification catalysts comprising of three employees with doctoral degree and over 20 employees with master's degree, and had achieved the localization of technologies introduced into our business operations within a relatively short period of time. As of June 30, 2016, we have obtained 35 patents, which is of great significance to the protection of our core technology, optimization of and improvement to our production process, guarantee of products' quality and innovation of product testing methods. Our technology center was accredited as an Enterprise Technology Center of Jiangsu Province in November 2014 in honor of our strong capabilities and remarkable performances. We have also established a first-class denitrification catalysts testing center, accredited by CNAS, for which our investment in the equipment and instruments alone reached over RMB30 million. Our testing center is the authoritative testing center accredited by CNAS, for denitrification catalysts with the widest range of testing currently available in the industry. Its scope for testing and accreditation covers 19 items under five main categories, including all relevant major testing items for both honeycomb-type and plate-type denitrification catalysts in addition to the major testing items for raw materials used to manufacture denitrification catalysts.

Production volume of denitrification catalysts

Our production base is currently located in Nanjing, Jiangsu Province, with a gross floor area of approximately 97,110 sq.m. As of the Latest Practicable Date, the designed annual production capacity for our plate-type denitrification catalysts was 30,000 m^3 and the actual maximum production capacity was 40,000 m^3, ranking as the largest worldwide. In addition, we intend to conduct the denitrification catalyst regeneration business to seize the market demand for denitrification catalysts regeneration. We have commenced the construction of a production line for denitrification catalysts regeneration in Nanjing, China in November 2015, which is expected to commence operation by the end of 2016. Such production line has a designed capacity of 10,000 m^3 per annum, with an expected total investment of RMB97.3 million. The table below sets forth details about our existing production lines:

	For the year ended December 31,			For the six months ended June 30,
	2013	2014	2015	2016
	m^3, except for percentages			
Production capacity(1)	30,000.0	30,000.0	30,000.0	15,000.0
Production volume(2)	27,144.9	28,238.6	25,537.1	17,861.1
Utilization rate(3)	90.5%	94.1%	85.1%	119.1%

Notes:

(1) The production capacity of plate-type denitrification catalysts for the above periods refers to the designed production capacity of the production line during the respective periods, assuming an operating time frame of 5 days per week and 24 consecutive hours each day. Provided that the production equipment will not be impaired, we can achieve operating through 24 consecutive hours every day in the whole year by adjusting the maintenance pattern. The actual maximum production capacity achieved through increasing the actual production time over the year will be above the designed production capacity. The production capacity for the six months ended June 30, 2016 refers to the semi-annually designed production capacity.

(2) Production volume refers to the actual volume of plate-type denitrification catalysts produced by the production facilities.

(3) Utilization rate is calculated by dividing the production volume of plate-type denitrification catalysts by the designed annual/semi-annual production capacity.

Our production is not seasonal, but is subject to cyclical market demand. The high utilization rate of our production line in 2014 high was mainly driven by the promulgation of the *Emission Standards on Air Pollutants for Thermal Power Plants* as amended by the MEP in July 2011. Pursuant to such requirements, the NO_x emissions of newly-built and existing coal-fired power generation units must not exceed 100mg/m^3 after January 1, 2012 and July 1, 2014, respectively. Therefore, demands for denitrification catalysts by coal-fired power generation enterprises in China started to boom in 2012 and continued to grow until peaking in 2014, mainly reflecting the demands derived from denitrification refurbishment of existing coal-fired power generation units. Following the completion of the refurbishments of existing coal-fired power generation units, demands for denitrification catalysts slightly declined in 2015.

In the first half of 2016, the utilization rate of our denitrification catalysts production line experienced a significant increase, primarily due to the significant increase in demand for denitrification catalysts as a result of the implementation of ultra-low emission policy nationwide. Leveraging our substantial technological competitive advantages and our capability to offer integrated one-stop solutions covering the entire industry value chain for plate-type denitrification catalysts, we intend to focus on further expanding our market share and achieving relatively stable performances of our denitrification catalysts business. See "Risk Factors — Risks Relating to Our Business and Industry — Our business growth depends on our ability to identify profitable projects, to further develop our existing business and to expand into new businesses or markets. If we do not have the said ability, then our business and prospects may be adversely influenced" in this prospectus.

The following table sets forth the breakdown by usage of the plate-type denitrification catalysts contracted to be sold during the Track Record Period[(4)]:

	For the year ended December 31,						For the six months ended June 30,	
	2013		2014		2015		2016	
	m^3	RMB million	m^3	RMB million	m^3	RMB million	m^3	RMB million
Categories of denitrification catalysts by usage								
Plate-type catalysts adding/replacing plate-type catalysts[(1)]	–	–	362.7	10.9	8,846.7	178.1	5,414.7	90.3
Plate-type catalysts adding/replacing honeycomb-type catalysts[(2)]	2,258.4	68.7	384.8	11.9	8,082.1	183.3	2,547.3	58.4
Plate-type catalysts for newly-built facilities[(3)]	31,556.0	979.2	14,399.4	409.0	4,346.6	71.9	3,110.5	47.8
Total	**33,814.4**	**1,047.9**	**15,146.9**	**431.8**	**21,275.4**	**433.3**	**11,072.5**	**196.6**

Notes:

(1) Plate-type catalysts replacing plate-type catalysts refers to adding/replacing plate-type denitrification catalysts for facilities that have already adopted plate-type denitrification catalysts.

(2) Plate-type catalysts replacing honeycomb-type catalysts refers to adding/replacing honeycomb-type denitrification catalysts adopted in the denitrification facilities with plate-type denitrification catalysts.

(3) Plate-type catalysts for newly-built facilities refers to installing plate-type denitrification catalysts for newly-built denitrification facilities.

(4) The data in this table shows the data recorded in the contracts entered into during the corresponding year/period.

Sales of denitrification catalysts

Due to the varying compositions of flue gas emitted by different coal-fired power generation units, we need to adjust the components of our plate-type denitrification catalysts based on the specific circumstances of each coal-fired power generation unit. Accordingly, we generally arrange our production schedules in accordance with the delivery dates set forth in the sales agreements with or purchase orders from our customers. Upon completion of production, we will deliver the products to the location of the customers' coal-fired power generation units, and install the delivered products for the customers. We conduct testing and quality control that can trace the entire life cycle of plate-type denitrification catalysts that we produce. Starting from choosing raw materials to the subsequent stages of delivery, installation and operation, our first-class denitrification catalyst testing center perform sample or regular quality testing to consistently ensure the reliability of our products. In addition, we will also retain samples of plate-type denitrification catalysts that we provide to each of our customers, laying foundations to provide timely and quality services to the customer in future.

The average selling price of our plate-type denitrification catalysts was approximately RMB31,000, RMB28,500, RMB20,000 and RMB18,000 in the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively. The average selling price of our denitrification catalysts continuously decreased during the Track Record Period, primarily reflecting intensified competition and our reduction of the unit selling price of our denitrification catalysts products to maintain our market share, in line with the market demand for denitrification catalysts by coal-fired power generation enterprises after peaking in 2013 and 2014. Although the average selling price of our plate-type denitrification catalysts continuously decreased, our gross profit margin did not experience obvious fluctuation as the price of raw materials continuously decreased and we continued to improve technology to control the production cost. For more details, please see "Financial Information — Results of Operations — Six months Ended June 30, 2016 compared to Six Months Ended June 30, 2015 — Gross Profit and Gross Profit Margin — Environmental Protection and Energy Conservation Solutions Segment."

We take into account various factors when determining the price for our denitrification catalysts, such as costs of raw materials, market supply and demand, and volumes of purchase orders. The sales agreement for denitrification catalysts that we enter into with our customers typically includes the following major terms:

- Payment by installments. We usually collect payment by installments as set forth in the agreement. Upon the execution of the agreement, we usually require our customer to make prepayment of a portion of the consideration set out therein.

- Warranty period and quality guarantee deposit. Our warranty period usually runs for one year after the trial operation and acceptance of the denitrification facilities of the coal-fired power plants that use our denitrification catalysts. Pursuant to the provisions of the agreement, our customer will retain part of the consideration as quality guarantee deposit until the expiration of the warranty period.

- Transportation and installation. We are usually responsible for transportation and delivery of denitrification catalysts to the location of our customers' coal-fired power generation units. We also provide installation and commissioning services to our customer, and dispatch professional technicians as requested by our customer to provide on-site technical support.

- Liabilities for breach. Pursuant to the provisions of the agreement, in the event of inferior quality, delayed delivery or services in relation to our denitrification catalysts, we shall repair the defective products at our expense and pay the corresponding liquidated damages.

For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, we delivered 27,786 m^3, 26,263 m^3, 28,322 m^3 and 15,323.2 m^3 denitrification catalysts to our customers, respectively. From July 1, 2016 to September 30, 2016, we have delivered approximately 9,073.2 m^3 denitrification catalysts. As of September 30, 2016, the outstanding orders of our denitrification catalysts business amounted to 4,577.2 m^3.

We have an extensive and diversified client portfolio. In addition to the coal-fired power generation enterprises under China Datang Group, our customers also include many independent third parties. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, we delivered denitrification catalysts of 19,663.1 m^3, 11,616.3 m^3, 6,299.0 m^3 and 6,636.1 m^3, respectively, to customers other than the coal-fired power generation enterprises under China Datang Group. During the period from July 1, 2016 to September 30, 2016, we delivered denitrification catalysts of approximately 4,024.8 m^3 to customers other than the coal-fired power generation enterprises under China Datang Group. As of September 30, 2016, our outstanding orders from customers other than the coal-fired power generation enterprises under China Datang Group amounted to 1,510.2 m^3.

Environmental protection facilities engineering business

We currently offer, through our environmental protection facilities engineering business, integrated treatments for waste gas and solid waste, primarily including the engineering, construction and refurbishment of environmental protection facilities for coal-fired power plants such as facilities for desulfurization, denitrification, dust removal, ash and slag handling and industrial site dust management. Depending on the market conditions and our capital and technological capabilities, we intend to expand our environmental protection facilities engineering business into polluted soil remediation and garbage disposal. There are synergies between our portfolio of environmental protection facilities engineering business and our other environmental protection and energy conservation businesses. Our environmental protection facilities engineering business constitutes an integral part of the comprehensive solutions provided by us covering the demands of the entire industry value chain of environmental protection and energy conservation for coal-fired power plants. In terms of the cumulative installed capacity in operation by the end of 2015, the denitrification facilities engineering projects we had completed for coal-fired plants accounted for 6.3% of the nationwide market, ranking as the third largest in the PRC; the desulfurization facilities engineering projects we had completed for coal-fired power plants accounted for 2.3% of the nationwide market, ranking as the eleventh largest in the PRC. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the revenue, before intra-segment and inter-segment elimination of segments or subsegments, derived from our environmental protection facilities engineering business was approximately RMB3,005.0 million, RMB3,326.3 million, RMB2,935.5 million and RMB731.5 million, respectively.

Our environmental protection facilities engineering business can be categorized into newly-built projects and refurbished projects. Newly-built projects involve design and construction of new environmental protection facilities, which generally take two to three years to complete. The existing environmental protection facilities will have demands for refurbishment and upgrade, taking into account depreciations during operation and the increasingly stringent emission indices as required by the applicable environmental protection regulations and policies. A refurbished project for existing environmental protection facilities generally takes approximately one year to complete. The time required to complete a specific newly-built or refurbished project also depends on the specific circumstances of the tasks or the projects.

We usually serve as the "general contractor" for projects of our environmental protection facilities engineering business. Depending on the client's demands on a project, we provide various services such as engineering design, equipment and raw materials procurement, and construction management. We generally subcontract construction-related works to specialized construction subcontractors, and supervise and guide their performances.

Our environmental protection facilities engineering business primarily combines engineering, procurement and construction management services (EPC) to provide integrated solutions to our customers. Depending on the demands of our clients, we may also provide services under other models, such as engineering and procurement services (EP), and procurement and construction services (PC). Under the EPC business model, we, as the general contractor of a project, undertake services including environmental protection facilities design, equipment and raw materials procurement, construction and installation, testing, trial operation, inspection and acceptance, and client personnel trainings. We undertake overall responsibility for all aspects of a project and coordinate the integration of the overall system, so as to deliver tailor-made integrated solutions to our customers. Upon completion of a project, the customer owns the title to the relevant environmental protection facilities and are responsible for the daily operation thereof. Under the EP business model, the services we undertake include environmental protection facilities design and equipment and raw materials procurement, while the customers or third parties undertake the construction. Under the PC business model, we are not responsible for the design of the environmental protection facilities, but only undertake equipment and raw materials procurement as well as construction management.

We primarily conduct our environmental protection facilities engineering projects under EPC model, the process of which mainly comprises of the following steps:

- Tender and bidding. We generally procure our EPC projects through participating in open tenders. During the Track Record Period, our success rate for winning the bids in tenders reached approximately 46.7%. Upon winning the bid for a project, we enter into EPC general contracting agreements with our customers.

- Pricing. Based on the industry standards and the prevailing market value, we and our customer stipulate in contract the price for each components of a project, such as design, equipment, construction, installation and commissioning. The total fixed contract consideration is calculated accordingly.

- Prepayment and performance bond. When the contract becomes effective, we collect a certain proportion of the contract consideration from the customer as a prepayment. We also submit to the customer a performance bond in an amount equivalent to a certain proportion (for example, 10%) of the contract consideration. The customer will return such performance bond upon the issuance of the inspection and acceptance certificate.

- Project progress. During our performance of the EPC general contracting contract, based on the requirements of a specific contract, we regularly provide progress reports to our customer regarding the progress of project implementation.

- Revenue recognition and payments by installments. We recognize revenue based on the progress of a project during the relevant period. Pursuant to the contract provisions, the customer usually makes payments to us by installments according to the progress of the project.

- Design. We are responsible for the design and optimization of the proposal for a project. We submit our design to the customer for review and comment.

- Equipment and raw materials. A detailed list is attached to the EPC general contracting contract executed by us, setting forth information such as the specification, amount, manufacturer and price for equipment and raw materials required for a project. As the general contractor, we may procure the relevant equipment and raw materials at our discretion. Certain equipment may be provided by our other businesses, such as the plate-type denitrification catalysts used for denitrification facilities engineering projects. In addition, we will also procure certain equipment by outsourcing to a third party under OEM arrangement, such as the dry slag extractor used for slag removal facilities engineering projects.

- Construction and installation. We generally subcontract construction works and equipment installation to qualified third-party subcontractors, provided that a prior consent from the customer has been obtained. During the implementation of a project, we regularly supervise and inspect the construction schedule, progress, safety and quality of the outsourced works. We are responsible to our customer for all subcontracted construction works and equipment installation. None of our subcontractors shall further subcontract.

- Testing, trial operation, inspection and acceptance. Upon the completion of construction and installation, we will test each of the components of the environmental protection facilities, and then perform partial and overall trial operation. After trial operation and jointly with our customer , we carry out performance test for the relevant facilities to determine whether such facilities have achieved the technical performance and indices stipulated in the contract. After the facilities have achieved the stipulated performance and indices and successfully gone through a certain period of trial operation, our customer will issue to us a preliminary inspection and acceptance certificate.

- Warranty period and retention. We generally provide our customer with no less than one-year warranty period. Yet, the warranty period may be extended in respect of the specific engineering projects. During the warranty period, the customer retains a portion of the contract consideration as retention. Upon the expiration of warranty period, if the relevant environmental protection facilities have met the requirements in the contract, our customer will send us a final inspection and acceptance certificate and return the retention within the term specified in the contract.

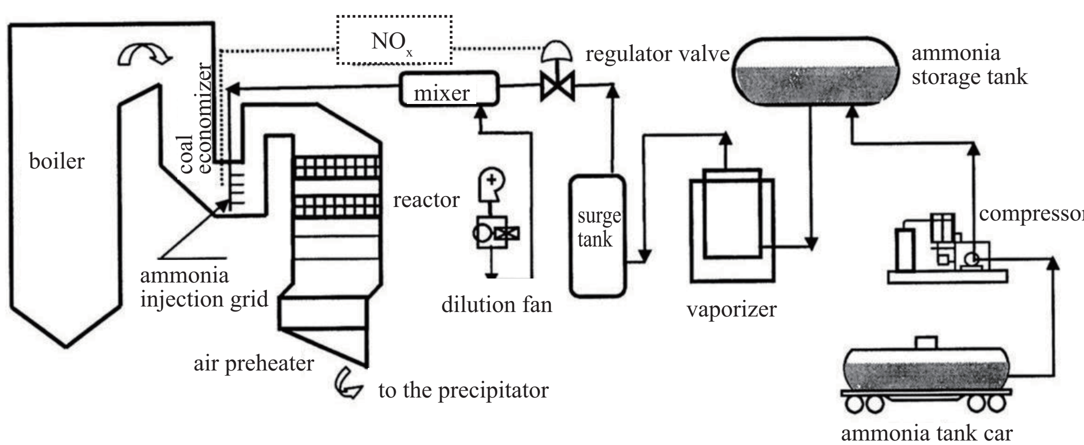
Our Directors confirm that during the Track Record Period, there had been no material breach by us of any contractual quality or function assurance, and none of our customers had declined to accept the environmental protection facilities engineering projects completed and delivered by us.

Denitrification facilities engineering

We commenced to conduct the denitrification facilities engineering business in 2006. In terms of the cumulative installed capacity in operation, the denitrification engineering projects for coal-fired power plants completed by us by the end of 2015 accounted for 6.3% of the nationwide market, ranking as the third largest in the PRC. As of June 30, 2016, we have completed 96 denitrification facilities engineering projects (including both newly-built and refurbished projects), with the cumulative installed capacity in operation and the cumulative contracted capacity reaching 60,640 MW and 67,980 MW, respectively. Cumulative installed capacity in operation and cumulative contracted capacity refer to the cumulative capacity of the denitrification facilities that are newly-built or refurbished by us and the cumulative capacity of the denitrification facilities that are contracted by us to build or refurbish, respectively.

Except for a small number of projects adopting SNCR denitrification technology, the majority of our denitrification facilities engineering business adopt the advanced SCR denitrification technology. SCR denitrification technology can significantly enhance the effectiveness of denitrification by adding high-performance catalysts during the reduction reaction process. According to Frost & Sullivan Report, there is no existing or under-development replacement technology which may threaten the leading position of SCR denitrification technology.

The denitrification facilities at coal-fired power plants that are built by us as the general contractor, adopting the SCR denitrification technology, generally comprise of systems such as liquefied ammonia storage and transportation system, ammonia gas preparation and supply system, ammonia/air mixing system, ammonia injection system, SCR reactor system and soot-blower system. The major equipment required includes, among others, SCR reactors, denitrification catalysts, ammonia dilution ventilators, ammonia/air mixers and soot blower. The following diagram illustrates the composition of the typical denitrification facilities built by us, adopting the SCR denitrification technology:



After being transported by a liquefied ammonia tank car into the ammonia storage tank, liquefied ammonia in the ammonia storage tank is carried to the vaporizer and converted into ammonia gas relying on its own weight and pressure discrepancy. It then mixes with diluted air propelled by the dilution fan in the ammonia/air mixer, and is carried to the ammonia injection system. At the entrance of the chimney of the SCR denitrification facilities, the ammonia injected and gas from the exit of the coal economizer for boiler mixes together, and then enters the SCR reactor. Through the denitrification reaction of catalysts, it ultimately passes through the flue bridge and returns to the boiler air preheater, achieving denitrification. Ammonia immediately emitted by the ammonia system is discharged into the wastewater tank, and is sent to the sewage treatment plant for purification through sewage pumps after absorption.

The table below sets forth the capacity of our denitrification engineering projects during the indicated periods:

	For the year ended December 31,			For the six months ended June 30,
	2013	2014	2015	2016
Newly contracted denitrification capacity *(MW)*				
Newly-built	–	700	2,060	–
Refurbished	18,610	8,240	3,270	4,480
Number of completed projects	**26**	**37**	**14**	**–**
Number of projects under construction at the end of the year/period	**27**	**8**	**5**	**10**

According to Frost & Sullivan Report, the PRC market for flue gas denitrification facilities engineering erupted in 2013 and 2014. Our denitrification facilities engineering business trended downward from 2015, primarily reflecting the fewer number of projects that we undertook in 2015, as we completed a significantly larger number of projects in 2013 and 2014, primarily reflecting the requirements under the *Emission Standard for Air Pollutants for Thermal Power Plants*, revised by the MEP in July 2011, and the *Announcement on Special Emission Cap*, issued by the MEP in February 2013, that boilers and gas turbines in China had to meet more stringent flue gas denitrification emission standard since July 2014.

According to Frost & Sullivan Report, encouraged by various government policies, the development of coal-fired power plant "ultra-low emissions" engineering market in China will peak in 2017 and 2018, and its market size will reach RMB30.7 billion and RMB30.3 billion, respectively. For more details, please see "Industry Overview — Environmental Protection Facilities Engineering for Coal-fired Power Plants — Market Demand and Competition — Ultra-low Emission Engineering for Coal-fired Power Plants." For example, China Datang Group intends to carry out refurbishment of the existing desulfurization, denitrification and dust removal facilities at its coal-fired power generation enterprises to achieve ultra-low emissions. Please see "— Growth of Environmental Protection Facilities Engineering Business" in this prospectus. Having mastered the integrated system of technologies for achieving ultra-low emissions in relation to desulfurization, denitrification, and dust removal and attained an advanced level, we intend to seize upon the market opportunities in relation to ultra-low emissions to stabilize the performances of our denitrification facilities engineering business.

The following table sets forth details about our denitrification engineering projects under construction as of June 30, 2016:

Denitrification engineering projects under construction	Total contract value	Commencement date	Expected/actual date of completion and operation	Revenue Recognized During the Track Record Period	Whether an ultra-low emission project
	RMB million	(Month/Year)	(Month/Year)	RMB million	
Ultra-low Emission and Denitrification Upgrade Refurbishment Engineering of No. 1 and No. 2 Generation Units of Baqiao Thermal Power Plant of Datang Shaanxi Power Company (大唐陝西發電有限公司灞橋熱電廠1、2號機組超低排放改造工程脱硝提效改造工程)	62.9	May 2015	December 2016	53.9	Yes
Denitrification Refurbishment Engineering for No. 3 Boiler of Datang Huangdao Power Company (大唐黃島發電有限責任公司3號爐脱硝改造工程)	36.6	July 2015	December 2016	28.3	Yes
Denitrification System EPC General Contracting Engineering for "Replacing Small Capacity Units with Large Capacity Ones" Cogeneration Expansion Engineering of Datang 803 Power Plant (大唐八〇三發電廠"上大壓小"熱電聯產擴建工程脱硝系統EPC總承包工程)	63.9	August 2015	November 2016	50.3	Yes
Flue Gas Denitrification General Contracting Engineering for 2×350 MW Cogeneration Engineering of Datang Linqing (大唐臨清2×350 兆瓦熱電聯產工程煙氣脱硝總承包工程)	45.4	December 2015	December 2016	17.5	Yes
Denitrification System EPC General Contracting Engineering for 2×350 MW "Replacing Small Capacity Units with Large Capacity Ones" Cogeneration Engineering of Datang Yan'an Power Plant (大唐延安發電廠2×350 兆瓦"上大壓小"熱電聯產工程脱硝系統EPC總承包)	52.5	December 2015	July 2017	–	Yes
Flue Gas Ultra-low Emission Technological Refurbishment Engineering (Denitrification and Related Systems Refurbishment) for 2×660 MW Units of Xu Chang Yulong Power Generation Company (許昌禹龍發電有限責任公司2×660 兆瓦機組煙氣超低排放技改工程（脱硝及相關系統改造）)	24.7	April 2016	December 2016	5.5	Yes
Ultra-low Emission Denitrification Catalyst Layer Adding and System Refurbishment Engineering EPC Project for No. 1 & 2 Units of Datang Qitaihe Power Generation Company (大唐七台河發電有限責任公司1、2號爐超低排放脱硝催化劑備用層增加及系統改造工程EPC項目)	8.1	May 2016	June 2017	–	Yes

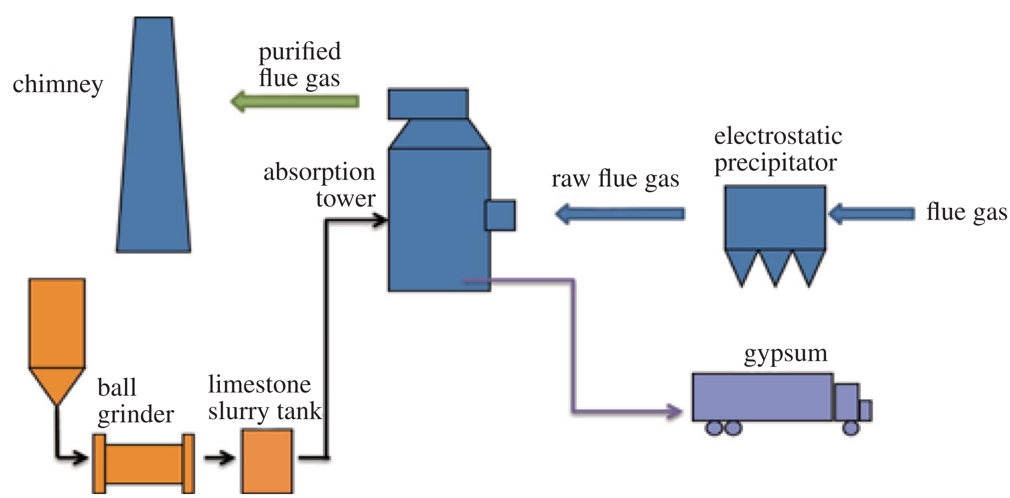
Denitrification engineering projects under construction	Total contract value	Commencement date	Expected/actual date of completion and operation	Revenue Recognized During the Track Record Period	Whether an ultra-low emission project
	RMB million	(Month/Year)	(Month/Year)	RMB million	
Ultra-low Emission Denitrification Catalyst Layer Adding and System Refurbishment Engineering EPC Project for No. 3 & 4 Units of Datang Qitaihe Power Generation Company (大唐七台河發電有限責任公司3、4號爐超低排放脫硝催化劑備用層增加及系統改造工程EPC項目) .	8.9	May 2016	June 2017	–	Yes
SNCR SCR Denitrification Refurbishment Engineering General Contracting Project for 3# Unit of Jinzhushan Coal-fired Power Generation Branch of Datang Huayin Power Generation Company (大唐華銀電力股份有限公司金竹山火力發電分公司#3機組脫硝（SNCR SCR）改造工程總承包項目).	27.7	May 2016	June 2017	–	Yes
Denitrification System Ultra-low Emission Refurbishment Engineering Project for 2×330 MW Units of Datang Lubei Power Generation Company (大唐魯北發電有限責任公司2×330兆瓦機組脫硝系統超低排放改造項目)	7.3	June 2016	June 2017	–	Yes
Total	**337.7**	–	–	**155.5**	–

We introduced into our business operations in 2007 a leading liquid ammonia SCR flue gas denitrification technology from Babcock-Hitachi Kabushiki Kaisha, a Japanese company, and carried out independent or collaborative research and development of various flue gas denitrification technology suitable for coal-fired power generation enterprises with different operating conditions, which include the SCR denitrification urea-pyrolysis ammonia technology for large-scale thermal power plants, urea-catalyzed hydrolysis ammonia technology, complete set of technologies for a new type of SCR reactor, and improved SNCR denitrification proprietary technology. The SCR denitrification urea-pyrolysis ammonia technology for large-scale thermal power plants has been put into commercialization and accessed to be of international leading level. The urea-catalyzed hydrolysis ammonia technology can conserve energy significantly and reduce costs for the coal-fired power generation enterprises extensively. Such technology has been accessed to be of international leading level. The complete set of technologies for a new type of SCR reactor has been accessed to be of international leading level. The improved SNCR denitrification proprietary technology features low energy consumption level and high denitrification efficiency and has been accessed to be of national leading level. Such technology together with our SCR denitrification technologies forms our comprehensive and proprietary denitrification technology system. We have received multiple provincial and industrial technology awards for the denitrification technologies we developed.

Desulfurization facilities engineering

We commenced to conduct desulfurization facilities engineering business in 2004. In terms of the cumulative installed capacity in operation, the desulfurization engineering projects completed by us by the end of 2015 accounted for 2.3% of the nationwide market, ranking as the eleventh largest in China. As of June 30, 2016, we had completed 59 desulfurization facilities engineering projects (including both newly-built and refurbished projects), with the cumulative installed capacity in operation and the cumulative contracted capacity reaching 36,220 MW and 55,360 MW, respectively.

The desulfurization facilities of thermal power plants that are built by us as the general contractor, adopting limestone-wet gypsum desulfurization technology, generally comprises of systems such as flue gas system, absorption and oxidation system, gypsum dehydration system, emission system, processed water system and compressed air system. The major equipment required includes, among others, absorption towers, demisters, circulating pump, oxidation fan, ball grinder and vacuum belt dehydrating machine. The following diagram illustrates the composition and structure of the typical desulfurization facilities built by us, adopting wet limestone-wet gypsum desulfurization technology:



The limestone-wet gypsum desulfurization facilities are installed in a position behind the dust precipitator on a boiler. The flue gas can be circulated in flue gas pipes. Original flue gas enters the absorption tower through blower, performing reflux circulation. Limestone is carried to the absorption tower after being grinded and becoming serous fluid. Serous fluid circulation pump then sends the serous fluid in the absorption tower upward to the spraying layer on the top of the tower. Through adequate contact between serous fluid after nozzle atomization and flue gas, most of the SO_2 in the flue gas is absorbed. Meanwhile, gypsum serous fluid is formed. The purified flue gas passes through mist eliminator which removes liquid drops carried by the purified flue gas. The purified flue gas then enters the atmosphere from chimney after passing through flue pipe. Meanwhile, dehydration is carried out when the gypsum serous fluid is whisked into the dehydrating system by the gypsum discharge pump, and gypsum is obtained as a by-product.

The table below sets forth the capacity of our desulfurization facilities engineering projects during the indicated periods:

	For the year ended December 31,			For the six months ended June 30,
	2013	2014	2015	2016
Newly contracted desulfurization capacity *(MW)*				
Newly-built	1,200	2,560	660	–
Refurbished	3,190	6,000	15,100	2,860
Number of completed projects	**3**	**5**	**14**	**1**
Number of projects under construction at the end of the year/period	**7**	**10**	**17**	**20**

During the Track Record Period, our desulfurization facilities engineering business had grown continuously. In particular, our desulfurization facilities refurbishment engineering business grew significantly in 2015 influenced by the promulgation of ultra-low emission policies. We believe our desulfurization facilities engineering business will continue to maintain healthy growth in the future.

The following table sets forth details about our desulfurization engineering projects under construction as of June 30, 2016:

Desulfurization engineering projects under construction	Total contract value	Commencement date	Expected/actual date of completion and operation	Revenue Recognized During the Track Record Period	Whether an ultra-low emission project
	RMB million	(Month/Year)	(Month/Year)	RMB million	
2×600 MW Newly-built Flue Gas Desulfurization Facilities Engineering for Generation Units of Cuddalore in India (印度古德洛爾2×600兆瓦機組新建煙氣脱硫設施工程)	632.0	May 2013	December 2016	450.0	No
2×330 MW Desulfurization Device Upgrade Refurbishment Engineering of Datang Gansu Power Company (大唐甘肅發電有限公司西固熱電廠2×330兆瓦機組脱硫設施裝置增容提效改造工程)	71.6	June 2013	December 2016	66.1	No
2×600 MW Desulfurization Facilities Refurbishment Engineering for Generation Units of Guizhou Xinyi Power Plant (貴州興義電廠2×600 兆瓦機組脱硫優化技改總承包工程)	108.4	February 2014	December 2016	93.5	No

Desulfurization engineering projects under construction	Total contract value	Commencement date	Expected/actual date of completion and operation	Revenue Recognized During the Track Record Period	Whether an ultra-low emission project
	RMB million	(Month/Year)	(Month/Year)	RMB million	
Generation Units 2×630 MW Flue Gas Desulfurization Engineering for "Replacing Small Capacity Units with Large Capacity Ones" Newly-built Engineering of Hunan Zhuzhou You County Power Plant (湖南株洲攸縣電廠"上大壓小"新建工程項目(2×630 兆瓦)機組煙氣脱硫工程)	150.9	July 2014	December 2016	105.3	Yes
Ultra-low Emission Desulfurization Refurbishment Project of No. 1 and No. 2 Generation Units of Baqiao (灞橋1、2號超低排放脱硫改造項目)	108.1	June 2015	October 2016	92.7	Yes
Desulfurization General Contracting for Ultra-low Emission Refurbishment Engineering of No. 1 and No. 2 Generation Units of Second Thermal Power Plant of Datang Huxian (大唐戶縣第二熱電廠1、2號機組超低排放改造工程脱硫總承包).	74.9	July 2015	October 2016	65.7	Yes
MGGH Refurbishment Project for Ultra-low Emission Engineering of No. 1 and No. 2 Generation Units of Second Thermal Power Plant of Datang Huxian (大唐戶縣第二熱電廠1、2號機組超低排放工程MGGH改造項目).	78.3	July 2015	October 2016	67.8	Yes
Ultra-low Emission Integrated Desulfurization and Dust Removal Refurbishment Project for No. 3 to No. 8 Generation Units of Douhe (陡河3-8號超低排放脱硫除塵一體化改造項目) . . .	139.9	July 2015	October 2016	107.6	Yes
Ultra-low Emission Refurbishment Project (Adding Efficient Dust and Fog Removal Device) for No. 1 and No. 2 Generation Units of Hebei Datang International Wangtan Power Company (河北大唐國際王灘發電有限責任公司1、2號機組超低排放改造項目(增設高效除塵除霧裝置))	39.6	July 2015	October 2016	30.9	Yes
Desulfurization Refurbishment Engineering for No. 3 Boiler Of Datang Huangdao Power Company (大唐黃島發電有限責任公司3號爐脱硫改造工程)	68.5	July 2015	December 2016	43.4	Yes

Desulfurization engineering projects under construction	Total contract value	Commencement date	Expected/actual date of completion and operation	Revenue Recognized During the Track Record Period	Whether an ultra-low emission project
	RMB million	(Month/Year)	(Month/Year)	RMB million	
Desulfurization System EPC General Contracting Engineering for "Replacing Small Capacity Units with Large Capacity Ones" Cogeneration Expansion Engineering of Datang 803 Power Plant (大唐八〇三發電廠"上大壓小"熱電聯產擴建工程脱硫系統EPC總承包工程)	84.4	July 2015	October 2016	61.2	Yes
Ultra-low Emission Desulfurization General Contracting Project for No. 1 and No. 2 Generation Units of Weihe Power Plant of Datang Shaanxi Power Company (大唐陝西發電有限公司渭河電廠1、2號機組超低排放脱硫總承包項目)	38.5	July 2015	November 2016	24.6	Yes
MGGH Refurbishment Project for Ultra-low Emission of No. 1 and No. 2 Generation Units of Weihe Power Plant of Datang Shaanxi Power Company (大唐陝西發電有限公司渭河電廠1、2號號機組超低排放MGGH改造項目)	65.0	July 2015	November 2016	41.2	Yes
Desulfurization Refurbishment Project for Ultra-low Emission Refurbishment Engineering of No. 1 to No. 4 Generation Units of Datang Hancheng Second Power Company (大唐韓城第二發電有限責任公司1-4號機組超低排放改造工程脱硫改造項目)	58.7	July 2015	December 2016	40.1	Yes
Environmental Protection Facilities Ultra-low Emission Refurbishment Engineering for No. 1 to No. 8 Generation Units of Zhangjiakou Power Plant of Datang International Power Company (大唐國際發電股份有限公司張家口發電廠1-8號機組環保設施超低排放改造工程)	411.7	August 2015	October 2016	272.7	Yes
Flue Gas Ultra-low Emission (Desulfurization, Denitrification and Dust Removal) Engineering Project for No. 3 Coal-fired Generation Unit of Tianjin Datang International Pansan Power Company (天津大唐國際盤山發電有限責任公司3號燃煤機組煙氣超低排放(脱硫脱硝除塵)工程項目)	30.3	October 2015	December 2016	18.7	Yes
Desulfurization Refurbishment Project for 2×300 MW Generation Unit of Shandong Shengli Power Plant Phase II (山東勝利發電廠二期2×300 兆瓦機組脱硫改造項目)	35.8	November 2015	December 2016	19.4	Yes

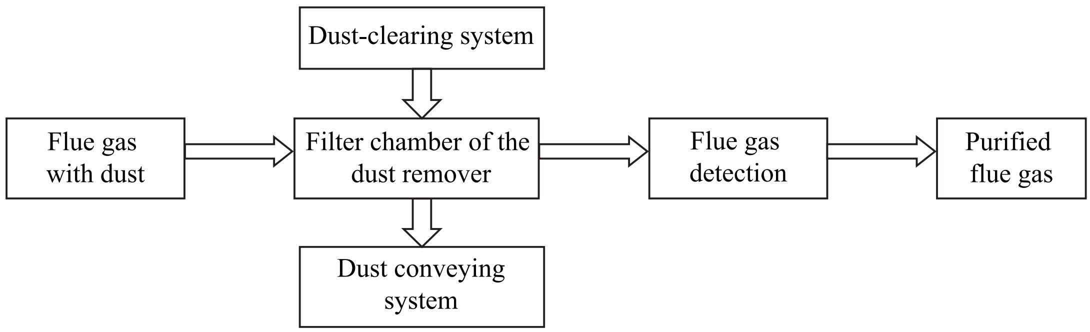
Desulfurization engineering projects under construction	Total contract value	Commencement date	Expected/actual date of completion and operation	Revenue Recognized During the Track Record Period	Whether an ultra-low emission project
	RMB million	(Month/Year)	(Month/Year)	RMB million	
Capacity Increasing Technological Refurbishment Engineering for No. 1 & 2 Units 600 MW Desulfurization Facilities of Zhangjiang Datang Wushashan Power Generation Company (浙江大唐烏沙山發電有限責任公司1、2號600 兆瓦機組脱硫增容技術改造工程)	32.0	April 2016	September 2017	–	Yes
Desulfurization and Dust Removal Ultra-low Emission Refurbishment Engineering for 1# Unit of Ma'anshan Dangtu Power Generation Company (馬鞍山當塗發電有限公司1#機組煙氣脱硫除塵超低排放改造工程)	42.0	April 2016	December 2016	–	Yes
Desulfurization Ultra-low Emission Efficiency Increasing EPC Refurbishment Project for No. 1 & 2 Units of Datang Qitaihe Power Generation Enterprise Company (大唐七台河發電有限責任公司1、2號爐超低排放脱硫提效EPC改造項目)	44.5	May 2016	September 2017	–	Yes
Total	**2,314.8**	–	–	**1,600.9**	–

We introduced into our business operation the leading limestone-wet gypsum flue gas desulfurization technology from Andritz Energy & Environment GmbH in 2004. After many years of conducting the desulfurization business, we have developed various advanced and proprietary flue gas desulfurization technologies suitable for coal-fired power generation units with different operating conditions, such as, the energy-saving turbulence pipe gate high-efficient desulfurization technology. Such technology can not only achieve the SO_2 ultra-low emission target at low energy consumption level, but it also can accomplish the the ultra-low emission of dust. It features high desulfurization efficiency, low energy consumption level, great adaptability to different types of coal and convenient inspection and maintenance procedures. It has been accessed to be of international leading level.

Dust removal facilities engineering

We commenced to conduct dust removal facilities engineering business in 2007, primarily including installation and refurbishment services of dust removal facilities. We have built up extensive experiences in design, installation, trial operation, maintenance and management of dust removal facilities for boilers of power plants, and have successfully completed many dust removal facilities projects at various large-scale power plants in China. As of June 30, 2016, we had completed 51 dust removal facilities engineering projects (including both newly-built and refurbished projects), with the cumulative installed capacity in operation and the cumulative contracted capacity reaching 31,460 MW and 47,300 MW, respectively.

Our dust removal engineering business primarily employs cloth bag dust removal technology and static-bag composite dust removal technology. The dust removal facilities built by us for coal-fired power plants adopting cloth bag dust removal technology generally comprise of systems such as filtering system, impulse dust-clearing system, protection system and steel structure shells. The major equipment required includes, among others, filter bags, joists, impulse valves and velocity-reduction power generators. The following graph illustrates composition of the typical dust removal facilities built by us adopting cloth bag dust removal technology:



The cloth bag dust remover primarily comprises of the filter component and the dust removal component. The filter component is positioned within the filter chamber of the dust remover. When the stream of flue gas with dust passes through the filter chamber of dust remover, the dust will be filtered and cannot enter to the bag. The filtered and purified flue gas will be released through the mouth of filter bag. As there will be more dust on the surface of the filter bag, the pressure discrepancy of the dust remover will be further enlarged. When the pressure discrepancy reaches the pre-set value, the control system will signal to switch on the dust removal system and clear the dust on the surface of filter bag in order to maintain the processing function of dust remover. Dust remains at the dust hopper will be discharged through the dust conveying system.

We have gradually applied wet electrostatic precipitating technology to our dust removal engineering business. Dust removal facilities using wet electrostatic precipitating technology generally comprise of anode-to-cathode system, sprinkling system, high-voltage power supply system, case and other parts. Main equipment required includes, among others, anode board, cathode wire, high-voltage power supply, nozzles.

The table below sets forth the capacities of our dust removal facilities engineering projects during the periods indicated:

	For the year ended December 31,			For the six months ended June 30,
	2013	2014	2015	2016
Newly contracted capacity of dust removal facilities *(MW)*				
Newly-built	–	2,700	4,780	2,020
Refurbished	300	26,460	2,280	3,840
Number of completed projects . .	**3**	**22**	**17**	**1**
Number of projects under construction at the end of the year/period	**1**	**18**	**12**	**18**

The table below sets forth details about our dust removal facilities engineering projects under construction as of June 30, 2016:

Dust removal facilities under construction	Total contract value	Commencement date	Estimated/actual completion and operation date	Revenue Recognized During the Track Record Period	Whether an ultra-low emission project
	RMB million	(Month/Year)	(Month/Year)	RMB million	
2×1,000 MW Cloth Bag Dust Precipitator Project for Ultra Supercritical Power Generation Units of Datang Sanmenxia Thermal Power Plant Phase III Expansion Engineering (大唐三門峽火電廠三期擴建工程2×1,000兆瓦超臨界機組布袋除塵器設備項目)	85.2	April 2014	May 2017	–	No
Refurbishment Project for Electrostatic Dust Precipitator of No. 1 and No. 2 Boilers of Datang Huxian No. 2 Thermal Power Plant (大唐戶縣第二熱電廠1、2號爐電除塵器電源改造項目)	26.6	September 2014	September 2016	19.4	No
Refurbishment Project (of Pulse Power Supply) for Electrostatic Dust Precipitator of No. 2, No. 3 and No. 4 Boilers of Datang Guizhou Fa'er Power Company (大唐貴州發耳發電有限公司2、3、4號爐電除塵節能提效改造 (脈衝電源部分) 項目).	47.3	October 2014	December 2016	25.4	No
2×350 MW Static-bag Dust Precipitator Project for Newly-built Low Heating Ultra Supercritical Power Generation Units in Lin County, Shanxi Province (山西臨縣低熱值煤2×350兆瓦超臨界發電機組新建工程電袋除塵器項目).	41.9	June 2015	December 2016	–	No

Dust removal facilities under construction	Total contract value	Commencement date	Estimated/actual completion and operation date	Revenue Recognized During the Track Record Period	Whether an ultra-low emission project
	RMB million	(Month/Year)	(Month/Year)	RMB million	
Refurbishment Engineering for Electrostatic Dust Precipitator of No. 3 Boiler of Datang Huangdao Power Company (大唐黃島發電有限責任公司3號爐電除塵改造工程)	38.3	July 2015	December 2016	28.5	No
Dust Removal, Ash and Slag Removal General Contracting Engineering for 2×660 MW Super-ultra Supercritical Coal-fired Air Cooled Generation Units of Inner Mongolia Datang Tuoketuo Power Plant Phase V Expansion Project (內蒙古大唐托克托發電廠五期擴建項目2×660兆瓦超超臨界燃煤空冷機組除塵除灰除渣總承包工程).	210.0	July 2015	May 2017	8.7	No
Dust Removal and Ash Removal System EPC General Contracting Engineering for "Replacing Small Capacity Units with Large Capacity Ones" Cogeneration Expansion Engineering of Datang 803 Power Plant (大唐八〇三發電廠"上大壓小"熱電聯產擴建工程除塵和除灰系統EPC總承包工程) . . .	90.8	August 2015	November 2016	43.2	No
Dust Removal, Ash and Slag Removal and Glass Fiber Reinforced Plastic Tube System General Contracting Engineering for 2×350 MW Cogeneration Engineering of Datang Linqing (大唐臨清2×350兆瓦熱電聯產工程除塵、除灰、除渣、玻璃鋼內筒系統總承包工程)	70.0	October 2015	December 2016	11.6	No
Dust Removal Refurbishment Project for 2×300 MW Generation Units of Shengli Power Plant Phase II (勝利發電廠二期2×300兆瓦機組除塵改造項目)	28.1	November 2015	October 2016	21.7	No
Cloth Bag Dust Precipitator Engineering for 2×350 MW "Replacing Small Capacity Units with Large Capacity Ones" Cogeneration Engineering of Datang Yan'an Power Plant (大唐延安發電廠2×350"兆瓦上大壓小"熱電聯產工程布袋除塵器工程)	32.4	December 2015	September 2017	–	No

Dust removal facilities under construction	Total contract value	Commencement date	Estimated/actual completion and operation date	Revenue Recognized During the Track Record Period	Whether an ultra-low emission project
	RMB million	(Month/Year)	(Month/Year)	RMB million	
Dust Removal, Ash and Slag Removal EPC General Contracting Project for "Replacing Small Capacity Units with Large Capacity Ones" Newly-built Engineering of Liaoning Datang International Shenfu Connecting Thermal Power Plant (遼寧大唐國際沈撫連接帶熱電廠"上大壓小"新建工程除塵、灰、渣EPC總承包項目)	85.0	December 2015	October 2017	–	No
Refurbishment Project for Wet Electrostatic Dust Precipitator of No. 2 Boiler of Zhejiang Datang Wushashan Power Company (浙江大唐烏沙山發電有限責任公司2號機組濕式電除塵器改造工程)	39.3	March 2016	December 2016	16.2	Yes
Dust Removal, Ash and Slag Removal EPC Engineering for Newly-built Engineering Phase T of Heilongjiang Datang Suihua Thermal Power Plant (黑龍江大唐綏化熱電新建工程T標段 (除灰、除渣、除塵系統EPC工程))	87.5	March 2016	September 2017	–	No
"Replacing Small Capacity Units with Large Capacity Ones" Newly-built Ash and Slag Removal and Dust Removal Systems EPC Engineering for Henan Datang Gongyi (河南大唐鞏義"上大壓小"新建除灰、除渣、除塵系統EPC工程)	114.5	May 2016	December 2016	–	No
No. 1 & 2 Units 600 MW Static Dust Precipitator Refurbishment Engineering EPC Project of Fujian Datang International Ningde Power Generation Company (福建大唐國際寧德發電有限責任公司1、2號機組660兆瓦靜電除塵器改造工程EPC項目)	9.8	June 2016	December 2016	–	No
Newly-built Wet Electrostatic Dust Precipitator Project of Datang Lubei Power Generation Company (大唐魯北發電有限責任公司新建濕式電除塵項目)	40.5	June 2016	July 2017	–	Yes
Ultra-low Emission Dry Static Dust Precipitator Refurbishment Project for 2×330 MW Units of Datang Gansu Power Generation Company Xigu Coal-fired Power Plant (大唐甘肅發電有限公司西固熱電廠2×330兆瓦機組超低排放乾式靜電除塵器改造項目)	19.2	June 2016	December 2016	–	Yes

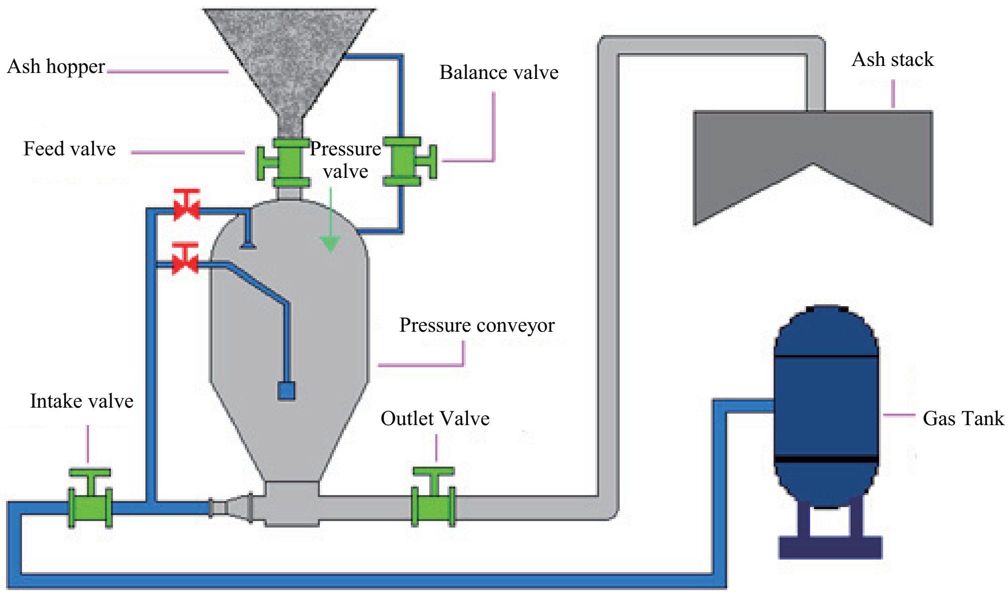
Dust removal facilities under construction	Total contract value	Commencement date	Estimated/actual completion and operation date	Revenue Recognized During the Track Record Period	Whether an ultra-low emission project
	RMB million	(Month/Year)	(Month/Year)	RMB million	
Flue Gas Dust Removal Goal Achieving Refurbishment EPC General Contracting Project for No. 3 & 4 Units of Shengli Power Plant Phase II (勝利發電廠二期3、4號機組煙氣除塵達標改造EPC總承包工程)	33.0	June 2016	December 2016	2.8	Yes
Total	**1,099.3**	–	–	**177.5**	–

In 2008, we introduced into our business operations the leading low voltage rotary pulse-jet cloth bag dust removal technology from the internationally renowned environmental protection company in Germany, Envirotherm GmbH. This technology is one of the flue gas cloth bag dust removal technologies with the largest processing capacity and the most superior integrated performance among all technologies currently in commercial use. We also introduced into our business operations the leading wet electrostatic dust removal technology from Clyde Bergemann Power Group Americas Inc. in 2014. In addition, we developed the proprietary technology of fixed pulse-jet cloth bag dust remover for coal-fired power plants. This technology was assessed to be of international leading level by the CEC in 2009.

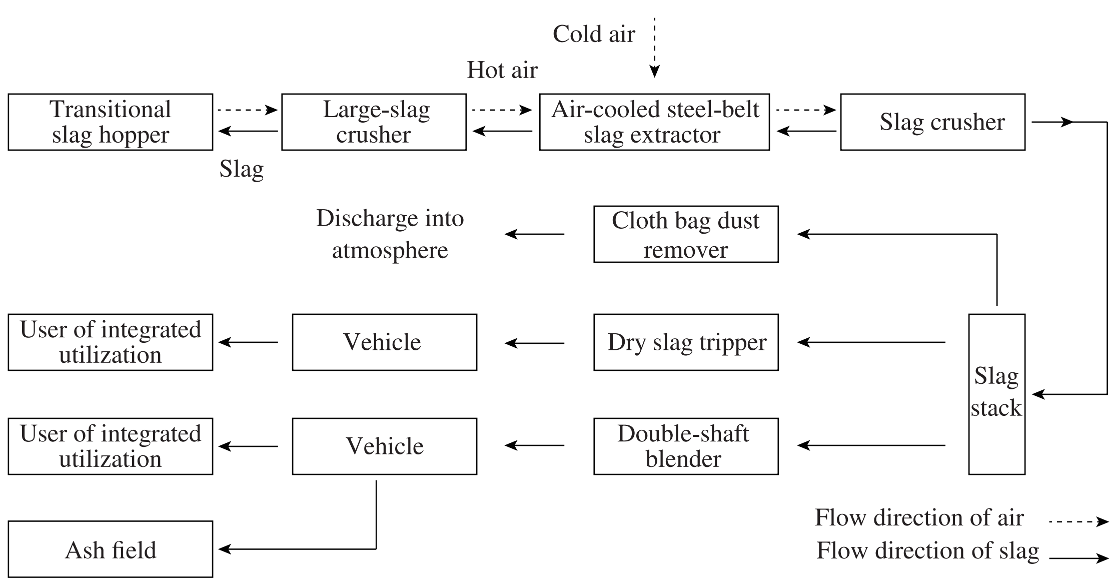
Ash and slag handling facilities engineering

Ash and slag handling facilities are important auxiliary systems to coal-fired power generation units. We commenced to conduct ash and slag handling facilities engineering business in 2004, primarily including engineering business for ash removal system and dry slag extractor. As of June 30, 2016, we had completed 93 sets of ash removal system for power generation units with the cumulative capacity of 14,688 MW, and had completed 101 sets of dry slag extractor for power generation units with the cumulative capacity of 15,711 MW.

Our ash removal system primarily employs the pipe-in-pipe pneumatic transportation system technology. The ash removal systems using such technology outperform other ash removal systems in terms of, among others, system reliability and technology advantages. The diagram below illustrates the components and structure of our typical ash removal system adopting the pipe-in-pipe pneumatic conveying system technology:



Our dry slag extracting technology uses air as the cooling medium to cool down hot slag, which represents a fundamental breakthrough from the traditional slag extraction technology using hydraulic power. The core equipment, the dry slag extractor, has been granted with many national utility model patents. We have, through proprietary innovation, developed the dry slag extractor considering the specific context in China, after fully grasping the dry slag extracting technologies overseas. Moreover, we seek to enhance our capital return by outsourcing to third parties the manufacture of dry slag extractors. In recent years, our dry slag extractor has been extensively adopted in the pulverized coal-fired boilers of large-scale power generation units in the PRC and overseas, with the maximum slag extracting capacity of 80t/h. The diagram below illustrates our typical slag extracting facilities adopting the dry slag extracting technology:



Our ash and slag handling facilities engineering business has a broad portfolio of customers. In addition to China Datang Group and its subsidiaries, our customers also include China Huaneng Group (中國華能集團公司), Shenhua Group Corporation Limited (神華集團有限責任公司), State Power Investment Corporation (國家電力投資集團公司), Guangdong Yudean Group Co., Ltd. (廣東省粵電集團有限公司), Fujian Energy Group Co., Ltd. (福建省煤炭工業(集團)有限責任公司) and other third-party power generation enterprises. Moreover, we have expanded our business into Indonesia.

The table below sets forth the details about our ash and slag handling facilities engineering projects under construction as of June 30, 2016:

Project	Amount	Total contract value	Commencement date	Estimated/actual completion and operation date	Revenue Recognized During the Track Record Period
	Set	RMB million	(Month/Year)	(Month/Year)	RMB million
Newly-built Dry Slag Extractor Supply and Installation Project for Aluminum Magnesium Alloy Auxiliary Power Supply Station of Shaanxi Meixin (陝西美鑫鋁鎂合金配套動力站乾式排渣機供貨安裝新建項目)	4	25.9	March 2014	December 2017	11.1
Air-cooled Slag Extractor Project for No. 5 and No. 6 Units (2×1,240 MW) of Guangdong Huaxia Yangxi Power Generation Plant (廣東華夏陽西電廠二期5、6號機組(2×1,240兆瓦)風冷式排渣機項目)	2	11.0	March 2015	June 2017	–
Slag Extractor Project for Indonesia Medan Industrial Zone 2×150 MW Coal-fired Power Plant (印度尼西亞棉蘭工業園2×150兆瓦燃煤電廠除渣系統項目)	2	6.4	March 2015	June 2017	–
Dust Removal, Ash and Slag Removal EPC General Contracting Engineering for Newly-built Phase T of Heilongjiang Datang Suihua Thermal Power Plant (黑龍江大唐綏化熱電新建工程T標段 (灰渣塵EPC) 總承包工程).	2	42.1	April 2016	October 2017	–
Total	**10**	**85.4**	–	–	**11.1**

Industrial Site Dust Management

As part of our integrated solutions throughout the entire industry value chain, we commenced to provide our customers with industrial site dust management services in 2009 mainly through EPC model. We primarily provide general contracting services for coal transportation system (including the manufacture and installation of heavy equipment for the coal transportation system), coal stockyard enclosing and manufacture and installation service of pipe conveyor belt to our customers. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, our revenue derived from our industrial site dust management business was approximately RMB100.6 million, RMB73.1 million, RMB584.2 million and RMB142.4 million, respectively.

Our coal transportation system general contracting project usually takes 14 to 16 months to complete, while a coal stockyard enclosing project usually takes approximately ten months. As of June 30, 2016, we had completed four general contracting projects for newly-built power plant coal transportation system, with the cumulative installed capacity in operation and the cumulative contracted capacity of 3,280 MW and 9,680 MW, respectively; we had also installed two sets of pipe conveyor belts. We have developed advanced technologies, through proprietary research and development, such as technologies for bucket-wheel reclaimers for large-scale coal stockyards, bar-type material stockyard and circular-type material stockyard. Among such technologies, our bucket-wheel reclaimers for large-scale coal stockyards was assessed by CEC to be of international leading level, and had been applied in Taiyuan No. 2 Thermal Power Plant (太原第二熱電廠). In December 2014, we also introduced into our business operations technologies for the dome storage system, which is of leading level and provides strong technological support for the further expansion of our business.

The table below sets forth details of our industrial site dust management projects under construction as of June 30, 2016:

Project	Total contract value	Commencement date	Expected/actual date of completion and operation	Revenue Recognized During the Track Record Period
	RMB million	(Month/Year)	(Month/Year)	RMB million
Coal Transportation System EPC General Contracting Project: 1×1,000 MW Generation Unit of Datang Sanmenxia (大唐三門峽1×1,000兆瓦機組— 輸煤系統EPC總承包).	257.0	March 2015	December 2016	170.0
Coal Transportation System General Contracting Project for 2×660 MW Super-ultra Supercritical Coal-fired Air Cooled Generation Unit for Inner Mongolia Datang Tuoketuo Power Plant Phase V Expansion Project (內蒙古大唐托克托發電廠五期擴建項目2×660兆瓦超超臨界燃煤空冷機組輸煤系統總包).	215.5	May 2015	May 2017	69.1

Project	Total contract value	Commencement date	Expected/actual date of completion and operation	Revenue Recognized During the Track Record Period
	RMB million	(Month/Year)	(Month/Year)	RMB million
Coal Transportation Island EPC General Contracting Project for "Replacing Small Capacity Units with Large Capacity Ones" Cogeneration Expansion Engineering of Datang 803 Power Plant (大唐八〇三電廠"上大壓小"熱電聯產擴建工程輸煤島EPC總包合同)	127.7	July 2015	December 2016	52.7
Coal Transportation System General Contracting Project for "Replacing Small Capacity Units with Large Capacity Ones" Newly-built Engineering of 2×660 MW Super-ultra Supercritical Generation Unit for Hebei Datang Yu County Power Plant (河北大唐蔚縣電廠"上大壓小"2×660 兆瓦超超臨界機組新建工程輸煤系統總承包)	196.4	August 2015	October 2017	67.6
Coal Transportation System General Contracting Engineering for 2×350 MW Cogeneration Project of Datang Linqing (大唐臨清2×350 兆瓦熱電聯產項目輸煤系統總承包工程)	116.2	August 2015	August 2016	46.8
Coal Stockyard Enclosing EPC General Contracting Project for Zhangjiakou Power Plant Phase II of Datang International Power Company (大唐國際發電股份有限公司張家口發電廠二期煤場封閉項目EPC總承包)	132.2	August 2015	May 2017	17.9
Coal Stockyard Enclosing EPC General Contracting Project for 2×600 MW Generation Unit of Hebei Datang International Wangtan Power Company (河北大唐國際王灘發電有限責任公司(2×600 兆瓦機組) 煤場封閉EPC總承包項目)	79.5	December 2015	October 2016	23.7
Coal Stockyard Enclosing EPC General Contracting Project for Datang Sanmenxia Power Plant Phase III Expansion Engineering (大唐三門峽電廠三期擴建工程封閉煤場總承包)	44.3	December 2015	October 2016	8.7
Coal Stockyard Enclosing EPC Engineering for Tianjing Datang Pansan Power Company (天津大唐盤山發電有限公司煤場封閉工程)	96.5	December 2015	October 2016	44.3

Project	Total contract value	Commencement date	Expected/actual date of completion and operation	Revenue Recognized During the Track Record Period
	RMB million	(Month/Year)	(Month/Year)	RMB million
Coal Stockyard Enclosing EPC General Contracting Project for Heibei Datang International Tangshan Power Company (河北大唐國際唐山發電有限責任公司煤場封閉EPC總承包項目)	43.0	January 2016	October 2016	11.4
Coal Transportation System EPC General Contracting for "Replacing Small Capacity Units with Large Capacity Ones" Newly-built Engineering of Liaoning Datang International Shenfu Connecting Thermal Power Plant (遼寧大唐國際沈撫連接帶熱電廠 "上大壓小" 新建工程輸煤系統EPC總承包)	200.1	November 2015	August 2017	–
Stockyard Enclosing Engineering EPC General Contracting of Douhe Power Plant of Datang International Power Company (大唐國際發電廠股份有限公司陡河發電廠料場棚化工程EPC總承包)	128.9	December 2015	May 2017	–
Thermal Power Newly-built Engineering D Tenders Coal Transportation System EPC Engineering of Heilingjiang Datang Suihua (黑龍江大唐綏化熱電新建工程D標段輸煤系統EPC工程)	145.8	December 2015	April 2017	–
Expansion and Refurbishment General Contracting of 2×300 MW Generation Unit Coal Transportation System of Shanxi Datang International Linfen Thermal Power Plant (山西大唐國際臨汾熱電有限責任公司2×300 兆瓦機組輸煤系統擴容改造總承包)	60.0	April 2015	October 2016	44.8
"Replacing Small Capacity Units with Large Capacity Ones" Newly-built Engineering for Coal Transportation System EPC Contract of Henan Datang Gongyi (河南大唐鞏義"上大壓小"新建工程輸煤系統EPC合同)	283.1	April 2016	October 2017	–
Coal Transportation System EPC General Contracting Engineering Contract for 2×350 MW "Replacing Small Capacity Units with Large Capacity Ones" Cogeneration Engineering of Datang Yan'an Power Plant (大唐延安發電廠2×350 兆瓦"上大壓小"熱電聯產工程輸煤系統EPC總承包合同)	158.0	May 2016	May 2017	–

Project	Total contract value	Commencement date	Expected/actual date of completion and operation	Revenue Recognized During the Track Record Period
	RMB million	(Month/Year)	(Month/Year)	RMB million
Newly-built "Replacing Small Capacity Units with Large Capacity Ones" Coal Transportation System EPC General Contracting Engineering Contract of Guangdong Datang International Leizhou Power Plant (廣東大唐國際雷州電廠"上大壓小"新建工程項目輸煤系統EPC總承包合同)	391.0	June 2016	May 2018	–
Total	**2,677.7**	–	–	**557.0**

Growth of Environmental Protection Facilities Engineering Business

From July 1, 2016 to September 30, 2016, we had entered into contracts or won bids for 17 environmental protection facilities engineering projects related to desulfurization, denitrification or dust removal, with the cumulative capacity of 17,580 MW and the total contract value of RMB742.0 million (including the estimated value of the bids we won). The table below sets forth details about such environmental protection facilities engineering projects for which we had entered into contracts or won bids by categories:

Categories	Number of Projects	Contract Value
	number	RMB million
Desulfurization facilities engineering business . .	6	205.4
Denitrification facilities engineering business . . .	5	137.5
Dust removal facilities engineering business	6	399.1
Total	**17**	**742.0**

With respect to our ash and slag handling facilities engineering business, from July 1, 2016 to September 30, 2016, we had not entered into any contract or won any bid. From July 1, 2016 to September 30, 2016, we had entered into contracts or won bids for six industrial site dust management projects with the total contract value of RMB993.1 million.

As of September 30, 2016, the backlog for our environmental protection facilities engineering business was RMB4,331.2 million, among which, approximately RMB2,047.5 million (tax included), RMB1,695.5 million (tax included) and RMB588.2 million (tax included) is expected to be recognized as revenue in 2016, 2017 and 2018, respectively. Backlog refers to the estimated contract value of work that remains to be completed under the executed contracts as of a certain date, assuming that the work shall be completed according to the terms of the contracts. Backlog is not an audited measure as defined under IFRS and may not necessarily be indicative of our future performances. Please see "Risk Factors — Risks Relating to Our Business and Industry — Our backlog does not necessarily reflect our future operating results." The table below sets forth the backlog for our environmental protection facilities engineering business by categories:

Categories	Backlog as of September 30, 2016
	RMB million
Desulfurization facilities engineering business	718.4
Denitrification facilities engineering business	210.1
Dust removal facilities engineering business	959.3
Ash and slag handling facilities engineering business	32.3
Industrial site dust management	2,411.1
Total	**4,331.2**

Promulgation of Ultra-low Emission Standards Boosts the Growth of Environmental Protection Facilities Engineering Business

Starting from 2015, as various provincial governments gradually promulgated detailed refurbishment plans, the ultra-low emission standard are expected to be satisfied prior to 2020 in some provinces. For example, Hebei Province has completed most ultra-low emission refurbishments by the end of 2015, and Zhejiang Province and Shanxi Province expect to complete the ultra-low emission refurbishments by the end of 2017. The State Council decided on December 2, 2015 that the ultra-low emission refurbishments will be carried out throughout the PRC and the ultra-low emission refurbishment for all the coal-fired power generation units in the PRC shall be completed prior to 2020. In particular, all of coal-fired power generation units in the eastern and central areas shall reach the ultra-low emission standard by the end of 2017 and 2018, respectively. Furthermore, the coal-fired power plants which fail to meet the ultra-low emission standard within the specified time frame must be shut down.

According to Frost & Sullivan Report, the ultra-low emission refurbishment market for coal-fired power plants will bring tremendous growing potentials for environmental protection engineering companies for coal-fired power plants in China. The market size of ultra-low emission engineering for coal-fired power plants is expected to peak in 2017 and 2018, and will reach RMB30.7 billion and RMB30.3 billion, respectively. In addition, with the advent of policy requirements for ultra-low emissions, it is expected that the environmental protection facilities engineering business will grow in the direction of integration in future. To respond to the requirements for ultra-low emissions, China Datang Group intends to carry out refurbishment of the existing desulfurization, denitrification and dust removal facilities at its coal-fired power generation enterprises to achieve ultra-low emissions, which shall help us to seize the growing opportunities for our environmental protection facilities engineering business presented by such drive for ultra-low emissions.

As a provider of environmental protection solutions with integrated processing capability for wastewater, waste gas and solid waste and advanced technological capability, we enjoy substantial first-mover advantage in response to market opportunities brought by the drive of ultra-low emissions. In December 2014, we completed our first desulfurization facilities refurbished project that achieved ultra-low emissions at China Datang Nanjing Power Plant

(中國大唐南京發電廠), with the concentration of SO_2 emissions at 16.3 mg/m³, significantly below the level at 35 mg/m³ for ultra-low emissions. As such, we have built up experiences for promoting our businesses relating to "ultra-low emissions." As of the Latest Practicable Date, we had entered into contracts or won bids for 57 ultra-low emission refurbishment projects with the cumulative installed capacity being 41,090 MW and the total contract value being RMB2,675.8 million, among which we had completed 8,930 MW.

We believe that by leveraging our advantages in experiences built up in environmental protection facilities engineering, our outstanding team and strong research and development capabilities, our environmental protection facilities engineering business will continue to grow and gradually expand into other relevant environmental protection markets such as soil remediation. For more details, please see "— Our Strategies."

Water Treatment Business

Water treatment systems for power plants primarily comprise of, among other things, boiler feed water systems, wastewater treatment systems, water condensate polishing systems, and reclaimed water reusing treatment systems. Such water treatment systems usually also include components such as water ponds, water tanks, medicine feeding equipment, pump rooms, electric thermal control and laboratory. According to Frost & Sullivan Report, with the implementation of *Action Plan for Water Pollution Prevention and Control* (《水污染防治行動計劃》), there are great potentials in China's water treatment market and the investments in relation to water treatment in China are forecast to be more than RMB2 trillion during the period from 2015 to 2020, and the market for water treatment business at coal-fired power plants also has broad growth prospects in future. Currently, we conduct the water treatment engineering business primarily through EPC and EP model. We also carry out water treatment operating including the investment, design, construction and operation of water treatment facilities. For the years ended December 31, 2013, 2014 and 2015 and six months ended June 30, 2016, revenue from our water treatment business was RMB5.2 million, RMB104.2 million, RMB191.8 million and RMB81.4 million, respectively.

In addition, according to Frost & Sullivan Report, technologies for "zero-discharge of wastewater" are likely to be gradually adopted by the coal-fired power plants, especially in areas with relative shortage of water resources. "Zero-discharge of wastewater" refers to full recycling of water used by a plant without any discharge of wastewater, except natural losses such as vaporization. We believe that coal-fired power plants will begin seeking to achieve zero-discharge of wastewater in future. According to Frost & Sullivan Report, if all the coal-fired power plants in China carry out "zero-discharge of wastewater" engineering, the potential market size is expected to exceed RMB50 billion. One of the key focus areas of our research and development efforts is the technology and equipment required to achieve zero-discharge of wastewater. For more details, please see "Our Strategies — Continue to promote research and development and technological innovation."

Water treatment engineering business

We commenced to undertake water condensate polishing engineering projects and boiler water feeding treatment engineering projects for coal-fired power generation enterprises in 2004, and then expanded gradually to cover all types of water treatment projects for coal-fired power generation enterprises, urban sewage engineering projects, wastewater treatment engineering projects for coal chemical industry, among others. Through a combination of internal training and lateral hiring, we have built a professional technical team with proficient skills in water treatment engineering, strong overall capability in project undertaking, and industry reputation in China. As of June 30, 2016, we had completed 83 water treatment engineering projects. The Datang Binzhou Power Plant Water Treatment Island Engineering Project was put into operation in October 2015, and it was the first water treatment island project commenced operation of our Group. The table below sets forth details about our water treatment engineering projects during the Track Record Period:

	For the year ended December 31,			For the six months ended June 30,
	2013	2014	2015	2016
Number of completed projects .	10	6	9	–
Number of projects under construction at the end of year/period	3	10	6	9

We undertake our water treatment engineering projects primarily through EPC and EP business models, which mainly include the following categories:

- Water treatment island engineering project for coal-fired power plants. The water treatment island engineering project generally incorporates all water treatment-related engineering projects at coal-fired power generation enterprises. It usually includes water condensate polishing engineering, boiler feed water treatment engineering, advanced treatment engineering for urban reclaimed water, recycling water treatment engineering, and wastewater treatment engineering. According to Frost & Sullivan Report, the water treatment island model is likely to be gradually adopted by newly-built power plants in China. Assuming in five years, all newly-built coal-fired power plants construct water treatment islands, the potential market size is expected to exceed RMB20 billion. There are currently only four water treatment engineering companies in China which have the capabilities for the required integrated design and construction to undertake water treatment island engineering projects for coal-fired power plants by way of EPC model.

- Advanced treatment engineering project for urban reclaimed water. These projects involve advanced treatment of the reclaimed water from urban wastewater, which is then to be reused as supply for circulating cooling water or boiler water at coal-fired power plants.

- Urban sewage treatment refurbishment and upgrade engineering project. We undertook the urban sewage treatment refurbishment and upgrade project of Huaibei City, Anhui, which successfully commenced operation in 2014. This project adopted a water treatment technology combining denitrification deep-bed filter and biological aerated filter, and obtained seven engineering application patents upon completion.

In addition, given that a number of coal-fired power generation enterprises in the PRC have been seeking to meet the target of zero discharge of wastewater, we intend to undertake zero discharge wastewater treatment engineering projects to build up our technological expertise and experiences, and thereby become one of the pioneers in the market of zero discharge wastewater treatment engineering business for coal-fired power plants.

We have an extensive portfolio of customers for our water treatment engineering business, including coal-fired power generation enterprises under China Datang Group, third-party coal-fired power generation enterprises and third-party wastewater treatment companies.

We have significant technological advantages in water treatment engineering. Our water treatment engineering technologies, which include advanced technologies of national or international leading level, such as water condensate polishing system technology, lime water treatment technology and water treatment technology combining denitrification deep-bed filter and biological aerated filter.

Our water treatment engineering projects undertaken under EPC model generally take 18 months to complete, while projects under EP model generally take approximately three months to complete. Details of our water treatment engineering projects under construction as of June 30, 2016, are set forth as follows:

Water treatment engineering project under construction	Total contract value	Commencement date	Expected/actual date of completion for operation	Revenue Recognized During the Track Record Period
	RMB million	(Month/Year)	(Month/Year)	RMB million
Boiler Feed Water Treatment System Project for 2×350 MW for Low Calorific Value Coal Ultra Supercritical Power Generation Units in Lin County, Shanxi Province (山西臨縣低熱值煤2×350 兆瓦超臨界發電機組新建工程鍋爐補給水處理系統項目)	13.5	February 2014	October 2016	–
"Replacing Small Capacity Generating Units with Large Capacity Ones" Newly-built Engineering Water Management Center EPC General Contracting Project of Liaoning Datang Guoji Shen Fu Connecting Thermal Power Plant (遼寧大唐國際沈撫連接帶熱電廠"上大壓小"新建工程水務管理中心EPC總承包工程)	110.4	January 2015	October 2017	–
Thermal Power Newly-built Engineering M Tenders (Water Treatment System EPC Engineering) General Contracting Project of Heilingjiang Datang Suihua (黑龍江大唐綏化熱電新建工程M標段(水處理系統EPC工程)總承包工程)	64.4	February 2015	February 2017	10.8

Water treatment engineering project under construction	Total contract value	Commencement date	Expected/actual date of completion for operation	Revenue Recognized During the Track Record Period
	RMB million	(Month/Year)	(Month/Year)	RMB million
Pretreatment Refurbishment Project for Chemical Water Making System (Fiber Filter Device) of Power Sub-Station of Inner Mongolia Datang International Keshiketeng Coal-based Natural Gas Company Limited (內蒙古大唐國際克什克騰煤製天然氣有限責任公司動力分廠化學制水系統預處理改造(纖維過濾器設備)項目)	6.1	May 2015	October 2016	–
Water Condensate Polishing System Equipment Project for 2×350 MW Cogeneration Engineering of Datang Linqing (大唐臨清2×350 兆瓦熱電聯產工程水凝結水精處理設備工程)	5.9	June 2015	October 2016	–
Water Treatment Island EPC General Contracting Project for 2×330 MW "Replacing Small Capacity Units with Large Capacity Ones" Cogeneration Expansion Engineering of Datang 803 Power Plant (大唐八〇三發電廠"上大壓小"2×330 兆瓦熱電聯產擴建工程水島EPC總承包工程)	100.4	July 2015	December 2016	69.5
Water Management Center General Contracting Engineering Project for 2×350 MW Cogeneration Engineering of Datang Linqing (大唐臨清2×350 兆瓦熱電聯產工程水務管理中心總承包工程)	125.2	September 2015	October 2016	58.7
"Replacing Small Capacity Units with Large Capacity Ones" Newly-built Engineering Digitalization of Water Treatment Island EPC Project for Henan Datang Gongyi (河南大唐鞏義"上大壓小"新建工程數字化水島EPC工程)	106.4	January 2016	December 2017	7.6
Equipment Procurement Engineering for the Newly-built Water Reclaiming System of Heilongjiang Datang Suihua Thermal Power Plant (黑龍江大唐綏化熱電新建工程再生水系統設備採購)	16.9	June 2016	June 2017	–
Total	**549.6**	–	–	**146.6**

From July 1, 2016 to September 30, 2016, we had entered into contracts for two new water treatment engineering projects with the total contract value of RMB102.1 million. As of September 30, 2016, the backlog for our water treatment engineering business was RMB417.1 million, among which, approximately RMB173.6 million (tax included) and RMB243.5 million (tax included) is expected to be recognized as revenue in 2016 and 2017, respectively.

We intend to continue to aggressively develop our water treatment engineering business, including but not limited to early-stage markets such as water treatment island engineering projects and wastewater zero discharge engineering project for coal-fired power plants in China.

Water treatment operation

We carried out operation by acquiring existing or investing in the construction of coal-fired power plant water treatment facilities and operating such facilities in ways similar to our desulfurization and denitrification concession operation businesses. We will receive water treatment service fees and other relevant benefits. We entered into a water treatment island BOO (build, own and operate) Contract with Datang Shaanxi Power Generation Co., Ltd. Yan'an Thermal Power Plant (大唐陝西發電有限公司延安熱電廠) in March 2016. According to such agreement, we are responsible for the investment, design, construction and operation of 2×350 MW water treatment island for Yan'an Thermal Power Plant. As of the Latest Practicable Date, we had commenced the construction of such water treatment island.

Up to the Latest Practicable Date, we were under negotiations with five coal-fired power generation enterprises under China Datang Group regarding the acquisition or construction of water treatment facilities in order to carry out water treatment operations. We also seek to carry out other water treatment operations, such as municipal sewage treatment and intensive treatment for the reuse of urban recycled water. Water treatment operation will generate stable long-term revenue for us together with our desulfurization and denitrification concession operation business. According to Frost & Sullivan Report, the outlook for water treatment operation business for coal-fired power plants is prosperous. We plan to actively promote our water treatment operation business in the future.

Energy Conservation Business

According to the State Council decision on December 2, 2015, the average coal consumption per kWh of all the existing power plants and newly-built power plants shall not exceed 310g and 300g prior to 2020, respectively, and the power plants in the eastern and central areas shall meet that requirement by the end of 2017 and 2018, respectively. The coal-fired power plants that fail to meet such requirement within the specified time frame must be shut down. According to Frost & Sullivan Report, this decision will bring tremendous growing potentials for the energy conservation market.

Leveraging our advanced technologies, we offer coal-fired power generation enterprises with energy conservation solutions to refurbish their existing high energy-consuming equipment to achieve purposes of conserving water, electricity, coal and oil. Our energy conservation solutions currently mainly include energy conservation engineering business and the energy management contracting (EMC) business. Our energy conservation technologies have a complete coverage of the major equipment for the whole process of power generation at coal-fired power plants. Utilizing technologies such as flue gas waste heat utilization, absorption-type or compression-type heat pump, low-load feed water heating, we are primarily engaged in energy conservation engineering projects such as low-nitrogen burner refurbishment, waste heat recovery of low-temperature coal economizer, heat supply refurbishment, power conservation for dust remover. In addition to energy conservation engineering projects at coal-fired power plants, our energy conservation engineering business also involves projects such as waste heat power generation and power conservation engineering for dust remover in relation to enterprises in industries such as metallurgy industry. We also intend to offer one-stop services including the provision of refurbishment and operation of energy conservation investment to coal-fired power generation enterprises by way of energy management contract services.

Our energy conservation business can derive synergies with our environmental protection services business. For example, refurbishment of power supply for electrical dust precipitator can help improve dust removing efficiency and reduce power consumption; refurbishment of low nitrogen burners can help reduce the NO_x in flue gas at the entrance of denitrification facilities and reduce the consumption of denitrification catalysts. We believe that our energy conservation business will further strengthen our market position as a major provider of integrated environmental protection and energy conservation solutions. In the years ended December 31, 2013, 2014 and 2015 and six months ended June 30, 2016, our revenue, before inter-segment elimination of segments and subsegments, derived from energy conservation business was RMB0.1 million, RMB123.9 million, RMB80.0 million and RMB7.7 million, respectively.

Energy Conservation Engineering

We currently carry out most of our energy conservation engineering projects under EPC model, which include projects such as refurbishment of low nitrogen burners, refurbishment of low-temperature coal economizer, waste heat recovery of turbine cold-end, frequency conversion refurbishment, and power conservation of dust remover. We commenced to conduct energy conservation engineering business in 2013. As of June 30, 2016, we had completed 30 sets of energy conservation facilities. The table below sets forth the details of energy conservation engineering projects for the periods indicated:

	For the years ended December 31,		**For the six months ended June 30,**
	2014	**2015**	**2016**
Newly-contracted energy conservation facilities *(set)*	24	8	7
Completed energy conservation facilities*(set)*	20	8	2
Energy conservation facilities under construction at the end of the year/period*(set)*	4	4	9

We have built up a pool of many advanced technologies in energy conservation engineering business, which have been applied in a number of energy conservation projects with favorable reviews and recognitions from our customers. Such technologies mainly include refurbishment technology for low nitrogen burner of boiler, heat supply refurbishment technology, energy conservation diagnostic technology, waste heat recovery technology for exhaust smoke, and low-load feed-water heating technology.

Depending on details of each energy conservation projects, we generally need approximately six months to complete an energy conservation engineering project. In addition, as our energy conservation engineering projects usually involve the refurbishment of the existing facilities of coal-fired power generation enterprises, the operation of relevant existing facilities would need to be suspended for a certain period. The length of time that we need to complete an energy conservation facilities engineering project will be affected by when the coal-fired power generation enterprises determines to suspend operation of the relevant existing facilities. The table below sets forth the details of the energy conservation facilities engineering projects under construction as of June 30, 2016:

Energy conservation facilities engineering projects under construction	Total contract value	Expected commencement date	Actual/expected date of completion and operation	Revenue Recognized During the Track Record Period
	RMB million	(Month/Year)	(Month/Year)	RMB million
Refurbishment Engineering for Electric Feed Water Pump of No. 1 and No. 2 Generation Units of Luoyang Shuangyuan Thermal Power Plant to Steam-driven Feed Water Pump (洛陽雙源熱電有限公司1、2號機組電動給水泵改造為汽動給水泵工程)	23.1	June 2015	March 2017	20.4
Refurbishment Engineering for Heat Supply of Datang Yangcheng International Power Generation Co., Ltd. (大唐陽城國際發電有限責任公司供熱改造工程)	36.3	September 2015	October 2016	29.0
Renovation of Tube Bundles Configured in the Gas Heater (MGGH) and relevant system renovation of Environmental Protection Facilities Refurbishment Engineering for No. 3 Generation Unit of Zhejiang Datang Wushashan Power Company (浙江烏沙山發電有限責任公司3號機組環保設施改造工程的管式熱煤水煙氣換熱器(MGGH)及相關系統改造)	33.2	February 2016	June 2017	8.5
Low-temperature Coal Economizer Refurbishment Engineering for #1–#4 Units of Yangcheng International Power Generation Company (陽城國際發電有限責任公司#1–#4機組低溫省煤器改造工程)	33.9	April 2016	August 2017	–
External Heat Supply Refurbishment General Contracting Engineering for the Entire Jingtai Power Plant of Datang Gansu Power Generation Company (大唐甘肅發電有限公司景泰電廠全廠對外供熱改造總承包工程)	42.9	May 2016	November 2016	–
Total	**173.5**	–	–	**57.9**

From July 1, 2016 to September 30, 2016, we had entered into one energy conservation facilities engineering contract, with the total contract value being RMB16.8 million. As of September 30, 2016, the backlog of our energy conservation facilities engineering business was RMB67.7 million in total, all of which will be recognized as revenue in 2016.

Energy Management Contract (EMC)

General

Energy management contract (EMC) is a new business model that improves efficiency and reduces operating cost for power plants. To promote the development of EMC business, the Chinese government promulgated a series of regulations in 2010, including the *Opinions on Accelerating Promotion of Energy Management Contract to Facilitate the Development of Energy Conservation Service Industry* (《關於加快推行合同能源管理促進節能服務產業發展的意見》), *Administrative Measures on Fiscal Financial Grants for Energy Management Contract Projects* (《合同能源管理項目財政獎勵資金管理辦法》) and *Notice on Issues Concerning the Value-added Tax, Business Tax and Enterprise Income Tax Policies for Promoting the Development of the Energy Conservation Services Sector* (《關於促進節能服務產業發展增值稅、營業稅和企業所得稅政策問題的通知》). Such regulations promote development of qualified energy conservation companies by way of, among others, preferential tax treatments, interest subsidies, and financial rewards for coal savings.

We commenced our EMC business in 2013, and the services that we can provide through EMC business model generally include services such as project investment, proposal design, equipment procurement, engineering construction, and operation and management. During the Track Record Period, we had completed one EMC project under the actual energy-conserved sharing model of revenue generation. As of June 30, 2016, we had undertaken another four EMC projects under the actual energy-conserved sharing model of revenue generation, with the total estimated investment amount being RMB352.3 million.

The following table sets out the details of such EMC projects:

	Estimated investment amount	Expected/ actual project commencement date	Expected date of completion
	RMB million	(Month/Year)	(Month/Year)
Jiangsu Datang Lvsigang Power Plant Phase I Heat Supply Refurbishment (江蘇大唐呂四港電廠一期供熱改造) EMC Project	161.2	November 2015	July 2017
The Refurbishment Project of the Utilization of Heat from Circulating Water in Shaanxi Datang Baoji Thermal Power Plant (陝西大唐寶雞熱電廠循環水餘熱利用改造項目). .	67.8	January 2016	October 2016
Heat Supply Refurbishment Energy-saving Project for No. 3 & 4 Units of Datang Luoyang Shouyangshan Power Generation Company (大唐洛陽首陽山發電有限責任公司3、4號機組供熱改造節能項目)	84.5	May 2016	November 2016
Heat Supply Refurbishment Project for the No. 1 Unit Axis of Datang International Power Generation Company Fengrun Thermal Power Company (大唐國際發電股份有限公司豐潤熱電有限責任公司1號機組光軸供熱改造項目).	38.8	June 2016	November 2016

As of the Latest Practicable Date, we were under negotiation for five EMC projects, and were participating in the formulation of the *Technical Guidelines for Energy Management Contracting of Power Enterprises* (電力企業合同能源管理技術導則) , which is an industry standard.

Business model

Under the EMC business model, our manners of revenue generation primarily include actual energy-conserved sharing and guaranteed energy conservation. As an EMC service provider, we first analyze and evaluate current operating conditions of a power plant's equipment, understanding the energy consumption conditions of various equipment. We will then analyze and identify the under-performing equipment and design a tailor-made refurbishment proposal to meet the client's needs. Under the manner of actual energy-conserved sharing, upon confirmation of the proposal, we will provide the funding to implement the energy conservation refurbishment proposal, to achieve the targets of energy conservation and operating cost reduction for the refurbished equipment at the power plant. After the construction of a project is completed and the actual energy-conserved is jointly confirmed, both parties can share the actual energy-conserved in the proportions agreed to in the contract during the project's term. When the EMC project's term expires, we will transfer the ownership of energy conservation equipment to the power plant free of any charge, and all energy-conserved thereafter will be enjoyed by the power plant alone. Under the manner of guaranteed energy conservation, the power plant provides investment for the project, while we provide energy conservation facilities refurbishment services according to the proposal and guarantee achieving energy conservation. When the EMC project is completed and achievement of the guaranteed energy conservation is jointly confirmed, the power plant shall make one-off payment or payment by installments for our services. In the event that the EMC project falls short of the guaranteed energy conservation, we shall make up the difference. In addition, in accordance with the PRC laws, energy conservation enterprises conducting EMC business under the manner of actual energy-conserved sharing are entitled to relevant preferential tax treatment. For more details, please see "Regulatory Environment — Energy Conservation Services." Under the manner of guaranteed energy conservation, our customer shall directly pay us relevant fees in accordance with the agreed price and timing as long as we have achieved the energy conservation targets agreed by both parties. However, we cannot enjoy any preferential tax treatment under such manner.

Renewable energy engineering business

The Chinese government has been rolling out new policies to adjust and optimize the energy structure and promote the development of renewable energy over the recent years. According to Frost & Sullivan Report, there is substantial room for the development and utilization of renewable energy compared with conventional energy. The annual installed capacity of wind power plants in 2015 reached 33.0 GW. By the end of 2020, it is expected that the annual installed capacity for wind power will reach 27.1 GW per year and the cumulative installed capacity of wind power will reach 258 GW. By 2020, it is expected that the annual installed capacity for photovoltaic power plant will reach 22.2 GW per year with a CAGR of 8.0% for 2015 to 2020. We commenced our renewable energy engineering business in 2008, with our current business scope mainly comprising of the engineering general contracting business for newly-built wind power plants, biomass power plants and photovoltaic power plants. We operate our engineering business for renewable energy primarily under EPC model, providing our customers with one-stop solutions for the renewable energy engineering projects. We undertake the role of a system integration provider during the implementation of a project, managing the overall progress of the project. In the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, revenue from our renewable energy engineering business (before elimination of inter-segment sales) was approximately RMB562.0 million, RMB501.7 million, RMB2,674.2 million and RMB888.7 million, respectively.

As of June 30, 2016, we had completed 21 wind power plants engineering projects, with a cumulative installed capacity in operation and a cumulative contracted capacity of 1,016.8 MW and 1,715.1 MW, respectively. Moreover, we had completed four photovoltaic power plant engineering projects, with a cumulative installed capacity in operation and a cumulative contracted capacity of 80 MW and 80 MW, respectively. The total term of the biomass power generation project was approximately 18 months with services including design, purchase, construction, adjustment, trial operation training and so on provided through EPC model. It usually takes us between six to nine months to complete a wind power plant project and between four to six months to complete a photovoltaic power plant project. The time required to complete a particular project depends on the installed capacity of the wind power plant or photovoltaic power plant undertaken by us, with the larger capacity requiring longer period of time to complete. The table below sets forth details of our renewable energy engineering projects for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,
	2013	**2014**	**2015**	**2016**
Additional contracted capacity of renewable energy engineering projects *(MW)*	**205**	**–**	**599**	**–**
Number of completed projects	**2**	**3**	**2**	**–**
Number of projects under construction at the end of the year/period	**8**	**5**	**9**	**9**

As of June 30, 2016, we had nine renewable energy engineering projects under construction, with a cumulative contracted capacity of 833.5 MW and a total contract value of RMB4,788.1 million.

From July 1, 2016 to September 30, 2016, we had entered into contract for one renewable energy engineering projects, with the cumulative capacity of 2.0 MW and the total contract value of RMB11.2 million. As of September 30, 2016, the backlog of our renewable energy engineering business was approximately RMB172.2 million, and all of which is expected to be recognized as revenue in 2016.

We had built up extensive project experiences and developed a professional team of high calibers over the years of conducting our renewable energy engineering business. As such, we expect that we will be able to fully leverage our existing advantages to expand our renewable energy engineering business in the overseas in future.

Thermal power plants engineering general contracting business

During the Track Record Period, we conduct our thermal power plants engineering general contracting business primarily under EPC model, with the usual period of time to complete a project around two years. Depending on the demands of our customers, some projects are carried out under EP model. As of June 30, 2016, we had completed two thermal power plants engineering general contracting projects, with a cumulative installed capacity in operation and a cumulative contracted capacity of 625 MW and 625 MW, respectively. In the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, revenue from our thermal power plants engineering general contracting business (before elimination of inter-segment sales) was approximately RMB580.2 million, RMB417.4 million, RMB153.0 million and nil, respectively. We do not plan to undertake any new projects under the thermal power plants engineering general contracting business beyond the applicable scope of our existing qualification. For more details, please see "— Compliance."

Other businesses

During the Track Record Period, we also conducted other businesses, primarily including businesses such as fiberglass chimney anti-corrosion, air-cooling system engineering general contracting and the transformation of coal yard control system. In the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, revenue from our other businesses (before elimination of inter-segment sales) was approximately RMB117.9 million, RMB289.5 million, RMB351.7 million and RMB44.1 million, respectively.

- Fiberglass chimney anti-corrosion: we conduct our fiberglass chimney anti-corrosion business for thermal power plants primarily under EPC model. As of June 30, 2016, we had completed 6 fiberglass chimney anti-corrosion projects, with the usual period of time to complete a project around seven months. We independently designed and produced chimney with inner wall made of fiberglass in 2012, for which was installation was completed and commenced operation in October 2013, with satisfactory operating performances and wide-spread recognitions in the industry.

- Air-cooling system engineering general contracting business: we conduct our air-cooling system engineering general contracting business primarily under EP model. As of June 30, 2016, we had completed five air-cooling system engineering general contracting projects. It normally takes eight to twelve months to complete an air-cooling system engineering general contracting project. We are one of the relatively early group of enterprises in the PRC which pioneered the air-cooling system general contracting business. We hold many patented technologies, including a method to improve electrical feed air-cooled condenser and its cooling capability, an international patent protected under the Patent Cooperation Treaty (PCT). By collaborating with Xi'an Jiaotong University and other third party research institutions on various scientific research projects, we have acquired the relatively essential technologies for air-cooling business and achieved various technological innovations.

Overseas business

As of the Latest Practicable Date, we mainly provide engineering services overseas, primarily including (i) biomass renewable energy engineering; (ii) desulfurization facilities and slag extractors engineering for coal-fired power plants and industrial site dust management engineering; and (iii) thermal power plants engineering general contracting. Leveraging our presence on the whole industry value chain in the PRC market and our first-class technological advantages, we have substantial first-mover advantages in the overseas environmental protection and energy conservation market compared with our PRC competitors in the same industry. In the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, revenue from our overseas business was RMB89.6 million, RMB270.3 million, RMB392.5 million and RMB78.8 million, respectively.

The dry slag extractor EP project in Indonesia in 2007 was our first overseas project, the construction of the NPP5A 1×98 MW power station project in Thailand was our first overseas engineering project. The Cuddalore Desulfurization Engineering Project in India was one of China's early overseas desulfurization facilities EPC engineering projects. Over the years of conducting our overseas business, we have successfully developed a team that has experience in overseas operation, understands international market demands, and is capable of conducting international business and engaging in overseas risks control. According to Frost & Sullivan Report, the strategic *Belt and Road Initiative* proposed in 2015 by the PRC government will facilitate the development of power and related environmental protection, energy conservation and water treatment industries. There are large population with relative large demand for power construction in the *Belt and Road Initiative* countries, and the environmental protection and energy conservation business of most countries is still at a rather early stage. As those countries start to pay increasing attention to relevant environmental issues, the potential of overseas market demand is tremendous. We intend to seize the market opportunities brought about by the *Belt and Road Initiative* proposed by the Chinese government so as to further expand our overseas business to *Belt and Road Initiative* countries. Leveraging our advanced technologies and based on our existing business operations, we intend to further expand our competitively advantageous business to overseas markets, and further develop operating and maintenance services of environmental protection facilities of thermal power plants.

CUSTOMERS

We are committed to providing high-quality products and services covering the whole industry value chain for environmental protection and energy conservation for coal-fired power plants. Leveraging our diversified portfolio of business operations and business models, reliability of our products and services, and advanced technologies of production and operation, we have been able to continuously expand our customer base and types of customers. We have maintained friendly cooperation relationship with our customers, and have on average more than seven years of business relationship with our major customers as of the Latest Practicable Date.

During the Track Record Period, our customers had been mainly from the power industry in China, with major customers including the coal-fired power generation enterprises owned by China Datang Group and other large power industry conglomerates and their subsidiaries. In addition, we also have customers from other industries such as metallurgical industry and chemical industry. During the Track Record Period, we also provided power plants general contracting services and desulfurization facilities general contracting services in Thailand and India, respectively.

In the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, revenue from our top five customers accounted for approximately 24.0%, 14.4%, 31.7% and 33.5% of our total revenue, respectively. The super-majority of our top five customers during the Track Record Period were subsidiaries of China Datang. For the total values of products and services provided by us to China Datang Group during the Track Record Period, please see "Connected Transactions — Continuing Connected Transactions — Non-exempt Continuing Connected Transactions — A. Non-exempt Continuing Connected Transactions subject to Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements — 1. Integrated Product and Service Framework Agreement between the Group and China Datang Group — Historical transaction value." Please also see "Risk factors — Risks Relating to Our Business and Industry — The majority of our revenue came from China Datang Group; we will continue to conduct connected transactions with China Datang Group." During the Track Record Period and up to the Latest Practicable Date, to the knowledge of our Directors, except for the subsidiaries of China Datang that were among our top five customers, none of our Directors, Supervisors, officers, management and their respective associates or any of our Shareholders who held more than 5% of our issued share capital had any interest in our top five customers.

According to Frost & Sullivan Report, it is expected that the development of environmental protection and energy conservation in the power industry remains robust. We intend to further expand our customer base, and endeavor to develop quality customers other than those owned by China Datang Group as well as customers from industries other than power industry. In addition, expanding our overseas customer base is another focus of our future development. With the expansion and diversification of our customer base, we believe that our reliance on our top five customers will be reduced.

PROCUREMENT OF RAW MATERIALS AND EQUIPMENT

Nearly all of our raw materials and equipment are procured through public tender and bidding processes. The table below sets forth the main raw materials and equipment that we procure for our different business segments:

Business segment	Main raw materials and equipment procured
Environmental protection and energy conservation solutions	
Concession operation business	
Desulfurization concession operations	Limestone/pulverized lime, steel ball
Denitrification concession operations	Liquefied ammonia/urea

Business segment	Main raw materials and equipment procured
Environmental protection facilities engineering business	For denitrification facilities, primarily including catalyst, ammonia storage and evaporation equipment, controlling and measuring equipment; for desulfurization facilities, primarily including absorption tower, slurry circulating pump, and oxidation fan; for dust removal facilities, primarily including filtering bags, bag cage, pulse-valves, polar plate and polar line, and electric power sources; industrial site dust management, mainly including belt conveyors, chain-hammer crusher, coal feeder control system and sampling system, etc.
Denitrification catalyst business. . .	TiO_2, steel belt
Energy conservation business	Low nitrogen combustor and low-temperature coal economizer, etc.
Water treatment business	all types of coating, filter materials, water pumps, wind turbines
Renewable energy engineering and thermal power plants engineering general contracting	Wind power plants engineering including wind power generation units, wind turbine towers and adaptors; photovoltaic power engineering including photovoltaic modules and invertors; engineering general contracting of coal-fired plants includes boilers, steam turbines and power generators, etc.

The raw materials and equipment required for our business operations are mainly procured within China, except that certain raw materials for our production of denitrification catalysts are procured from overseas suppliers.

During the Track Record Period, the overall price level of the main raw materials and equipment procured for our production and operation is subject to the fluctuations in the market prices of commodities such as steel, copper and cement. For more details, please see "Industry Overview — Prices of Key Raw Materials."

With respect to raw materials for our production and operation that are relatively fungible, such as limestone for our desulfurization concession operations, liquefied ammonia/urea for our denitrification concession operations, and TiO_2 and steel belt for our denitrification catalysts business, we usually enter into long-term supply agreements with a term of one year with the suppliers, to ensure stable supply of such raw materials at competitive prices and thus to reduce our cost. Our long-term supply agreements entered into with suppliers usually do not specify any minimum purchase obligations. However, such agreements usually provide that in the event of substantial fluctuations in market prices, both parties shall negotiate to adjust the supply prices. We are generally required to pay our suppliers in installments at the execution of the contract, upon completion of the trial operation of the supplied equipment, and upon expiry of the warranty period, respectively.

With respect to various equipment for our engineering business, for which details such as specifications and technical parameters of the relevant equipment need to be finalized based on the demands of the specific projects, we will identify and finalize our equipment suppliers and enter into procurement contracts for the particular equipment after we have executed the agreements for the engineering business with our customers. Our equipment procurement contracts usually provide that the equipment suppliers should obtain our written consent regarding the technical standards for the equipment. During the production and manufacturing process of the equipment, we may entrust a supervisory agency or individual to conduct on-site supervision and examination at the production and manufacturing facilities, in order to ensure that the equipment has no quality issues and complies with the agreed relevant technical standards. When an equipment procurement contract becomes effective, we generally make a prepayment to the equipment supplier of certain portion of the contract consideration. At the same time, the equipment supplier shall provide to us a performance bond of an amount equivalent to a certain portion of the contract consideration. We generally agree in our equipment procurement contract that we shall pay the equipment supplier by installments based on the progress of the production and manufacturing of the equipment. We generally retain a certain portion (for example 10%) of the contract consideration as retention for the equipment quality guarantee. The warranty period is in general one year or more, depending on factors such as value and technological complexity of the relevant equipment. Delivery of the equipment is usually set to be the construction site for the relevant engineering project, with the equipment supplier responsible for arranging the transportation of the equipment and liable for all risks of any damage to the equipment prior to delivery. We conduct the installation, debugging, trial operation and inspection and acceptance of the delivered equipment under the technical guidance of the equipment supplier.

We implement well-managed procurement system and stringent supplier selection process, including qualification confirmation, laboratory testing, inspecting production process, annual review and repeat review. We can generally procure adequate amount of equipment and raw materials from various sources to meet our production and operating requirements. However, in the event that our customer requires in the contract to use the product from a specified supplier or the product used needs to be compatible with the customer's power generation equipment, we will procure the corresponding equipment and/or raw materials from the specific supplier. In rare circumstances where only one single candidate supplier submits its bid during our public tender and bidding process for certain auxiliary raw materials, we usually publish the details of such candidate supplier on our website, and enter into the procurement agreement only after the terms of the agreement have been finalized through strict negotiation process after expiration of the publication period. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material shortage in the supply of equipment or raw materials.

SUPPLIERS

We select our suppliers mainly through the public tender and bidding process. Given the diversified procurement channels available in the market for raw materials and equipment required for our business operation and the ample supply of such raw materials and equipment, we usually do not enter into a long-term supply agreement with a supplier for more than one year. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, purchase from our top five suppliers accounted for approximately 14.1%, 8.0%, 42.6% and 32.5% of our purchase of equipment and raw materials, respectively.

We strictly monitor and control the quality and delivery time of raw materials and equipment. If the quality of equipment and raw materials cannot pass our quality inspection, we are entitled to request the supplier to replace or repair the equipment and raw materials and to bear the corresponding expenses. We also review the production schedules of many suppliers to ensure timely supply.

During the Track Record Period and up to the Latest Practicable Date, we had not early terminated any procurement agreement with a supplier. Given our extensive network of suppliers and effective contingency mechanism, our Directors are of the view that in the event of unexpected suspension in supply from our major suppliers, we can still obtain stable supply of major parts and raw materials in a timely manner without incurring substantial increase in our procurement cost; even if the prices of major parts and raw materials increase, we will still be able to identify alternative competitive suppliers.

Our Directors confirm that, except for certain subsidiaries of China Datang, which provide us with relevant products and services, such as water supply, electricity supply and production ancillary services under the collaborative management model that are required for our desulfurization and denitrification concession operations, none of our suppliers are our customers or connected persons. Regarding the products and services provided by China Datang Group to us, please see "Connected Transactions — Continuing Connection Transactions — Non-exempt Continuing Connected Transactions — A. Non-exempt Continuing Connected Transactions subject to Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements — 1. Integrated Product and Service Framework Agreement between the Group and China Datang Group." Other than the aforementioned circumstances, our top five suppliers during each year or period in the Track Record Period are all independent third parties. None of the Directors or their respective close associates or any of our existing Shareholders who, to the best knowledge of the Directors, held more than 5% of our issued share capital had any interest in such top five suppliers.

RESEARCH AND DEVELOPMENT AND DRAFTING OF STANDARDS

We have strong capabilities to independently conduct research and development. We have led or participated in drafting a number of international industry standards, PRC national standards and PRC industry standards for various electrical power environmental protection and energy conservation technologies in China, which were then reviewed and adopted by the relevant authorities or industry bodies.

Research and development

Our research and development team has extensive experiences in the relevant industry, and is committed to introducing advanced technologies into China and developing new technology and products and enhancing or improving existing technology so as to meet the rapidly changing market demands. By establishing a sound technical research and development platform and continuously seeking innovation and improvement in advanced technologies, we have obtained a batch of key research and development achievements with independent intellectual property rights that are leading in the PRC or of the advanced level internationally, such as the "core technology and equipment for wet flue gas desulfurization," "proprietary technology for denitrification system," "urea-pyrolysis ammonia preparation technology in SCR denitrification for large-scale thermal power plants" and "urea-catalyzed hydrolysis ammonia preparation technology" applicable to large-scale coal-fired power generation enterprises, and the stacker reclaimer for large-scale bulk stockyards. The majority of such research and development achievements have been extensively applied to our production and operation, which have substantially reduced our production and operating costs and increased our production and operation efficiency. Such technologies mainly include:

- Urea-pyrolysis ammonia preparation technology in SCR denitrification for large-scale thermal power plants: we have successfully mastered the core technology for urea-pyrolysis ammonia preparation, which substantially decreases the overall cost for urea-pyrolysis ammonia preparation in denitrification engineering. It has been successfully put into commercialization. It was assessed to be of international leading level by the Chinese Institute of Electrical Engineering in September 2014.

- Urea-catalyzed hydrolysis ammonia preparation technology: this technology has significant technological and economic advantages, achieving substantial effect of energy conservation and emission reduction. The technology was assessed to be of international leading level by the Chinese Society for Electrical Engineering in March 2015.

- Continuous stacker reclaimer for large-scale bulk stockyard: the technological focus of this research is to ensure reliability and stability of the equipment, optimize product structure and layout, and enhance the environmental-friendliness of the product. The research and development of this equipment requires the technical proposal to be finalized by synthesizing various external conditions such as technological requirements and conditions of the stockyard in relation to the coal stockyards of power plants, leveraging existing product technologies, achieving computerization and automation of model selection for products, for the purpose of implementing different technological processes.

- Wet flue gas desulfurization core technology and equipment: this technology is applicable to the system design of limestone-wet gypsum flue gas desulfurization system for coal-fired power plants and the design and functional upgrading of the key equipment of absorption towers. It can conduct not only material balance (including gas phase, liquid phase and technical design of absorption towers) for wet desulfurization system, but also various functions such as equipment model selection and calculation, drawing of functional curves, and system configuration selection. It has great practicality, operability and expandability.

- Proprietary intellectual property rights and technologies for denitrification system: based on the industrial standards in China and the practical engineering requirements, we have purposefully developed proprietary technology for ammonia injection grid and static mixer in the SCR flue gas denitrification reactor for coal-fired power plants, achieving optimization of the flue gas field within the SCR denitrification system and reliability in installation and usage. The modified static mixer and flue gas denitrification equipment has an engineering cost level significantly lower than the other static mixer and flue gas denitrification equipment in complicated forms. It has great prospect in terms of practical application.

- Proprietary technology of fixed pulse-jet cloth bag dust remover for coal-fired power plants: this technology is mainly applied to enhance the technical functions of key components of fixed pulse-jet cloth bag dust remover for coal-fired power plants and the overall functions of the bag-type dust remover. The dust remover adopts a modular design with compact structure, occupying very small area. The volume of flue gas processed by such dust remover can reach 2,400,000 cubic meters per hour. Such dust remover can be applied to 600 MW power generation units through structural expansion.

Our research and development are managed centrally by our science and technology information department, with the specific research and development works to be performed by our excellent research and development teams at the subsidiary or branch level. As of June 30, 2016, our research and development team comprised of 154 employees with expertise in areas such as flue gas desulfurization, denitrification, dust removal, industrial site dust management, water treatment and wind power generation, among whom over 48.1% held master's degrees or above, over 62.3% held technical titles of mid and senior level and over 13.6% were registered engineers and held national level professional qualifications for the relevant industries. As of June 30, 2016, we had one academicians and expert workstation (院士專家工作站), two postdoctoral workstations (博士後工作站) and two provincial-level enterprise technology center. In addition, we have established several research and development centers and laboratories, including Datang Power Design Institute (大唐電力設計研究院) located in Beijing. Moreover, we have also established a world-class testing center and key laboratory for denitrification catalysts, which has obtained accreditation from CNAS as of first-class standards. Our investment in equipment and instruments alone amounted to over RMB30 million for the testing center and key laboratory for denitrification catalysts. Our testing center is an authoritative testing center accredited by CNAS for denitrification catalysts, with the widest range of testing items currently available in the industry and covering 19 testing items under five categories, including all relevant major testing items for both honeycomb-type and plate-type denitrification catalysts. Its testing items also cover the major testing items for raw materials used in manufacturing denitrification catalysts.

In addition to actively developing our internal research and development capability, we also collaborate with various top-class higher education institutes in China, such as Tsinghua University (清華大學), Southeast University (東南大學), Xi'an Jiaotong University (西安交通大學) and Beijing University of Chemical Technology (北京化工大學), to research and develop cutting-edge environmental protection and energy conservation technology in the power industry. As of the Latest Practicable Date, we successfully completed three collaborative research and development projects with a series of industry-leading and innovative achievements, which helped our customers in the electric power industry to effectively reduce operating and maintenance costs and energy consumption, and contributed to pollutant emission control and improvement in operating efficiency. As of the Latest Practicable Date, we still had 12 on-going research and development projects in collaboration with the top-class higher education institutes in China including Tsinghua University (清華大學), Zhejiang University (浙江大學), Wuhan University (武漢大學), Nankai University (南開大學), Nanjing University of Science & Technology (南京理工大學) and Xi'an Jiaotong University (西安交通大學). With respect to research and development projects that we undertake jointly with third parties, we were usually responsible for suggesting the research and development proposal and providing the research and development expenses. For the majority of the projects, we are entitled to own the intellectual property rights of the developed technologies or innovation achievements.

During the Track Record Period, we invested a significant amount of resources to enhance our research and development capability for environmental protection and energy conservation technologies. In the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, research and development expenditures of our continuing operations amounted to RMB31.3 million, RMB31.8 million, RMB27.1 million and RMB19.3 million, respectively.

With a market orientation and a goal to serve the development of our business operations, we intend to continue strengthening our investment into research and development, and focusing on research and development of advanced, unique and scarce environmental protection and energy conservation technologies as well as adaptive manufacturing technologies. We intend to fully leverage external research and development resources, and continue to train outstanding research and development talents at the same time, endeavoring to establish an industry-leading research and development network for environmental protection and energy conservation technologies that integrates design, research, development, testing and production.

Drafting of standards

Leveraging our strength in research and development and our leading industry experiences, we have led or participated in drafting a number of PRC national standards, PRC industry standards and international industry standards in relation to environmental protection and energy conservation for coal-fired power generation, which were then reviewed and adopted by the relevant authorities or industry bodies, including the DL/T1286-2013 *Technical Criteria of Thermal Power Plant Flue Gas Denitrification Catalysts Testing* (《火電廠煙氣脱硝催化劑檢測技術規範》), the first standard for catalysts testing in China, the national standard of *Plant-type Flue Gas Denitrification Catalysts* (《平板式煙氣脱硝催化劑》), the national standard for the *Method for Chemical Composition Analysis of Flue Gas Denitrification Catalysts* (《煙氣脱硝催化劑化學成分分析方法》). We are currently leading the drafting of two international standards, i.e., the *ISO Standard of Technical Guidelines for Evaluation of Energy Savings of Thermal Power Plants* and the *IEEE Standard on Power Plant De-Nitrogen Oxide (DeNO$_x$) Plate-Type Catalyst*, in addition to one PRC national standard and one PRC industry standard in relation to electricity environmental protection and energy conservation technologies.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, in China, we hold 457 patents and 44 computer software copyrights. We continue to apply for intellectual property rights in China for the products and technologies developed by us. As of the Latest Practicable Date, we were applying for 131 patents. Furthermore, we own other intellectual property rights such as non-registered trade secrets, proprietary technologies, procedures and processes. We protect our trade secrets by entering into confidentiality agreements or trade secrets protection agreements with our suppliers and employees.

For more details about our intellectual property rights (including pending patents), please see "Appendix VI — Statutory and General Information — B. Further Information about Our Business" to this prospectus. As of the Latest Practicable Date, there was no lawsuit brought against us, nor had we initiated any lawsuit against any third parties in relation to intellectual property rights infringement.

SALES AND MARKETING

We adopt a direct sales model to offer products and services to the end users. In order to be able to accurately follow and analyze our sales performances as well as the market dynamics for environmental protection and energy conservation, we have developed a relatively comprehensive marketing management system, including components such as convening monthly and quarterly sales analysis meetings, establishing assessment and incentive mechanisms for marketing, and adopting electronic management of marketing. Given that our various business segments target similar groups of customers, there are significant synergies in the sales and marketing activities between our business segments, which allows us to share the sales and marketing resources, including marketing talents, customer contacts and relevant market data. As of June 30, 2016, 71 of our employees engaged in marketing and sales activities had relevant experience in marketing development for electricity industry. We believe that, by virtue of our experience and expertise accumulated over the years, we are able to understand the latest market development as well as our customers' operations and demands, and meet the demands of our customers in a timely manner.

As of June 30, 2016, our customers spread over 30 provinces in China. By optimizing our resources and products and leveraging our outstanding historical performances and credibility, we intend to cultivate customers in the electric power industry that are independent from China Datang Group and customers from other industries, while maintaining our foothold under the support of China Datang Group. Meanwhile, we have been actively exploring the overseas market. Currently, we are undertaking engineering general contracting projects in India and Thailand, and are planning to carry out our environmental protection and energy conservation business in Southeast Asia, African and Latin American markets.

Our pricing strategies are subject to relevant business models, such as concession operations model for desulfurization and denitrification, EPC model for engineering businesses such as environmental protection facilities engineering and renewable energy engineering, EMC model for energy conservation services, and production and sales of denitrification catalysts. For more details about our pricing strategies of specific business models, please see " — Our Business."

QUALITY CONTROL

We emphasize the safety and reliability of our solutions and products. We have established comprehensive quality control mechanism, which monitors each stage of our operations, including development and production of products, formulation of product quality standards, supplier management and confirmation, engineering construction process, performance quality of sub-contractors, and post-sale operation and services. We believe that superior products and reliable services are keys to our success, which are essential for us to attract and maintain our domestic and overseas customers. We have invested a significant amount of resources to ensure our product and service quality, which helps us to maintain our customers' confidence in us. We have established quality management system according to ISO9001: 2008 Quality Management Systems Standard. We carry out stringent quality control measures in line with relevant national, international and industry standards. We have obtained certifications issued by TÜV Rheinland of Germany and Lloyd's Register Quality Assurance of the United Kingdom for the plate-type denitrification catalysts produced by us.

We have implemented quality management that is traceable throughout the entire lifecycle of our products and services. We closely monitor the quality of the equipment and raw materials delivered by our suppliers, and we may choose not to accept any delivery if the quality of the equipment and raw materials cannot pass our quality examinations. During the quality warranty period, in the event of any defect in the equipment or materials provided by a supplier or noncompliance with the contract specifications, we are entitled to claim damages against such supplier. We have formulated a number of measures to enhance quality control over our product development, production and engineering construction, such as actively promoting the quality standardization, establishing a system of accountability for employees, and strengthening training on quality and safety for employees. As we engage third party sub-contractors under both the EPC business model and concession operations business model, we adopt quality control measures over the whole process from selection of sub-contractors to construction, such as qualification authentication and regular onsite inspection. In addition, we will conduct reviews of such sub-contractors. We have also developed specially management systems concerning equipment maintenance and repair, so as to strengthen our management of post-sale operation and services with respect to various aspects such as maintenance and repair cycle, plan management and fund allocation.

We provide quality warranty to customers for our products and services. According to our executed contracts, the quality warranty period is generally one year. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product returns or product recalls, or been subject to any material product liability or other legal claims arising from product quality issues.

As of June 30, 2016, we had 144 employees engaged in quality control, responsible for the quality control over our key stages of operations, such as raw materials procurement, research and development of products, manufacturing and engineering construction. Among our quality control employees, 62 employees had more than five years of working experiences in quality control. During the Track Record Period, we were not subject to any material administrative penalties as a result of violating applicable laws and regulations in relation to product quality and technical supervision.

COMPETITION

We provide leading environmental protection and energy conservation solutions that cover the entire industry chain of coal-fired power plant environmental protection and energy conservation in China, competing not only against other integrated providers of environmental protection and energy conservation solutions in China, but also providers who specialize in individual environmental protection or energy conservation products or services. As to our renewable engineering business and thermal power plants engineering general contracting business, we compete against other engineering contractors in China. We mainly compete against our competitors in terms of technological strength, performance and experiences, capital strength and customer resources. According to Frost & Sullivan Report, in terms of the cumulative contracted capacity by the end of 2015, our desulfurization and denitrification concession operations business both ranked the first in the country. We were the largest manufacturer of plate-type denitrification catalysts nationwide and worldwide in terms of our total production volume in 2015. The cumulative installed capacity in operation of our denitrification engineering business as of the end of 2015 ranked the third in the country.

Our renewable engineering business mainly competes on the markets of wind power engineering and photovoltaic engineering in China. According to Frost & Sullivan Report, the concentration of the markets of wind power engineering and photovoltaic engineering in China is rather low. Our thermal power plants engineering general contracting business mainly competes on the market of thermal power plants engineering. According to Frost & Sullivan Report, the market of thermal power plants engineering are relatively mature, and the market shares are mainly occupied by a few companies.

Please see “Industry Overview” for details on competitors of our major businesses.

INVENTORY MANAGEMENT

Our inventory includes raw materials, semi-finished products and finished products. We conduct regular and random inspection each year on inventory levels to reduce inventory risks and maintain an appropriate level of raw materials to facilitate our production activities. To support our production plan, we adjust raw materials inventories from time to time.

INTERNAL CONTROL

Our internal control system covers corporate governance, operation, management, legal matters, finance and auditing, as appropriate for our overall needs. We have established internal rules and policies, such as the Rules of Procedures for Shareholders’ General Meetings (股東大會議事規則), Rules of Procedures for Board Meetings (董事會議事規則), Rules of Procedures for Supervisory Committee Meetings (監事會議事規則) and detailed working rules for various committees pursuant to the PRC Company Law, the Listing Rules and other relevant regulations. These internal rules and policies have stipulated, among others, the duties and responsibilities for the Shareholders’ meeting, our Board, and the supervisory committee. Our major decisions have been and will be made by the shareholders' general meetings, Board meetings and supervisory committee meetings according to their respective authorizations pursuant to relevant laws and rules and the Articles of Association.

We have established a comprehensive risk management and internal control system to monitor, evaluate and manage the financial, operational, compliance and legal risks that we are exposed to in our business activities. The Audit Committee has been established to, among others, assist the Board in carrying out independent review on our financial positions and the implementation of the internal control and risk management systems. For details of the composition and responsibilities of the Audit Committee, please see "Directors, Supervisors and Senior Management — Board Committees — Audit Committee." In terms of corporate governance and the operational management, we have established and improved various rules of procedures, detailed working rules and major regulations and mechanism to form standardized management systems. In terms of risk assessment, we have established a basic risk assessment system which forms a dynamic risk assessment regime through supervising and managing daily operations. Our management carries out risk management system and evaluates the result of annual risk assessment. We and our subsidiaries have different departments to periodically evaluate our risk management and internal controls, and report the risks identified to our management. We have established emergency management mechanism, which specifies the procedures for monitoring, reporting and dealing with major emergencies and the system to trace accountability, in order to effectively manage material potential risks.

In addition, we have adopted a number of internal rules and policies governing the conduct of employees, and have set up supervisory departments to closely monitor and report any potential corruption or other misconduct of our employees. As of June 30, 2016, we had 25 members with extensive experience in internal control, responsible for the internal reviews of key steps of our business operations and risk management, including financial control, bidding of projects, procurement of raw materials and equipment, recruitment of employees and management of human resources, so as to ensure compliance with internal rules, policies and applicable laws and regulations by our employees. We provide training sessions, including the regulations and case studies, to members of our supervisory departments on an annual basis to continuously improve their knowledge and skills required to satisfy their internal control obligations. We have strictly regulated and managed the major investment and financing activities of our Company and its subsidiaries. We have also provided an anti-corruption email account and a hotline through which we are able to receive reports on our employees' misconduct. During the Track Record Period, we were not aware of any corruption or other material misconduct of our employees.

Each year, we issue a comprehensive risk management report, and compile and update our comprehensive risk and internal control management manual. Our Directors believe that our internal control system and current procedures are adequate and effective.

EMPLOYEES

As of June 30, 2016, we had 983 employees, substantially all of whom were based in China. Our Company and its subsidiaries have individually established labor union branches. Currently, we have entered into employment agreements with each of our employees, in which the position, duties, remuneration, employment benefits, training, confidentiality obligations relating to trade secrets and grounds for termination are specified pursuant to PRC Labor Law and other relevant regulations. The remuneration package of our employees includes salary, bonuses and allowances. Our employees also receive welfare benefits, including medical care, housing subsidies, retirement and other benefits. The table below sets forth the number of employees as of June 30, 2016 by their functions:

Function	Number of employees	Percentage of the total number of employees
Concession operation management personnel	223	22.7%
Engineering and technical personnel	276	28.0%
Sales personnel	73	7.4%
Research and development personnel	154	15.7%
Administrative personnel	116	11.8%
Manufacture personnel	124	12.6%
Others..	17	1.7%
Total	**983**	**100.0%**

We believe our success relies heavily on our employees' outstanding individual abilities and teamwork as well as their consistent high-quality and reliable service standards and service consciousness. Therefore, our employees are recruited through a strict hiring process. Our recruitment and retaining policies take into account a number of factors, including market conditions, our business demands and expansion plans. In order to attract and retain high-quality employees and further improve their knowledge, skill level and professional attainments, we place a strong emphasis on the training of employees. We offer in-service education, training and other opportunities to managers and other employees to improve their professional skills and knowledge. We carry out employee performance appraisals, establish diversified and dynamic appraisal mechanisms. The department heads' salaries and remunerations will be adjusted corresponding to the results of their performance appraisals. We plan to recruit, train and retain talented professionals through multiple recruiting and training processes and offer competitive performance-based remuneration packages and career development opportunities.

Pursuant to applicable PRC regulations, we have contributed to social insurance funds, including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and housing funds for our employees. As of the Latest Practicable Date, we had not experienced any major labor dispute or other labor disturbances that have interfered with our operations, and our employee relations are favorable. Our PRC legal advisor has confirmed that during the Track Record Period, we complied with applicable PRC labor laws and obligations in all material respects.

OCCUPATIONAL HEALTH AND SAFETY

We place significant emphasis on occupational health and safety of our employees and aim to build a people-oriented working environment. We adopt a three-layer safety management model. We focus on the implementation of responsibilities and systems, mainly manage the administration, human resources, equipment and environment and have formulated a highly effective and adequately applicable occupational health management system that is in line with our safety management requirements. We have established a set of measures, including production safety accountability system, the rules on production safety and the rules on incentives and punishments for production safety, in order to ensure the safety and well-being of the employees. The chief executives of each of our operating entities at various levels are the primarily responsibility for safety within their scope of business, who shall take overall responsibility for production safety within their management scope. Meanwhile, safety surveillance departments established by our operating entities at various levels are responsible for monitoring workplace safety and occupational health and safety of our employees as well as performing internal safety checks during the production process to minimize accidents, injuries and occupational diseases. In addition, regular safety meetings at different scales are held on weekly, monthly, quarterly and annual basis. We spot and eliminate potential safety hazards in a timely manner through regular safety checks, specialized safety checks and potential hazards identification as well as seasonal safety checks. Our Occupational Health and Safety Management System is accredited to be in compliance with the OHSAS 18001 standards.

While establishing an effective management system on occupational health and safety, we place great effort to training employees by adopting diversified and flexible methods to provide dedicated and visualized occupational health and safety training programs and establish a dynamic assessment mechanism to further enhance the safety awareness and self-protection abilities of our employees. We have also developed a production safety issue database to categorize issues identified in the production process, in order to timely identify accountability, analyze cause of problems and establish remedies accordingly.

As of the Latest Practicable Date, we had not experienced any material accidents nor been ever subject to any penalties caused by material violation of applicable PRC occupational health and safety laws or regulations. Our PRC legal advisor confirms that our operations are in compliance with the applicable safety regulations in all material respects.

ENVIRONMENTAL PROTECTION

Our operations are currently subject to environmental laws and regulations that govern energy conservation services, surveillance of thermal power plant pollutants emission and renewable energy services. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, our costs for compliance with applicable environmental protection laws and regulations were nil, RMB0.1 million, RMB0.5 million and RMB0.3 million, respectively. We expect annual costs for compliance with applicable environmental rules and regulations for the year 2016 will be approximately RMB0.5 million.

The industries in which we operate are not major sources of environmental pollution. However, we regard environmental protection as an important corporate responsibility, and place great emphasis on the establishment of environmental protection system and the implementation of environmental protection measures in our daily operations. Our operating entities at various levels are required to formulate their respective environmental protection systems and working procedures for environment management. We are required to maintain environmental protection facilities during the entire construction process, and provide on-site personnel with environmental protection training. In addition, we have incorporated environmental protection issues into our production safety issue database in order to better address the environmental issues in business operations. We have obtained the ISO14001 certification.

Our operations are subject to regulation and regular inspection by local environmental authorities. Our PRC legal advisor confirmed that, during the Track Record Period, our operations had been in compliance with relevant environmental protection requirements, and we had not subject to any material administrative penalties as a result of violation of applicable environmental protection laws, rules and regulations.

INSURANCE

We have purchased insurance coverage for our main assets, construction work and personnel at the construction site. The main kinds of insurance policies we have purchased and maintained include property all risks insurance, machinery breakdown insurance and personal accident insurance. We have also provided our employees with basic medical insurance, unemployment insurance, work-related injury insurance, pension plan and maternity insurance in compliance with the relevant PRC laws and regulations.

In accordance with industry practices in China and our own experience in operating our business, our Directors believe that we have secured sufficient insurance coverage for our business operations. During the Track Record Period, we have not experienced any events that may have a material adverse effect on our financial condition, results of operation, reputation, business activities, or future prospects, nor any business interruptions as a result of fire, power outages, software or hardware malfunctions, flood, computer viruses or other events beyond our control. Please see "Risk Factors — Risks Relating to Our Business and Industry — We are subject to the risk of product or service liability claims." and "Risk Factors — Risks Relating to Our Business and Industry — Substantial loss of life and property may occur in the course of our production and construction processes."

We will continue to review and assess our risk portfolio, and make necessary and appropriate adjustments to our insurance coverage in line with our needs and industry practice in China. We intend to purchase errors and omissions liability insurance for our Directors and senior management.

PROPERTIES

Land use rights

As of the Latest Practicable Date, we owned five parcels of land with an aggregate site area of approximately 105,414 square meters in the PRC and had the right to use the parcels of land provided by power enterprises with desulfurization and denitrification facilities without any consideration.

Owned Land

As of the Latest Practicable Date, we owned land use rights of five parcels of land with an aggregate site area of approximately 105,414 square meters in the PRC with valid land use right certificates. According to our PRC legal advisor, the titles of such land use rights are clear from any disputes or potential disputes and we can legally and independently occupy, use, gift, transfer, lease, mortgage or otherwise dispose of such land use rights in accordance with relevant PRC laws and regulations under the terms specified in the land use right certificates, pursuant to applicable PRC laws and regulations.

Use of Land without Consideration

As of the Latest Practicable Date, we used the parcels of land equipped with desulfurization and denitrification facilities without consideration provided by 28 power enterprises. Pursuant to the *Notice of Pilot Plan of Concession Operation of Thermal Power Plant Flue Gas Desulfurization* (《關於開展火電廠煙氣脱硫特許經營試點工作的通知》) jointly promulgated by the NDRC and MEP and the concession operation agreements we entered into, we are entitled to use such parcels of land without any consideration. Among the 28 power enterprises, 25 had obtained the land use right certificates or sea area use right certificates; the remaining three had obtained the construction land use right approval and were in the process of applying for the state-owned land use right certificate. In addition to the aforementioned parcels of land, as of the Latest Practicable Date, we also used one parcel of land without consideration to carry out water treatment operation business for Datang Shaanxi Power Generation Enterprise Yan'an Thermal Power Plant (大唐陝西發電有限公司延安熱電廠). Datang Shaanxi Power Generation Enterprise Yan'an Thermal Power Plant held a valid land use right certificate for such parcel of land. Pursuant to the concession operation agreements, the power enterprises should have obtained valid land use right and provide such parcels of land to us free of charge. As advised by our PRC legal advisor, we can legally occupy and use such land during the term of concession operations as stipulated in the concession operation agreements and provided by relevant PRC laws and regulations.

Buildings

As of the Latest Practicable Date, we owned and leased 132 buildings with an aggregate gross floor area of approximately 195,645 square meters in the PRC.

Owned Buildings

As of the Latest Practicable Date, we owned 11 buildings with an aggregate gross floor area of approximately 76,015 square meters in the PRC. We had obtained valid building ownership certificates for all of the buildings. As advised by our PRC legal advisor, we can legally and independently occupy, use, gift, transfer, lease, mortgage or otherwise dispose of such buildings in accordance with relevant PRC laws and regulations under the terms specified in the building ownership certificates, pursuant to applicable PRC laws and regulations.

Leased Buildings

As of the Latest Practicable Date, we leased 121 buildings with an aggregate gross floor area of approximately 119,630 square meters in the PRC for desulfurization and denitrification facilities, production or office use. The lessors of the 121 buildings we leased had not obtained building ownership certificates. Nevertheless, to the best of our knowledge, these buildings are not subject to any potential ownership dispute.

As to the buildings we leased for our concession operation business, all of such leased buildings are located on the aforementioned parcels of land used by us without consideration, the land use rights of which are owned by the relevant power enterprises. Pursuant to the principle of "integration of property and land use right" ("房地一體"), only the land use right owners are entitled to apply for ownership certificates, thus we cannot obtain the building ownership certificates for such leased buildings. To reduce the potential legal risk arising from the absence of ownership certificates, our Group decided to transfer the buildings for desulfurization and denitrification facilities to Datang Finance Lease Co., Ltd. and power enterprises, which would then deal with the ownership issues of the leased buildings. Such transfer reduces the risks arising from defective titles to which we might be exposed. Consequently, our lessors are classified into two categories, namely coal-fired power enterprises and Datang Finance Lease Co., Ltd, who do not hold valid building ownership certificates of the leased buildings. Datang Finance Lease Co., Ltd. is unable to apply for building ownership certificates pursuant to the principle of "integration of property and land use right." Considering that the buildings for desulfurization and denitrification facilities are necessary auxiliary structures which form non-separable parts thereof, and the complexity in property division involved in the application process for building ownership certificates, many power enterprises, in practice, choose not to apply for building ownership certificates similar to the leased buildings in nature. However, there is no dispute over the ownership of such buildings during the Track Record Period and up to the Latest Practicable Date. According to our PRC legal advisor, these leased buildings that are auxiliary to the desulfurization and denitrification facilities are recognized as buildings because of the presence of roofs and walls, but they, in essence, only serve for connecting, sheltering or protecting purposes, and thus form an integral and non-separable part of desulfurization and denitrification facilities, and the demolition of which can lead to the termination of the operation of the entire coal-fired power generation units. As the investment and construction of desulfurization and denitrification facilities and the construction of coal-fired power generation units had complied with the construction approval requirements, and such buildings, as an integral and non-separable part of desulfurization and denitrification facilities, are at no risks of demolition during the life span of coal-fired generation units. As to the buildings we leased for office use without building ownership certificates, we can easily find replacements with similar rental payment and relocate without incurring undue economic burden. Meanwhile, China Datang had provided binding, effective and enforceable undertaking that it will compensate us for our losses or any claims against us for our lease and use of properties that have not obtained ownership certificates.

The lease agreements for the 121 leased buildings had not been registered with relevant regulatory authorities. Our PRC legal advisor is of the view that the failure to register these leases will neither affect the legality and validity of such leases and our lawful rights to use such buildings nor constitute a material legal impediment to the Listing.

Our Directors believe that all aforementioned properties are of safe conditions and the title defects of such properties will not individually or in aggregate have a material impact on our operations.

Construction in Progress

As of June 30, 2016, we had four construction projects in progress on the parcels of land used without consideration or the land use right of which we own. Our PRC legal advisor is of the view that we are legally entitled to use such parcels of land and have performed approval formalities, such as the examine and approval for projects, environmental impact assessment, construction planning and commencement report, with regard to such construction in progress. Therefore, there is no controversy or dispute over such construction in progress.

NON-COMPLIANCE

Except as disclosed herein, we complied with all applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

With respect to our 121 leased buildings, the lessors had not obtained building ownership certificates and the corresponding lease agreements had not been registered with relevant PRC authorities. For more details, please see "— Properties — Buildings — Leased Buildings" in this prospectus.

Pursuant to PRC laws and regulations, certain business qualifications and permits, including but not limited to the Specialized Class A Design Qualification for Environmental Engineering (including water pollution prevention and control engineering, air pollution prevention and control engineering and solid waste treatment and disposal engineering) (環境工程 (水污染防治工程、大氣污染防治工程、固體廢物處理處置工程) 專項甲級設計資質) (hereinafter referred to as "Specialized Class A Design Qualification for Environmental Engineering"), the Specialized Design Qualification for Electric Power Industry (thermal power) (電力行業 (火力發電) 專業設計資質), the Construction General Contracting Qualification for Electric Engineering (電力工程施工總承包資質), and the Safety Production Permit (安全生產許可證), are required for our engineering general contracting business operations. For more details of the regulatory provisions and risks involved in our business operations, please see "Regulatory Environment" and "Risk Factors — Risks Relating to Our Business and Industry — If we fail to procure or renew qualifications, licenses or permits required by our business operation, we may be subject to penalties or fines and our business and growth plan will also be affected," respectively.

Historical non-compliance

During the Track Record Period, there had been non-compliance incidents in relation to our business qualifications with respect to certain engineering general contracting projects undertaken by our Company and its subsidiaries, which can be summarized into the following two categories.

Bidding Consortium Qualification Issues

During the Track Record Period, our Company and its subsidiaries formed bidding consortiums to bid and, if successful, enter into agreements for certain engineering general contracting projects. Pursuant to the PRC laws and regulations, all members of a bidding consortium need to possess the qualifications and permits required for the relevant engineering projects. During the Track Record Period,

- Specialized Class A Design Qualification for Environmental Engineering. Our Company, being a member of the relevant bidding consortiums formed between our Company and its subsidiaries, did not possess the Specialized Class A Design Qualification for Environmental Engineering, which was required for 58 environmental protection facilities engineering general contracting projects undertaken during the Track Record Period. The aggregate contract value for such projects was RMB5,413.1 million. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, our revenue generated from these 58 projects was RMB1,716.1 million, RMB2,277.1 million, RMB489.9 million and RMB55.3 million, respectively, accounting for 30.2%, 35.0%, 5.7% and 1.8% of our total revenue for the relevant period; our gross profit generated from these 58 projects was RMB278.8 million, RMB280.5 million, RMB128.9 million and RMB46.2 million, respectively, accounting for 28.1%, 26.4%, 9.3% and 6.5% of our total gross profit for the relevant period.

- Specialized Design Qualification for Electric Power Industry (thermal power) and the Construction General Contracting Qualification for Electric Engineering. Not all members of the relevant bidding consortiums formed between our Company and its subsidiaries possessed the Specialized Design Qualification for Electric Power Industry (thermal power) and the Construction General Contracting Qualification for Electric Engineering, which were required for three industrial site dust management general contracting projects, 15 energy conservation engineering general contracting projects, and one fiberglass chimney anti-corrosion general contracting project undertaken during the Track Record Period. The aggregate contract value for such projects was RMB721.0 million. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, our revenue generated from these 19 projects was RMB0.001 million, RMB162.9 million, RMB288.1 million and RMB75.1 million, respectively, accounting for 0.0%, 2.5%, 3.3% and 2.4% of our total revenue for the relevant period; our gross profit or loss generated from these 19 projects was RMB(7.9) million, RMB23.4 million, RMB41.7 million and RMB12.3 million, respectively, accounting for (0.8)%, 2.2%, 3.0% and 1.7% of our total gross profit for the relevant period. Set forth below is a list of projects under construction under this category as of June 30, 2016, and the revenue generated from which accounted for nil, nil, 1.1% and 2.4%, respectively, and the gross profit generated from which accounted for nil, nil, 0.7% and 1.7%, respectively, during the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016 :

Bidding consortium projects under construction	Expected date of completion and operation	Remaining Contract Value as of June 30, 2016
	(Month/Year)	RMB million
Coal Transportation System EPC General Contracting Project: 1×1,000 MW Generation unit of Datang Sanmenxia (大唐三門峽1×1,000兆瓦機組—輸煤系統EPC總承包).	September 2016	97.1

As advised by our PRC legal advisor, an enterprise is required to have undertaken a certain number of projects with certain specific technical requirement before it can be qualified to apply for the upgrade to the relevant engineering design qualifications and construction enterprise qualifications. Therefore, our practice during the Track Record Period to form bidding consortiums between our Company and its subsidiaries is one of the methods to be qualified to apply for such qualifications.

As advised by our PRC legal advisor, neither the winning bids nor the agreements entered into in relation to the above biding consortiums with qualification issues will be rendered invalid on the account of the lack of pre-requisite qualifications by certain members of the bidding consortiums. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties for the above lack of necessary qualifications when forming a bidding consortium. Our PRC legal advisor is of the view that, as the relevant laws and regulations do not specify the penalties applicable to the qualification issues of the aforementioned nature, the risk that the government authorities may impose administrative penalty and pursue responsibility on account of the above qualification issues in the future is rather low.

Insufficient Level of Qualifications

Pursuant to PRC laws and regulations, an enterprise undertaking engineering general contracting business for large-scale thermal power plants (with capacity above 100 MW and up to 200 MW per power generation unit) and super large-scale thermal power plants (with capacity above 300 MW per power generation unit) shall obtain Class II qualification and Class I Construction General Contracting Qualification for Electric Engineering (電力工程施工總承包二級資質和一級資質), respectively.

During the Track Record Period, there had been one engineering general contracting project undertaken for the Datang Hutubi Thermal Plant without sufficient level of Construction General Contracting Qualification for Electric Engineering. The project had been put into operation in 2014. We only possess Class III, a class inferior to Class I and II, Construction General Contracting Qualification for Electric Engineering. The total contract value for this project was RMB2,066.3 million. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, our revenue generated from this project was RMB353.8 million, RMB21.3 million, RMB75.4 million and nil, respectively, accounting for

6.2%, 0.3%, 0.9% and nil of our total revenue for the relevant period; our gross profit or loss generated from this project was RMB4.6 million, RMB0.3 million, RMB(0.4) million and nil, respectively, accounting for 0.5%, 0.0%, 0.0% and nil of our total gross profit for the relevant period.

As advised by our PRC legal advisor, failure to observe the requirements on the grade or class of qualification requirement could subject us to administrative penalties including fine between 2% and 4% of the contract value, order to suspend business operation and rectify, reducing the grade or class of existing qualification, revoking existing qualification in case of serious failure, and confiscation of illegal proceeds. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties in relation to the above project. Our PRC legal advisor is of the view that, considering (i) we have obtained a compliance certificate regarding our Datang Hutubi Thermal Plant project from the competent PRC authority, and (ii) we do not plan to undertake any thermal power plant general contracting project beyond the applicable scope of our current Class III Construction General Contracting Qualification for Electric Engineering going forward, there is no risk that the government authorities may impose administrative penalty and pursue responsibility on account of the above qualification issues in the future.

When the construction agreement for Datang Hutubi Thermal Plant project entered into in 2011, Technologies & Engineering Company was not one of our Company's subsidiaries, thus our Directors had no knowledge of such qualification non-compliance issues. After our Company acquired the 51% equity interests in Technologies & Engineering Company in August 2012, the Datang Hutubi Thermal Plant project was under construction, therefore in order to avoid the breach of existing legally binding contract which was in the best interest of our client, our Company decided that Technologies & Engineering Company should continue the construction of such project. During the construction of the project, there had not been any quality or safety incident. The project was awarded with the China Power Quality Engineering Project Award (中國電力優質工程獎) by the China Electric Power Construction Association in 2015. We have also obtained the compliance certificate with respect thereto. After the acquisition of the 51% equity interests in Technologies & Engineering Company in August 2012 and up to the Latest Practicable Date, we had not entered into any other contracts beyond the scope of the qualification we possessed, which demonstrates our determination to avoid similar qualification issues.

Rectification Measures

We have adopted the following rectification measures for the historical non-compliance issues:

- <u>Bidding Consortium Qualification Issues:</u>

  ➢ <u>Specialized Class A Design Qualification for Environmental Engineering.</u> On July 10, 2015, we decided to reorganize our environmental protection facilities engineering general contracting business that was originally conducted by Technologies & Engineering Company, one of our subsidiaries, by injecting such business operations into our Company, and transferring to our Company the Specialized Class A Design Qualification for Environmental Engineering held by Technologies & Engineering Company. Our Company has obtained the Specialized Class A Design Qualification for Environmental Engineering issued by the MHURD on November 3, 2015. Technologies & Engineering Company will continue to perform and finish the ongoing environmental protection facilities engineering general contracting projects for which it had already entered into agreements, or for which it had submitted and won the bids through tender processes. All such projects are currently expected to be completed by December 2018. Our PRC legal advisor has advised us that the aforementioned transition arrangement has been confirmed by the competent PRC authorities regulating the relevant qualifications, and there is no breach of applicable laws or regulations or any risk that such PRC authorities will impose administrative penalty against us. Technologies & Engineering Company undertakes that it will not conduct any projects without the relevant licenses or qualifications in future.

➢ Specialized Design Qualification for Electric Power Industry (thermal power) and the Construction General Contracting Qualification for Electric Engineering. On July 27, 2015, our Company decided that (i) Nanjing Thermal Power Engineering Design Institute, one of our subsidiaries which has obtained the specialized Class B design qualification for electric power industry (thermal power) (電力行業(火力發電)專業乙級設計資質), and (ii) Technologies & Engineering Company, which has obtained the Class C qualification for electric power engineering construction general contracting (電力工程施工總承包三級資質), should conduct all newly-commenced industrial site dust management engineering general contracting projects and energy conservation engineering general contracting projects. Our PRC legal advisor has advised us that, based on the applicable PRC laws and regulations, our Company may also conduct industrial site dust management engineering general contracting projects after our Company obtained the Specialized Class A Design Qualification for Environmental Engineering on November 3, 2015.

- Insufficient Level of Qualifications. Until we have upgraded our current Class III Construction General Contracting Qualification for Electric Engineering, we will not undertake any thermal power plants engineering general contracting projects beyond the scope allowed under our existing qualification.

Internal Control Measures

The aforementioned non-compliance incidents in relation to our business qualifications with respect to certain engineering general contracting projects occurred during the day-to-day operations of our relevant business segments or sub-segments. Our Directors and members of our Group's senior management were preoccupied with the development and growth of our business operations, and received incorrect advice regarding our bidding consortium qualification issues from the personnel responsible for the day-to-day operations of our relevant business segments or sub-segments. The non-compliance incidents occurred primarily due to lack of comprehensive understanding of and inadvertence in monitoring our compliance status with the PRC laws and regulations by our Directors, senior management and personnel responsible for the day-to-day operations of our relevant business segments or sub-segments.

In preparation for the Listing, we engaged the Internal Control Consultant, an Independent Third Party, to conduct an evaluation of our internal control system in relation to our management of our business qualifications and permits. The Internal Control Consultant was established on 2004, primarily providing risk management consultation services, including internal control consultation service, internal auditing service (including internal auditing and assessment), consultation service on corporate social responsibility engages report, information system risk management service and other services. It mainly engages in industries such as chemistry, catering, manufacture, finance, environmental protection and energy conservation, petrochemical engineering, pharmaceutical, energy and real estate, among others. It has provided services for H share listed companies such as China Railway Group Limited (stock code: 0390) and SINOPEC Engineering (Group) Co., Ltd. (stock code: 2386), and other large state-owned enterprises. The Internal Control Consultant commenced its assessment in September 2015, and had reviewed our internal control policies on business qualification, interviewed relevant direct responsible persons and other relevant personnel, selected typical projects for walk through testing and performed tests of controls over proportionate random samples. Based on its findings, the Internal Control Consultant recommended us to amend our internal Administrative Measures on Qualifications and to implement the amended measures to strengthen the effectiveness of our internal control system. Pursuant to such recommendations, we amended our Administrative Measures on Qualifications to prohibit subsidiaries of the Group from using the business qualifications or permits held by another subsidiary of the Group or an independent third party in tendering or performing contracts, or vice versa. Our amended Administrative Measures on Qualifications also set forth mechanism to respond to contingencies when the certificates of our business qualifications or permits are lost. Furthermore, our Business Development Department, the responsible department under our Administrative Measures on Qualifications for managing the business qualifications and permits of the Group, is authorized to set up a set of streamlined application, review and approval, and documentation procedures for using our business qualifications or permits in bidding and executing our projects. Under such procedures, a subsidiary of the Company needs to submit a written application to our Market Development Department before it may use any business qualification or permit of the Group. Our Market Development Deportment reviews and decides whether to approve the application by considering various factors including (i) whether the applying subsidiary is the same entity lawfully holding the relevant business qualification or permit, with a purpose to eradicate the bidding consortium qualification issues, and (ii) whether the relevant business qualification or permit of the Group is sufficient to satisfy the requirements of the potential customer and/or project, with a purpose to eradicate issues of insufficient level of qualifications. In the event that our Market Development Department approves the application, it shall establish written record for key information such as project name, business qualification or permit required, applying entity, time of application and intended use, and name of the staff approving the application. Lastly, we organized internal training sessions on PRC laws and regulations regarding, among other things, our business qualifications for our Directors, senior management and personnel responsible for the day-to-day operations of our relevant business segments or sub-segments. We will continue to organize such training sessions after the Listing.

We had designated Zhuqian Zhan, the manager of our Financial Management Division and Capital Operation and the Property Management Division, and Zhicheng Yu, the manager of our Planning and Cost Control Division, to duly implement such measures recommended by the Internal Control Consultant. Mr. Zhuqian Zhan has been the head of our Financial Management Division since 2011, with five years of experiences for overseeing internal control system in relation to financial reporting. Mr. Zhicheng Yu had been the head of our Planning and Cost Control Division since the establishment of the predecessor of our Company in July 2011, responsible for the overall risk management of the Group. Mr. Zhicheng Yu had seven years of experiences for overseeing internal control and risk management system. Going forward, Mr. Deng Xiandong, one of our executive Directors, will monitor the Group's compliance status with the PRC laws and regulations. The Internal Control Consultant conducted follow-up review in May 2016 to examine the effectiveness of our rectification measures in preventing the future occurrence of non-compliance incident in relation to our business qualifications and permits, such as those disclosed above.

Based on its follow-up review, the Internal Control Consultant was of the view that, as of the date of its report, the Group's internal control system in respect of the management of our business qualifications and permits was adequate and effective.

Having considered the above enhanced internal control measures as well as the expert opinion of our Internal Control Consultant, our Directors (including our independent non-executive Directors) are of the view that our internal control measures are adequate and effective to ensure compliance with the applicable legal and regulatory requirements.

Compliance Certificates and Indemnification Undertaking from our Controlling Shareholder

With respect to nearly all engineering general contracting projects completed during the Track Record Period and all engineering general contracting projects under construction that involve non-compliance incidents in relation to our business qualifications, we have obtained compliance certificates issued by the relevant administrative authorities for construction at or above the county level where such projects are located, stating that (i) the investment and construction of our relevant engineering general contracting projects are in compliance with the relevant PRC laws and regulations, (ii) there have not been any accidents in relation to production safety and quality at our relevant engineering general contracting projects, and (iii) we had not been subject to any penalty due to breach of relevant laws and regulations, or no penalty will be imposed on us in relation to non-compliance issues of our business qualifications.

In accordance with relevant PRC laws and regulations, the housing and urban-rural development administrative authorities under the State Council, the housing and urban-rural development administrative authorities of a province, autonomous region and municipality directly under the Central Government, and the housing and urban-rural development administrative authorities at or above county level are responsible for supervision and administration over the engineering design qualifications and the construction enterprise qualifications within their respective administrative regions. The higher level housing and urban-rural development administrative authorities shall reinforce the supervision and inspection of qualification administration over the lower level authorities in order to promptly rectify illegal conducts in the qualification administration. Meanwhile, it is provided that the housing and urban-rural development administrative authorities at or above county level at the places where illegal acts are committed shall have the authority to investigate and impose administrative penalties against such illegal acts. In accordance with the aforesaid regulatory provisions, the housing and urban-rural development administrative authorities at the places of the construction projects are the relevant and competent supervision and administration authorities over the engineering design qualifications and the construction enterprise qualifications.

Based on the above, our PRC legal advisor is of the view that the county level housing and urban-rural development administrative authorities providing opinions on the Group's compliance with the relevant requirements are the competent authorities to issue the above compliance certificates, and therefore it is unnecessary to seek further confirmations from provincial level authorities.

At the same time, in the event that we incur any loss in future due to the aforementioned non-compliance incidents in relation to our business qualifications with respect to certain engineering general contracting projects, our controlling shareholder, China Datang, has undertaken to us that it will provide compensation for all losses which may arise from the non-compliance, including but not limited to all losses of income, penalties and investment costs.

As of the Latest Practicable Date, we had obtained the Specialized Class A Design Qualification for Environmental Engineering. Our PRC legal advisor has confirmed that all of such non-compliances have been successfully rectified and none of the above will result in material legal impediment against the Global Offering.

Considering the circumstances of the aforementioned non-compliance incidents in relation to our business qualifications, including but not limited to advice from our PRC legal advisor, rectification measures and internal control measures adopted by the Group, compliance certificates issued by the relevant administrative authorities, and indemnification undertaking from our controlling shareholder, our Directors are of the view that such non-compliance incidents did not and will not lead to any material adverse impact on our business, results of operation and financial position.

Views of Our Directors

Considering (i) the facts and circumstances surrounding the non-compliances; (ii) we have not been subject to any fines or penalties for the non-compliances during the Track Record Period and up to the Latest Practicable Date; (iii) the rectification measures we took; (iv) the various confirmations from the competent government authorities and the indemnity undertakings of China Datang; (v) the enhanced internal control measures we have implemented; (vi) the fact that none of our Directors or senior managements had been involved in such non-compliances; and (vii) the confirmation by our PRC legal advisor that none of the above will result in material legal impediment against the Global Offering, our Directors are of the view that, our Directors, despite such non-compliance incidents, are still suitable to serve as directors of a listed company and our Company is suitable for listing.

Views of the Sole Sponsor

Having taken into account the following matters, including (1) the transfer of the Specialized Class A Design Qualification for Environmental Engineering has been completed and materially all of the existing projects of the Company have been in compliance with relevant laws and regulations with respect to qualifications therefor; (2) the Company's undertaking that all newly-commenced industrial site dust management general contracting projects and energy conservation engineering general contracting projects will be conducted and undertaken by Nanjing Thermal Power Engineering Design Institute and/or Technologies & Engineering Company; and (3) the Internal Control Consultant's review and confirmation on establishment of the enhanced internal control measures currently adopted by the Company as well as the discussion with the Company, nothing has come to the attention of the Sole Sponsor, as non-experts with respect to PRC laws and the relevant industrial qualifications, that would reasonably cause the Sole Sponsor to disagree with the Directors' view regarding the adequacy and effectiveness of the enhanced internal control measures and its suitability for listing above.

Further, taking into account (i) the Group having established the internal control policies according to the recommendations of the Internal Control Consultant; (ii) having discussed with the senior management and the Internal Control Consultant on the findings and recommendations concerning the internal control measures implemented; (iii) the Internal Control Consultant confirming that the internal control measures that are currently in place are adequate and effective; and (iv) the Company's access to external professionals after the Listing, including its compliance advisor and PRC and Hong Kong legal advisors, nothing has come to the attention of the Sole Sponsor that would reasonably cause the Sole Sponsor to disagree with the Directors' view regarding the suitability of its directors above.

LEGAL PROCEEDINGS AND REGULATIONS

We may be involved in claims relating to dispute with our customers, suppliers or other third parties from time to time. For example, Nanjing Automation, a subsidiary of our Company prior to the Reorganization, was held indirectly by our Company as to its 60% equity interest, while Nanjing Ruitang Technology Development Co., Ltd. (南京瑞唐科技發展有限公司) (the "Minority Shareholder") held the remaining 40% equity interest. In May 2015, as part of our Reorganization, we entered into a share transfer agreement with Information Technology Company (the "Transferee") to dispose of the 60% equity interest in Nanjing Automation. For more details, please see "History, Reorganization and Corporate Structure — Reorganization — Business Restructuring — Transfer of Equity Interests in Certain Entities." As of July 31, 2015, Nanjing Automation had been deconsolidated from the financial statements of the Group. Please see Note 33(e) in part II, "Notes to Financial Information" in the Accountants' Report in Appendix I to this prospectus. We had been notified by the Minority Shareholder that they might dispute the validity and effectiveness of our disposal of the 60% equity interest in Nanjing Automation. Based on the advice of the our PRC legal advisor, our transfer of the 60% equity interest to Transferee was legal, valid and effective, primarily considering that (i) the transfer had complied with applicable PRC laws and regulations in relation to transfer of state-owned assets, such as requirements that consideration for transferring a state-owned enterprise must be determined on the basis of and cannot be lower than the net asset value of such state-owned enterprise, (ii) we had duly performed relevant obligations regarding the transfer according to the *PRC Company Law* and the articles of association of Nanjing Automation, such as notifying the Minority Shareholder of the proposed transfer and seeking for consent, (iii) the Minority Shareholder shall be deemed to consent to the transfer by the virtue of its failure to indicate agreement to purchase the subject equity interests at the same consideration under the proposed transfer, and (iv) according to our share transfer agreement with the Transferee, the closing of the proposed transfer shall occur upon our receipt of the first payment of consideration by the Transferee, which was on July 31, 2015. As of the Latest Practicable Date, the transfer of 60% equity interests in Nanjing Automation to the Transferee had not been registered with the relevant local bureau for administration of industry and commerce. However, based on the advice of our PRC legal advisor, this shall not affect the validity and effectiveness of such transfer under the PRC laws and regulations. We do not believe that there will be any material adverse impact to the Group's financial condition, results of operations and cash flows in relation to any potential claim by the Minority Shareholder with respect to our disposal of Nanjing Automation. Please see "Risk Factors — Risks Relating to Our Business and Industry — We are subject to litigation risks."

Our Directors confirm that, during the Track Record Period and as of the Latest Practicable Date, neither we nor our Directors are subject to any pending or threatened litigation, arbitration or other legal proceedings that may have a material adverse effect on our financial condition, results of operation, or business activities.

OVERVIEW

The predecessor of our Company was incorporated in July 2011 as a limited liability company in the PRC and was converted to our Company, a joint stock limited company in June 2015. As of the Latest Practicable Date, China Datang held 99% equity interest in our Company and thus was our sole controlling shareholder. Upon completion of the Global Offering, China Datang will hold approximately 79.00% equity interest in our Company assuming that the Over-allotment Option is not exercised at all, or approximately 76.61% equity interest in our Company assuming that the Over-allotment Option is fully exercised. In either case, China Datang will continue to be our sole controlling shareholder after the Global Offering.

DELINEATION OF BUSINESS AND COMPETITION

Our Group is the sole platform for the development of environmental protection and energy conservation business under China Datang Group. The core business of our Group is divided into four segments: (1) environmental protection and energy conservation solutions business, which mainly includes flue gas desulfurization and denitrification facilities concession operation business for coal-fired power plants, denitrification, desulfurization, dust removal, ash and slag handling and other environmental protection facilities and industrial site dust management related engineering business for coal-fired power plants, the manufacture and sale of denitrification catalysts business, water treatment business and energy conservation business including energy conservation engineering and EMC; (2) renewable energy engineering business; (3) thermal power plants engineering general contracting business; and (4) other business ("Our Principal Business").

China Datang Group is primarily engaged in coal-fired and thermal power generation, hydroelectric power generation, wind power generation, nuclear power generation and other business. According to Frost & Sullivan, the coal-fired power generation industry in China is highly concentrated where the five major power generation groups represented nearly 45% of the total market share and China Datang Group ranked the fourth with approximately 8.4% of market share in terms of cumulative installed capacity by end of 2015. As of the Latest Practicable Date, save as certain subsidiaries disclosed in this prospectus, China Datang did not hold, directly or indirectly, any interests in businesses that have or might have competitions against Our Principal Business.

Upon completion of the Global Offering, China Datang will continue to retain the following business or interests in business that compete or might compete, directly or indirectly, with Our Principal Business:

- 100% equity interest in the below three private companies engaged in EMC business:
    - Datang Heilongjiang Energy Conservation Co., Ltd. (大唐黑龍江節能服務有限公司);

- Beijing Zhongtang Electrical Engineering Consultancy Co., Ltd. (北京中唐電工程諮詢有限公司); and

- Shanxi Datang Energy Conservation Technical Service Co., Ltd. (山西大唐節能技術服務有限公司)

(collectively, "Retained Business");

- equity interest in the following public companies:

  (a) approximately 57.37% equity interest in China Datang Corporation Renewable Power Co., Ltd., or Datang Renewable, a public company listed on the Stock Exchange (stock code: 1798) primarily engaged in renewable energy business, mainly including wind power generation business, also including minor EMC business and wind power EPC business. As of June 30, 2016, the total assets value of Datang Renewable was approximately RMB61.1 billion; and

  (b) approximately 34.18% equity interest in Datang Huayin Electric Power Co., Ltd., or Datang Huayin, a public company listed on the Shanghai Stock Exchange (stock code: 600744). Datang Huayin is primarily engaged in power generation business, also including minor EMC business and energy conservation EPC business. As of June 30, 2016, the total assets value of Datang Huayin was approximately RMB18.5 billion; and

- 99% equity interest in the Company.

In order to strengthen the delineation of businesses between our Group and China Datang Group, the Company and China Datang entered into the Non-competition Agreement on 1 December, 2015, pursuant to which China Datang Group granted our Group an option to acquire new business opportunities that may compete, directly or indirectly, with Our Principal Business, an option to acquire and a right of first refusal over the Retained Business and the New Competing Business (as defined below).

Retained Business

Being the controlling shareholder of our Company, China Datang is primarily engaged in power generation business. As of the Latest Practicable Date, China Datang held and expected to continue to hold, directly or indirectly, interests in the following companies conducting EMC business:

- Datang Heilongjiang Energy Conservation Co., Ltd. (大唐黑龍江節能服務有限公司), or Datang Heilongjiang, a wholly-owned subsidiary of China Datang, primarily engaged in EMC business and contractual environmental services, among which its EMC business competes with Our Principal Business. As of June 30, 2016, the total assets value of Datang Heilongjiang was approximately RMB74.99 million, it had 22 EMC projects which mainly located in Heilongjiang Province and the revenue generated from its EMC business amounted to approximately RMB23.70 million for the six months ended June 30, 2016.

- Beijing Zhongtang Electrical Engineering Consultancy Co., Ltd. (北京中唐電工程諮詢有限公司), or Beijing Zhongtang, a wholly-owned subsidiary of China Datang, primarily engaged in EMC business, equipment supervision and inspection, project supervision and maintenance supervision, among which its EMC business competes with Our Principal Business. As of June 30, 2016, the total assets value of Beijing Zhongtang Electrical Engineering Consultancy Co., Ltd. was approximately RMB205.63 million, it had six EMC projects which mainly located in Hebei Province, Guangxi Province, Liaoning Province and Zhejiang Province, and the revenue generated from its EMC business amounted to approximately RMB5.56 million for the six months ended June 30, 2016.

- Shanxi Datang Energy Conservation Technical Service Co., Ltd. (山西大唐節能技術服務有限公司), or Shanxi Datang, a wholly-owned subsidiary of China Datang, primarily engaged in EMC business that competes with Our Principal Business. As of June 30, 2016, the total assets value of Shanxi Datang was approximately RMB99.67 million, it had three EMC projects which mainly located in Shanxi Province, and the revenue generated from its EMC business amounted to approximately RMB12.78 million for the six months ended June 30, 2016.

The main reason for the Retained Business being operated by the above three non-public subsidiaries of China Datang is because that these three entities commenced EMC business earlier than our Group. Historically, we primarily adopted the EPC model in our energy conservation business, while EMC is considered to be a comparatively new business model. During the Track Record Period, the Group undertook five EMC projects, among which one had been completed and four were still ongoing as of the Latest Practicable Date. In addition, as of the Latest Practicable Date, we were under negotiation for five EMC projects. For more details, please refer to the section headed "Business — Environmental Protection and Energy Conservation Solutions — Energy Conservation Business — Energy Management Contract (EMC) — General" in this prospectus. As of the Latest Practicable Date, other than the five EMC projects that the Group was negotiating, the Group had not commenced any EMC business in the geographic areas that Datang Heilongjiang, Beijing Zhongtang and Shanxi Datang operated their EMC businesses in. If the Group intends to focus on expanding EMC businesses in these geographic areas after the Listing, the Company may consider to exercise its option to acquire the Retained Businesses under the Non-competition Agreement from these three non-public subsidiaries of China Datang. Please refer to the subsection headed "Business — Environmental Protection and Energy Conservation Solutions — Energy Conservation Business — Energy Management Contract (EMC)" for more details.

Our Group is developing and intends to further develop EMC business after the Global Offering. For more information, please refer to the subsection headed "Business — Environmental Protection and Energy Conservation Solutions — Energy Conservation Business — Energy Management Contract (EMC)." Moreover, our Group has been positioned as the sole environmental protection and energy conservation platform of China Datang Group. Therefore, we believe that China Datang has no intention to develop any business competing with Our Principal Business. Furthermore, China Datang has undertaken to grant our Group an option for new business opportunities to develop, an option to acquire new business opportunities that may compete, directly or indirectly, with Our Principal Business, an option to acquire and a right of first refusal over the Retained Business and the New Competing Business. For more information, please refer to "— Non-competition Agreement and Undertakings."

EMC Business and Wind Power EPC Business of Datang Renewable

Datang Renewable is a public company listed on the Stock Exchange, primarily engaged in renewable energy business, mainly including wind power generation projects, also including minor EMC business and wind power EPC business.

Upon the listing of Datang Renewable on the Stock Exchange, it was not engaged in EMC business or wind power EPC business. Pursuant to the non-competition agreement entered into by and between China Datang and Datang Renewable and its supplementary agreement, the non-competition undertakings provided by China Datang to Datang Renewable did not include EMC business or wind power EPC business. Therefore, there was no breach of the non-competition undertakings provided by China Datang to Datang Renewable for China Datang and/or its subsidiaries to develop EMC business and/or wind power EPC business.

The EMC business and wind power EPC business of Datang Renewable commenced after its listing on the Stock Exchange. As of June 30, 2016, the EMC business of Datang Renewable accounted for less than 1% of its total business scale and the wind power EPC business of Datang Renewable accounted for less than 5% of its total business scale, both in terms of revenue, an insignificant proportion of the total revenue of Datang Renewable.

Being a Hong Kong listed company, the major operations and investment decisions of Datang Renewable shall comply with requirements under the Listing Rules, and directors of Datang Renewable shall act in the interests of its shareholders as a whole. Accordingly, Datang Renewable does not have any obligation to provide non-competition undertakings to our Group with regard to EMC business and wind power EPC business. If Datang Renewable seeks to provide non-competition undertakings to our Group, it will be subject to approval by its independent shareholders where China Datang, being the interested shareholder, shall abstain from voting.

Our Directors believe that China Datang has no intention to compete with us through Datang Renewable for reasons set out below:

- The board of directors of Datang Renewable supervises and monitors the overall management and makes major decisions for Datang Renewable. Being a listed company in Hong Kong, the directors of Datang Renewable are required to function independently. As of the Latest Practicable Date, among the nine directors of Datang Renewable, three directors were independent non-executive directors. Despite that four other directors of Datang Renewable took office in China Datang or its subsidiaries, any business decision involving connected transactions are subject to the approval by independent non-executive directors. As a result, China Datang had no control over decisions made by the board of directors of Datang Renewable as to any plan to develop any business competing with Our Principal Business; and

- Unless otherwise being exempted, it is subject to independent shareholders' approval for Datang Renewable to conduct any transaction with China Datang which constitutes connected transactions under the Listing Rules. Although, as of June 30, 2016, China Datang held approximately 57.37% equity interest in Datang Renewable and is required to abstain from voting at Datang Renewable's general meetings for business plans of Datang Renewable to transact with China Datang Group in respect of any business competing with our Principal Business, which would constitute connected transactions for Datang Renewable.

EMC business and energy conservation EPC business of Datang Huayin

Datang Huayin is a company listed on the Shanghai Stock Exchange primarily engaged in power generation.

The EMC business and energy conservation EPC business of Datang Huayin commenced after its listing on the Shanghai Stock Exchange. As of June 30, 2016, the EMC business of Datang Huayin accounted for less than 1% of its total business scale and the energy conservation EPC business of Datang Huayin accounted for less than 1% of its total business scale, both in terms of revenue, an insignificant proportion of the total revenue of Datang Huayin.

Being a listed company, directors of Datang Huayin shall act in the interests of its shareholders as a whole. Accordingly, Datang Huayin does not have any obligation to provide non-competition undertakings to our Group with regard to EMC business and energy conservation EPC business. If Datang Huayin seeks to provide non-competition undertakings to our Group, it will be subject to approval by its independent shareholders where China Datang, being the interested shareholder, shall abstain from voting.

Our Directors believe that China Datang has no intention to compete with us through Datang Huayin for reasons set out below:

- The board of directors of Datang Huayin supervises and monitors the overall management and makes major decisions for Datang Huayin. Pursuant to requirements under the PRC Corporate Law, directors of a PRC incorporated company shall act in the interests of shareholders as a whole, not for any shareholder who has nominated relevant directors. Therefore, the board of directors of Datang Huayin shall not act in the interest of China Datang; and

- Being a listed company on the Shanghai Stock Exchange, pursuant to the Listing Rules for Securities Listed on the Shanghai Stock Exchange, any significant decision making shall be subject to a special resolution by two-third or higher voting at its general meeting; furthermore, any related party transaction between Datang Huayin and China Datang is subject to independent shareholder approval. As of June 30, 2016, China Datang held approximately 34.18% of the equity interest in Datang Huayin. As a result, China Datang had no control over all business decisions made by Datang Huayin, including decisions on competing or not competing with Our Principal Business.

Directors' Competing Interests

Mr. Liu Guangming (劉光明) and Mr. Liang Yongpan (梁永磐), two non-executive Directors of our Company also act as non-executive directors of Datang Renewable. Mr. Liu Chuandong (劉傳東), Mr. Liu Guangming (劉光明) and Mr. Liang Yongpan (梁永磐), three non-executive Directors of our Company, also act as directors of Datang Huayin who are not involved in daily operations of Datang Huayin. Save as disclosed above, Datang Renewable held interests in EMC business and wind power EPC business that competes with Our Principal Business, and Datang Huayin held interests in EMC business and energy conservation EPC business that competes with Our Principal Business.

Any of the above non-executive Directors will abstain from voting, respectively, for decision makings involving any competing business with Datang Renewable or Datang Huayin. Even if all of these three non-executive Directors simultaneously abstain from voting, there will still remain six Directors (including one non-executive Directors, two executive Directors and three independent non-executive Directors) in our board which will enable effective decision makings.

Save as disclosed in this prospectus, our Directors confirm that, as of the Latest Practicable Date, none of them had any direct or indirect interest in any business which competes or might compete with Our Principal Business.

Non-competition Agreement and Undertakings

On December 1, 2015, the Company and China Datang entered into the Non-competition Agreement, pursuant to which China Datang has irrevocably undertaken that, other than the Retained Business, China Datang and its subsidiaries (excluding our Group and listed entities under China Datang and their respective subsidiaries) do not, during the term of the Non-competition Agreement, and will procure their associates not to, directly or indirectly, engage in, individually or jointly, with other entities, or assist to engage in or participate in any business which competes with Our Principal Business. Furthermore, China Datang undertakes to grant an option to our Company to acquire new business opportunities that may compete, directly or indirectly, with Our Principal Business, an option to acquire and a right of first refusal with regard to the Retained Business and/or the New Competing Business (as defined Below).

Option for New Business Opportunities

China Datang has undertaken in the Non-competition Agreement that:

- when China Datang or any of its subsidiaries (excluding the Group and listed entities under China Datang and their subsidiaries) is aware of any new business opportunity that competes with Our Principal Business (the "New Competing Business"), it shall immediately notify the Company in writing with sufficient information required for considering whether to engage in the New Competing Business and use their best efforts to procure such business opportunities to be provided to the Company with reasonable and fair terms and conditions;

- if, in any event, the Company elects not to accept such new business opportunity, it shall notify China Datang in writing within 30 days. Upon receipt of the Company's written confirmation on no acceptance of such new business opportunity, or in the event that the Company fails to reply in writing within 30 days, China Datang or its subsidiaries (excluding the Group and listed entities under China Datang and their subsidiaries) is entitled to engage in the such new business opportunity;

- China Datang shall procure its associates or associates of its subsidiaries (excluding the Group and listed entities under China Datang and their respective subsidiaries) shall provide the Company, in the first place, with any new business opportunity that competes with Our Principal Business; and

- China Datang shall procure its associate companies (other than its subsidiaries) and their associates to provide to the Company any new business opportunity that competes with Our Principal Business.

Our independent non-executive Directors shall be responsible for reviewing and determining whether to accept such new business opportunity provided by China Datang or its associates by taking into consideration factors such as geography and compatibility of business nature of such new business opportunity to the Group's strategy and prospect. Should China Datang or its associates send us any notice of new business opportunity, we shall immediately report to our independent non-executive Directors who may determine to reply to China Datang or its associates (if applicable) within the specified deadline .

Our Company will publish an announcement on our decision on acceptance or rejection of any new business opportunity with basis, and make adequate disclosures in our annual reports.

Option to Acquire the Retained Business and/or New Competing Business

China Datang has undertaken to grant the Company an option, pursuant to which, the Company is entitled to acquire, at all times, from China Datang and its subsidiaries (excluding the Group and listed entities under China Datang and their subsidiaries) permissible under the applicable laws and regulations:

- any equity interests, assets or other interests in the Retained Business; and/or

- any equity interest, assets or other interests in the New Competing Business.

Alternatively, the Company may elect to, if permissible by applicable laws, have arrangements including but not limited to, entrusted operation, leasing or contracted operation with China Datang or its subsidiaries (excluding the Group and listed entities under China Datang and their subsidiaries) regarding any asset or business in the Retained Businesses or New Competing Business. In the event that a third party has a pre-emptive right under the same conditions, the option that we are entitled to shall not be applicable. However, under such circumstances, China Datang shall use its best efforts to cause such third party to waive its pre-emptive right.

Moreover, China Datang shall procure its associates or associates of its subsidiaries (excluding the Group and listed entities under China Datang and their subsidiaries) and its associate companies (other than subsidiaries) and their associates to grant the same option to the Company.

If the exercise of such option involves any disposal of state-owned assets, the consideration shall be determined based on arm's length negotiation between China Datang or its subsidiaries and us subject to statutory evaluation of state-owned assets and due process of approval or registration in accordance with applicable laws.

Our independent non-executive Directors shall be responsible for reviewing and determining whether to exercise such option to acquire, and shall take into consideration factors including the compatibility of such business with the strategy and prospects of our Group.

Right of First Refusal

China Datang has undertaken to the Company that, in the event that China Datang or its subsidiaries (excluding the Group and listed entities under China Datang and their subsidiaries) intends to assign, sell, lease, license to use or permit to use in other manners, the followings to a third party:

- any of its equity interests, assets or other interests in the Retained Business; and/or
- any of its equity interests, assets or other interests in the New Competing Business (although the Company is granted an option to purchase when China Datang or its subsidiaries develops a new business opportunity, the Company does not select to purchase any equity interests, assets or other interests in the New Competing Business).

We are entitled to such right of first refusal which can be exercised at any time during the term of the Non-competition Agreement. If China Datang or its subsidiaries (excluding the Group and listed companies of China Datang and their subsidiaries) intends to assign, sell, lease, license to use or permit to use in other manners, any equity interests, assets or other interests in the Retained Business or the New Competing Business, China Datang shall deliver a written notice to the Company including (i) the proposed terms of such transaction, and (ii) all the information required for the Company to consider whether to proceed with the purchase. The Company shall provide a written reply to China Datang within 30 days upon receipt of said notice. China Datang undertook that, prior to the receipt of the written reply from the Company, China Datang shall not issue any notice or intent of transfer (regardless of being legally binding or not) relating to any equity interest, asset or other interest in the Retained Business or New Competing Business where China Datang intends to assign, sell, lease, license to use or permit to use in other manners, such equity interests, assets or other interests in the Retained Business or New Competing Business to such third party. In the event that (i) the Company rejects to purchase or fails to reply to China Datang within the specified deadline, or (ii) the Company rejects to accept the terms set out in the notice by counter offering in writing to China Datang new terms for the proposed acquisition within the specifies deadline, however, fails to reach an agreement with China Datang at arm's length, China Datang is entitled to transfer, assign, sell, lease, license to use or permit to use in other manners, such equity interests, assets or other interests in the Retained Business or New Competing Business to a third party based on the terms set out in the notice from China Datang to the Company.

Moreover, China Datang shall procure associates of China Datang or its subsidiaries (excluding the Group and listed entities under China Datang and their subsidiaries) and associate companies (other than the subsidiaries) and their associates to grant the Company with the same right of first refusal.

If the exercise of right of first refusal by the Company involves disposal of any state-owned assets, it is subject to statutory evaluation and approvals and due procedures required by applicable laws in the PRC.

Our independent non-executive Directors shall be responsible for reviewing and contemplating whether to exercise the right of first refusal, taking into consideration factors including the compatibility of such business with our Group's development strategy and prospects.

The exercise of any option and/or the right of first refusal that constitutes connected transactions in accordance with the Listing Rules shall be subject to the approval by independent shareholders and applicable disclosure requirements under the Listing Rules.

Our Directors believe that our independent non-executive Directors have rich experiences in evaluating new business opportunities and contemplating whether to exercise the right of first refusal. In addition, our independent non-executive directors may consult professional financial advisors or other experts who can provide advice on the matters to be considered for exercising the rights under the Non-competition Agreement.

Further Undertakings Provided by China Datang

China Datang has provided further undertakings as set out below:

- At the request of the Company's independent non-executive Directors, China Datang shall provide the Company's independent non-executive Directors with all necessary information required for conducting annual review regarding the implementation and compliance of the promise made by China Datang under the Non-competition Agreement;

- China Datang shall provide all such necessary information required for conducting a review regarding the implementation and compliance of the promise under the Non-competition Agreement made by the independent non-executive Directors that will be disclosed in the Company's annual report or public announcement, and shall agree to make such disclosure; and

- China Datang shall make an annual statement regarding the compliance of such promise made under the Non-competition Agreement, and shall agree to disclose such statement in the Company's annual report and/or public announcement.

The Non-competition Agreement shall continue to be effective until and when the following events (whichever is earlier) occur:

- The total number of our shares held, directly or indirectly, by China Datang and its subsidiaries is less than 30%; or

- The H shares of the Company will no longer be listed on the Stock Exchange or other internationally recognized stock exchanges (except for the tentatively suspension of trading of the Company's shares due to any reasons).

Our PRC legal advisor confirms that the Non-competition Agreement is in no violation of the PRC laws. Upon the Non-competition Agreement coming into effect, the undertakings made by China Datang under the Non-competition Agreement shall become legal and effective under the PRC laws, have binding on China Datang and can be implemented by the PRC courts.

In view of (a) the undertakings by China Datang under the Non-competition Agreement, (b) the options and pre-emptive right in relation to new business opportunities and acquisitions, and (c) the information-sharing and other mechanisms in place to monitor the compliances with the Non-Competition Agreement by China Datang, our Directors believe that we have taken all appropriate and practicable measures to ensure the compliance by China Datang with its obligations under the Non-competition Agreement.

INDEPENDENCE FROM CHINA DATANG

Having considered the following factors, we are satisfied that we can conduct our business independently from China Datang and its associates after the Global Offering.

Independence of the Board and Management

Our Board of Directors consists of nine directors, none of whom acts as a director of China Datang and five of whom are not associated with China Datang. Set out below is a table summarizing the positions held by our Directors in the Company, and their positions with China Datang, if any:

Name	Position with the Company	Position with China Datang as of the Latest Practicable Date
Jin Yaohua (金耀華)	Chairman of the Board and non-executive Director	Deputy General Manager
Liu Chuandong (劉傳東)	Non-executive Director	Chief Accountant
Liu Guangming (劉光明)	Non-executive Director	Director of Capital Operation and Property Management Department
Liang Yongpan (梁永磐)	Non-executive Director	Director of Safety Production Department
Deng Xiandong (鄧賢東)	Executive Director and General Manager	None
Lu Shengli (路勝利)	Executive Director and Deputy General Manager	None
Ye Xiang (叶翔)	Independent non-executive Director	None
Mao Zhuanjian (毛專建)	Independent non-executive Director	None
Gao Jiaxiang (高家祥)	Independent non-executive Director	None

None of our independent non-executive Directors is associated with China Datang in any way that may impede the independence required for acting as an independent non-executive director under Rule 3.13 of the Listing Rules.

We believe that our Directors and senior management are able to perform their roles in the Company independently and that the Company is capable of managing its business independently from China Datang Group after the Listing for the following reasons:

- the decision-making mechanism of the Board set out in our Articles of Association includes provisions that our Directors who hold directorships with China Datang Group are considered to be in conflict and are thus required to abstain from voting in certain circumstances, such as transactions with China Datang Group. In addition, our independent non-executive Directors are required to review and approve such transactions;

- the four Directors who hold positions with China Datang are our non-executive Directors and do not participate in our daily operations which are managed by our senior management who are all independent of China Datang;

- none of our Directors or senior management holds any equity interest in China Datang Group;

- all of our Directors are aware of their fiduciary duty and will act in the interests of our shareholders; and

- we have appointed three independent non-executive Directors, comprising one-third of our Board, to provide a balance of the number of our Board and with a view to promoting the interest of the Company and our shareholders as a whole.

Based on the above, our Directors believe that the Company has its own management teams at both executive and operational levels, and is satisfied that it is capable of maintaining independence from China Datang.

Independence of Business Operations

The Group possesses sufficient capital, property, equipment, technology and human resources to operate its business independently, and holds qualifications that are necessary for the Group's principal businesses.

During the Track Record Period, the Group conducted certain connected transactions with China Datang Group. In addition, we expect that, after the listing of the Company, certain continuing connected transactions between the Group and China Datang Group will be carried out. Please refer to the section headed "Connected Transactions" for details. Notwithstanding the connected transactions between the Group and China Datang Group, we believe that the Group is able to operate independently from China Datang Group and the Company should continue to maintain a strong relationship with China Datang Group for the following reasons:

- *Industry landscape / mutual and complementary relationship*

  In the area of environmental protection and energy conservation solutions, the Group's customers are mainly large-size state-owned power groups in the coal-fired power industry. In China, the coal-fired power industry is highly concentrated, with the top five power groups, or the "Big Five", contributing nearly 45% of the total market share in terms of accumulated installed capacity, and China Datang Group ranked the fourth largest company with approximately 8.4% of market share in terms of cumulative installed capacity as of 2015, according to Frost & Sullivan. It is common for the Big Five to establish their own affiliates engaging in concession operations, EPC services and other environmental protection and energy conservation services to perform activities within their respective groups. For example, among the Big Five, China Huadian Corporation (中國華電集團公司), China Power Investment Corporation (中國電力投資集團公司) and China Guodian Corporation (中國國電集團公司) have all established their own affiliates engaging in concession operations, EPC services and other environmental protection and energy conservation services which primarily transacted with entities within their respective groups. Therefore, China Datang Group is one of the largest potential customers in the industry that the Group is operating in. On the other hand, the Group is a leading environmental protection and energy conservation solutions provider in the PRC. Therefore, the historical amounts of connected transactions between the Group and China Datang Group during the Track Record Period reflect the market position of both parties in the respective industries and it is important that the Group continues to maintain a healthy business relationship with China Datang Group given its market position as one of the leading groups in its industry in China.

Furthermore, coal-fired power plants have increasing demands for environmental protection and energy conservation services from market players, primarily large-size state-owned power groups in the coal-fired power industry including China Datang Group, along with the more and more stringent standards for target emission in the environmental protection and energy conservation industry established by the Chinese government. Given the Group's established relationship with China Datang Group, its experience with the quality of the Group's services and market position of the Group in the environmental protection and energy conservation solutions industry, the Company believes that it is commercially sensible for China Datang Group to continue to purchase products and services from the Group. Also, as China Datang Group is one of the largest customers in the industry of environmental protection and energy conservation solutions, the Company believes it would not be commercially sensible for the Group to reduce its amount of products and services provided to China Datang Group.

Therefore, the business relationship between China Datang Group and the Group is a mutually beneficial arrangement.

- *Nature of business*. During the Track Record Period, the Group's entire revenue under the desulfurization and denitrification concession operations was derived from transactions with China Datang Group. According to Frost & Sullivan, it is in line with the general market practice of other leading market players of concession operations in the environmental protection industry. Further, the Big Five occupied nearly 45% of coal-fired power industry in terms of accumulated installed capacity and have their own subsidiary companies to conduct the concession operation business, according to Frost & Sullivan, which has become the market practice in this industry as few projects are being operated by independent third party companies. Furthermore, the business model of concession operations has been encouraged by national policies in the PRC. Under such a business model, professional service providers invest in the construction and installation or acquisition of desulfurization and denitrification equipment of power plants in exchange for (i) on-grid tariff for electricity generated by the power plants based on the fixed rate of the grid operator, and (ii) revenue from the sales of by-products produced by the operation of desulfurization and denitrification equipment in light of a series of policies promulgated by NDRC and/or MEP. Under the unique business model of concession operations, according to the relevant policies, on-grid tariff subsidies for the electricity generated by the power plant are government-prescribed prices paid by the power grid operator to the Group through the power plant. Consistent with the general market practice in the environmental protection and energy conservation industry, the Group has adopted such a business model in the provision of desulfurization and denitrification concession operation services to power plants affiliated to China Datang Group. Given the unique business model of concession operations which differentiates from other connected transactions, if not taking into account of revenue generated from the concession operations, the Group's revenue generated from transactions with China Datang Group represented approximately 63.9%, 59.1%, 68.1% and 51.3%, respectively, of the Group's total revenue for each of the three years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively.

- *Largest customer on an aggregated basis.* Although the Company has aggregated the revenue derived from transactions with China Datang Group during the Track Record Period, there were actually more than 250 different legal entities under the China Datang Group umbrella who were our customers. Multiple subsidiaries or power plants of China Datang Group select their own suppliers independently by going through their own internal evaluation and bidding procedures. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, revenue from our top five customers accounted for approximately 24.0%, 14.4%, 31.7% and 33.5% of our total revenue, respectively.

- *Expansion of customer base.* The Group has established its own marketing capabilities to focus on building and reinforcing its image and reputation in the industry for a larger market share and has independent access to customers which are independent third parties through its own marketing network. Since our incorporation and up till June 30, 2016, the Group had served an aggregated number of over 300 independent customers other than China Datang Group, including 80 independent customers during the year ended December 31, 2015. The respective number of connected and independent customers of each business sector in the Track Record Period is set out below:

Business Sector	Customer Number	Year ended December 31, 2013	2014	2015	Six months ended June 30, 2016
Environmental protection and energy conservation solutions . .	Independent customers	32	54	39	39
	Connected customers	65	117	70	117
Renewable energy project business . . .	Independent customers	1	4	2	3
	Connected customers	15	13	15	14
EPC of thermal power plant construction	Independent customers	4	2	1	0
	Connected customers	1	2	2	0
Other businesses .	Independent customers	14	19	38	4
	Connected customers	9	27	66	16

For the three years ended December 31, 2013, 2014 and 2015 and six months ended June 30, 2016, the revenue of the Group derived from independent customers other than China Datang Group accounted for approximately 16.7%, 20.2%, 10.2% and 14.6% of its total revenue for the corresponding periods, respectively; and the revenue of the Group derived from concession operation business accounted for approximately 19.4%, 20.7%, 21.7% and 34.1%, respectively. Considering the adoption of the unique business model of concession operations by our Group, the aggregate revenue of (i) our concession operation business and (ii) our revenue derived from independent customers other than China Datang Group accounted for approximately 36.1%, 40.9%, 31.9% and 48.7%, respectively. The Group expects to continue to undertake measures to reduce China Datang Group's revenue contribution, as well as to expand the customer base other than customers under the China Datang Group umbrella.

- *Diversification of business and adaptability of business model.* The Group has four business segments, and products and services provided by the Group to China Datang Group cover all these business segments. As a result, the diversification of business lowers the Group's customer concentration risk. In addition, the Group's business model has been adapted to accommodate business dealings with independent customers. For instance, in environmental protection and energy conservation industries in the PRC, independent customers increasingly consider suppliers' professional expertise, technological capabilities and quality of comprehensive services. We believe that the Group has built up its own brand name and market position in the industries it conducts business, with its research and development abilities, technology support, quality and reputation of products and services, as well as marketing capabilities, which would facilitate the Group to continue to source independent customers.

- *Increasing market demand.* Chinese government has promulgated a series of policies to encourage the development of energy conservation and environmental protection industries. For instance, the General Office of the State Council issued a guidance letter in December 2014 to encourage pollutant dischargers to engage in third-party environmental protection service providers. In addition, the NDRC, the MEP and their local counterparts have also issued various rules at national and local levels, pursuant to which environmental protection service providers are entitled to preferential electricity rates. Further, in December 2015, the NDRC, MEP and NEA jointly issued new supportive policies on coal-fired power plants ultra-low emission tariff for the existing and newly-built power generation units. According to Frost & Sullivan, the total output of Chinese environmental protection and energy conservation industry is expected to increase from RMB4.6 trillion in 2015 to RMB9.2 trillion in 2020.

Moreover, we have adopted appropriate measures in order to ensure the effective implementation of the Non-competition Agreement. For details, please refer to the part heading the "Non-competition Agreement and Undertakings" in this section.

The Company has also adopted a series of the Code on Corporate Governance Practices, such as the Rule of Procedure of Shareholders Meeting, Rules of Procedures for the Board Meeting, Rules of Procedures for the Supervisory Committee's Meeting and the management system for connected transactions and others.

Based on the foregoing grounds, the Directors of the Company are of the belief that we can operate our business independently from China Datang Group.

Financial Independence

We have a financial department which is independent of China Datang Group and such financial department is responsible for the Company's finance, accounting, reporting, credit and internal control. We independently open a bank account and do not share any bank account with China Datang Group. We use our own funds to independently process with the tax registration and pay tax.

As of the Latest Practicable Date, apart from the outstanding finance lease of an aggregate amount of approximately RMB135.0 million entered into between Nanjing Environmental Protection, one of our subsidiaries, and Datang Finance Lease Co., Ltd., a subsidiary of China Datang, we had terminated all outstanding deposits, loans, guarantees and financial leasing and other financial correspondence and arrangements with China Datang Group and its subsidiaries. As the subjects under such finance lease involve the production lines of denitrification catalysts and various auxiliary equipments and the finance lease will expire in June 2017, an early termination of such transaction will have an adverse impact on the business operation of the Group and will constitute the legal liabilities of the Group for violation. For further details on such finance lease, please refer to "Connected Transactions — Continuing Connected Transactions." Our Directors believe that such finance lease is favorable to our business operation on terms which are more favorable than normal commercial terms and are fair and reasonable and in the interest of the Company and all shareholders as a whole.

We are capable of obtaining the financing without relying on any guarantee or mortgage provided by China Datang Group or other connected persons. As of the September 30, 2016, the Group has a total amount of unutilized and unrestricted bank facility of over RMB12,120.0 million. As a result, our operation is financially independent of China Datang Group.

Based on the foregoing grounds, our Directors believe that we can be financially independent of China Datang Group.

CONNECTED TRANSACTIONS

In our ordinary and usual course of business, we have entered into certain agreements with our connected persons. After the listing, the transactions disclosed in this section will constitute connected transactions under Chapter 14A of the Listing Rules.

Connected Persons

China Datang and Its Associates

Upon completion of the Global Offering (assuming no exercise of the Over-allotment Option), China Datang will hold approximately 79.00% of the issued share capital, and thereby will remain the controlling shareholder of the Company. Pursuant to Rule 14A.07 (1) and (4) of the Listing Rules, China Datang and its associates (as defined in the Listing Rules) will be our connected persons. Therefore, after the Global Offering, the continuing transactions between the Group and China Datang and/or its associates will constitute the continuing connected transactions of the Group as provided under Chapter 14A of the Listing Rules.

Continuing Connected Transactions

The table below sets out the connected transactions which will continue following the Global Offering for which the relevant waiver has been sought:

Transactions	Member of the Group	Connected Person	Relationship of Connected Person with Us	Waiver Sought	Historical Transaction Value for the Three Years Ended December 31, 2013, 2014 and 2015 and the Six Months Ended June 30, 2016 (If Applicable)(1)	Expected Annual Caps for Transaction Amount for the Three Years Ending December 31, 2016, 2017 and 2018 (If Applicable)
					(RMB million)	(RMB million)
Exempt continuing connected transaction						
Trademark License Agreement	the Company	China Datang	Our controlling shareholder	N/A	N/A	N/A

Transactions	Member of the Group	Connected Person	Relationship of Connected Person with Us	Waiver Sought	Historical Transaction Value for the Three Years Ended December 31, 2013, 2014 and 2015 and the Six Months Ended June 30, 2016 (If Applicable)(1)	Expected Annual Caps for Transaction Amount for the Three Years Ending December 31, 2016, 2017 and 2018 (If Applicable)
					(RMB million)	(RMB million)
Non-exempt continuing connected transactions						
1. Integrated Products and Service Framework Agreement between the Group and China Datang Group						
1A. Provision of products and services by the Group to China Datang Group(2)	the Group	China Datang Group	Our controlling shareholder and its subsidiaries	Announcement and independent shareholders' approval requirements	2013: 4,737 2014: 5,189 2015: 7,733 First half of 2016 : 2,684	2016: 9,433 2017: 10,763 2018: 11,355
(1) Products and services other than concession operations (desulfurization and denitrification) services	the Group	China Datang Group	Our controlling shareholder and its subsidiaries	Announcement and independent shareholders' approval requirements	2013: 3,633 2014: 3,839 2015: 5,861 First half of 2016 : 1,613	2016: 6,718(3) 2017: 6,774 2018: 7,095
(2) Concession operations (desulfurization and denitrification) services	the Group	China Datang Group	Our controlling shareholder and its subsidiaries	Announcement and independent shareholders' approval requirements	2013: 1,104 2014: 1,350 2015: 1,872 First half of 2016 : 1,071	2016: 2,715 2017: 3,990 2018: 4,259
1B. Procurement of products and services by the Group from China Datang Group(4)	the Group	China Datang Group	Our controlling shareholder and its subsidiaries	Announcement and independent shareholders' approval requirements	2013: 235 2014: 354 2015: 2,021 First half of 2016 : 273	2016: 2,320(5) 2017: 2,495 2018: 2,681

Transactions		Member of the Group	Connected Person	Relationship of Connected Person with Us	Waiver Sought	Historical Transaction Value for the Three Years Ended December 31, 2013, 2014 and 2015 and the Six Months Ended June 30, 2016 (If Applicable)[1]	Expected Annual Caps for Transaction Amount for the Three Years Ending December 31, 2016, 2017 and 2018 (If Applicable)
						(RMB million)	(RMB million)
2.	Framework Agreement under which China Datang Group leases properties to the Group	the Group	China Datang Group	Our controlling shareholder and its subsidiaries	Announcement and independent shareholders' approval requirements	2013: 4 2014: 5 2015: 31 First half of 2016: 26	2016: 100 2017: 100 2018: 100
3.	Financial Leasing Agreement between Nanjing Environmental Protection and Datang Financial Lease Co., Ltd.	Nanjing Environmental Protection	Datang Financial Lease Co., Ltd.[6]	Our controlling shareholder's associate	Announcement	2013: 13 2014: 38 2015: 30 First half of 2016: 14	2016: 28 2017: 134 2018: N/A

Note:

(1) During the Track Record Period, the amount of respective connected transactions has taken into account the effects from reorganization. For details on the effects of reorganization on operating results during the Track Record Period and relevant reorganizations, please refer to the sub-sections "Financial Information — Discontinued Operation" and "History, Reorganization and Corporate Structure — Reorganization."

(2) For the reasons for the increase in the expected annual caps for these transaction amounts for the three years ending December 31, 2016, 2017 and 2018 comparing to historical transaction value amounts for the three years ended December 31, 2013, 2014 and 2015 and six months ended June 30, 2016, please refer to the subsections headed "— Non-exempt Continuing Connected Transactions — A. Non-exempt Continuing Connected Transactions subject to Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements — 1. Integrated Product and Service Framework Agreement between the Group and China Datang Group — Basis for calculation of annual caps."

(3) A significant component of transaction value for products and services other than concession operations (desulfurization and denitrification) services provided by the Group to China Datang Group comes from refurbishment projects with China Datang Group. It is expected that the majority of revenue for refurbishment projects in 2016 will be generated during the period of September till November 2016 as the working schedule for most refurbishment projects has been set during this period. In the first six months of 2016, only a small number of refurbishment projects was completed by the Group and thus only an insignificant amount of revenue was generated for refurbishment projects. Therefore, the 2016 annual cap (i.e., RMB6,718 million) for products and services other than concession operations (desulfurization and denitrification) services provided by the Group to China Datang Group is expected to be much larger than the transaction value (i.e., RMB1,613 million) during the first six months in 2016.

(4) We expect a significant increase of the amount of transaction value for procurement of products and services by the Group from China Datang Group for the three years ending December 31, 2016, 2017 and 2018 comparing to historical transaction value during the Track Record Period. In line with our acquisition plan for desulfurization and denitrification concession operations and the expected new projects with power plants under China Datang Group, we expect a significant increase in our capacity of desulfurization and denitrification concession operations, which will result a significant increase in the supply of water and power and provision of ancillary services under desulfurization and denitrification concession operations by China Datang Group to the Group. For more details about our acquisition plan for desulfurization and denitrification concession operations, please see "Business — Our Strategies — Continue to maintain our market leading position of desulfurization and denitrification facilities concession operations."

(5) Subject to bidding procedures, a large amount of procurement of wind turbine generator is expected to occur in or around November 2016. Therefore, the 2016 annual cap (i.e., RMB2,320 million) for procurement of products and services by the Group from China Datang Group in 2016 is expected to be much larger than the transaction value (i.e., RMB273 million) during the first six months in 2016.

(6) Datang Financial Lease Co., Ltd. is a subsidiary of China Datang where China Datang indirectly held an aggregate number of 80.08% of its equity interest through four entities wholly or partially owned by China Datang Group

(7) All the amounts in the above table are presented in millions and have been rounded to the nearest millions in whole numbers.

Exempt Continuing Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, the continuing connected transaction of the Group as set out below is exempt from the requirements of reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

Trademark Licensing Agreement

Parties: the Company (as the licensee) and China Datang (as the licensor)

Principal terms: The Company and China Datang entered into a trademark licensing agreement on December 1, 2015, or the Trademark Licensing Agreement, in accordance with which China Datang agreed to grant the Group a non-exclusive license to use any of certain registered trademarks owned by China Datang for purposes of the Group's production equipment, products, services and profile documents, as well as using such licensed trademarks in the Company's business names, trade names or domain names. The initial term of the Trademark Licensing Agreement is three years after listing, which can be renewed upon agreement by the parties.

Reasons for transactions: The Company is the sole platform of environmental protection and energy conservation business under China Datang Group. The Company intends to continue to use certain trademarks owned by China Datang after the Listing, which is consistent with the practices of other subsidiaries of China Datang listed on other stock exchanges.

Pricing policy: The trademark license is granted by China Datang at nil consideration.

Historical transaction value: During the Track Record Period, the Group did not pay any royalty fees to China Datang for the use of the licensed trademarks.

Requirements of the Listing Rules: Upon completion of the Global Offering, China Datang will remain as the controlling shareholder of our Company, and therefore our connected person under Rule 14A.11(1) of the Listing Rules.

The transaction above is entered into on normal commercial terms. Our Directors currently expect that the applicable percentage ratios of the above transaction for the respective years are nil. By virtue of Rule 14A.76(1)(a) of the Listing Rules, the continuing connected transaction above is exempt from the requirements of reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

Non-exempt Continuing Connected Transactions

The following transactions are or will be conducted on normal commercial terms in the daily operations of the Group. Our Directors currently expect that, each of the applicable percentage ratios of relevant transactions calculated for the purpose of Chapter 14A of the Listing Rules will exceed 5% on an annual basis, and the annual transaction amount will exceed HK$10 million. Accordingly, each of such transactions will constitute a non-exempt continuing connected transaction of the Company subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A. Non-exempt Continuing Connected Transactions subject to Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements

1. Integrated Product and Service Framework Agreement between the Group and China Datang Group

Parties: the Company and China Datang

Principal terms: We entered into an integrated product and service framework agreement (the "Integrated Product and Service Framework Agreement") with China Datang on October 26, 2016 which will take effect upon the Listing with an initial term of three years.

Pursuant to this agreement, the products and services to be provided by the Group to China Datang Group include:

- Environmental protection and energy conservation solutions, including: (1) concession operations (desulfurization and denitrification); (2) environmental protection facilities projects (environmental protection facilities of desulfurization, denitrification, dust removal, ash removal and industrial dust treatment); (3) production and sales of denitrification catalyst; (4) water treatment business; and (5) energy conservation business (energy conservation projects and EMC);

- Renewable energy engineering services;

- EPC for thermal power plants; and

- Other businesses.

Pursuant to this agreement, the products and services to be procured by the Group from China Datang Group include:

- Water and power supply;
- Ancillary services under the business model of concession operations (desulfurization and denitrification);
- Logistics services, such as bidding services, conference services and training; and
- Procurement of equipment.

In respect of all the products and services under the Integrated Product and Service Framework Agreement, our Company and/or its subsidiaries and China Datang and/or its subsidiaries can enter into separate contracts under and in line with the Integrated Product and Service Framework Agreement. If the terms and conditions of similar products and services offered by an independent third party to such party are no more favorable than those provided by one party, priority shall be accorded in the provision of products and services to the other party. The Integrated Product and Service Framework Agreement has an initial term of three years from the Listing Date, which can be renewed by agreement by the parties. Either party may terminate this agreement by a three-month prior written notice to the other party.

Reasons for transactions: China Datang Group and the Group have a long-term, stable business relationship. The parties are mutually familiar with each other's business demands and are able to supply the products and services needed by each other. Our Directors believe that maintaining a stable and quality business relationship with China Datang Group will facilitate our current and future business operations.

Desulfurization and denitrification concession operations is a new business model encouraged by the PRC government. Under such a business model, professional service providers invest in the construction and installation or acquisition of desulfurization and denitrification equipment of power plants in exchange for (i) on-grid tariff for electricity generated by the power plants based on the fixed rate of the grid operator, and (ii) revenue from the sales of by-products produced by the operation of desulfurization and denitrification equipment in light of a series of policies promulgated by NDRC and/or MEP. Consistent with the general market practice in the environmental protection and energy conservation industry, the Group has adopted such a business model in the provision of desulfurization and denitrification concession operation services to power plants affiliated to China Datang Group.

With regard to the ancillary services provided by China Datang Group to the Group under desulfurization and denitrification concession operations, the power plants shall be responsible for daily operations and equipment maintenance and other supportive services with regard to the desulfurization and denitrification equipment, water and power supply, as well as procurement of some raw materials and spares. The Group shall pay service fees to the power plants for ancillary services provided by China Datang Group to the Group. Under such an arrangement, (i) the cost of the Group will be lowered; (ii) the operational risks that the Group is exposed to will be reduced; and (iii) it is expected to improve the operational efficiency and synergy effect by making use of the manpower of power plants under the supervision of the management team dispatched by the Group.

Around late November and early December 2015, our Group received a number of requests from customers, who are connected persons to the Company, for acceleration of a number of renewable energy engineering projects arising from new PRC policies which affected electricity unit price. In order to meet their deadlines, our Group had to complete procurement of certain types of wind turbine generator and relevant facilities within a short period of time. Taking into consideration of quality of products, price, capacity and speed of supply and other factors, and after due consideration among different suppliers, we noticed that Hua Chuang was the supplier with comparative advantage who was able to deliver those equipment and meet the required specifications at a fair market price. Therefore, our Group entered into equipment procurement agreements in December 2015, pursuant to which our Group procured certain wind turbine generator and relevant facilities from Hua Chuang.

Stimulated by new PRC policies issued in March 2016, our Group expected that the renewable energy engineering projects will have a broader market prospect and demands for procurement of wind turbine generator and other equipment would continue to increase. Considering that Hua Chuang and other subsidiaries of China Datang Group are able to provide equipment with required specifications within a short period of time at a fair market price, our Group expects to continue equipment procurement from them in the three years ending December 31, 2016, 2017 and 2018.

Based on our previous experience in business dealings with China Datang Group, we believe that the Group and China Datang Group are capable of effectively satisfying each other's stable and high-quality demands for relevant businesses, which is in the interests of the Group and our Shareholders as a whole.

Pricing policy: Under the Integrated Product and Service Framework Agreement, the pricing policy of various products and services are as follows:

(a) Products and services to be provided by the Group to China Datang Group

In most circumstances where China Datang Group purchases products and/or services from the Group, bidding procedures shall apply for the determination of prices. Only in exceptional circumstances, bidding procedures can be skipped by China Datang Group. These circumstances primarily include (a) reoccurrence of lack of sufficient number of bidders attending the bidding procedure and (b) urgent purchase by China Datang Group that does not allow the bidding procedure to be completed.

Pricing policy for products: In accordance with the Integrated Product and Service Framework Agreement, the products, primarily denitrification catalysts, to be provided by the Group to China Datang Group will be determined based on the following pricing policy:

If a bidding procedure is conducted by China Datang Group, the bidding price offered by the successful bidder shall be implemented. Prior to the bidding procedures, China Datang Group will publish announcements on its bidding invitation on public websites. There must be at least three bidders attending the bidding procedure, otherwise the bidding will be cancelled. The review panel for any bidding consists of experts selected by China Datang Group who have no interest in the bidding, who will score the bids by categories where bidding price is an important but not the only factor to be considered. The bidder with the highest score comprehensively determined by the review panel wins and the bidding price offered by the bidder will be implemented. Therefore, only in the event that the Group wins the bidding with the highest score determined by the review panel, China Datang Group will enter into agreements with the Group under the Integrated Product and Service Framework Agreement.

If no bidding procedure is conducted, China Datang Group will search in its database for projects of a similar nature and make reference to recent bidding prices for comparable products. Usually the price is ascertained as the averaged amount of these recent bidding prices with reasonable fluctuations. However, if no recent bidding prices for comparable products can be found in its database, China Datang Group will make reference to prices of products of the similar nature published on official bidding websites operated by Chinese government to ascertain the price.

The pricing policy for services under the concession operations (desulfurization and denitrification) services: The tariff for desulfurized and denitrified electricity under the concession operations services shall be determined based on government-prescribed price. The price of by-products shall be determined based on market price.

The pricing policy for other services: The price of the services other than the concession operations (desulfurization and denitrification) to be provided by the Group to China Datang Group in accordance the Integrated Product and Service Framework Agreement shall be determined based on the following policy:

If a bidding procedure is conducted by China Datang Group, the bidding price offered by the successful bidder shall be implemented. Prior to the bidding procedures, China Datang will publish announcements on its bidding invitation on public websites. There must be at least three bidders attending the bidding procedure, otherwise the bidding will be cancelled. The review panel for any bidding consists of experts selected by China Datang who have no interest in the bidding, who will score the bids by categories where bidding price is an important but not the only factor to be considered. The bidder with the highest score comprehensively determined by the review panel wins and the bidding price offered by the bidder will be implemented. Therefore, only in the event that the Group wins the bidding with the highest score determined by the review panel, China Datang Group will enter into agreements with the Group under the Integrated Product and Service Framework Agreement.

If no bidding procedure is conducted, China Datang Group will search in its database for projects of a similar nature and make reference to recent bidding prices for comparable services. Usually the price is ascertained as the averaged amount of these recent bidding prices with reasonable fluctuations. However, if no recent bidding prices for comparable services can be found in its database, China Datang Group will make reference to prices of services of the similar nature published on official bidding websites operated by Chinese government to ascertain the price.

(b) Products and services to be procured by the Group from China Datang Group

In most circumstances where the Group purchases products and/or services from China Datang Group, bidding procedures shall apply for determination of the price. Only in exceptional circumstances, bidding procedures can be skipped by the Group. These circumstances primarily include (a) reoccurrence of lack of sufficient number of bidders attending the bidding procedure and (b) urgent purchase by the Group that does not allow the bidding procedure to be completed. Purchase under these exceptional circumstances did not occur during the Track Record Period and is expected to be immaterial, if any, after the Listing.

Pricing policy for products:

- *Supply of water and electricity:* In accordance with the Integrated Product and Service Framework Agreement, the products, primarily water and power supplied by power plants under China Datang Group to the Group, will be determined based on the government-prescribed prices, which are actual costs of water and power for the supply of water and power by power plants to third-party desulfurization and denitrification concession operations service providers.

- *The pricing policy for the ancillary services under the concession operations (desulfurization and denitrification) services*: In respect of the ancillary services under the concession operations of desulfurization and denitrification, the price shall be determined based on cost of human resources involved, the relevant management expenses and the maintenance fees of the equipment of relevant power plants after taking into account the average level of the industry.

- *The pricing policy for procurement of equipment*: In respect of equipment procurement, in most circumstances bidding procedures shall apply for determination of the price. Only in exceptional circumstances, such as urgent purchase by the Group, bidding procedures can be skipped by the Group where the purchasing price shall be determined by experts of the Group based on fair market value and historical records of procurement price.

- *The pricing policy for other services*: The price of the services other than the ancillary services under the concession operations (desulfurization and denitrification) to be provided by the Group to China Datang Group in accordance the Integrated Product and Service Framework Agreement shall be determined based on the following policy:

Prices for bidding services shall be determined pursuant to the fee standards prescribed by the Chinese government. Prices for other services, including conference services and training shall be determined based on market prices by making reference to recent prices for comparable services archived in the Group's database; if no comparable services can be found, the Group will make reference to prices of services of similar nature published on official bidding websites operated by the government to ascertain the price.

Historical transaction value:

(a) Provision of products and services by the Group to China Datang Group

For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the total value of products and services provided by the Group to China Datang Group (other than concession operations) were respectively approximately RMB3,633 million, RMB3,839 million, RMB5,861 million and RMB1,613 million, representing 63.9%, 59.1%, 68.1% and 51.3% of the total revenue of the Group for each of the corresponding periods. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the total value of the services provided by the Group under the concession operations (desulfurization and denitrification) were respectively approximately RMB1,104 million, RMB1,350 million, RMB1,872 million and RMB1,071 million, accounting for 19.4%, 20.7%, 21.7% and 34.1% of the total revenue of the Group for each of the corresponding periods.

(b) Procurement of products and services by the Group from China Datang Group

For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the total value of products and services procured by the Group from China Datang Group were approximately RMB235 million, RMB354 million, RMB2,021 million and RMB273 million respectively, representing 5.0%, 6.5%, 28.0% and 11.2% of the Group's total cost of sales for each of the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, among the aforementioned total procurement amount from China Datang Group, the expenses the Group paid to China Datang Group based on the ancillary services under desulfurization and denitrification concession operations were approximately RMB18 million, RMB56 million, RMB63 million and RMB61 million, representing 0.4%, 1.0%, 0.9% and 2.5% of the Group's total cost of sales for the relevant periods, respectively.

Annual caps:

For the years ending December 31, 2016, 2017 and 2018, the Group's maximum transaction amount of the provision of products and services to China Datang Group on an annual basis shall not exceed the following caps:

	Proposed Annual Caps for Year Ending December 31,		
	2016	**2017**	**2018**
		(RMB million)	
Products and Services Provided by the Group to China Datang Group			
A. Categorized by business model			
(1) Other products and services provided by the Group to China Datang Group (excluding concession operations)	6,718	6,774	7,095
(2) Concession operations (desulfurization and denitrification) services	2,715	3,990	4,259
B. Categorized by business segment			
(1) Environmental protection and energy conservation solutions	6,431	7,776	9,166
(2) Renewable energy engineering business	2,708	2,650	2,009
(3) EPC of thermal power plants	0	0	0
(4) Other businesses	294	337	180
Total	**9,433**	**10,763**	**11,355**

Note:

(1) All the amounts in the above table are presented in millions and have been rounded to the nearest millions in whole numbers.

For the years ending December 31, 2016, 2017 and 2018, the Group's maximum transaction amount of procurement of products and services from China Datang Group on an annual basis shall not exceed the following caps:

	Proposed Annual Caps for Year Ending December 31,		
	2016	**2017**	**2018**
		(RMB million)	
Products and Services Procured by the Group from China Datang Group			
(1) Ancillary services (desulfurization and denitrification) under concession operations	100	120	220
(2) Logistics services	200	224	280
(3) Water and power supply	570	690	900
(4) Procurement of equipment	1,450	1,461	1,281
Total	**2,320**	**2,495**	**2,681**

Note:

(1) All the amounts in the above table are presented in millions and have been rounded to the nearest millions in whole numbers.

Basis for calculation of annual caps: When determining the annual caps mentioned above, our Directors have taken into account: (i) the terms of existing purchase and sale agreements; (ii) historical amount of various purchase and sales transactions; (iii) the Group's backlog and the new contracts the Group is expected to enter into in the next three years and the new contracts value; and (iv) the expected market prices of relevant future products and services based on market conditions.

(a) Provision of products and services by the Group to China Datang Group

The table below details the standards for considering the historical amount, annual caps, and calculation of annual caps of the continuing connected transactions of the products and services provided by the Group to China Datang Group as classified by business segment:

	Historical Amount (RMB million)				**Proposed Amount of Annual Caps (RMB million)**			
	Year Ended December 31,			**Six Months Ended June 30,**	**Year Ending December 31,**			
Business segment	**2013**	**2014**	**2015**	**2016**	**2016**	**2017**	**2018**	**Considerations**
Environmental protection and energy conservation solutions . . .	3,831	4,758	4,773	1,938	6,431	7,776	9,166	In respect of our business segment of environmental protection and energy conservation solutions, the Directors of our Company believe that the proposed amount of annual caps is consistent with our expected business growth, mainly based on the following considerations: (i) Our business in this sector experienced a fast and steady growth during the Track Record Period and is expected to continue to grow steadily in the following three years; (ii) we expect that the PRC national policies on pollutant emission of power plants are inclined to become more stringent, and for further details, please refer to the section headed "Business — Our Competitive Strengths"; (iii) supported and encouraged by relevant policies, our concession operation business and environmental protection engineering business will be further expanded through new construction and acquisition and we expect that there will be more completed projects in 2016; and (iv) the number of our EPC projects is expected substantially increase in the following three years.

	Historical Amount (RMB million)				Proposed Amount of Annual Caps (RMB million)			
	Year Ended December 31,			Six Months Ended June 30,	Year Ending December 31,			
Business segment	2013	2014	2015	2016	2016	2017	2018	Considerations
Renewable energy engineering business	375	57	2,493	615	2,708	2,650	2,009	In respect of our business sector of renewable energy engineering, the Directors of the Company believe that the proposed amount of annual caps will have a significant growth as compared with historical results, mainly based on the following considerations: (i) The changes in the renewable energy engineering business sector are primarily attributed to the periodic fluctuations in the industry and the development of our business (ii) in light of the efficient promotion of wind power construction supported by the recent national policy on the increase in tariff, the average cycle of wind power construction and the government's approval in 2015, there had been a significant growth in the wind power business sector in 2015; (iii) our estimated substantial growth of the renewable energy engineering business for transaction with independent third parties in the next three years; and (iv) the quantity of projects we have already obtained.
EPC of thermal power plant construction .	530	296	149	0	0	0	0	For EPC business of thermal power plant construction, the Directors of the Company consider that the proposed annual cap is in line with our expectation, which is mainly taken into consideration of the followings: (i) we had completed all the projects under the EPC business of thermal power plant and the relevant income had been recognized in 2015; and (ii) the Directors of the Company expect that there is no further plan for the development of such business sector in 2016, 2017 and 2018.

	Historical Amount (RMB million)				Proposed Amount of Annual Caps (RMB million)			
	Year Ended December 31,			Six Months Ended June 30,	Year Ending December 31,			
Business segment	**2013**	**2014**	**2015**	**2016**	**2016**	**2017**	**2018**	**Considerations**
Other businesses. . .	–	78	319	131	294	337	180	In respect of the sector of other business, the Directors of the Company believe that the proposed amount of annual caps is consistent with our expectation, mainly based on the following considerations: (i) the business in such sector mainly includes EPC business for air-cooling system, coal yard monitoring system upgrade business and fiberglass chimney business during the Track Record Period; (ii) we expect that the total business volume in such sector will remain stable in the next three years; and (iii) the quantity of projects we have already obtained.
Total	**4,737**	**5,189**	**7,733**	**2,684**	**9,433**	**10,763**	**11,355**	

Note:

(1) All the amounts in the above table are presented in millions and have been rounded to the nearest millions in whole numbers.

Business segment of environmental protection and energy conservation solutions

Environmental protection and energy conservation business segment	Year Ended December 31,			Six Months Ended June 30,	Year Ending December 31,		
	2013	2014	2015	2016	2016	2017	2018
Desulfurization concession operations *(RMB million)*	**1,104**	**1,300**	**1,290**	**707**	**1,717**	**2,479**	**2,661**
Services volume sold *(GWh)*	86,130	101,400	100,781	54,385	127,266	156,635	169,976
Fee *(RMB/kWh)*	0.013	0.013	0.013	0.013	0.013	0.016	0.016
Denitrification concession operations *(RMB million)*	**0**	**50**	**582**	**364**	**998**	**1,511**	**1,598**
Services volume sold *(GWh)*		5,850	64,667	40,444	112,553	149,313	159,508
Fee *(RMB/kWh)*	0.009	0.009	0.009	0.009	0.009	0.010	0.010
Denitrification catalysts *(RMB million)*	**351**	**350**	**278**	**160**	**242**	**229**	**220**
Sales volume *(m^3)*	12,536	16,667	15,886	10,627	16,073	17,131	16,667
Price *(RMB/m^3)*	28,000	21,000	17,500	15,056	15,056	13,340	13,187
Desulfurization facilities engineering *(RMB million)*	**241**	**748**	**917**	**321**	**893**	**516**	**511**
Sales volume *(MW)*	2,800	9,400	11,463	4,013	14,692	8,608	8,519
Price *(RMB/kW)*	85	80	80	80	80	80	80
Denitrification facilities engineering *(RMB million)*	**1,902**	**1,727**	**369**	**79**	**224**	**173**	**134**
Sales volume *(MW)*	17,300	17,200	2,636	564	1,600	1,234	954
Price *(RMB/kW)*	110	100	140	140	140	140	140
Dust removal facilities engineering *(RMB million)*	**22**	**267**	**559**	**78**	**648**	**508**	**474**
Sales volume *(MW)*	300	4,100	6,577	918	7,620	5,971	5,573
Price *(RMB/kW)*	65	65	85	85	85	85	85
Industrial site dust management *(RMB million)*	**101**	**73**	**517**	**142**	**1,134**	**1,337**	**1,882**
Sales volume *(MW)*	700	500	3,231	888	7,088	8,346	11,762
Sales unit price *(RMB/kWh)*	140	140	160	160	160	160	160
Water treatment engineering *(RMB million)*	**49**	**94**	**162**	**82**	**292**	**235**	**368**
Sales volume *(MW)*	400	700	1,200	607	2,161	1,742	2,723
Price *(RMB/kW)*	135	135	135	135	135	135	135
Water treatment operations *(RMB million)*	**–**	**–**	**–**	**–**	**40**	**258**	**453**
Sales volume *('0000 tons/year)*	–	–	–	–	732	5,701	8,136
Unit price	–	–	–	–	5	5	6
Energy saving construction *(RMB million)*	**–**	**121**	**60**	**3**	**221**	**347**	**270**
Sales volume *(MW)*	–	1,100	545	27	2,006	3,152	2,457
Sales unit price *(RMB/kW)*	–	110	110	110	110	110	110
Others (such as EMC, ash and slag handling) *(RMB million)*	**61**	**28**	**39**	**2**	**24**	**184**	**595**
Total transaction caps *(RMB million)*	**3,831**	**4,758**	**4,773**	**1,938**	**6,431**	**7,776**	**9,166**

Note:

(1) All the amounts presented in the above table have been rounded to whole numbers.

Desulfurization and denitrification concession operations

Our capacity of desulfurization concession operations will increase subsequent to a series of acquisitions of desulfurization facilities in 2015. Further, part of our net proceeds from the Global Offering is expected to be used for our capital expenditure in building new desulfurization facilities. In addition, as the sole platform for the development of environmental protection and energy conservation business under China Datang Group, we expect to obtain sustainable desulfurization concession operation businesses from newly-built power plants under China Datang Group. Our expected sales volume of desulfurization concession operations to the China Datang Group in each of the three years ending December 31, 2016, 2017 and 2018 is primarily determined based on the increased capacity of our desulfurization facilities in the corresponding year and the expected amount of business contracts that we are able to obtain from power plants under the China Datang Group. The expected fee for our desulfurization concession operations shall be the government-prescribed price, which is expected to increase in 2017 due to the new national ultra-low emission policies.

We expect an increase of our capacity and transaction amounts of denitrification concession operations with power plants in the China Datang Group subsequent to a series of acquisitions of denitrification facilities in 2015. Further, part of our net proceeds from the Global Offering is expected to be used for our capital expenditure in building new denitrification facilities. In addition, as the sole platform for the development of environmental protection and energy conservation business under China Datang Group, we expect to obtain sustainable denitrification concession operation businesses from newly-built power plants under China Datang Group. The expected sales volume of denitrification concession operations in each of the three years ending December 31, 2016, 2017 and 2018 is determined based on the increased capacity of our denitrification facilities in the corresponding year and the expected amount of business contracts that we are able to obtain from power plants under the China Datang Group. The expected fee for our denitrification concession operations shall be the government-prescribed price, which is expected to increase in 2017 due to the new national ultra-low emission policies.

As of June 30, 2016, China Datang Group operated a total of 90 coal-fired power plants, among which 27 coal-fired power plants had entered into desulfurization and denitrification facilities concession operation agreements with the Group.

Denitrification catalysts

We hold a leading position in the sales of nationwide plate-type denitrification catalysts market. We expect that the sales volume of denitrification catalysts to the China Datang Group and expected fee will slightly decrease in the three years ending December 31, 2016, 2017 and 2018 due to more intensified competition in the catalysts market.

Desulfurization facilities engineering

We expect a decrease of transaction amount for desulfurization facilities engineering projects with the China Datang Group in the three years ending December 31, 2016, 2017 and 2018. In 2015, a large number of power plants under China Datang Group undertook refurbishment of their desulfurization facilities because of the more stringent emission standards for desulfurization facilities as required by the new national ultra-low emission policies. As a result, demands for desulfurization facilities engineering services by China Datang Group had significantly increased in 2015 and such trend is expected to continue in 2016. The expected fee is expected to remain stable because the expected costs will remain stable as well.

Denitrification facilities engineering

We expect a significant decrease of denitrification facilities engineering projects in the years ending December 31, 2016, 2017 and 2018 because the construction of denitrification facilities engineering projects reached to a climax in 2013 and 2014. The relevant fee is expected to remain stable since 2015.

Dust removal facilities engineering

We expect that our dust removal facilities engineering business transacted with the China Datang Group will fluctuate in the years ending December 31, 2016, 2017 and 2018 as dust removal businesses are expected to fluctuate in line with PRC national policies which require power plants to equip a higher standard of pollutant emission before the year of 2017. We expect fee for dust removal facilities engineering business to remain stable since 2014 because of the increased cost arising from equipment and technology employed for the enhanced standard of pollutant emission.

Industrial site dust management

We expect a significant increase of our industrial site dust management transactions with the China Datang Group in the years ending December 31, 2016, 2017 and 2018 as the business model and prospect of industrial site dust management businesses has been developing rapidly. The fee is expected to remain stable in 2016, 2017 and 2018.

Water treatment engineering

We expect a significant increase of our water treatment engineering transactions with the China Datang Group in the years ending December 31, 2016, 2017 and 2018 as the business model and prospect of water treatment engineering businesses has been developing rapidly. Furthermore, we are confident about the expected significant growth of our water treatment engineering businesses in the next three years because (a) our self-developed water treatment island model is welcomed by power plants for the efficiency in water consumption and energy saving and (b) water treatment engineering businesses are expected to grow rapidly with encouraging national policies which enhance the standards for water treatment. The expected fee in 2016, 2017 and 2018 is expected to remain the same level as historical fee during the Track Record Period, which is in line with the expected increase of costs for water treatment engineering business.

Water treatment operations

We expect to commence water treatment operations transactions with the China Datang Group from 2016 and the transaction amount will increase significantly from 2017 as the expected rapid growth of water treatment operations demands of China Datang Group. The fee is expected to remain stable as the transaction amount and unit cost are expected to remain stable because the unit cost actually incurs is expected to drop.

Energy saving construction

Our revenue generated from energy saving construction for the China Datang Group for the year ended December 31, 2014 primarily derived from a series of large-amount energy saving construction projects which were completed in 2014. Therefore, we had a drop of the transaction amount in the year ended December 31, 2015. However, we expect a significant increase in the years ending December 31, 2016, 2017 and 2018 arising from the significantly growing demands for energy saving construction from China Datang Group due to the enhanced standards required by national energy conservation policies. The fee is expected to remain stable.

Business segment of renewable energy engineering business

	Year Ended December 31,			Six Months Ended June 30,	Year Ending December 31,		
Renewable energy engineering business	**2013**	**2014**	**2015**	**2016**	**2016**	**2017**	**2018**
Wind power EPC business *(RMB million)*	**294**	**57**	**2,493**	**556**	**2,392**	**2,393**	**1,752**
Sales volume *(MW)*	83	8	402	90	386	386	283
Sales unit price *(RMB/kW)*	4,500	6,400	6,200	6,200	6,200	6,200	6,200
Photovoltaic *(RMB million)*	**81**	**0**	**0**	**59**	**316**	**257**	**257**
Total transaction caps *(RMB million)*	**375**	**57**	**2,493**	**615**	**2,708**	**2,650**	**2,009**

Note:

(1) All the amounts presented in the above table have been rounded to whole numbers.

Wind power EPC business

We expect a decrease of wind power EPC business with the China Datang Group in the three years ending December 31, 2016, 2017 and 2018 comparing to the year ended December 31, 2015. In December 2014, the NDRC issued a new policy to lower the electricity unit price for all wind power projects either approved after January 1, 2015 or approved prior to January 1, 2015 but the construction of which will be completed on or after January 1, 2016. As a result of these new policies, a huge number of wind power projects have been under construction in 2015, which had significantly boosted our wind power EPC businesses in 2015.

Further, in March 2016, NEA issued new policies stimulating the development of renewable energy industries pursuant to which China Datang Group's demands for wind power EPC business are expected to reach the climax in 2016 and 2017. Afterwards, we expect a a drop of our wind power EPC businesses in 2018. The fee is expected to remain stable in the following three years.

Photovoltaic

Our photovoltaic transaction with the China Datang Group is expected to significantly increase in the three years ending December 31, 2016, 2017 and 2018 primarily benefiting from national policies in favor of the development of photovoltaic businesses. The fee is expected to significantly increase due to the significant increase of the expected cost.

Thermal power plant EPC business segment

	Year Ended December 31,			Six Months Ended June 30,	Year Ending December 31,		
EPC business of thermal power plants	**2013**	**2014**	**2015**	**2016**	**2016**	**2017**	**2018**
EPC of thermal power project *(RMB million)*	**530**	**296**	**149**	**0**	**0**	**0**	**0**
Sales *(MW)*	1,472	822	413	–	–	–	–
Sales unit price *(RMB/kW)*	360	360	360	–	–	–	–
Total transaction caps *(RMB million)*	**530**	**296**	**149**	**0**	**0**	**0**	**0**

Note:

(1) All the amounts presented in the above table have been rounded to whole numbers.

EPC of thermal power project

Revenue generated from our projects under the EPC business of thermal power plant had been entirely recognized in 2015. We expect that there is no further plan for the development of such business sector in 2017 and 2018.

Other business segments

Other business segments include income generated from the EPC business of air-cooling system, coal yard monitoring system upgrade business and fiberglass chimney business. Consistent with the number of projects that we had obtained, there had been a significant growth in the income from such business segment in 2015 as compared with that of 2014. For the coming three years, the EPC business of air-cooling system and fiberglass chimney business will record a stable growth whereas there will be a slowdown in the growth in coal yard monitoring system upgrade business. In terms of total volume, it is expected that the income generated from other business segments will remain stable which is subject to further adjustment in the next three years.

(b) Procurement of products and services by the Group from China Datang Group

Procurement of products and services by the Group from China Datang Group	Historical Amount (RMB million)				Proposed Amount of Annual Caps (RMB million)			Considerations
	Year ended December 31			Six months ended June 30	Year ended December 31			
	2013	2014	2015	2016	2016	2017	2018	
Ancillary services (desulfurization and denitrification) under concession operations	18	56	63	61	100	120	220	In respect of ancillary services (desulfurization and denitrification) under concession operations procured by the Group from China Datang Group, the Directors of the Company believe that the proposed amount of annual caps will have a significant growth as compared with historical results, which is in line with the estimated significant growth of desulfurization and denitrification concession operations to be provided by the Group to China Datang Group in the three years ending December 31, 2016, 2017 and 2018. For more details, please refer to "Connected Transactions — Non-exempt Continuing Connected Transactions — 1. Integrated Product and Service Framework Agreement between the Group and China Datang Group — (a) Products and services to be provided by the Group to China Datang Group — Business segment of environmental protection and energy conservation solutions — Desulfurization and denitrification concession operations."
Logistics services	18	18	231	14	200	224	280	In respect of logistics services procured by the Group from China Datang Group, the Directors of the Company believe that the proposed amount of annual caps will remain stable in the three years ending December 31, 2016, 2017 and 2018.

Procurement of products and services by the Group from China Datang Group	Historical Amount (RMB million) Year ended December 31 2013	2014	2015	Six months ended June 30 2016	Proposed Amount of Annual Caps (RMB million) Year ended December 31 2016	2017	2018	Considerations
Water and power supply	199	279	366	198	570	690	900	In respect of water and electricity procured by the Group from China Datang Group, the Directors of the Company believe that the proposed amount of annual caps will continue to increase in the three years ending December 31, 2016, 2017 and 2018, along with the increasing demands for water and power by the Group for its business operations.
Procurement of equipment	–	–	1,361	–	1,450	1,461	1,281	In respect of equipment procured by the Group from China Datang Group, the Directors of the Company believe that the proposed amount of annual caps will be determined based on demands for wind turbine and other equipment required by the Group for wind power EPC projects in the following three years, which are expected to remain stable.
Total.	**235**	**354**	**2,021**	**273**	**2,320**	**2,495**	**2,681**	

Note:

(1) All the amounts in the above table are presented in millions and have been rounded to the nearest millions in whole numbers.

Ancillary services (desulfurization and denitrification) under concession operations business segment

We expect the procurement of ancillary services (desulfurization and denitrification) under concession operations from China Datang Group will increase in the three years ending December 31, 2016, 2017 and 2018. In line with the expected increase of business scale of our desulfurization and denitrification concession operations, we will have an increasing demand for ancillary services to be provided by various power plants of China Datang Group, primarily on-site maintenance and repair services provided by staffs of those power plants. The service fee is primarily calculated based on various factors, such as number and seniority of staffs involved, scope and length of work required, as well as operational conditions. We expect that the average service fee per person charged by China Datang Group would increase in the following three years because of the estimated increase of overall human capital costs for those power plants.

Logistics services business segment

We expect the procurement of logistics services from China Datang Group will remain stable in the three years ending December 31, 2016, 2017 and 2018, which include bidding services, conference services and other consultation services. Service fees may fluctuate due to different service nature and requirements.

Water and power supply business segment

	Year Ended December 31,			Six Months Ended June 30,	Year Ending December 31,		
Water and power supply business segment	**2013**	**2014**	**2015**	**2016**	**2016**	**2017**	**2018**
Water supply *(RMB million)*	**25**	**30**	**36**	**21**	**70**	**90**	**150**
Transaction amount *(M tonne)*	10.8	18.0	20.8	12.4	41.4	50.8	82.9
Unit price *(RMB/tonne)*	2.32	1.67	1.74	1.69	1.69	1.77	1.81
Power supply *(RMB million)*	**174**	**249**	**330**	**177**	**500**	**600**	**750**
Transaction amount *(MWh)*	750,049	929,070	1,191,246	553,454	1,448,471	1,453,361	1,761,473
Unit price *(RMB/MWh)*	232.14	268.01	277.17	319.81	319.81	426.6	425.78
Total transaction caps *(RMB million)*	**199**	**279**	**366**	**198**	**570**	**690**	**900**

Note:

(1) All the amounts presented in the above table have been rounded to whole numbers.

We expect that the procurement of water and power supply from China Datang Group will continue to increase in the three years ending December 31, 2016, 2017 and 2018 because the overall water and power demands are expected to increase by the Group for its business operations. The unit prices for water and power supply are determined by the government.

Procurement of equipment business segment

	Year Ended December 31,			Six Months Ended June 30,	Year Ending December 31,		
Procurement of equipment business segment	**2013**	**2014**	**2015**	**2016**	**2016**	**2017**	**2018**
Procurement of equipment	**–**	**–**	**1,361**	**–**	**1,450**	**1,461**	**1,281**
Transaction amount *(MW)*	–	–	454	–	483	487	427
Unit price *(RMB/kW)*	–	–	3,000	–	3,000	3,000	3,000
Total transaction caps *(RMB million)*	**–**	**–**	**1,361**	**–**	**1,450**	**1,461**	**1,281**

Note:

(1) All the amounts presented in the above table have been rounded to whole numbers.

We expect that the procurement of equipment from China Datang Group will remain stable in the three years ending December 31, 2016, 2017 and 2018 based on its estimated demands for wind turbine generator and relevant facilities to be procured from Hua Chuang or other subsidiaries of China Datang Group. The unit price for equipment to be procured is also expected to remain stable in the following three years.

2. Framework Agreement under which China Datang Group leases properties to the Group

Principal terms: In accordance with the Property Leasing Framework Agreement entered into between us and China Datang on December 1, 2015, which will take effect upon the Listing, China Datang Group will lease certain properties to the Group.

The Property Lease Framework Agreement is for a term of 20 years commencing from the date on which the agreement becomes effective and is subject to renewal. The agreement is of a duration longer than three years as otherwise normally permitted for the connected transactions under the Listing Rules. The Directors and the Sole Sponsor consider the term of the Property Lease Framework Agreement to be consistent with normal commercial terms and can secure long-term property use rights for us, thus avoiding unnecessary disruptions to our business caused by relocation and enabling us to ensure long-term development and continuity of our operations. Such arrangement is in our commercial interest as it also enables us to save extra costs in the case of short-term leases. As such, the Sole Sponsor is also of the view that it is normal business practice for agreements of this type to be of such duration.

Reasons for transactions: For purpose of business operation, the Group needs to rent relevant properties from China Datang Group.

Pricing policy: The rental of any leased property shall be ascertained through negotiation between the Group and China Datang Group primarily based on the actual costs of the property and taking into consideration the market price of similar properties in the same region where applicable and the relevant depreciation cost. The rental shall be provided as a fixed amount in the separate lease agreement to be executed in writing and between the Group and China Datang Group under the Property Lease Framework Agreement, the initial term of which shall be five years and can be renewed in writing by both parties. If, due to any change of national policies or market fluctuation that affects the fairness and reasonableness of the rental of a leased property under any lease agreement, the Group and China Datang Group may adjust the rental based on arm's length negotiations with reference to the new market price. However, the rental amount or any adjustment to the rental amount is subject to our Independent Non-executive Directors' review and approve to ensure that the rental amount is fair, reasonable and in the interest of the Company and our Shareholders as a whole.

The Sole Sponsor agrees with the Directors' view that the pricings for such leased properties are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Historical amount: For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the total rentals were approximately RMB4 million, RMB5 million, RMB31 million and RMB26 million, respectively.

Annual caps: For the years ending December 31, 2016, 2017 and 2018, the total amount of the property rent paid to China Datang Group and its associate(s) by the Group shall not exceed the following caps:

	Proposed annual caps for the year ending December 31,		
	2016	2017	2018
	(RMB million)		
Property leasing services	100	100	100

Note:

(1) All the amounts in the above table are presented in millions and have been rounded to the nearest millions in whole numbers.

Basis for calculation of annual caps: When determining the annual caps mentioned above, our Directors have taken into account: (i) the terms of existing property lease agreements; (ii) historical quantity and condition of leased properties and amount of rentals provided by the Group to China Datang Group each year; (iii) the expected quantity and condition of leased properties and amount of rentals the Group needs to pay under the uncompleted contracts; and (iv) the expected market prices of properties in similar conditions. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the actual number of leased properties we rented from China Datang Group was 5, 8, 59 and 59 properties, respectively, and the total gross floor area was approximately 2,476 square meters, 4,754 square meters, 111,321 square meters and 111,321 square meters, respectively. There was a significant rise in payment of rentals for properties leased from China Datang Group for the year ended December 31, 2015, and we expect a further growth in such payment for the years ending December 31, 2016, 2017 and 2018, primarily because of the substantial increase in the properties rented from China Datang Group to operate our concession operation businesses, which is largely related to our acquisition plan for desulfurization and denitrification concession operations and in line with the expected increase in our capacity of desulfurization and denitrification concession operations arising from these acquisitions and the expected new projects with power plants under China Datang Group. For more details, please see "Business — Properties — Buildings — Leased Buildings" and "Business — Our Strategies — Continue to maintain our market leading position of desulfurization and denitrification facilities concession operations." Our Directors believe that renting instead of acquiring the relevant properties from China Datang Group provides us a cost-efficient way for better management of our concession operations and is in line with industry practice. For more details about the management of our concession operation business, please see the section headed "Business — Our Business — Environmental Protection and Energy Conservation Solutions — Environmental Protection Facilities Concession Operation Business — Management of Our Concession Operation Business" in this prospectus. As of June 30, 2016, we rented a number of 59 properties from China Datang Group with a total floor area of approximately 111,321 square meters for use as production facilities of our desulfurization and denitrification concession operations as well as offices. For the years ending December 31, 2016, 2017 and 2018, we expect to rent a number of 62, 65 and 71 properties from China Datang Group for use as production facilities of our desulfurization and denitrification concession operations as well as offices, with a total gross floor area of approximately 125,204 square meters, 137,678 square meters and 164,678 square meters, respectively. We expect that the total property rents will remain stable for the coming three years.

B. Continuing Connected Transaction Exempt from the Circular and Shareholders' Approval Requirement

The following transaction between Nanjing Environmental Protection (a subsidiary of our Company) and Datang Financial Lease Co., Ltd. (a non-wholly owned subsidiary of China Datang) is conducted on normal commercial terms. Our Directors currently expect that, each of the applicable percentage ratios of the transaction calculated for purpose of Chapter 14A of the Listing Rules will be less than 5% on an annual basis. By virtue of Rule 14A.76(2), such transaction will constitute a continuing connected transaction of the Company exempt from the circular and shareholder's approval requirements under Chapter 14A of the Listing Rules.

3. Financial Leasing Agreement between Datang Financial Lease Co., Ltd. and Nanjing Environmental Protection

Parties: Datang Finance Lease Co., Ltd. (a non-wholly owned subsidiary of China Datang) and Nanjing Environmental Protection

Principal terms: Datang Financial Lease Co., Ltd. and Nanjing Environmental Protection entered into a financial leasing agreement ("Financial Leasing Agreement") on September 29, 2015, which amended terms of the financial leasing agreement between both parties dated June 4, 2013. Pursuant to the Financial Leasing Agreement, Datang Financial Lease Co., Ltd. shall provide financial leasing services to Nanjing Environmental Protection for procurement of a denitrification production line and various equipment.

Pursuant to the Financial Leasing Agreement, Datang Financial Lease Co., Ltd. shall provide funds to procure such denitrification production line and various equipment which are rented to Nanjing Environmental Protection. Accordingly, Nanjing Environmental Protection shall periodically pay rentals to Datang Financial Lease Co., Ltd. and the ownership of such denitrification production line and various equipment shall be transferred to Nanjing Environmental Protection upon expiration of the rental term under the Financial Leasing Agreement.

Pursuant to the Financial Leasing Agreement, the rental term expires on June 30, 2017.

Reasons for transaction: Datang Financial Lease Co., Ltd. is a professional financial leasing service provider. For purposes of its business operations, Nanjing Environmental Protection negotiated the financial leasing arrangement with Datang Financial Lease Co., Ltd. on normal commercial terms.

Pricing Policy: Rentals paid by Nanjing Environmental Protection to Datang Financial Lease Co., Ltd. include (a) costs for procurement of such denitrification production line and various equipment and (b) interests. The interests are determined based on the benchmark interest rates for loan as implemented by People's Bank of China starting from August 26, 2015.

Historical transaction amount: For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the total rentals paid by Nanjing Environmental

Protection to Datang Financial Lease Co., Ltd. amounted to approximately RMB13 million, RMB38 million, RMB30 million and RMB14 million, respectively.

Annual caps: For the years ending December 31, 2016, 2017 and 2018, the total amount of rentals paid by Nanjing Environmental Protection to Datang Financial Lease Co., Ltd. shall not exceed the following annual caps:

	Proposed annual caps for the year ending December 31,		
	2016	2017	2018
		(RMB million)	
financial lease rentals	28	134	N/A

Note:

(1) All the amounts in the above table are presented in millions and have been rounded to the nearest millions in whole numbers.

The estimated maximum outstanding amount for financial lease under the financial leasing agreement for each of the years ending December 31, 2016, 2017 and 2018 is RMB28 million, RMB134 million and N/A, respectively.

Basis for the calculation of annual caps: When determining the annual caps mentioned above, our Directors have taken into account: (i) historical transaction amount of rentals paid by Nanjing Environmental Protection to Datang Financial Lease Co., Ltd., (ii) the outstanding costs of procurement under the Financial Leasing Agreement, and (iii) prevailing interest rates.

Internal Control Measures

We have implemented the following internal control procedures to closely monitor and manage new and on-going connected transactions with China Datang Group:

- Our Board has approved the estimated annual caps of connected transactions with China Datang Group for each of its business segments for the three years ending December 31, 2016, 2017 and 2018, which were proposed by the Strategic Planning and Cost Management Department (計劃與成本管理部) and the Financial and Property Management Department (財務與產權管理部) based on our Group's business demands and China Datang Group's projects planning and their estimated completion time and progress.

- At the beginning of each calendar year, the Financial and Property Management Department will issue an internal notice circulating the annual cap of connected transactions with China Datang Group for this particular year and remind each member and department of our Group to follow internal control procedures for the control of transaction value with China Datang Group in daily business operations.

- The Financial and Property Management Department is responsible for maintaining and updating the list of connected persons of our Group. Such list will be circulated to members and relevant departments of our Group on a regular basis.

- Business contracts of our Group are negotiated by the relevant business departments which are subject to review and approval by the Strategic Planning and Cost Management Department before execution. Before submitting any new business contract to the Strategic Planning and Cost Management Department, the relevant business department is required to check the identity of each party to such contract against the latest list of connected persons of our Group. If any party is identified as a connected person, the relevant business department will initiate special application procedures ("Connected Transaction Identification Process") with required information of the proposed transaction to the Strategic Planning and Cost Management Department for review and approval. In addition, the Materials Management Department (物資管理部) and the Market Development Department (市場開發部) will screen the Connected Transaction Identification Process and ensure all connected transactions will be submitted to the Strategic Planning and Cost Management Department for approval. The Strategic Planning and Cost Management Department has adopted stringent control policies in reviewing and approving connected transactions, including, cross checking relevant information of the projects (e.g., transaction amounts, expected project completion date and progress) against the annual caps. If the proposed transaction is generally consistent with the Strategic Planning and Cost Management Department's planning, usually such contract can proceed to execution. However, if there exists significant difference, the Strategic Planning and Cost Management Department will check against the monthly report provided by the Financial and Property Management Department for assessment on whether the value of the proposed contract would potentially cause the actual total transaction value to exceed the annual cap of that year, taking into consideration of the actual amount of connected transactions that have already occurred. In the case that the proposed contract is expected to potentially cause the total actual transaction value to exceed the annual cap of that year, the Strategic Planning and Cost Management Department usually will not approve such contract to proceed to execution. In the case that any proposed transaction that may potentially cause the actual total transaction value to exceed the annual cap, if the Strategic Planning and Cost Management Department considers such transaction has great commercial value or other significant benefits to our Group, it may escalate to senior management or the Board for decision making by going through relevant corporate governance procedures in compliance with relevant rules and regulatory requirements. In the event that our Company decides to proceed with the proposed transactions, it would be required to seek shareholders' approval for revision of the annual caps in accordance with the requirements under the Listing Rules. In addition, any amendment of existing connected transaction contract will follow the same procedures as execution of new business contracts.

- The Financial and Property Management Department has set up a monthly reporting system for connected transactions, where it requires all members and departments of our Group to report in the beginning of each month (i) the amount of connected transactions occurred in the previous month; (ii) the accumulative connected transaction amount occurred in that year; and (iii) the expected transaction amount for the rest of the year. If the accumulative connected transaction amount has proportionately exceeded the annual cap of the year in a substantial manner or if the amount of the connected transactions occurred together with the expected transaction amount for the rest of the year will exceed the annual cap, the relevant member or department of our Group is required to report to the Financial and Property Management Department the reasons for deviation and the proposed rectification measures. Subsequently, the Financial and Property Management Department will notify the Strategic Planning and Cost Management Department of such deviation or potential deviation by relevant member or department, and the Strategic Planning and Cost Management Department will closely monitor and control the approval of new business contracts for relevant member or department.

- For all the on-going projects, if the relevant business departments is aware of any material change in relation to transaction amounts or expected timing that could potentially cause the actual total transaction value to exceed the annual cap of that year, such change is required to be promptly reported to the Financial and Property Management Department for approval, who will cross check with annual planning and monthly report for assessment. In the case that such material change is likely to cause the actual total transaction value to exceed the annual cap of that year, the Financial and Property Management Department usually will not approve such material change. Despite the above, if the Financial and Property Management Department considers such material change has great commercial value or other significant benefits to our Group, it may escalate to senior management or the Board for decision making by going through relevant corporate governance procedures in compliance with relevant rules and regulatory requirements. In the event that our Company decides to proceed with the proposed transactions, it would be required to seek shareholders' approval for revision of the annual caps in accordance with the requirements under the Listing Rules.

- Furthermore, our Group has adopted relevant assessment standards in its employee performance evaluation system, where each department and employee will be evaluated on their contribution in terms of exploring independent contracts and controlling the amount and ratio of connected transactions, which has direct impact on their remuneration.

Directors' Confirmation

Our Directors (including independent non-executive Directors) believe that, the transactions stated in the section headed "— Exempt Continuing Connected Transactions" were entered into during the Group's ordinary and usual course of business on normal commercial terms (or more favorable than normal commercial terms available for the Group), and that the terms of such transactions are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

Our Directors (including independent non-executive Directors) believe that, the transactions stated in this section headed "— Non-exempt Continuing Connected Transactions" were entered into during the Group's ordinary and usual course of business on normal commercial terms, and that the terms of such transactions are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole. In consideration of the historical transaction value, estimated growth of the Group's business and the overall development of the industry, our Directors (including Independent Non-executive Directors) believe the proposed annual caps for non-exempt continuing connected transactions are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Exemption Application for Continuing Connected Transactions

With regard to non-exempt continuing connected transactions, the Company shall comply with the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, where applicable. As these connected transactions are expected to continue on a recurring basis after the completion of the Global Offering, our Directors consider that it would be unduly burdensome, impracticable to the Company and significant and disproportionate administrative costs would incur therefor, to make disclosure of, or to obtain independent shareholders' approval (where applicable) for, each such transactions in compliance with the announcement and/or independent shareholders' approval (where applicable) requirements under Chapter 14A of the Listing Rules.

In light of the above considerations, we have applied to the Stock Exchange, and the Stock Exchange has granted us, the waiver from strict compliance with the announcement and independent shareholders' approval requirements of the Listing Rules in respect of each of these transactions, where applicable, subject to the following conditions:

(1) the aggregate value of each of these non-exempt continuing connected transactions for each relevant financial year shall not exceed the relevant amount of annual cap set forth in the respective caps stated above; and

(2) we have agreed to comply with the provisions of Rule 14A.35 (1), 14A.35 (2), 14A.36 to 14A.40 of the Listing Rules.

The aforesaid waiver will expire on December 31, 2018. In the event of any change in the terms of the aforementioned non-exempt continuing connected transactions, or the Group and any connected person of the Group entering into any new connected transactions or agreements, the Company will comply with provisions in Chapter 14 of the Listing Rules, unless the Company has applied for and obtained a separate waiver otherwise.

If any further amendments to the Listing Rules are stricter than whatever is applicable to the continuing connected transactions stated in this prospectus, the Company will take appropriate measures to ensure compliance with the new rules within a reasonable time.

Confirmation of the Sole Sponsor

The Sole Sponsor is of the view that: (i) the aforementioned non-exempt continuing connected transactions were entered into in the Group's ordinary and usual course of business on normal commercial terms, and are fair, reasonable, and are in the interest of the Company and its shareholders as a whole; and (ii) the proposed annual caps (where applicable) for such transactions are fair, reasonable and are in the interest of the Company and its shareholders as a whole.

BOARD OF DIRECTORS

The Board consists of nine Directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors. The Board shall be responsible for and shall have general power to manage and develop the Company's business. The functions and duties of the Board include convening Shareholders' general meetings and reporting the Board's work at the Shareholders' general meetings, implementing the resolutions of Shareholders' general meetings, determining business plans and annual business goals, formulating annual budget and final accounts, preparing proposals on profit distribution, recovery of losses, and increase or decrease in registered capital as well as exercising other power, functions and duties granted by the Articles of Association.

The following table presents certain information of our Directors. All Directors are in compliance with the qualification requirements of their respective positions according to the relevant laws and regulations in the PRC and the Listing Rules.

Name	Age	Position	Date of Joining the Company	Date of Appointment of the Position of Director	Main Roles and Responsibilities
Jin Yaohua (金耀華)	56	Chairman of the Board and non-executive Director	June 2015	June 2015	Responsible for formulating the Company's corporate and operational strategies and making major corporate and operational decisions of the Company
Liu Chuandong (劉傳東)	53	Non-executive Director	June 2015	June 2015	Participating in the formulation of the Company's corporate and operational strategies
Liu Guangming (劉光明)	44	Non-executive Director	April 2016	April 2016	Participating in the formulation of the Company's corporate and operational strategies
Liang Yongpan (梁永磐)	50	Non-executive Director	April 2016	April 2016	Participating in the formulation of the Company's corporate and operational strategies
Deng Xiandong (鄧賢東)	51	Executive Director and general manager	July 2013	August 2013	Responsible for the overall business operation and management of the Company

Name	Age	Position	Date of Joining the Company	Date of Appointment of the Position of Director	Main Roles and Responsibilities
Lu Shengli (路勝利)	56	Executive Director and deputy general manager	December 2013	June 2015	Responsible for the Communist Party Committee and disciplinary inspection affairs, staff salaries, legal affairs and logistics work of the Company
Ye Xiang (叶翔)	52	Independent non-executive Director	June 2015	June 2015	Participating in the decision-making for the Company's significant events; and advising on the Company's corporate governance, connected transactions, auditing, and remuneration of Directors and senior management
Mao Zhuanjian (毛專建)	63	Independent non-executive Director	June 2015	June 2015	Participating in the decision-making for the Company's significant events; and advising on the Company's corporate governance, connected transactions, auditing, and remuneration of Directors and senior management
Gao Jiaxiang (高家祥)	42	Independent non-executive Director	April 2016	April 2016	Participating in the decision-making for the Company's significant events; and advising on the Company's corporate governance, connected transactions, auditing, and remuneration of Directors and senior management

Non-executive Directors

Mr. Jin Yaohua (金耀華), aged 56, is the chairman of the Board and non-executive Director of the Company. Mr. Jin had approximately 20 years of working experience in the power industry. Before joining the Company, Mr. Jin successively served as the technician, engineer, deputy director, director, and secretary of Communist Party Branch at the Thermal Workshop of Huabei Power (華北電力試驗所) from August 1982 to January 1994. He then worked in the Science Research Institute of Huabei Power (華北電力科學研究院) serving successively as the deputy secretary of the Communist Party Committee, vice dean and deputy secretary from January 1994 to September 1996. Mr. Jin was the secretary of the Communist Party Committee and deputy manager of Zhangjiakou Power Plant (張家口發電廠) from September 1996 to February 1998; and he was the manager of Qinghuangdao Thermal Power Plant (秦皇島熱電廠) from February 1998 to November 1999. Between November 1999 and

January 2003, Mr. Jin successively served as the deputy chief engineer, chief engineer and deputy general manager of Beijing Datang Power Generation Co., Ltd. (北京大唐發電股份有限公司). Mr. Jin held various positions at China Datang from January 2003 to August 2011, including the director of the safety production department, deputy chief engineer and chief engineer; and he has been serving as the deputy general manager of China Datang commencing from August 2010. From April 2010 to August 2014, Mr. Jin served as the director of Datang Huayin (a company listed on the Shanghai Stock Exchange, stock code: 600744). Mr. Jin obtained a bachelor's degree in thermal surveying and automation of power plants at the School of Water Resources and Electric Power of Wuhan University (武漢水利電力學院) in 1982. Mr. Jin was recognized as a senior engineer by the North China Electric Power Administration Bureau (華北電業管理局) in October 1992.

Mr. Liu Chuandong (劉傳東), aged 53, is the non-executive Director of the Company. Mr. Liu had more than 30 years of experience in financial management in the power industry. Prior to joining the Company, Mr. Liu served successively as the person in charge of the Youth League Committee, deputy director (in charge) of the finance department, deputy chief accountant and head of the finance department of Shandong Jining Power Plant (山東濟寧發電廠) from July 1981 to March 1996. From March 1996 to November 1997, Mr. Liu worked as the head of the accounting and audit division of the finance department and the deputy director of the finance department at Shandong Electric Power Industry Bureau (山東省電力工業局). He was the chief accountant at Jinan Yingda International Trust Co., Ltd. (濟南英大國際信託投資公司) from November 1997 to September 1999; the chief accountant and member of the Communist Party Committee of Shandong Power Generation Company (山東電力發電公司) from September 1999 to December 2001; and the deputy chief accountant at Shandong Branch of Huaneng Power International Inc. (華能國際電力股份有限公司山東分公司) from December 2001 to May 2003. During the periods from May 2003 to June 2006, July 2008 to April 2011, and May 2012 to January 2014, Mr. Liu successively served as the senior officer of property and capital at the finance and property management department, deputy director of fund settlement and management center, deputy director of finance and property management department, and director of fund settlement and management center at China Power Investment Corporation (中國電力投資集團公司). Mr. Liu worked for CPI Financial Co., Ltd. (中電投財務有限公司) during the periods from June 2006 to July 2008 and from April 2011 to January 2014, serving successively as the deputy general manager, member of the Communist Party Committee, deputy director of fund settlement and management center, general manager and deputy secretary of the Communist Party Committee. Mr. Liu was a member of the Communist Party Committee of CPI Ronghe Holdings Investment Group Company (中電投融和控股投資有限公司) from December 2011 to January 2014; the general manager and secretary of the Communist Party Committee of China Datang Group Finance Co., Ltd. (中國大唐集團財務有限公司) from January 2014 to May 2014; and the director of the financial management department of China Datang from May 2014 to November 2015. Mr. Liu has been the secretary of the Communist Party Committee of Capital Holding since May 2014 and the chief accountant and member of the Communist Party Community of China Datang since November 2015. In addition, Mr. Liu has been serving as the director of Datang Huayin (a company listed on the Shanghai Stock Exchange, stock code: 600744) since February 2015. Mr. Liu graduated from Shandong Electric Power School (山東電力學校) in 1981, majoring in thermal power equipment in power plants. He further graduated from the

Central Party School of the Communist Party of China (中央黨校) in 2001, majoring in economics. He was also accredited as a senior accountant by the Power Industry Bureau of Shandong Province (山東省電力工業局) in February 1998.

Mr. Liu Guangming (劉光明), aged 44, is the non-executive Director of the Company. Mr. Liu has over 10 years of extensive experience in the power industry. Before joining the Company, Mr. Liu worked in China Huadian Corporation serving successively as head of directors and supervisors office and head of 2nd division of cadre management of Human Resources Department from July 2005 to February 2008. Between February 2008 and June 2010, Mr. Liu served as an assistant general manager of China Huadian Corporation Capital Holdings Limited (中國華電集團資本控股公司). He held various positions at China Huadian Corporation Finance Company Limited (中國華電集團財務有限公司) from June 2010 to May 2014, including a deputy general manager and a party member. From May 2014 to March 2016, he served as the general manager and deputy secretary of Communist Party Committee at China Datang Group Finance Co., Ltd. (中國大唐集團財務有限公司). Since March 2016, he has been serving as the head of capital operation and assets management department of China Datang. In addition, Mr. Liu also holds directorships in other listed companies. He has served as a director of Guangxi Guiguan Electric Power Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600236) since June 2016, a director of Datang Huayin (a company listed on the Shanghai Stock Exchange, stock code: 600744) since June 2016 and a non-executive director of Datang Renewable (a company listed on the Hong Kong Stock Exchange, stock code: 1798) since June 2016. Mr. Liu obtained a master's degree in electric power system and automation from North China Electric Power University (華北電力大學) in June 2005. He was accredited as a senior engineer by State Power Corporation of China (國家電力公司) in December 2003.

Mr. Liang Yongpan (梁永磐), aged 50, is the non-executive Director of the Company. Mr. Liang has over 15 years of extensive experience in the power industry. Before joining the Company, Mr. Liang was a general manager and a member of Communist Party Committee of Lanzhou Xigu Thermal Power Co. Ltd. (蘭州西固熱電有限責任公司) between June 2001 and June 2004. Mr. Liang was a member of the Communist Party Committee and a deputy general manager of Datang Gansu Power Generation Co., Ltd. (大唐甘肅發電有限公司) from June 2004 to April 2008. He then served as the deputy manager of planning, investment and financing department of China Datang from April 2008 to July 2011. He was a general manager and secretary of Communist Party Committee of Datang Gansu Power Generation Co., Ltd. (大唐甘肅發電有限公司) from July 2011 to May 2014, the manager of planning and marketing department of China Datang from May 2014 to March 2016. Since March 2016, he has been serving as the head of safety production department of China Datang. In addition, Mr. Liang also holds directorships in other listed companies. He has served as a non-executive director of Datang International Power Generation Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601991) since October 2014, a director of Datang Huayin (a company listed on the Shanghai Stock Exchange, stock code: 600744) since June 2015, a director of Guangxi Guiguan Electric Power Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600236) since June 2016 and a non-executive director of Datang Renewable (a company listed on the Hong Kong Stock Exchange, stock code: 1798) since June 2016. Mr. Liang graduated from the thermal engineering department of Chongqing University (重慶大學) in July 1988, majoring in thermal power engineering for power plants. He was accredited as a senior engineer by Gansu Electric Power Company (甘肅省電力公司) in December 1997.

Executive Directors

Mr. Deng Xiandong (鄧賢東), aged 51, has been serving as the general manager of the Company since July 2013, the executive Director of the Company since August 2013, and the vice secretary of the Communist Party Committee of the Company since January 2015, being responsible for the overall business operation and management of the Company. Mr. Deng possessed approximately 30 years of working experience in the power industry and used to be responsible for the business operation and management of various electric power enterprises. Before joining the Company, Mr. Deng worked as a specialized technician of the production division at Xia Huan Yuan Power Plant (下花園發電廠) and Zhangjiakou Power Plant (張家口發電廠) from July 1987 to March 1993, and he served as the specialized technician of the powder production workshop and deputy manager of the production technology department of Zhangjiakou Power Plant from March 1993 to December 1998. During the period from December 1998 to September 2004, he served successively as the deputy plant manager, deputy chief engineer and head of equipment division and chief engineer at Plant A of Beijing Datang Power Zhangjiakou Power Plant (北京大唐發電張家口發電廠). Moreover, Mr. Deng was the general manager of Shanxi Datang International Yungang Thermal Power Company Limited (山西大唐國際雲岡熱電有限責任公司) from September 2004 to August 2006. From August 2006 to March 2009, Mr. Deng served successively as the deputy director of the Yunnan Representative Office of China Datang, the member of Communist Party Committee, deputy general manager and deputy director of planning and development department of the Yunnan Branch of China Datang. From August 2006 to June 2007, he worked successively as the general manager, member of Communist Party Committee of the Yunnan Branch of Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司). From June 2007 to April 2008, he was the secretary of the Communist Party Committee and general manager of Yunnan Datang International Electric Power Generation Company Limited (雲南大唐國際電力有限公司). From March 2009 to July 2013, Mr. Deng served as the vice secretary and secretary of Communist Party Committee, deputy general manager (in charge) and general manager of Datang Shandong Power Generation Co., Ltd. (大唐山東發電有限公司). Mr. Deng graduated from Northeast China Institute of Electric Power (東北電力學院) and obtained a bachelor's degree in thermal power engineering for power plants in 1987. He further obtained a master's degree in power engineering at North China Electric Power University (華北電力大學) in 2004. Mr. Deng was accredited as a senior engineer by the North China Power Administration Bureau of the Ministry of Power Industry (電力工業部華北電業管理局) in September 1998.

Mr. Lu Shengli (路勝利), aged 56, was the vice secretary of Communist Party Committee and Supervisor of the Company from December 2013 to January 2015. He has been serving as the secretary of Communist Party Committee, deputy general manager and head of the disciplinary committee of the Company since January 2015 and has been the executive Director of the Company since June 2015, being responsible for work related to the Communist Party Committee, disciplinary inspection affairs, staff salaries, legal affairs and logistics work of the Company. Mr. Lu had approximately 20 years of extensive experience in the power industry. Before joining the Company, Mr. Lu served successively as a member and director of the first division of the Supervisory Administration Bureau of the Ministry of Electric Power (電力部監察局) from August 1994 to August 1996. From August 1996 to January 2003, he worked successively as the deputy manager and manager of the third supervisory division of the supervisory administration of the State Power Corporation (國家

電力公司). From January 2003 to December 2003, he was the manager of the first division of the supervision department of China Datang. During the period from December 2003 and November 2006, Mr. Lu served successively as the member of the Communist Party Committee, head of the disciplinary and supervisory committee and chairman of the labor union of Longtan Hydropower Development Co., Ltd. (龍灘水電開發有限公司). From November 2006 to December 2013, he was the vice secretary of Communist Party Committee, secretary of the disciplinary and supervisory committee and chairman of the labor union of China National Water Resources & Electric Power Materials & Equipment Co., Ltd. (中國水利電力物資有限公司). Mr. Lu graduated from Engineering Institute of the People's Liberation Army for Engineering Soldiers (中國人民解放軍工程兵工程學院) and obtained a bachelor's degree in mechanical engineering in 1983. He further obtained a master's degree in business administration at Ukrainian-American Humanitarian University (烏克蘭烏美人文大學) in 2002. Mr. Lu was accredited as a senior engineer by the Ministry of Power Industry (電力工業部) in October 1995.

Independent non-executive Directors

Mr. Ye Xiang (叶翔), aged 52, is the independent non-executive Director of the Company. Mr. Ye possessed over 20 years of extensive experience in the industries relating to finance, banking and regulation. Mr. Ye was an economist of the People's Bank of China from August 1994 to July 1998, and he worked for Hong Kong Monetary Authority (香港金融管理局) as a senior analyst from August 1998 to July 2000. Mr. Ye served as the executive director of the Bank of China International Holdings Limited (中銀國際控股有限公司) from August 2000 to July 2001. During the period from August 2001 to October 2007, he served successively as the director of China affairs of the Securities and Futures Commission of Hong Kong. Mr. Ye has been acting as the managing director of Vision Gain Capital limited (匯信資本有限公司) since November 2007; an independent director of UBS Securities LLC (瑞銀證券有限責任公司) since March 2010; and a member of the Public Shareholders Group of the SFC since April 2015. In addition, Mr. Ye has held directorship in other listed companies, including the position of independent non-executive director of Wuling Motors Holdings Limited (五菱汽車集團控股有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 0305) since October 2008 and the position of independent director of Shenzhen Shenxin Taifeng (Group) Co., Ltd. (深圳市深信泰豐(集團)股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000034) since June 2011. Mr. Ye obtained a doctoral degree in economics at the Financial Research Institute of the People's Bank of China (中國人民銀行總行金融研究所) in 1995. Mr. Ye was accredited as a chartered financial analyst by the CFA Institute in September 2004.

Mr. Mao Zhuanjian (毛專建), aged 63, is the independent non-executive Director of the Company. Mr. Mao possessed extensive experience in the environmental protection, energy conservation and clean production of the power industry. Mr. Mao currently serves as the deputy secretary-general of the energy conservation and environmental protection division of CEC (中國電力企業聯合會節能環保分會), member of the specialized committee for energy and environment of China Energy Research Society (中國能源研究會能源與環境專業委員會), member of the specialized committee for electric power and environmental protection of the Chinese Society for Electrical Engineering (中國電機工程學會電力環保專業委員會) and member of the low-carbon economics taskforce of the China Association of Plant Engineering Consultants (中國設備監理協會低碳經濟工作委員會). Before joining the

Company, Mr. Mao was the engineer and deputy head of the environmental protection office of the planning department of the Ministry of Water and Power Industry (國家水電部) from February 1986 to November 1988. Between November 1988 and November 1993, Mr. Mao served as the deputy head of the Environmental Protection and Management Division (環境保護管理處) under the environmental protection center for China Electricity Council (中國電力企業聯合會環境保護中心). From November 1995 to September 2005, he served as director of the consulting division of CEC Electric Power Construction Technical Center (中電聯電力建設技術中心) under the State Power Corporation. From October 2005 to June 2013, he served successively as the manager of environmental protection division and the manager of climate change response division under the CEC, the vice secretary for the National Collaborative Network for Desulfurization and Denitrification Technologies for the Power Industry (全國電力行業脱硫脱硝技術協作網), and the deputy secretary for the energy conservation and environmental protection sub-division under the CEC. Mr. Mao graduated from Guizhou Industrial College (貴州工學院) in 1976, majoring in inorganic chemistry. Mr. Mao was accredited as a professor-level senior engineer by the Ministry of Power Industry in April 1999 and was engaged by the energy conservation and environmental protection sub-division under CEC as a core professional for CEC (中國電力企業聯合會核心專家) in June 2014. Mr. Mao was twice accredited as an expert in the expert reserves for environmental protection and energy conservation professionals for the power industry (電力行業環保節能專家庫專家) by CEC in October 2013 and August 2014, respectively.

Mr. Gao Jiaxiang (高家祥), aged 42, is the independent non-executive Director of the Company. Mr. Gao has considerable working experience in internal and external corporate audit, investment, merger and acquisition, restructuring and corporate valuation. Before joining the Company, Mr. Gao served as an audit manager at Xinxiang Juzhongyuan Certified Public Accountants (新鄉巨中元會計師事務所有限責任公司) from May 1996 to July 2003. He then worked at the Beijing branch of Nanfang Minhe Certified Public Accountants as the manager of audit department from August 2003 to June 2006. He worked as the manager at Beijing Zhonghe Dingxin Certified Public Accountants (北京中和鼎信會計師事務所) from July 2006 to August 2007 and the manager at Beijing Tianyuanquan Certified Public Accountants (北京天圓全會計師事務所) from September 2007 to February 2009. Since March 2009 to present, Mr. Gao has been serving as the chief financial officer of Beijing Guanshi Foundation International Investment Management Company Limited (北京管氏基業國際投資管理有限公司). Mr. Gao graduated from Central University of Finance and Economics (中央財經大學) in January 2009 and obtained a bachelor's degree in accounting. He then obtained an MBA from Central University of Finance and Economics in June 2016. He was accredited as a certified public accountant by the Chinese Institute of Certified Public Accountants in April 2003 and as a certified tax agent by Henan Certified Tax Agent Management Center in June 2002.

Supervisory Committee

Both the Companies Law of the PRC and the Articles of Association stipulate that joint stock companies with limited liability shall establish a supervisory committee. The Supervisory Committee of the Company comprises three Supervisors, one of whom is an employee representative Supervisor. The functions and duties of the Supervisory Committee include but not limited to reviewing the Company's financial reports, supervising the performance of the corporate duties of the Directors and senior management and proposing the dismissal of the Directors and senior management who are in breach of laws and regulations, the Articles of Association or the resolutions of the general meeting, requiring directors, the president and other senior management to rectify any actions which impair the interests of the Company, proposing to convene the extraordinary general meetings, convening and presiding over the Shareholders' general meeting in the event that the Board fails to perform its duties to convene and preside over the Shareholders' general meetings, putting forward proposals to the Shareholders' general meetings and reviewing the periodic reports formulated by the Board and putting forward written opinions on audit.

All resolutions of the Supervisory Committee shall be effective subject to the affirmative votes from more than two-thirds of the Supervisors.

The following table presents certain information in respect of the Supervisors of the Company:

Name	Age	Positions	Date of Joining the Company	Date of Appointment of the Position of Supervisor	Main Role and Responsibility
Wang Yuanchun (王元春)	52	Chairman of the Supervisory Committee	June 2015	June 2015	Chairing the work of the Supervisory Committee; monitoring the operational and financial activities of the Company
Liu Liming (柳立明)	44	Supervisor	June 2015	June 2015	Monitoring the operational and financial activities of the Company
Wang Hongjin (王洪津)	57	Employee representative Supervisor	June 2015	June 2015	Responsible for the monitoring and audit of the Company, and establishment and management of corporate culture

Supervisors

Mr. Wang Yuanchun (王元春), aged 52, is the chairman of our Supervisory Committee. He had approximately 30 years of working experience in the power related industries. Prior to joining the Company, Mr. Wang served successively as the director of the boiler department, specialized technician of the biotechnology division, manager of the biotechnology division, and deputy plant manager and the engineer of Hancheng Power Plant (韓城發電廠) under Datang Xiaxi Power Co., Ltd. (大唐陝西發電有限公司) from July 1986 to September 1999. Mr. Wang worked as the deputy head of Baoji Power Plant (寶雞發電廠) from September 1999 to April 2001, the deputy general manager at the North West Power Development Co., Ltd. (西北電力開發有限責任公司) from April 2001 to October 2001, and the general manager at Xi'an Baqiao Thermal Power Co., Ltd. (西安灞橋熱電有限責任公司) from October 2001 to June 2003. From June 2003 to November 2006, he successively served as the deputy general manager, general manager, member of and secretary of the Communist Party Committee at Hancheng No. 2 Power Co., Ltd. (韓城第二發電有限責任公司). From November 2006 to July 2013, he successively served as the deputy manager of the engineering management department of China Datang, the member of the Communist Party Committee, vice secretary and secretary of the Communist Party Committee, deputy general manager and general manager at the Shanxi Branch of China Datang (中國大唐山西分公司). Mr. Wang has been serving as the deputy director of the disciplinary team of the Communist Party Committee of China Datang and the director of monitoring division (the office of disciplinary team) of the Communist Party Committee of China Datang since July 2013, and the director of inspection office of China Datang (中國大唐巡視工作辦公室) since February 2015. Mr. Wang obtained a bachelor's degree in thermal power engineering for power plants in 1986 from Xi'an Jiaotong University (西安交通大學), where he further obtained a master's degree in electronic and information engineering from the same university in 2001. Mr. Wang was accredited as a senior engineer by the Northwest Electric Power Administration (西北電業管理局) in December 1997.

Mr. Liu Liming (柳立明), aged 44, is the Supervisor of the Company. Mr. Liu had approximately 20 years of extensive experience in auditing works in relation to the power industry. Prior to his joining the Company, Mr. Liu worked for the audit department in Beijing Electric Power Corporation (北京供電公司) from December 1996 to March 2003. From March 2003 to December 2011, Mr. Liu successively worked as a staff of the first audit department, deputy manager of the first audit department and deputy manager of the third audit department of China Datang. Commencing from December 2011, he has been serving as the manager of the third audit department of China Datang. Mr. Liu graduated from Changsha Institute of Power (長沙電力學院) in 1996, majoring in accounting. Mr. Liu was also qualified as an intermediate accountant by MOF in May 2002.

Mr. Wang Hongjin (王洪津), aged 57, is the employee representative Supervisor of the Company. He has been serving as the Director of the monitoring and audit department (the ideological and political work department) of the Company since August 2014, being responsible for the monitoring and auditing works of the Company, and the establishment and management of corporate culture. Mr. Wang had approximately 30 years of extensive working experience in the power industry. Prior to his joining the Company, Mr. Wang worked as the technician and deputy director of the repair and maintenance workshop of Shandong Shiliquan Power Plant (山東十里泉發電廠) from January 1986 to October 1991. During the period from October 1991 to March 2011, Mr. Wang worked at Shandong Huangdao Power Plant (山東黃島發電廠), being responsible for the management of production and maintenance of the power plant and disciplinary inspection and monitoring, successively acting as the director of production and maintenance department, the secretary of the discipline inspection commission and chairman of the labor union. He also took charge of the operation and management of some subordinated enterprises of Shandong Huangdao Power Plant, serving successively as, among others, the manager of Sihuai Electricity Manufacturing Corporation (四海電力實業總公司), the deputy general manager of Sihuai Electricity Manufacturing Group (四海電力實業集團公司), and the deputy chief economist of Qingdao Huaou Group Company (青島華歐集團公司). From March 2011 to January 2014, Mr. Wang worked as the secretary of the Communist Party Committee of Hua Chuang. Mr. Wang has also been serving as the secretary of the Communist Party Committee and the deputy general manager at Information Technology Company from January 2014 to August 2014. Mr. Wang graduated from Shandong Radio and TV University (山東廣播電視大學) in 1995, majoring in cadre economic management.

Senior Management

The following table presents certain information in respect of our senior management:

Name	Age	Position	Date of Joining the Company	Date of Appointment of the Position of Senior Management	Main Role and Responsibility
Wu Deren (吳德仁)	57	Deputy general manager	July 2011	July 2011	Responsible for the Company's construction and infrastructure management
Hu Xiaodong (胡曉東)	50	Deputy general manager, secretary of the Board and joint company Secretary	July 2011	February 2012	Responsible for the Company's operational management, strategic formulation and filing management; Responsible for the daily work of the secretary of the Board
Li Zhenyu (李震宇)	41	Chief accountant	August 2016	August 2016	Responsible for the Company's financial management, capital operation and social security management
Shen Zhen (申鎮)	44	Deputy general manager	July 2011	January 2015	Responsible for the Company's market development, research and development, international cooperation and external affairs
Xia Huaixiang (夏懷祥)	50	Chief engineer	July 2011	July 2011	Responsible for the Company's production management, safety monitoring, education and training, and system establishment

Mr. Wu Deren (吳德仁), aged 57, has been serving as the deputy general manager and a member of the Communist Party Committee of the Company commencing from July 2011 and December 2013 respectively, being responsible for the Company's construction and infrastructure management. Mr. Wu had more than 30 years of experience in the power industry. From December 2005 to December 2013, Mr. Wu was a member of the Communist Party Committee and the deputy general manager of Technologies & Engineering Company. Prior to joining the Company, Mr. Wu served successively as the deputy director and the director of the power office of the second division, the deputy director and the director of the power division, the vice-chief engineer and the vice principal of Central Southern China Electric Power Design Institute (中南電力設計院) from August 1983 to December 2005. Mr. Wu graduated from Northeast China Institute of Electric Power (東北電力學院) and obtained a bachelor's degree in power plant and electric power system in 1983. He was recognized as a senior engineer by the Electric Power Planning & Engineering Institute of the State Power Corporation (國家電力公司電力規劃設計總院) in December 1999 and was also accredited as a registered electrical engineer by the Ministry of Personnel (國家人事部) and the Ministry of Construction (國家建設部) in December 2004.

Mr. Hu Xiaodong (胡曉東), aged 50, has been serving the Company since July 2011. He has been appointed as the deputy general manager since February 2012 and a member of the Communist Party Committee of the Company since December 2013, being responsible for the Company's operational management, strategy formulation and filing management. Since June 2015, Mr. Hu has been serving as the secretary of the Board of the Company, being responsible for the work related to the secretariat of the Board of the Company. Mr. Hu has approximately 30 years of extensive experience in the power industry. From July 2004 to December 2013, Mr. Hu served successively as the general manager of the marketing and sales department, general manager of the desulfurization business department, deputy chief economist, general manager of the power station contracting business department, general manager of the new energy business department, director of the technological information department and the deputy general manager of Technologies & Engineering Company. Prior to joining the Company, Mr. Hu was a teacher at the electric power faculty of the Electric Power Vocational University of Jilin Province (吉林省電力職工大學) from July 1987 to September 1993. From March 1996 to May 2004, he successively served as the chief engineer, manager of the marketing department and the deputy general manager of Beijing Sifang Automation Co., Ltd. (北京四方繼保自動化股份有限公司). Mr. Hu graduated from North China Electric Power University (華北電力大學) with a master's degree in electric power system and automation in 1996. Mr. Hu further obtained an MBA degree from Peking University (北京大學) in 2003. Mr. Hu was recognized as a senior engineer by the State Power Corporation (國家電力公司) in December 1998.

Mr. Li Zhenyu (李震宇), aged 41, has been serving as the chief accountant and a member of the Communist Party Committee of the Company since August 2016, being responsible for the financial management, capital operation and social security management of the Company. He has more than 15 years of relevant experience in accounting. Prior to joining the Company, he served successively as the accounting clerk, the deputy director of the audit division of the finance department and the deputy director of the finance department at Hunan Huayin Electric Power Co., Ltd. (湖南華銀電力股份有限公司) from July 1998 to September 2005. From September 2005 to June 2008, Mr. Li served as the comprehensive officer of tariff at the finance and property management department of China Datang Corporation. From June 2008 to December 2013, Mr. Li served successively as deputy director (in charge) of the finance and asset management department, director and deputy chief accountant as well as the director of the finance and asset department of China Datang Corporation Overseas Investment Co., Ltd. (中國大唐集團海外投資有限公司). From December 2013 to August 2016, Mr. Li worked as the chief accountant and a member of the Communist Party Committee of Datang Shandong Power Generation Company Ltd. (大唐山東發電有限公司). Mr. Li graduated from Changsha Power Economic University (長沙電力學院), majored in accounting and obtained a bachelor's degree in economics in June 1998. He further obtained a master's degree in economics in Business School of Wuhan University (武漢大學) in June 2001, majoring in industrial economics. Mr. Li was recognized as a senior accountant by China Datang Corporation in December 2011.

Mr. Shen Zhen (申鎮), aged 44, was the general manager of the environmental protection branch of the Company from November 2010 to January 2015 and has been serving as the deputy general manager and a member of the Communist Party Committee of the Company since January 2015, being responsible for the market development, research and development, international cooperation and external affairs. Mr. Shen had approximately 20 years of extensive experience in the power industry. From September 2004 to November 2010, Mr. Shen served successively as the manager of the engineering and project management department, deputy general manager of the desulfurization business department, deputy general manager of cooling technology business department, deputy director (in charge) of the general manager's working department and director of the engineering management department at Technologies & Engineering Company. Prior to joining the Company, Mr. Shen was a specialized engineer at Boiler Company of Beijing Electric Power Construction Company (北京電力建設公司鍋爐專業公司) from July 1995 to April 2000 and was appointed as the manager of the engineering management department of Guohua Ebara Environmental Engineering Co., Ltd. (國華荏原環境工程有限責任公司) from April 2000 to September 2004. Mr. Shen graduated from Southeast University (東南大學) with a bachelor's degree in thermal power engineering in 1995. He further obtained an MBA degree from Tsinghua University (清華大學) in 2007. Mr. Shen is an accredited grade-one constructor (一級建造師) recognized by the Ministry of Construction (國家建設部) in March 2005 and a senior engineer recognized by the Beijing Senior Specialized Technique Titles Evaluation Committee (北京市高級專業技術資格評審委員會) of Personnel in October 2007.

Mr. Xia Huaixiang (夏懷祥), aged 50, served successively as the assistant to general manager and chief engineer at Technologies & Engineering Company from June 2004 to December 2013. Since July 2011, he has been serving as the chief engineer of the Company, being responsible for the Company's production management, safety monitoring, education and training, and system establishment. Mr. Xia had nearly 30 years of experience in scientific research and practice in the power industry. Mr. Xia worked for the Desulfurization Technology Research Center of Southwest Power Design Institute Co., Ltd. (西南電力設計研究院脱硫技術研究室) from July 1986 to December 1999. From December 1999 to June 2004, he served as the acting chief engineer and the general manager of the first division of the engineering department of Guohua Ebara Environmental Engineering Co., Ltd. (國華荏原環境工程有限責任公司). Mr. Xia graduated from Chongqing University (重慶大學) with a bachelor's degree in power plant and thermal power engineering in 1986. He was recognized as a senior engineer by the Senior Engineer Evaluation Committee in Southwest Power Design Institute (西南電力設計院高級工程師評審委員會) in September 1998.

To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, save as disclosed herein, there was no additional matter with respect to the appointment of our Directors, Supervisors and senior management members that needs to be brought to the attention of the Shareholders, and there was no additional information relating to our Directors, Supervisors and senior management members that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date, including that each of our Directors, Supervisors and senior management members (i) did not hold other positions in our Company or other members of our Group as of the Latest Practicable Date; (ii) had no other relationship with other Directors, senior management members or substantial or controlling shareholders of our Company as of the Latest Practicable Date; and (iii) did not hold any directorship in any other listed companies in the three years prior to the Latest Practicable Date. As of the Latest Practicable Date, each of our Directors did not have any interest in the H Shares or the Domestic Shares within the meaning of Part XV of the SFO.

JOINT COMPANY SECRETARIES

Mr. Hu Xiaodong (胡曉東) is one of the Company's joint company secretaries. For his biography, please see the section headed "— Senior Management."

Ms. Wong Sau Ping (黃秀萍) is one of the Company's joint company secretaries. Ms. Wong is a senior manager of the Listing Services Department of TMF Hong Kong Limited (a fellow subsidiary of KCS Hong Kong Limited). Ms. Wong has over 15 years of experience in the company secretarial field. She worked for one of the four largest international audit firms, where she served companies listed on the Hong Kong Stock Exchange. Ms. Wong obtained a bachelor's degree in business administration from Hong Kong Baptist University in 1996 and a master's degree in professional accounting and information systems from City University of Hong Kong in 2004. She is an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administration in the United Kingdom.

BOARD COMMITTEES

Various committees have been established under the Board. In accordance with the relevant regulations of the PRC and the Code on Corporate Governance Practices of the Listing Rules, the Company has set up five Board committees, including the Nomination Committee, Remuneration and Evaluation Committee, the Audit Committee, the Strategy Committee and the Investment Committee.

Audit Committee

We have established the Audit Committee and have expressly defined the scope of the Committee's authority in written form. The Audit Committee consists of three Directors, including two independent non-executive Directors, Mr. Gao Jiaxiang and Mr. Ye Xiang, and one non-executive Director, Mr. Liu Chuandong. Mr. Gao Jiaxiang currently serves as the chairman of the Audit Committee. The main duties of the Audit Committee include but not limited to the following:

(1) To examine the accounting policies and practices regarding the preparation of financial statements of the Company;

(2) To monitor the preparation process of periodic financial reports and examine the periodic financial reports, financial results and relevant information disclosed in other announcements;

(3) To evaluate the effectiveness of the internal control and risk management framework, to consult with the management level regarding the scope and quality of the internal control system, and to ensure that the management level has performed its duties for ensuring the internal control system being effective;

(4) To examine the internal investigation results and responses from the management with respect to any and all suspected dishonest acts, non-compliance incidents, absence of internal control or suspected violation of laws, regulations and rules;

(5) To inspect and monitor the scope, effectiveness and results of the functions of internal examination and verification, to ensure the mutual coordination between the internal and the external auditor(s), and to ensure that the functions of internal examination and verification can be provided with sufficient resources and are in appropriate position within the Group;

(6) To investigate the financial and accounting policies and practices of the Group;

(7) To consult with the external auditor(s) for examining and verifying any recommendations quoted; to review such management proposal regarding the status of examination and verification whereas such proposal was proposed by auditor(s) to the management level; to check any material questions regarding the accounting record, financial account or control system put forward to the management level by the accounting firm, the feedback of the management level or other correspondence documents; and to ensure effective communication between the independent accountants and the management;

(8) To ensure that the Board can timely response to the issues to be put forward in the management proposal prepared by the external auditor(s);

(9) To understand the internal control and related process implemented by the management and guarantee that such financial reports and statements obtained from the existing financial system are in compliance with the relevant standards and requirements and are examined, verified and approved by the management;

(10) To check and examine the following arrangements made by the Company: the employees of the Company may secretly raise concerns in relation to possible occurrence of inappropriate actions in respect of financial reporting, internal control or other aspects; to ensure that appropriate arrangements will be made to conduct fair and independent investigation and appropriate action will be adopted regarding such matters;

(11) To report to the Board regarding the matters concerning the provisions of the Corporate Governance Code; and

(12) To consider other topics as proposed by the Board.

Nomination Committee

We have established the Nomination Committee and have expressly defined the scope of the Committee's authority in written form. The Nomination Committee consists of three Directors, including, Mr. Jin Yaohua, the Chairman of the Board and non-executive Director, and two independent non-executive Directors, Mr. Gao Jiaxiang and Mr. Mao Zhuanjian. Mr. Jin Yaohua currently serves as the chairman of the Nomination Committee. The main duties of the Nomination Committee include but not limited to the following:

(1) To put forward a proposal regarding the structure of the Board, its scale and constitution (including technique, knowledge and experience) to the Board of Directors based on the Company's operational activities, asset scale and equity structure;

(2) To study the standards and procedures for the selection of Directors and senior management members, and to put forward relevant proposals to the Board of Directors;

(3) To extensively search for candidates qualified for Directors and senior management members;

(4) To investigate the candidates for Directors and he candidates for senior management members and propose relevant proposals;

(5) To investigate such other senior management members required to be appointed by the Board of Directors and propose relevant proposals;

(6) To evaluate the independence of independent Directors;

(7) To propose proposals regarding the appointment or re-appointment of Directors and the succession plan of Directors (and in particular the chairman and the chief executive) to the Board; and

(8) Such other matters authorized by the Board.

Remuneration and Evaluation Committee

We have established the Remuneration and Evaluation Committee and have expressly defined the scope of the Committee's authority in written form. The Remuneration and Evaluation Committee consists of three Directors, including two independent non-executive Directors, Mr. Ye Xiang and Mr. Mao Zhuanjian, and one executive Director, Mr. Deng Xiandong. Mr. Ye Xiang currently serves as the chairman of the Remuneration and Evaluation Committee. The main duties of the Remuneration and Evaluation Committee include but not limited to the following:

(1) With respect to the policy and structure of remuneration regarding all members of the Board and senior management members of the Company and the establishment of such official and transparent procedures for formulating such remuneration policies, to propose a proposal to the Board;

(2) To investigate and approve the proposal on the remuneration of the senior management level based on the corporate principles and goals set by the Board;

(3) To determine the specific remuneration of all executive Directors and senior management members, including but not limited to basic salary, warrant and non-monetary interests, pension, bonus, and indemnified amount (including the indemnification for the loss or termination of position or appointment);

(4) To propose proposals to the Board regarding the remuneration of non-executive Directors;

(5) To take consideration of the remuneration paid by similar companies, such time required to be spent by Directors, scope of duties of Directors, employment conditions for other positions within the Group, and whether the remuneration shall be determined based on the performance thereof;

(6) To investigate and approve such compensation required to be paid to executive Directors and senior management officers due to the loss or termination of their positions or appointment, in order to ensure that such compensation shall be determined pursuant to the relevant contractual terms. Should such determination fails to be made pursuant to the relevant contractual terms, such compensation should be fair and reasonable and should not be too much;

(7) To investigate and approve such compensation arrangements involving the termination of employment or dismissal of the relevant Directors due to the inappropriate act of such Directors, in order to ensure that such arrangements shall be determined pursuant to the relevant contractual terms. Should such determination fails to be made pursuant to the relevant contractual terms, such relevant compensation should be fair and appropriate;

(8) To ensure that no Directors nor any contact persons would determine their own remuneration by themselves;

(9) To investigate the performance of duties by Directors (non-independent Directors) and senior management members and evaluate the annual performance appraisal regarding such Directors and senior management officers;

(10) To study share incentive schemes; and

(11) Such other matters authorized by the Board.

Strategy Committee

We have established the Strategy Committee and have expressly defined the scope of the Committee's authority in written form. The Strategy Committee consists of three Directors, including one executive Director, Mr. Deng Xiandong, and two non-executive Directors, Mr. Liu Guangming and Mr. Liang Yongpan. Mr. Deng Xiandong currently serves as the chairman of the Strategy Committee. The main duties of the Strategy Committee include but not limited to the following:

(1) To study the long-term development strategy and planning and propose relevant proposals;

(2) To study the material investment financing proposals required to be approved by the Board pursuant to the Articles of Association and to propose relevant proposals;

(3) To study such material capital operation and asset operational projects that are required to be approved by the Board pursuant to the Articles of Association and to propose relevant proposals;

(4) To study the material issues that may impact the Company's development and propose relevant proposals;

(5) To carry out examination and checking over the above-mentioned items; and

(6) Such other matters authorized by the Board.

Investment Committee

We have established the Investment Committee and have expressly defined the scope of the Committee's authority in written form. The Investment Committee consists of three Directors, including two independent non-executive Directors, Mr. Mao Zhuanjian and Mr. Ye Xiang, and one executive Director, Mr. Deng Xiandong. Mr. Mao Zhuanjian currently serves as the chairman of the Investment Committee. The main duties of the Investment Committee include but not limited to the following:

(1) To conduct research on and make recommendation for the annual investment plan of the Company;

(2) To consider and approve the investment strategies, investment risk management system, investment project assessment system and other relevant systems or policies in relation to relevant investment management of the Company;

(3) To consider and approve and make decision on the investment projects within the scope as authorized by the Board;

(4) To conduct research on and make recommendation for significant investment projects subject to the approval of the Board and the general meeting as required by the Articles of Association of the Company;

(5) To monitor the implementation of investment projects and report to the Board; and

(6) Such other matters authorized by the Board.

REMUNERATION OF THE DIRECTORS, SUPERVISOR AND SENIOR MANAGEMENT

For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the total remuneration paid to our Directors and Supervisors (including the aggregate amount of fees, salaries, discretionary bonus, welfare contribution plans (including pensions), housing, other allowances and other benefits in kind) were RMB0.58 million, RMB0.69 million, RMB2.02 million and RMB1.33 million, respectively.

For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the aggregate amount of fees, salaries, discretionary bonus, welfare contribution plans (including pensions), housing, other allowances and other benefits in kind received by the five highest-paid individuals were RMB2.53 million, RMB3.10 million, RMB3.62 million and RMB2.61 million, respectively.

For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, no remuneration was paid by us to, or receivable by, our Directors, Supervisors or the five highest-paid individuals as an inducement to join or upon joining the Company, or as a service pay for compensation. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, no remuneration was paid by us to, or receivable by, our Directors, former Directors, our Supervisors, former Supervisors or the five highest-paid individuals for the loss of any office in connection with the management of the affairs of any subsidiary of the Company. In addition, none of our Directors or Supervisors waived any remuneration for said period.

In accordance with the effective arrangements as of the Latest Practicable Date, we estimate that we shall pay and grant a remuneration in the aggregate amount of RMB2.25 million to our Directors and Supervisors for the year ending December 31, 2016.

Save as disclosed above, no other payments have been paid, or are payable, by us or any of our subsidiaries to our Directors for the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016.

COMPLIANCE ADVISOR

We have appointed Haitong International Capital Limited as our compliance advisor pursuant to Rule 3A.19 and Rule 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction within the meaning of the Listing Rules, is contemplated under the Listing Rules, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or grading volume of our Shares or any other issues pursuant to Rule 13.10 of the Listing Rules.

In accordance with Rule 19A.06 of the Listing Rules, our compliance advisor shall timely inform us of any amendment or supplement made to the Listing Rules published by the Stock Exchange.

The appointment shall commence from the date of listing shall end on the day on which the annual report regarding our financial performance for the first complete financial year after the relevant date of listing is distributed.

So far as our Directors are aware, the following person will, immediately after the completion of the Global Offering, have an interest or short position in the Shares or underlying Shares which are required to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of the Company:

			Immediately after the Global Offering (assuming the Over-allotment Option is not exercised)			Immediately after the Global Offering (assuming the Over-allotment Option is fully exercised)		
Shareholder(s)	**Nature of interest**	**Class**	**Number of shares held directly or indirectly**	**Approximate percentage of shareholding in the relevant class of Shares of the Company(1)**	**Approximate percentage of total interest of the Company(2)**	**Number of shares held directly or indirectly**	**Approximate percentage of shareholding in the relevant class of Shares of the Company(1)**	**Approximate percentage of total interest of the Company(3)**
China Datang(4)	Beneficial owner	Domestic Shares	2,346,000,000	100%	79.80%	2,337,900,000	100%	77.39%
NSSF	Beneficial owner	H Shares	54,000,000	9.1%	1.84%	62,100,000	9.1%	2.06%

Notes:

(1) The calculation is based on the percentage of shareholding in Domestic Shares (excluding 54,000,000 H Shares (assuming the Over-allotment Option is not exercised) or 62,100,000 H Shares (assuming the Over-allotment Option is fully exercised) to be converted from Domestic Shares and held by the NSSF) (as applicable) of the Company after the Global Offering.

(2) The calculation is based on the total number of 2,940,000,000 Shares in issue immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

(3) The calculation is based on the total number of 3,021,000,000 Shares in issue immediately after the Global Offering (assuming the Over-allotment Option is fully exercised).

(4) As of the latest practicable date, China Datang holds beneficial interests of 2,400,000,000 Domestic Shares. China Datang directly holds 2,376,000,000 Domestic Shares. Meanwhile, China Datang holds 100% equity interest in Capital Holdings. China Datang is therefore deemed to be interested in the 24,000,000 Domestic Shares held by Capital Holdings.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the Global Offering, have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

As of the Latest Practicable Date, save as disclosed herein, we are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

Further information about the substantial shareholders who, immediately after the completion of the Global Offering, have an interest or short position in the Shares or underlying Shares which are required to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of the Company, please see the section headed "Appendix VI — Statutory and General Information — C. Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Disclosure of Interests."

As of the Latest Practicable Date, the registered share capital of our Company was RMB2,400,000,000, divided into 2,400,000,000 Domestic Shares, with a nominal value of RMB1.00 each. The following persons have direct or indirect control, or have the right to exercise or control exercising 5% or above of our Company's shares:

Name of Shareholder	Number of Shares Held Directly or Indirectly	Proportion in Share Capital (%)
China Datang	2,400,000,000	100.0%

Assuming no exercise of the Over-allotment Option, the share capital of the Company immediately after the Global Offering will be as follows:

Class	Number of Shares	Proportion in Share Capital
Domestic shares [(1)]	2,346,000,000	79.80%
H Shares converted from Domestic Shares and transferred to the NSSF	54,000,000	1.84%
H Shares issued pursuant to the Global Offering	540,000,000	18.37%
Total	**2,940,000,000**	**100.0%**

Note:

(1) China Datang and Capital Holdings to directly hold 2,322,540,000 and 23,460,000 Domestic Shares, respectively.

Assuming full exercise of the Over-allotment Option, the share capital of the Company immediately after the Global Offering will be as follows:

Class	Number of Shares	Proportion in Share Capital
Domestic shares [(1)]	2,337,900,000	77.39%
H Shares converted from Domestic Shares and transferred to the NSSF	62,100,000	2.06%
H Shares issued pursuant to the Global Offering	621,000,000	20.56%
Total	**3,021,000,000**	**100.0%**

Note:

(1) China Datang and Capital Holdings to directly hold 2,314,521,000 and 23,379,000 Domestic Shares, respectively.

OUR SHARES

The H Shares to be issued in the Global Offering and the Domestic Shares are all ordinary shares of our Company. The H Shares can only be subscribed for and traded in Hong Kong dollars, and the Domestic Shares can only be subscribed for in Renminbi and transferred among domestic persons (except for qualified foreign investors).

Pursuant to our Articles of Association, the rights conferred on any class Shareholders may not be varied or abrogated unless approved by a special resolution of the general meeting of Shareholders and by a separate meeting of Shareholders convened by the affected class Shareholders. The circumstances deemed to be a variation or abrogation of the rights of a class Shareholder are set forth in the section headed "Appendix V — Summary of Articles of Association." However, the special procedures for voting by class Shareholders do not apply (i) where upon approval by a special resolution of Shareholders in a general meeting, we issue Domestic Shares and H Shares, either separately or concurrently once every 12 months, and the Domestic Shares and H Shares to be issued are not more than 20% of the existing issued shares of such class, respectively; (ii) where our plan to issue Domestic Shares and H Shares at the time of our establishment is implemented within 15 months from the date of approval of the securities regulatory authorities of the State Council; or (iii) where the Domestic Shares held by the promoters are converted to H Shares upon approval by the securities regulatory authorities of the State Council, and are listed and traded on Hong Kong Stock Exchange. Domestic Shares and H Shares are regarded as different classes of Shares under our Articles of Association.

The differences between Domestic Shares and H Shares, and the provisions on class rights, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of Shareholders, the method of Share transfer and appointment of dividend receiving agents are set forth in our Articles of Association and summarized in the section headed "Appendix V — Summary of Articles of Association."

Except for the differences above, Domestic Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of the H Shares are to be calculated in Renminbi and paid by us in Hong Kong dollars whereas all dividends in respect of Domestic Shares are to be paid by us in Renminbi. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of Domestic Shares, dividends in the form of Shares will be distributed in the form of additional Domestic Shares.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

Conversion of Domestic Shares

We have two classes of ordinary shares, H Shares and Domestic Shares.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be converted into H Shares, and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, all requisite internal approval processes shall have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Approval of the Stock Exchange is required if any of the aforesaid Domestic Shares are to be converted into and traded as H Shares on the Stock Exchange. Based on the methodologies and procedures for the conversion of our Domestic Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional shares after our initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our initial listing in Hong Kong.

No Shareholder voting by class is required for the listing and trading of the converted shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial Listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

Mechanism and Procedures for Conversion

After all the requisite approvals have been obtained, the following procedures will need to be completed in order to effect the conversion: the relevant Domestic Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct our H Share Registrar to issue H Share certificates. Registration on our H Share register will be conditional on (a) our H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (b) the admission of the H Shares to trade on the Stock Exchange in compliance with the Listing Rules, the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

So far as our Directors are aware, none of our promoters currently proposes to convert any of the Domestic Shares held by it into H Shares, except for the Domestic Shares to be converted and transferred by China Datang and Capital Holdings to the NSSF in connection with the Global Offering.

TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

The PRC Company Law provides that in relation to the Hong Kong public offering of a company, the shares issued by a company prior to the Hong Kong public offering shall not be transferred within a period of one year from the date on which the publicly offered shares are traded on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and not be transferred within a period of one year from the Listing Date. However, the Shares to be transferred by China Datang and Capital Holdings to the NSSF in accordance with relevant PRC regulations regarding the disposal of state-owned shares are not subject to such statutory restrictions.

Transfer of State-owned Shares

In accordance with relevant PRC regulations regarding the disposal of state-owned shares, China Datang and Capital Holdings are required to transfer to the NSSF such number of Domestic Shares (54,000,000 Shares assuming no exercise of the Over-allotment Option; 62,100,000 Shares assuming full exercise of the Over-allotment Option) as in aggregate would be equivalent to 10% of the maximum number of the Offer Shares. At the time of the listing of our H Shares on the Stock Exchange, such Domestic Shares will be converted into H Shares on a one-for-one basis. These H Shares will not be part of the Global Offering but will be considered as part of the Shares to be held by public investors according to Rule 8.08 of the Listing Rules. We will not receive any proceeds from the transfer by China Datang and Capital Holdings to the NSSF of such Domestic Shares or any subsequent disposal of such H Shares by the NSSF.

The transfer of state-owned shares by China Datang and Capital Holdings to the NSSF was approved by SASAC on July 30, 2015. The conversion of those Domestic shares into H Shares was approved by the CSRC on October 19, 2016. We have been advised by our PRC legal advisor that the transfer and the conversion, and the holding of H Shares by the NSSF following such transfer and conversion, have been approved by the relevant PRC authorities and are legal under the PRC law.

REGISTRATION OF SHARES NOT LISTED ON OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 business days upon listing.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements with the following cornerstone investors (the "Cornerstone Investors", each a "Cornerstone Investor") who have agreed to subscribe for such number of our H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of approximately US$173.5 million (or approximately HK$1,345.8 million) assuming an Offer Price of HK$4.15 (being at the midpoint of the Offer Price range set out in this prospectus) (the "Cornerstone Placing").

Assuming an Offer Price of HK$3.55 (being at the low end of the Offer Price range set out in this prospectus), the total number of H Shares to be subscribed by the Cornerstone Investors would be 358,728,000 H Shares (rounded down to the nearest whole board lot of 1,000 of H Shares), representing approximately (i) 60.39% of the H Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised, (ii) 52.51% of the H Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised, (iii) 12.20% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iv) 11.87% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is fully exercised.

Assuming an Offer Price of HK$4.15 (being at the midpoint of the Offer Price range set out in this prospectus), the total number of H Shares to be subscribed by the Cornerstone Investors would be approximately 324,293,000 H Shares (rounded down to the nearest whole board lot of 1,000 of H Shares), representing approximately (i) 54.59% of the H Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised, (ii) 47.47% of the H Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised, (iii) 11.03% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iv) 10.73% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is fully exercised.

Assuming an Offer Price of HK$4.74 (being at the high end of the Offer Price range set out in this prospectus), the total number of H Shares to be subscribed by the Cornerstone Investors would be approximately 298,930,000 H Shares (rounded down to the nearest whole board lot of 1,000 of H Shares), representing approximately (i) 50.32% of the H Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised, (ii) 43.76% of the H Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised, (iii) 10.17% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iv) 9.90% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is fully exercised.

To the best knowledge of the Company, each of the Cornerstone Investors is an Independent Third Party. Save as otherwise disclosed in this prospectus, each of the Cornerstone Investors is independent from each other, not our connected person, and not an existing shareholder or close associate (as defined under the Listing Rules) of our Company. The Cornerstone Investors will acquire the H Shares pursuant to, and as part of, the

International Offering. The H Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid H Shares in issue and will be counted towards the public float of our Company. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any representation on the Board or becomes a substantial shareholder of our Company upon completion of the Global Offering, or will subscribe for any Offer Shares under the Global Offering other than pursuant to the cornerstone investment agreements referred to below.

The H Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the H Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering, and the reallocation is further described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation." Details of the actual number of H Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around November 14, 2016.

OUR CORNERSTONE INVESTORS

We have entered into cornerstone investment agreements with each of the following Cornerstone Investors in respect of the Cornerstone Placing:

		Based on the Offer Price of HK$4.15 (being the mid-point of the Offer Price range)			
Cornerstone Investor	Investment Amount/Number of H Shares to be subscribed by the Cornerstone Investor	Approximate percentage of the Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised)	Approximate percentage of the Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is fully exercised)	Approximate percentage of the H Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised)	Approximate percentage of the H Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is fully exercised)
Anbang Investment Holdings Co. Limited	120,540,000 H Shares(1)	4.10%	3.99%	20.29%	17.65%
China Chengtong Holdings Group Ltd.	US$30 million	1.91%	1.86%	9.44%	8.21%
China Life					
– China Life Franklin Asset Management Co., Limited	US$20 million	1.27%	1.24%	6.29%	5.47%
– China Life Insurance Company Limited	US$10 million	0.64%	0.62%	3.15%	2.74%
– China Life Insurance (Group) Company	US$20 million	1.27%	1.24%	6.29%	5.47%
Three Gorges Capital Holdings Co., Ltd.	US$29 million	1.84%	1.79%	9.13%	7.94%

Note:

(1) The number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) shall be (i) 120,540,000 H Shares offered pursuant to the Global Offering at the Offer Price, representing approximately 20.29% of the H Shares in issue immediately following completion of the Global Offering with a total amount of HK$500,241,000 (or approximately US$64.5 million) assuming an offer price of HK$4.15 (being at the midpoint of the offer price range set out in the prospectus) and that the Over-allotment Option is not exercised; (ii) up to 4.99% of the Shares in issue upon the completion of the Global Offering assuming the Over-allotment Option is not exercised; or (iii) which may be purchased with an aggregate amount of up to US$80 million at the Offer Price, whichever is lower in terms of the total investment amount, provided that in all cases the H Shares being purchased by Anbang Investment shall not constitute 5% or more of the Shares in issue upon the completion of the Global Offering.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Anbang Investment Holdings Co. Limited

Anbang Investment Holdings Co. Limited ("Anbang Investment"), has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) equal to (i) 120,540,000 H Shares offered pursuant to the Global Offering at the Offer Price, representing approximately 20.29% of the H Shares in issue immediately following completion of the Global Offering assuming an offer price of HK$4.15 (being at the midpoint of the offer price range set out in the prospectus) and that the Over-allotment Option is not exercised; (ii) up to 4.99% of the Shares in issue upon the completion of the Global Offering assuming the Over-allotment Option is not exercised; or (iii) which may be purchased with an aggregate amount of up to US$80 million at the Offer Price, whichever is lower in terms of the total investment amount, provided that in all cases the H Shares being purchased by Anbang Investment shall not constitute 5% or more of the Shares in issue upon the completion of the Global Offering.

Anbang Investment is incorporated in Hong Kong. Anbang Investment is principally engaged in investment business and is indirectly wholly-owned by Anbang Life Insurance Co., Ltd. ("Anbang Life"). Anbang Life's holding company is Anbang Insurance Group Co., Ltd. ("Anbang Insurance"). Anbang Insurance is one of the largest insurance groups in China. Anbang Insurance's businesses include life insurance, property and casualty insurance, health insurance, pension insurance, banking and asset management.

China Chengtong Holdings Group Ltd.

China Chengtong Holdings Group Ltd. ("China Chengtong"), has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$30 million at the Offer Price. Assuming the Offer Price of HK$3.55, being the low end of the Offer Price range set out in this prospectus, the total number of H Shares that China Chengtong would subscribe for would be 65,557,000 (rounded down to the nearest whole board lot of 1,000 H Shares), representing approximately 11.04% of the H Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$4.15, being the approximate midpoint of the Offer Price range set out in this prospectus, the total number of H Shares that China Chengtong would subscribe for would be 56,079,000 (rounded down to the nearest whole board lot of 1,000 H Shares), representing approximately 9.44% of the H Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$4.74, being the high end of the Offer Price range set out in this prospectus, the total number of H Shares that China Chengtong would subscribe for would be 49,098,000 (rounded down to the nearest whole board lot of 1,000 H Shares), representing approximately 8.27% of the H Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised.

China Chengtong is a large enterprise group under the supervision of the SASAC of the State Council with more than RMB100 billion total assets, and belongs to the first batch of standard board-of-directors enterprises in the transformation of central enterprises authenticated by SASAC. It serves as a significant operating platform, contributing to structural and distributional adjustments and strategic recombination of central enterprises. China Chengtong has been chosen to be the 'State-owned capital operating enterprises experiment company in 2016. The main businesses of China Chengtong are equity management, assets management, financial service, investment, and setting up private equity funds. The businesses of group's subsidiaries also cover integrated logistic service, commodity trade, production and exploitation of forestry-pulp papers, wholesale market, tourism, cultural and packaging industries.

China Chengtong owns more than a hundred subsidiary companies in China, which includes: (i) three companies listed in the Shanghai Stock Exchange, namely CMST Development Co., Ltd. (600787), Guangdong Guanhao High-Tech Co., Ltd. (600433) and Yueyang Forest & Paper Co., Ltd. (600963); (ii) one company listed in the Main board of Hong Kong Stock Exchange, namely China Chengtong Development Group Co., Ltd. (00217); and (iii) two companies listed in the Shenzhen Stock Exchange, namely Foshan Huaxin Packaging Co., Ltd. (200986) and MCC Meili Paper Industry Co., Ltd. (000815).

China Life

China Life Insurance Company Limited ("China Life Insurance"), China Life Insurance (Group) Company ("China Life Group") and China Life Franklin Asset Management Co., Limited ("China Life Franklin") (together, "China Life"), which are connected to each other, have, in their respective capacity as an investor, agreed to subscribe for such number of the H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an amount of US$10 million, US$20 million and US$20 million at the Offer Price, respectively. Assuming the Offer Price of HK$3.55, being the low end of the Offer Price range set out in this prospectus, China Life Insurance, China Life Group and China Life Franklin would, in aggregate, subscribe for 109,260,000 H Shares (rounded down to the nearest whole board lot of 1,000 H Shares), representing approximately 18.39% of the H Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$4.15, being the approximate midpoint of the Offer Price range set out in this prospectus, China Life Insurance, China Life Group and China Life Franklin would, in aggregate, subscribe for approximately 93,465,000 H Shares (rounded down to the nearest whole board lot of 1,000 H Shares), representing approximately 15.73% of the H Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$4.74, being the high end of the Offer Price range set out in this prospectus, China Life Insurance, China Life Group and China Life Franklin would, in aggregate, subscribe for approximately 81,830,000 H Shares (rounded down to the nearest whole board lot of 1,000 H Shares), representing approximately 13.78% of the H Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised.

China Life Insurance is established in the PRC, the shares of which are listed on the Hong Kong Stock Exchange with stock code of 2628. It is the largest life insurance company in the PRC. It has its headquarters in Beijing and a registered capital of RMB28,265 million.

China Life Group is established in the PRC. China Life Group and its subsidiaries constitute the largest business insurance group in the PRC and are one of the largest institutional investors in the PRC capital markets.

China Life Franklin is incorporated in Hong Kong and is a joint venture between China Life Asset Management Company Limited, China Life Insurance (Overseas) Company Limited and Franklin Templeton Investments. China Life Franklin is licensed to carry on Type 9 (asset management) and Type 4 (advising on securities) regulated activities under the SFO in Hong Kong.

Three Gorges Capital Holdings Co., Ltd.

Three Gorges Capital Holdings Co., Ltd. ("Three Gorges Capital") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$29 million at the Offer Price. Assuming the Offer Price of HK$3.55, being the low end of the Offer Price range set out in this prospectus, the total number of H Shares that Three Gorges Capital would subscribe for would be 63,371,000 (rounded down to the nearest whole board lot of 1,000 H Shares), representing approximately 10.67% of the H Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$4.15, being the approximate midpoint of the Offer Price range set out in this prospectus, the total number of H Shares that Three Gorges Capital would subscribe for would be 54,209,000 (rounded down to the nearest whole board lot of 1,000 H Shares), representing approximately 9.13% of the H Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$4.74, being the high end of the Offer Price range set out in this prospectus, the total number of H Shares that Three Gorges Capital would subscribe for would be 47,462,000 (rounded down to the nearest whole board lot of 1,000 H Shares), representing approximately 7.99% of the H Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised.

Three Gorges Capital is a wholly-owned subsidiary directly held by China Three Gorges Corporation. As the capital operation service platform, financial investment platform and new business incubator platform of China Three Gorges Corporation, Three Gorges Capital primarily engaged in businesses including industrial investment, equity investment, securities investment, asset management and investment consultancy.

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

(a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional and not having been terminated (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;

(b) the Listing Committee of the Hong Kong Stock Exchange having granted the listing of, and permission to deal in, the H Shares (including the H Shares subscribed for by the relevant Cornerstone Investor) as well as other applicable waivers and approvals and that such waivers, approvals or permission having not been revoked prior to the commencement of dealings in the H Shares;

(c) no relevant laws or regulations shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or in the cornerstone investment agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(d) the respective representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor under the relevant cornerstone investment agreement are accurate and true in all respects and not misleading and that there is no material breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON DISPOSAL OF H SHARES BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, without the prior written consent of the Company, the Sole Sponsor and the Joint Bookrunners, it will not, whether directly or indirectly, at any time during the period of six months from and inclusive of the Listing Date, directly or indirectly, dispose of any of the H Shares it has subscribed for or purchased pursuant to the relevant cornerstone investor agreement, other than in certain limited circumstances, such as transfers to any of its subsidiaries who will be bound by the same obligations of such Cornerstone Investor.

You should read the following discussion and analysis in conjunction with our consolidated financial information set forth in the Accountants' Report included as Appendix I in this prospectus. Our consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contain certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experiences and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. See "Risk Factors" and "Forward-looking Statements."

OVERVIEW

We are the sole platform for the development of environmental protection and energy conservation business under China Datang Group, one of the five major state wholly-owned power generation groups in the PRC. Leveraging our strategic advantage in operating a national leading business with a presence throughout the value chain for environmental protection and energy conservation business for coal-fired power plants, we provide one-stop solutions that are convenient to coal-fired power generation enterprises and other customers.

Our flue gas desulfurization and denitrification concession operations for coal-fired power plants involve the investment, construction, operation, maintenance and daily management of desulfurization and denitrification facilities, with a goal to meet the target emission indices in relation to flue gas desulfurization and denitrification as specified in the relevant concession operation agreements. In terms of cumulative contracted capacity by the end of 2015, the cumulative contracted capacity of our desulfurization and denitrification concession operation represented 21.6% and 38.2% of the domestic market, respectively, both ranking as the largest nationwide. According to Frost & Sullivan Report, we were the largest manufacturer of plate-type denitrification catalyst in the world in terms of production volume in 2015, with a market share in the PRC plate-type denitrification catalyst market at 30.7%, ranking as the largest nationwide. Our environmental protection facilities engineering business primarily adopts EPC business model, under which we provide engineering construction and refurbishment services by combining design, procurement and construction management services for environmental protection facilities, such as desulfurization, denitrification, dust removal and ash and slag handling, and industrial dust treatment for coal-fired power operation enterprises. In terms of cumulative installed capacity of denitrification facilities in operation by the end of 2015, we accounted for 6.3% of the domestic market, ranking as the third largest nationwide. We have continuously carried out independent research and development and seized the initiative in the market competitions. As part of our comprehensive environmental protection and energy conservation solutions for coal-fired power plants, we are also engaged in water treatment business, providing water treatment engineering services primarily under the EPC model, and water treatment operation business including investment, design, construction and operation of water treatment facilities. We also provide coal-fired power generation enterprises with energy conservation solutions, including energy conservation engineering business and energy management contract (EMC) business, to refurbish their existing high energy-consuming facilities to conserve water, electricity, coal or oil.

In addition to our comprehensive environmental protection and energy conservation solutions for coal-fired power plants, we also provide our customers with one-stop solutions for renewable energy engineering primarily under EPC model, including engineering general contracting business for newly-built wind power plants and photovoltaic power plants. We also conduct thermal power plants engineering general contracting business under the EPC model. As of June 30, 2016, we had completed 21 wind power plants engineering projects, with a cumulative installed capacity in operation and a cumulative contracted capacity of 1,016.8 MW and 1,715.1 MW, respectively; we had completed four photovoltaic power plants engineering projects, with a cumulative installed capacity in operation and a cumulative contracted capacity of 80 MW and 80 MW, respectively; and we had completed two thermal power plants general contracting projects with a cumulative installed capacity in operation and a cumulative contracted capacity of 625 MW and 625 MW, respectively.

For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, our revenue from continuing operations amounted to RMB5,688.0 million, RMB6,499.1 million, RMB8,609.6 million and RMB3,142.1 million, respectively, with our net profit amounting to RMB496.4 million, RMB494.8 million, RMB750.3 million and RMB438.5 million, respectively.

BASIS OF PRESENTATION

Our consolidated financial information has been prepared in accordance with IFRS issued by the International Accounting Standards Board. Our financial information is presented in RMB, which is the functional currency of the Company and the subsidiaries established in the PRC carrying on our principal activities.

This section sets forth certain consolidated financial information relating to our Group, including a description of the consolidated income statements and the consolidated cash flow statements for the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016 and the consolidated balance sheets as of December 31, 2013, 2014 and 2015 and June 30, 2016.

On September 1, 2014, our Company announced the decision of our Board of Directors to transfer 70% equity interest in Hua Chuang, a company engaged in the production of wind power products, to our shareholder China Datang at nil consideration. We decided to discontinue the wind power products business as we plan to concentrate our business focus and resources on environmental protection and energy conservation solutions business. Our disposal of Hua Chuang was completed on December 30, 2014. Such disposal was classified as a discontinued operation under IFRS 5, and the operating results of Hua Chuang have been presented as a discontinued operation in the consolidated statements of comprehensive income for the year ended December 31, 2014. The consolidated statements of comprehensive income and related notes for the year ended December 31, 2013 have been restated to reflect the reclassification between continuing operations and discontinued operation accordingly.

For the years ended December 31, 2013 and 2014, the operating results of Hua Chuang were a loss of RMB451.0 million and a profit of RMB42.7 million, respectively.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial condition have been and will continue to be affected by a number of factors, including those discussed below:

Developments in the PRC economy and the PRC environmental protection and energy conservation industry and the regulatory environment

Demands for our products and services in the environmental protection and energy conservation industry directly impact our revenue and profits. In the environmental protection and energy conservation industry, demand for our products and services is mainly attributable to the factors below: economic growth in the PRC, development of the energy sector especially the coal-fired power generation sector, environmental protection and energy conservation-related growth in power consumption and policies of the PRC government in environmental protection and energy conservation. The PRC is currently the world's second largest economy, with one of the highest economic growth rates. This has in turn fueled a continuous increase in demand for energy and power in the PRC. Meanwhile, coal-fired power generation represents a substantial proportion of the aggregate installed thermal power generation capacity in the PRC, and we believe that going forward, coal-fired power generation will continue to play a significant role in the PRC energy sector. According to Frost & Sullivan Report, in terms of China's energy structure, it is expected that coal-fired power plants will continue to be the most important source of energy, accounting for approximately 57.4% of the total power generated in 2020. Due to the increasingly severe environment pollution, the PRC government has issued a series of stringent policies to strengthen the environmental requirements on thermal power plants, for example, the *Emission Standard for Air Pollutants for Thermal Power Plants* which was revised by the MEP in July 2011, the *Announcement on Special Emission Cap* issued by the MEP in February 2013, the *Action Plan* jointly issued by the National Development and Reform Commission, the MEP and the National Environment Agency in September 2014 and the *Work Plan for Ultra-low Emission* jointly issued by the MEP, the NDRC and the NEA in December 2015, all of which led to more stringent requirements for the control of air pollutants emitted by coal-fired power generation plants. The PRC public policies regarding environmental protection and energy conservation have been an effective driving force behind the rapid development of the target market for our products and services. We typically experience high market demand and revenue increase following the promulgation of major industry policies. For example, after the promulgation of the *Action Plan* in September 2014, the further enforcement of the *Work Plan for Ultra-low Emission* in December 2015 and the implementation of various provincial policies in 2015 and 2016, our desulfurization facilities engineering business experienced a continued revenue increase during the Track Record Period. We expect such policies will continue to boost the revenue of our environmental protection facilities engineering sub-segments in 2016. In addition, according to Frost & Sullivan Report, the cumulative installed capacity in operation of desulfurization facilities of coal-fired plants in the PRC has grown at a CAGR of 7.5% from 2010 to 2015 to 819.9GW at the end of 2015, which is predicted to reach 1,062.8GW by the end of 2020. The cumulative installed capacity in operation of denitrification facilities of coal-fired plants in the PRC has grown at a CAGR of

56.7% from 2010 to 2015 to 850.6GW at the end of 2015, which is predicted to reach 1,062.8GW by the end of 2020. We believe that as the PRC government continues to implement more stringent policies of environmental protection and energy conservation, demand from thermal power industry for our environmental protection and energy conservation services and products will increase, and our businesses will further expand accordingly.

In addition, initiatives by PRC government through regulatory reform and policy implementation as well as provision of financial and other governmental subsidies have stimulated demand for our products and services. The PRC government has provided support in the form of policy initiatives and financial incentives and subsidies to both power producers and service providers of certain services in the environmental protection, energy conservation and renewable industry sectors. For a summary of the regulatory initiatives and incentives which apply to our Group, please see "Regulatory Environment."

Continued governmental focus and support for the environmental protection and energy conservation industries is key to our financial condition and results of operations. There is no assurance that the PRC government will continue to provide the current levels of regulatory and financial support to operators in these industries, or that such support levels will not be decreased. If this were to occur, growth in these industries may be affected and consequently, our financial condition and results of operations. See "Risk Factors — Risks Relating to Our Businesses and Industry — Development of environmental protection and energy conversation industry relies heavily on pollution prevention policies of the PRC Government."

Product and Service Mix

During the Track Record Period, we generated our revenue primarily from the environmental protection and energy conservation business in coal-fired power generation industry. Our business consists of four segments, including environmental protection and energy conservation solutions segment, renewable energy engineering business segment, thermal power plants engineering general contracting segment and other businesses segment. See "Business — Our Business." The profitabilities of our products and services vary based on factors including the nature of such products and services, technological sophistication and/or market supply and demand. Changes in revenue mix in connection with the sales of products and provision of services may affect our revenue and financial results. In general, environmental protection and energy conservation solutions segment has a relatively higher gross profit margin; the renewable energy engineering segment and thermal power plants engineering general contracting segment have relatively lower gross profit margins, mainly because the gross profit margin in the engineering industry is generally low. Due to the different gross profit margins associated with different business segments or sub-segments, if we adjust our product and service mix to seize prevailing market demand in the future, our gross profit margin could be affected.

The gross profit margins of some of our business segments/sub-segments may experience significant fluctuations from time to time, mainly because (i) one or several individual contracts under our engineering business segments/subsegments could have significant impact on the overall gross profit margin of such segment/subsegment due to their large contract value, (ii) engineering projects generally have relatively long construction period, which usually cross years, and revenue recognition is directly related to the stage of completion of such projects; as we and our customers stipulate in contract the price for each stage of the project, gross profit margin within a same project during different stages may vary, and (iii) sometimes we may have stronger pricing power in connection with certain businesses driven by favorable governmental policies or increasing market demand. In addition, we may also undertake some projects with relatively lower profit margins with strategic consideration or to enhance our product and service offering along the industry value chain.

Equipment and Raw Materials Costs

Equipment and raw materials costs constitute substantial portions of our cost of sales. Our major equipment includes catalyst, ammonia storage and evaporation equipment, controlling and measuring equipment used in denitrification facilities engineering, absorption tower, slurry circulating pump and oxidation fan used in desulfurization facilities engineering, wind power generation units, wind turbine towers, adaptors, photovoltaic modules and invertors used in renewable energy engineering, boilers, steam turbines and power generators used in thermal power plants engineering general contracting. Our major raw materials include the limestone or pulverized lime and steel ball used in desulfurization concession operation, liquefied ammonia/urea used in denitrification concession operation and TiO_2 and steel belt used in denitrification catalysts business. For details about the raw materials and equipment, see "Business — Procurement of Raw Materials and Equipment." For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, cost of equipment and raw materials accounted for approximately 55.8%, 57.1%, 62.8% and 65.1% of our cost of sales, respectively. The availabilities and prices of these equipment and raw materials depend on domestic and global market conditions and our relationships with suppliers. We adopt various measures to reduce the impacts of fluctuations in prices of equipment and raw materials. For example, we adopt bidding processes in our procurements and generally choose suppliers who provide the lowest price. We also use centralized procurements for some equipment and raw materials to reduce the unit price of such equipment and raw materials. See "Business — Procurement of Raw Materials and Equipment."

Most of our project contracts are fixed price contracts. The prices of major equipment and raw materials agreed when entering into project contracts may not necessarily reflect the final costs we pay during the construction of these projects. When a project contract we enter into does not contain a price adjustment clause or where the range of price adjustment is limited, our ability to pass on the increases in the prices of equipment and raw materials may be restricted. The actual costs we incur in executing a fixed price contract may vary substantially from the cost assumptions underlying our bid for several reasons, including unanticipated increases in the costs of equipment and raw materials, labor and other inputs, unforeseen construction conditions, including a customer's inability to obtain the requisite environmental and other approvals, delays caused by local weather conditions and the delays caused by the defaults of suppliers or subcontractors. See "Risk Factors — Risks Relating to Our Businesses and Industry — Failure to obtain sufficient raw materials and equipment, or to do so on commercially acceptable terms could adversely affect our results of operation and financial condition." and "Risk Factors — Risks Relating to Our Business and Industry — If we are unable to accurately estimate the overall risks, revenue or costs of our contracts, we may gain lower-than-anticipated profits or incur losses on our contracts."

Seasonality

The revenue of our environmental protection facilities concession operation sub-segment is affected by, among other things, the utilization hours of coal-fired power plants on which we operate the concession operation facilities. As a result, we typically generate more revenue from concession operation business in summer due to higher demand for electricity, which cause higher utilization hours of coal-fired power plants. In addition, industrial consumption of electricity is usually lower in the first quarter due to winter and Chinese New Year holidays. Accordingly, our revenue and cost of sales for concession operation business tend to be greater in the second half of a year as compared to the first half.

We do not consider our other business segments/sub-segments to be subject to similar seasonal fluctuations. However, our revenue and cost of sales of different segments/sub-segments may also be affected by the promulgation of relevant industry policies. Typically, following the promulgation of an industry policy, we may face a high market demand, and after a certain period for project negotiation and preparation, our revenue will begin to rise when revenue recognition criteria are met. Therefore, it is possible that the impact of industry policy on our revenue is not immediate. Moreover, we may experience another revenue increase when the stipulated deadline approaches pursuant to the project completion schedule or the request by customers to accelerate project execution. We may also experience a lower level of revenue after such deadline.

As a result, our revenue, cost of sales and net income for a certain period in a year may not be comparable to that of the whole year. For example, mainly due to the Notice on Adjustment of Onshore Wind Power Benchmark On-grid Tariff and the Work Plan for Ultra-law Emission, some of our customers requested us to complete their environmental protection and wind power projects by the end of 2015, which increased our revenue in the second half of 2015. Combining with the effect of the seasonal fluctuation in revenue of our concession operation business, our revenue and net profit for the second half of 2015 was significantly higher than that of the first half of 2015.

Competition

The level of competition in the industries in which we conduct our businesses may affect our revenue and consequently our financial condition and results of operations. We provide leading environmental protection and energy conservation solutions that cover the entire industry chain of coal-fired power plant environmental protection and energy conservation in China, competing not only against other integrated providers of environmental protection and energy conservation solutions in China, but also providers who specialize in individual environmental protection or energy conservation products or services. Our renewable engineering business and thermal power plants engineering general contracting business compete against other engineering contractors in China. We will continue to face significant competition from competing companies for maintaining our current market share or increasing our market share going forward, which would impact our financial condition and results of operations.

Our ability to maintain or further increase our profit and market share will largely depend on our ability to maintain our strengths in terms of financing capabilities, technology expertise and brand recognition.

Financing Arrangements

Acquisition of concession operation assets, construction, maintenance and operation of environmental protection and energy conservation facilities, procurement of equipment and research and development for new products and technologies all require substantial capital. During the Track Record Period, we financed our business expansion and growth primarily through bank borrowings. As of December 31, 2013, 2014 and 2015 and June 30, 2016, our total outstanding short-term and long-term borrowings amounted to RMB4,252.3 million, RMB3,447.9 million, RMB4,387.3 million and RMB4,372.0 million, respectively. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, our finance costs amounted to RMB179.5 million, RMB208.5 million, RMB230.0 million and RMB99.4 million, respectively.

In the long run, we expect that borrowings will continue to be an integral part of our capital structure and will be key to our continued growth. Considering the proceeds from the Global Offering and our capital demand, our borrowings in the future may increase or decrease compared with the level of borrowings during the Track Record Period. As of June 30, 2016, all of our outstanding debt obligations are denominated in RMB and based on the benchmark lending rate of the People's Bank of China with sometimes a downward adjustment of 5% to 10%. Our abilities to obtain financing with reasonable costs will affect our results of operations and financial condition. In addition, we are exposed to fluctuations in interest rates based on adjustments of benchmark lending rates by the People's Bank of China for RMB loans, due to the impact that such changes have on our interest income and interest expenses from interest-bearing deposits and other financial assets and liabilities. See "— Indebtedness" for more details.

Taxation

Currently, the Company and a number of our subsidiaries are entitled to the preferential income tax rate of 15% for high and new technology enterprises. Our other subsidiaries in China are generally subject to the statutory income tax rate of 25% applicable to the PRC enterprises during the Track Record Period. In addition, certain branches of the Company are engaged in qualified environmental protection projects. Starting from the year when such project first generates operating income, the income derived from such project is exempted from the enterprise income tax for the first three years, followed by a 50% exemption from the fourth to the sixth years. The Company's subsidiary in India is subject to a corporate income tax of 30%. Primarily as a result of the above, our effective income tax rates were 16.2%, 17.0%, 16.0% and 14.5% for the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively. However, we cannot assure you that the Company or our subsidiaries or branches that currently enjoy preferential tax treatments will continue to qualify for such treatments in the future. Termination or revision of the various types of preferential tax treatments that the Company and our subsidiaries or branches currently enjoy would have a negative impact on our results of operations and financial condition.

SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

In the process of applying our accounting policies, apart from those involving estimations, our management have made the following judgments which have the most significant effect on the amounts recognized in the financial information:

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to our Group and when the revenue can be measured reliably, on the following bases:

Sales of goods

We are engaged in manufacturing and sale of environmental protection products and other related electric equipment for power plants, desulfurization, water treatment, solar energy and other environmental protection and energy conservation projects. Revenue is recognized when goods are delivered at the customers' premise which is taken to be the point in time when the customer has accepted the goods and assumed the related risks and entitled to rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. We enter into construction contracts with respect to our engineering projects in relation to desulfurization and denitrification facilities at coal-fired power plants, wind power plants, photovoltaic power plants, coal-fired power plants and coal yards. Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Revenue from fixed price construction contracts is recognized on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labor and an appropriate proportion of variable and fixed construction overheads.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is treated as an amount due to contract customers.

Rendering of desulfurization and denitrification services

We provide desulfurization and denitrification services to power plants under the concession operation contracts for a period of the life cycle of such power plants. The desulfurization and denitrification facilities are either constructed by us or acquired from the power plant, and are recorded as fixed assets to our financial statements. We operate and maintain the desulfurization and denitrification facilities as an operator. The service revenues are recognized at an on-grid tariff of certain amount per kWh for the electricity generated by the power plant and the sales proceeds of the by-products of the desulfurization and denitrification process. Costs of rendering services comprise labor cost, water and electricity cost, other costs of personnel directly engaged in providing the services and attributable overheads. Revenue and costs are recognized during the accounting period in which the incomes are earned and the costs are incurred.

Percentage of completion of construction contracts

We recognize revenue according to the percentage of completion of individual contracts of construction works, which requires estimation to be made by management. The stage of completion is estimated by reference to the actual costs incurred over the total budgeted costs. Due to the nature of the activity undertaken in construction works, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, we review and revise the percentage of completion of construction works. Where the actual contract revenue is less than expected or actual contract costs are more than expected, a foreseeable loss may arise.

Estimation of total budgeted costs and cost to completion for service contracts

Total budgeted costs for construction contracts comprise (i) direct material costs and direct labor cost, (ii) costs of subcontracting, and (iii) an appropriation of variable and fixed construction overheads. In estimating the total budgeted costs for construction contracts, management makes reference to information such as (i) current offers from sub-contractors and suppliers, (ii) recent offers agreed with sub-contractors and suppliers, and (iii) professional estimation on material costs, labor costs and other costs.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, we periodically review the changes in market conditions, expected physical wear and tear, and the maintenance of the asset. The estimation of the useful life of the asset is based on our historical experience with similar assets that are used in a similar way. Depreciation amount will be adjusted if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed, at the end of each of the relevant periods, based on changes in circumstances.

Current income tax and deferred income tax

We are subject to income taxes in Hong Kong and mainland China. Estimation is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact the current income tax and deferred income tax in the periods in which the differences arise.

Deferred tax assets relating to certain temporary differences are recognized as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilized. The realization of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which will be recognized in profit or loss in the period in which such a reversal takes place.

Impairment of trade receivables

We maintain an allowance for estimated loss arising from the inability of our customers to make the required payments. We make estimates based on our customers' creditworthiness and historical write-off experience. If the financial condition of our customers will deteriorate such that the actual impairment loss might be higher than expected, we would be required to revise the basis for making the allowance and our future results would be affected.

Impairment of non-financial assets (other than goodwill)

We assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

SELECTED FINANCIAL DATA

The following table sets forth our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
CONTINUING OPERATIONS					
Revenue	5,687,970	6,499,127	8,609,588	2,074,034	3,142,088
Cost of sales	(4,695,866)	(5,436,681)	(7,229,534)	(1,586,481)	(2,427,109)
Gross profit	992,104	1,062,446	1,380,054	487,553	714,979
Selling and distribution expenses	(29,130)	(38,101)	(38,252)	(13,920)	(18,211)
Administrative expenses	(194,870)	(235,769)	(289,947)	(83,263)	(107,483)
Other income and gains	4,015	15,928	71,013	30,702	23,093
Finance costs	(179,458)	(208,545)	(230,022)	(111,951)	(99,415)
Profit before tax from continuing operations	**592,661**	**595,959**	**892,846**	**309,121**	**512,963**
Income tax expense	(96,220)	(101,154)	(142,537)	(47,178)	(74,486)
PROFIT FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS	**496,441**	**494,805**	**750,309**	**261,943**	**438,477**
DISCONTINUED OPERATION					
(Loss)/profit for the year/period from a discontinued operation	(450,980)	42,670	–	–	–
PROFIT FOR THE YEAR/PERIOD	**45,461**	**537,475**	**750,309**	**261,943**	**438,477**

The following table sets forth our consolidated statements of financial position as of the dates indicated:

	December 31,			June 30,
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	3,745,276	3,180,015	5,933,987	5,888,764
Intangible assets	245,013	93,906	90,126	96,515
Goodwill	9,240	–	–	–
Prepaid land lease payments	81,502	39,559	20,461	20,229
Available-for-sale financial investment	–	–	5,000	5,000
Deferred tax assets	4,799	9,151	15,722	17,057
Other non-current assets	1,083	3,418	20,367	51,504
Total non-current assets	**4,086,913**	**3,326,049**	**6,085,663**	**6,079,069**
CURRENT ASSETS				
Inventories	420,933	199,700	154,148	185,846
Construction contracts	319,009	97,793	250,028	231,909
Trade and bills receivables	4,629,600	4,353,685	4,977,538	5,902,016
Prepayments, deposits and other receivables	2,064,981	1,284,289	1,034,542	762,954
Restricted cash	624	11,591	32,945	15,664
Cash and cash equivalents	707,660	1,072,057	1,443,963	748,273
Total current assets	**8,142,807**	**7,019,115**	**7,893,164**	**7,846,662**
CURRENT LIABILITIES				
Trade and bills payables	4,669,119	3,804,104	5,101,859	4,839,743
Other payables and accruals	1,873,016	1,372,370	806,097	699,223
Interest-bearing bank borrowings and other loans	1,471,813	1,167,050	1,014,502	966,638
Income tax payable	19,147	21,965	39,578	35,287
Total current liabilities	**8,033,095**	**6,365,489**	**6,962,036**	**6,540,891**
NET CURRENT ASSETS	**109,712**	**653,626**	**931,128**	**1,305,771**
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings and other loans	2,780,500	2,280,860	3,372,838	3,405,332
Other non-current liabilities	97,791	11,580	16,882	16,882
Total non-current liabilities	**2,878,291**	**2,292,440**	**3,389,720**	**3,422,214**
Net assets	**1,318,334**	**1,687,235**	**3,627,071**	**3,962,626**

DESCRIPTION OF SELECTED COMPONENTS OF OUR INCOME STATEMENTS

From Continuing Operations

Revenue

We generate our revenue from the following four segments:

- Environmental protection and energy conservation solutions segment, mainly include (i) environmental protection facilities concession operation sub-segment, including flue gas desulfurization, denitrification facilities concession operation business for coal-fired power plants, (ii) denitrification catalysts sub-segment, including the manufacturing and sale of denitrification catalysts, (iii) environmental protection facilities engineering sub-segment, including environmental protection facilities for coal-fired power plants in relation to (a) denitrification, (b) desulfurization, (c) dust removal, (d) ash and slag handling and (e) industrial site dust management, (iv) water treatment business sub-segment, including water treatment engineering and water treatment operation, and (v) energy conservation business sub-segment, including energy conservation engineering and EMC;

- Renewable energy engineering segment, mainly includes wind power, biomass and photovoltaic power plants engineering general contracting business;

- Thermal power plants engineering general contracting segment; and

- Other businesses segment, mainly include fiberglass chimney anti-corrosion, air-cooling system engineering general contracting and transformation of coal yard control system businesses.

There are inter-segment sales among our segments and sub-segments, and accordingly we record intra-segment elimination and inter-segment elimination among these segments/sub-segments for the relevant revenue and cost of sales. Unless otherwise specified, in this "Financial Information" section, (i) all discussion about total revenue, total cost of sales, total gross profit and overall gross profit margin are based on the amounts after all intra- and inter-segment elimination among the segments/sub-segments (being the figures reflected in our consolidated income statements), and (ii) all discussion about the revenue, cost of sales, gross profit and gross profit margin of business segments and sub-segments are based on the amounts before any intra- or inter-segment elimination of such segment or sub-segment.

For the years ended December 31, 2013, 2014 and 2015, our total revenue was RMB5,688.0 million, RMB6,499.1 million and RMB8,609.6 million, respectively. For the six months ended June 30, 2015 and 2016, our total revenue was RMB2,074.0 million and RMB3,142.1 million, respectively.

The following table sets forth a breakdown of our revenue by segment/sub-segment and each segment/sub-segment as a percentage of total revenue for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2013		2014		2015		2015		2016	
	Revenue	Percentage of total revenue before elimination(1)	Revenue	Percentage of total revenue before elimination(1)	Revenue	Percentage of total revenue before elimination(1)	Revenue	Percentage of total revenue before elimination(1)	Revenue	Percentage of total revenue before elimination(1)
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Environmental protection and energy conservation solutions:										
Environmental protection facilities concession operation	1,104,264	18.1	1,356,975	19.9	1,881,644	21.4	691,582	30.9	1,176,491	37.1
Denitrification catalysts	738,165	12.1	709,707	10.4	506,051	5.8	263,009	11.7	240,966	7.6
Environmental protection facilities engineering:										
Desulfurization facilities engineering	243,085	4.0	874,529	12.8	1,307,685	14.9	201,291	9.0	418,106	13.2
Denitrification facilities engineering	2,563,666	41.9	2,052,803	30.1	393,766	4.5	157,391	7.0	78,284	2.5
Dust removal facilities engineering	33,914	0.6	267,905	3.9	572,412	6.5	319,931	14.3	89,264	2.8
Ash and slag handling facilities engineering	63,737	1.0	57,950	0.8	77,393	0.9	22,801	1.0	3,418	0.1
Industrial site dust management	100,606	1.6	73,122	1.1	584,225	6.7	76,942	3.4	142,381	4.5
Sub-total of environmental protection facilities engineering	3,005,008	49.2	3,326,309	48.7	2,935,481	33.5	778,356	34.7	731,453	23.1
Water treatment business	5,154	0.1	104,186	1.5	191,790	2.2	49,973	2.2	81,356	2.6
Energy conservation business	142	0.0	123,910	1.8	79,956	0.9	14,348	0.6	7,748	0.2
Total revenue of environmental protection and energy conservation solutions before elimination	4,852,733	79.4	5,621,087	82.3	5,594,922	63.8	1,797,268	80.2	2,238,014	70.6
Intra-segment elimination(2)	(278,206)		(286,678)		(129,376)		(135,114)		(25,123)	
Total revenue of environmental protection and energy conservation solutions after intra-segment elimination	4,574,527		5,334,409		5,465,546		1,662,154		2,212,891	
Inter-segment elimination(3)	(84,875)		(9,584)		(11,734)		(11,694)		–	
External revenue of environmental protection and energy conservation solutions	**4,489,652**		**5,324,825**		**5,453,812**		**1,650,460**		**2,212,891**	
Renewable energy engineering:										
Total revenue of renewable energy engineering business	562,040	9.2	501,654	7.3	2,674,166	30.5	189,267	8.4	888,653	28.0
Inter-segment elimination	–		–		–		–		–	
External revenue of renewable energy engineering business	**562,040**		**501,654**		**2,674,166**		**189,267**		**888,653**	
Thermal power plants engineering general contracting:										
Total revenue of thermal power plants engineering general contracting	580,248	9.5	417,417	6.1	152,973	1.7	150,547	6.7	–	–
Inter-segment elimination(4)	(34,680)		(22,398)		(5,435)		(5,435)		–	

	Year ended December 31,						Six months ended June 30,			
	2013		2014		2015		2015		2016	
	Revenue	Percentage of total revenue before elimination(1)	Revenue	Percentage of total revenue before elimination(1)	Revenue	Percentage of total revenue before elimination(1)	Revenue	Percentage of total revenue before elimination(1)	Revenue	Percentage of total revenue before elimination(1)
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
External revenue of thermal power plants engineering general contracting	**545,568**		**395,019**		**147,539**		**145,112**		**–**	
Other Businesses:										
Total revenue of other businesses	117,891	1.9	289,532	4.3	351,686	4.0	102,910	4.6	44,075	1.4
Inter-segment elimination(5)	(27,181)		(11,903)		(17,615)		(13,715)		(3,531)	
External revenue of other businesses	**90,710**		**277,629**		**334,071**		**89,195**		**40,544**	
Total revenue before elimination(6)	**6,112,912**	**100.0**	**6,829,690**	**100.0**	**8,773,748**	**100.0**	**2,239,992**	**100.0**	**3,170,742**	**100.0**
Total intra- and inter- segment elimination(7)	(424,942)		(330,563)		(164,160)		(165,958)		(28,654)	
Total revenue	**5,687,970**		**6,499,127**		**8,609,588**		**2,074,034**		**3,142,088**	

Notes:

(1) Represents the revenue of each business segment or sub-segment (before any intra- or inter-segment elimination) as a percentage of the total revenue before any intra- or inter-segment elimination.

(2) Intra-segment elimination of revenue from sub-segments under environmental protection and energy conservation solutions segment mainly arises from the intra-segment sales made by denitrification catalysts sub-segment to denitrification facilities engineering sub-segment.

(3) Inter-segment elimination of revenue from environmental protection and energy conservation solutions segment mainly arises from the inter-segment sales to other business segments made by the sub-segments within environmental protection and energy conservation solutions segment, including the inter-segment sales from denitrification facilities engineering sub-segment to thermal power plants engineering general contracting segment, the inter-segment sales from dust removal facilities engineering sub-segment to thermal power plants engineering general contracting segment and the inter-segment sales from water treatment business sub-segment to thermal power plants engineering general contracting segment.

(4) Inter-segment elimination of revenue from thermal power plants engineering general contracting segment mainly arises from the inter-segment sales between thermal power plants engineering general contracting segment and other businesses segment.

(5) Inter-segment elimination of revenue from other businesses segment mainly arises from the inter-segment sales between other businesses segment and environmental protection and energy conservation solutions segment and thermal power plants engineering general contracting segment, respectively.

(6) Represent the aggregate amount of the revenue of all segments/sub-segments before any intra- or inter-segment elimination.

(7) Represent the aggregate amount of all intra- and inter-segment elimination.

Cost of Sales

For the years ended December 31, 2013, 2014 and 2015, our total cost of sales was RMB4,695.9 million, RMB5,436.7 million and RMB7,229.5 million, respectively. For the six months ended June 30, 2015 and 2016, our total cost of sales was RMB1,586.5 million and RMB2,427.1 million, respectively.

Cost of sales of our environmental protection facilities concession operation sub-segment under environmental protection and energy conservation solutions segment mainly consists of the costs for purchasing equipment and raw materials, including limestone or pulverized lime and steel ball used in desulfurization concession operation and liquefied ammonia/urea used in denitrification concession operation.

Cost of sales of our engineering business (including the desulfurization facilities engineering sub-segment, denitrification facilities engineering sub-segment, dust removal facilities engineering sub-segment, ash and slag handling facilities engineering sub-segment, industrial site dust management sub-segment, water treatment business sub-segment, energy conservation sub-segment , renewable energy engineering segment and thermal power plants engineering general contracting segment) mainly consists of (i) the costs for purchasing equipment and raw materials, including catalyst, ammonia storage and evaporation equipment, controlling and measuring equipment used in denitrification facilities engineering, absorption tower, slurry circulating pump and oxidation fan used in desulfurization facilities engineering, wind power generation units, wind turbine towers, adaptors, photovoltaic modules and invertors used in renewable energy engineering, boilers, steam turbines and power generators used in thermal power plants engineering general contracting, (ii) construction and installation costs, and (iii) design and technical service costs relating to project design. For details about the raw materials and equipment, see "Business — Procurement of Raw Materials and Equipment."

Cost of sales of our denitrification catalysts sub-segment under environmental protection and energy conservation solutions segment mainly consists of the costs for purchasing raw materials, including TiO_2 and steel belt.

Other services costs included in our cost of sales are mainly costs relating to project execution.

The following table sets forth a breakdown of our cost of sales of each segment and each sub-segment as a percentage of total cost of sales for the periods stated:

	Year ended December 31,						Six months ended June 30,			
	2013		2014		2015		2015		2016	
	Cost of sales	Percentage of total cost of sales before elimination(1)	Cost of sales	Percentage of total cost of sales before elimination(1)	Cost of sales	Percentage of total cost of sales before elimination(1)	Cost of sales	Percentage of total cost of sales before elimination(1)	Cost of sales	Percentage of total cost of sales before elimination(1)
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Environmental protection and energy conservation solutions:										
Environmental protection facilities concession operation	681,582	13.3	931,894	16.2	1,188,277	16.1	445,347	25.4	712,867	29.3
Denitrification catalysts	482,494	9.4	328,418	5.7	253,126	3.4	139,855	8.0	108,974	4.5

	Year ended December 31,						Six months ended June 30,			
	2013		2014		2015		2015		2016	
	Cost of sales	Percentage of total cost of sales before elimination[(1)]	Cost of sales	Percentage of total cost of sales before elimination[(1)]	Cost of sales	Percentage of total cost of sales before elimination[(1)]	Cost of sales	Percentage of total cost of sales before elimination[(1)]	Cost of sales	Percentage of total cost of sales before elimination[(1)]
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Environmental protection facilities engineering:										
Desulfurization facilities engineering	246,706	4.8	901,321	15.6	1,100,969	14.9	122,092	7.0	373,644	15.4
Denitrification facilities engineering	2,258,146	44.2	1,882,575	32.7	348,153	4.7	139,628	8.0	54,635	2.2
Dust removal facilities engineering	27,892	0.5	234,329	4.1	507,955	6.9	276,819	15.8	75,333	3.1
Ash and slag handling facilities engineering	54,318	1.1	49,892	0.9	67,849	0.9	18,128	1.0	4,336	0.2
Industrial site dust management	95,048	1.9	70,283	1.2	520,734	7.0	86,182	4.9	144,774	6.0
Sub-total of environmental protection facilities engineering	2,682,110	52.5	3,138,400	54.5	2,545,660	34.4	642,849	36.7	652,722	26.8
Water treatment business	19,118	0.4	113,289	2.0	195,870	2.6	50,549	2.9	72,253	3.0
Energy conservation business	8	0.0	106,692	1.9	66,422	0.9	10,458	0.6	6,308	0.3
Total cost of sales of environmental protection and energy conservation solutions	3,865,312	75.6	4,618,693	80.2	4,249,355	57.5	1,289,058	73.6	1,553,124	63.9
Intra-segment elimination[(2)]	(278,206)		(286,678)		(129,376)		(135,114)		(1,591)	
Total cost of sales of environmental protection and energy conservation solutions after intra-segment elimination	3,587,106		4,332,015		4,119,979		1,153,944		1,551,533	
Inter-segment elimination[(3)]	(52,572)		(29,865)		(16,054)		13,565		(3,288)	
External cost of sales of environmental protection and energy conservation solutions	**3,534,534**		**4,302,150**		**4,103,925**		**1,140,379**		**1,548,245**	
Renewable energy engineering:										
Total cost of sales of renewable energy engineering business	543,458	10.6	474,933	8.2	2,656,501	35.9	217,734	12.4	829,946	34.1
Inter-segment elimination	–		–		–		–		(85)	
External cost of sales of renewable energy engineering business	**543,458**		**474,933**		**2,656,501**		**217,734**		**829,861**	

	Year ended December 31,						Six months ended June 30,			
	2013		2014		2015		2015		2016	
	Cost of sales	Percentage of total cost of sales before elimination(1)	Cost of sales	Percentage of total cost of sales before elimination(1)	Cost of sales	Percentage of total cost of sales before elimination(1)	Cost of sales	Percentage of total cost of sales before elimination(1)	Cost of sales	Percentage of total cost of sales before elimination(1)
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Thermal power plants engineering general contracting:										
Total cost of sales of thermal power plants engineering general contracting	608,102	11.9	419,719	7.3	151,206	2.1	147,863	8.4	–	–
Inter-segment elimination(4)	(86,756)		(9,584)		(11,689)		(11,690)		–	
External cost of sales of thermal power plants engineering general contracting	**521,346**		**410,135**		**139,517**		**136,173**		**–**	
Other businesses:										
Total cost of sales of other businesses	96,528	1.9	249,463	4.3	335,076	4.5	97,634	5.6	49,003	2.0
Inter-segment elimination(5)	–		–		(5,485)		(5,439)		–	
External cost of other businesses	**96,528**		**249,463**		**329,591**		**92,195**		**49,003**	
Total cost of sales before elimination(6)	**5,113,400**	**100.0**	**5,762,808**	**100.0**	**7,392,138**	**100.0**	**1,752,289**	**100.0**	**2,432,073**	**100.0**
Total inter-segment elimination(7)	(417,534)		(326,127)		(162,604)		(165,808)		(4,964)	
Total cost of sales	**4,695,866**		**5,436,681**		**7,229,534**		**1,586,481**		**2,427,109**	

Notes:

(1) Represents the cost of sales of each business segment or sub-segment (before any intra- or inter-segment elimination) as a percentage of the total cost of sales before any intra- or inter-segment elimination.

(2) Intra-segment elimination of cost of sales from sub-segments under environmental protection and energy conservation solutions segment mainly arises from the intra-segment sales made by denitrification catalysts sub-segment to denitrification facilities engineering sub-segment.

(3) Inter-segment elimination of cost of sales from environmental protection and energy conservation solutions segment mainly arises from the inter-segment sales to other business segments or sub-segments made by the sub-segments within environmental protection and energy conservation solutions segment, including the inter-segment sales from denitrification facilities engineering sub-segment to thermal power plants engineering general contracting segment, the inter-segment sales from dust removal facilities engineering sub-segment to thermal power plants engineering general contracting segment, the inter-segment sales from water treatment business sub-segment to thermal power plants engineering general contracting segment and the inter-segment sales from denitrification catalysts sub-segment to environmental protection facilities concession operation sub-segment.

(4) Inter-segment elimination of cost of sales from thermal power plants engineering general contracting segment mainly arises from the inter-segment sales between thermal power plants engineering general contracting segment and other businesses segment.

(5) Inter-segment elimination of cost of sales from other businesses segment mainly arises from the inter-segment sales between other businesses segment and environmental protection and energy conservation solutions segment and thermal power plants engineering general contracting segment, respectively.

(6) Represent the aggregate amount of the cost of sales of all segments/sub-segments before inter-segment elimination of such segment or sub-segment.

(7) Represent the aggregate amount of inter-segment elimination of all segments/sub-segments.

The following table sets forth the components of our cost of sales and each component as a percentage of our total cost of sales for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2013		2014		2015		2015		2016	
	Amount	Percentage of total cost of sales	Amount	Percentage of total cost of sales	Amount	Percentage of total cost of sales	Amount	Percentage of total cost of sales	Amount	Percentage of total cost of sales
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Equipment and raw materials	2,618,803	55.8	3,106,067	57.1	4,540,952	62.8	1,036,635	65.3	1,579,484	65.1
Construction and installation	1,713,498	36.5	1,804,329	33.2	1,823,204	25.2	274,693	17.3	338,104	13.9
Design and technical service	116,123	2.5	178,707	3.3	218,191	3.0	23,145	1.5	62,249	2.6
Others	247,442	5.2	347,578	6.4	647,187	9.0	252,008	15.9	447,272	18.4
Total cost of sales	**4,695,866**	**100.0**	**5,436,681**	**100.0**	**7,229,534**	**100.0**	**1,586,481**	**100.0**	**2,427,109**	**100.0**

Costs of equipment and raw materials accounted for a substantial portion of our total cost of sales. For the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, costs of equipment and raw materials represented 55.8%, 57.1%, 62.8% and 65.1% of our total cost of sales, respectively. The increase in cost of equipment and raw materials as a percentage of total cost of sales in the first half of 2016 was mainly due to the increase in revenue from the renewable energy engineering business segment, which required a higher percentage of procurement of equipment. The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our total equipment and raw material cost, which is the largest component and major variable of our cost of sales, on our gross profit and gross profit margin during the Track Record Period, while keeping the other variables constant. Fluctuations are assumed to be 5.0%, 10.0% and 15.0%, which are generally in line with the range of the historical year-over-year fluctuations in the market prices of our key raw materials (mainly steel, liquefied ammonia and TiO_2) during the Track Record Period and the estimated fluctuations in the market prices of such key raw materials in the next three to five years according to Frost & Sullivan Report. Please see "Industry Overview — Prices of Key Raw Materials" for the historical fluctuations in the market prices of our key raw materials.

	(RMB in thousands, except percentages)					
Hypothetical Fluctuation on the Cost of Equipment and Raw Materials	**+5%**	**–5%**	**+10%**	**–10%**	**+15%**	**–15%**
Impact on the result for the year ended December 31, 2013						
Change in gross profit	(130,940)	130,940	(261,880)	261,880	(392,820)	392,820
Hypothetical Fluctuation on the cost of Equipment and Raw Materials	**+5%**	**-5%**	**+10%**	**-10%**	**+15%**	**-15%**
Change in gross profit margin	(2.3%)	2.3%	(4.6%)	4.6%	(6.9%)	6.9%
Impact on the result for the year ended December 31, 2014						
Change in gross profit	(155,303)	155,303	(310,606)	310,606	(465,909)	465,909
Change in gross profit margin	(2.4%)	2.4%	(4.8%)	4.8%	(7.2%)	7.2%
Impact on the result for the year ended December 31, 2015						
Change in gross profit	(227,048)	227,048	(454,095)	454,095	(681,143)	681,143
Change in gross profit margin	(2.6%)	2.6%	(5.3%)	5.3%	(7.9%)	7.9%
Impact on the result for the six months ended June 30, 2016						
Change in gross profit	(78,974)	78,974	(157,948)	157,948	(236,923)	236,923
Change in gross profit margin	(2.5%)	2.5%	(5.0%)	5.0%	(7.5%)	7.5%

Gross Profit and Gross Profit Margin

For the years ended December 31, 2013, 2014, and 2015, our total gross profit was RMB992.1 million, RMB1,062.4 million and RMB1,380.1 million, respectively, and our overall gross profit margin was 17.4%, 16.3% and 16.0%, respectively. For the six months ended June 30, 2015 and 2016, our total gross profit was RMB487.6 million and RMB715.0 million, respectively, and our overall gross profit margin was 23.5% and 22.8%, respectively.

The following table sets forth a breakdown of our gross profit by segment/sub-segment and gross profit margin of each business segment/sub-segment for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2013		2014		2015		2015		2016	
	Gross profit(1)	Gross profit margin(2)	Gross profit(1)	Gross profit margin(2)	Gross profit(1)	Gross profit margin(2)	Gross profit(1)	Gross profit margin(2)	Gross profit(1)	Gross profit margin(2)
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Environmental protection and energy conservation solutions:										
Environmental protection facilities concession operation	422,682	38.3	425,081	31.3	693,367	36.8	246,235	35.6	463,624	39.4
Denitrification catalysts	255,671	34.6	381,289	53.7	252,925	50.0	123,154	46.8	131,992	54.8
Environmental protection facilities engineering:										
Desulfurization facilities engineering	(3,621)	(1.5)	(26,792)	(3.1)	206,716	15.8	79,199	39.3	44,462	10.6
Denitrification facilities engineering	305,520	11.9	170,228	8.3	45,613	11.6	17,763	11.3	23,649	30.2
Dust removal facilities engineering	6,022	17.8	33,576	12.5	64,457	11.3	43,112	13.5	13,931	15.6
Ash and slag handling facilities engineering	9,419	14.8	8,058	13.9	9,544	12.3	4,673	20.5	(918)	(26.9)
Industrial site dust management	5,558	5.5	2,839	3.9	63,492	10.9	(9,240)	(12.0)	(2,393)	(1.7)
Sub-total of environmental protection facilities engineering	322,898	10.7	187,909	5.6	389,822	13.3	135,507	17.4	78,731	10.8
Water treatment business	(13,964)	(270.9)	(9,103)	(8.7)	(4,080)	(2.1)	(576)	(1.2)	9,103	11.2
Energy conservation business	134	94.4	17,218	13.9	13,534	16.9	3,890	27.1	1,440	18.6
Total gross profit of environmental protection and energy conservation solutions	**987,421**	**20.3**	**1,002,394**	**17.8**	**1,345,568**	**24.0**	**508,210**	**28.3**	**684,890**	**30.6**
Total gross profit of renewable energy engineering business	**18,582**	**3.3**	**26,721**	**5.3**	**17,665**	**0.7**	**(28,467)**	**(15.0)**	**58,707**	**6.6**
Total gross profit of thermal power plants engineering general contracting	**(27,854)**	**(4.8)**	**(2,301)**	**(0.6)**	**1,768**	**1.2**	**2,684**	**1.8**	**–**	**N/A**
Total gross profit of other businesses	**21,363**	**18.1**	**40,068**	**13.8**	**16,610**	**4.7**	**5,276**	**5.1**	**(4,928)**	**(11.2)**
Total gross profit and gross profit margin(3)	**992,104**	**17.4**	**1,062,446**	**16.3**	**1,380,054**	**16.0**	**487,553**	**23.5**	**714,979**	**22.8**

Notes:

(1) Calculated based on the revenue of each segment or sub-segment (before any intra- or inter-segment elimination) minus the cost of sales of such segment or sub-segment (before any intra- or inter-segment elimination).

(2) Calculated based on the gross profit of each segment or sub-segment calculated according to note (1) divided by the revenue of such segment or sub-segment (before any intra- or inter-segment elimination).

(3) Total gross profit equals total revenue (being the revenue reflected on our consolidated income statements) minus total cost of sales (being the cost of sales reflected on our consolidated income statements). Overall gross profit margin equals total gross profit divided by total revenue.

Our overall gross profit margin generally remained stable during 2013 to 2015, and was 17.4%, 16.3% and 16.0% for the years ended December 31, 2013, 2014 and 2015, respectively. Our overall gross profit margin was 23.5% and 22.8% for the six month ended June 30, 2015 and 2016, respectively. The overall gross profit margin for the first half of 2015 and 2016 were higher than that for the whole year period during the Track Record Period, primarily due to the higher revenue from concession operation business as a percentage of our total revenue in the first half of 2015 and 2016.

Selling and Distribution Expenses

Our selling and distribution expenses mainly include sales service fees, transportation fees, labor costs, marketing fees, office expenses and after-sales service fees. For the years ended December 31, 2013, 2014 and 2015, our selling and distribution expenses were RMB29.1 million, RMB38.1 million and RMB38.3 million, respectively. For the six months ended June 30, 2015 and 2016, our selling and distribution expenses were RMB13.9 million and RMB18.2 million, respectively. The following table sets forth the components of our selling and distribution expenses for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Sales service fees	13,084	9,024	12,501	5,482	7,630
Transportation fees	8,257	9,381	6,418	2,610	3,367
Labor costs	4,041	4,050	5,762	2,246	3,528
Marketing fees	–	2,653	1,336	1,313	13
Office expenses	1,697	1,066	1,489	776	670
After-sales service fees	–	8,821	6,735	–	608
Others(1)	2,051	3,106	4,011	1,493	2,395
Total selling and distribution expenses	**29,130**	**38,101**	**38,252**	**13,920**	**18,211**

Note:

(1) Others mainly include tender fees, depreciation costs, rental, labor insurance fees, sample collection fees, communication fees and other office-related incidental expenses.

Administrative Expenses

Our administrative expenses mainly include labor costs, taxes other than income tax expense, outsourcing labor fees, provisions for impairment of trade receivables, administration expenses, depreciation and amortization, travelling expenses, research and development expenses and professional service fee. For the years ended December 31, 2013, 2014 and 2015, our administrative expenses were RMB194.9 million, RMB235.8 million and RMB289.9

million, respectively. For the six months ended June 30, 2015 and 2016, our administrative expenses were RMB83.3 million and RMB107.5 million, respectively. The following table sets forth the components of our administrative expenses for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Labor costs	51,228	87,729	94,958	26,765	40,116
Taxes other than income tax expense	40,847	49,053	43,560	15,179	13,752
Outsourcing labor fees	9,843	7,103	10,030	257	6,648
Assets impairment losses	11,103	22,913	35,710	–	(13,130)
Administration expenses	24,647	23,132	16,652	8,611	8,639
Depreciation and amortization	16,264	22,493	26,794	12,179	12,289
Research and development expenses	15,603	2,354	19,523	5,472	9,168
Travelling expenses	5,203	6,118	6,562	2,083	4,937
Professional service fee	3,032	3,479	14,970	4,895	15,686
Others(1)	17,100	11,395	21,188	7,822	9,378
Total administrative expenses	**194,870**	**235,769**	**289,947**	**83,263**	**107,483**

Note:

(1) Others mainly include advisory fees, operating lease and rental expenses, bank charges, conference expenses, board of directors expenses, technology transfer fee, insurance expenses and afforestation fees.

Other Income and Gains

Our other income and gains mainly include interest income, investment income, government grants, gains/(losses) on disposal of items of property, plant and equipment, exchange (losses)/gains and others. For the years ended December 31, 2013, 2014 and 2015, our other income and gains were RMB4.0 million, RMB15.9 million and RMB71.0 million, respectively. For the six months ended June 30, 2015 and 2016, our other income and gains were RMB30.7 million and RMB23.1 million, respectively. The following table sets forth the components of our other income and gains for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	5,225	12,389	27,391	3,854	4,401
Investment income	–	–	23,843	19,607	–
Government grants	685	125	14,424	42	18,650
Gains/(losses) on disposal of items of property, plant and equipment	–	226	2,446	3,131	(2)
Exchange (losses)/gains	(1,895)	2,828	2,909	4,068	44
Others	–	360	–	–	–
Total	**4,015**	**15,928**	**71,013**	**30,702**	**23,093**

During the Track Record Period, we applied for and received government grants from both central and local government authorities in the PRC, which mainly comprised (i) the tax refund from government for certain concession operation assets, (ii) government subsidies for our doctoral and postdoctoral centers, and (iii) other subsidies granted by the government. We may apply for grants in accordance with applicable state and local preferential policies from time to time. The government grants we received in 2015 were mainly related to (i) the RMB7.4 million tax refund received by our Nanjing subsidiary pursuant to the preferential tax policy promulgated by the administrative body of the development park such subsidiary locates at, (ii) the RMB3.1 million government subsidy received by our Nanjing subsidiary for its operation in the clean energy industry pursuant to certain policy promulgated by Nanjing authorities, and (iii) the RMB2.8 million government subsidy received by our Hebei subsidiary relating to its technology renovation. The government grants we received during the six months ended June 30, 2016 were mainly related to (i) the RMB12.8 million tax refund in connection with certain of our concession operation projects which have met national environmental standards, and (ii) the RMB5.8 million government subsidy received by our Nanjing subsidiary for its operation in the clean energy industry pursuant to certain policy promulgated by Nanjing authorities. The relevant government authorities generally take into account the scope of our research and development and projects and approve our application if such scope is within the applicable preferential policies. We are allowed to use the government grants awarded in accordance with the scope of research and development and projects approved by the government authorities. Although government grants are generally awarded to us every year, they are non-recurring in nature and the amount of such government grants may vary significantly among different years. Our government grants are usually granted on a case-by-case basis by the relevant government authorities in accordance with the applicable national and local policies. We cannot assure you that we will be eligible to continue to receive such government grants or that the amount of any such grants will not be reduced in the future.

Our investment income in 2015 was mainly from the RMB18.2 million gain from our disposal of subsidiaries, namely Hangzhou Ruitang, Hebei Shengtang and Nanjing Automation, and the RMB5.6 million gain from our entrusted loan to Hua Chuang.

Finance Costs

Our finance costs mainly include interest expenses (after deduction of capitalized interest of property, plant and equipment and finance costs capitalized during construction period). For the years ended December 31, 2013, 2014 and 2015, our finance costs were RMB179.5 million, RMB208.5 million and RMB230.0 million, respectively. For the six months ended June 30, 2015 and 2016, our finance costs were RMB112.0 million and RMB99.4 million, respectively.

The following table sets forth the components of our finance costs for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest expenses on bank borrowings	195,464	208,715	234,794	113,638	108,997
Less: interest capitalized	(16,006)	(170)	(4,772)	(1,687)	(9,582)
Total finance costs	**179,458**	**208,545**	**230,022**	**111,951**	**99,415**

Income Tax Expense

Our income tax expense consists primarily of corporate income tax and movements in deferred tax assets and liabilities. For the years ended December 31, 2013, 2014 and 2015, our income tax expense was RMB96.2 million, RMB101.2 million and RMB142.5 million, respectively, and our effective income tax rate was 16.2%, 17.0% and 16.0%, respectively. For the six months ended June 30, 2015 and 2016, our income tax expenses were RMB47.2 million and RMB74.5 million, and our effective income tax rate was 15.3% and 14.5%, respectively.

According to the EIT Law, unless otherwise specified, the Company and our PRC subsidiaries are generally subject to the statutory income tax rate of 25%. As of June 30, 2016, pursuant to the applicable income tax rules and regulations, the Company and certain of our subsidiaries were qualified as high and new technology enterprises and were entitled to a preferential income tax rate of 15%. The "high and new technology enterprise" qualification is subject to evaluation by the relevant authority in the PRC every three years. In addition, certain branches of the Company are engaged in qualified environmental protection projects. Starting from the year when such project first generates operating income, the income derived from such project is exempted from the enterprise income tax for the first three years, followed by a 50% exemption from the fourth to the sixth years.

The Company's subsidiary in India is subject to a corporate income tax of 30%.

As of the Latest Practicable Date, we had paid or made provisions for all relevant taxes and did not have any material disputes with relevant tax authorities.

Discontinued Operation

The profit/loss from discontinued operation represents the operating results of Hua Chuang.

Hua Chuang was established in April 2006 and our Company acquired 70% equity interest in Hua Chuang from China Datang at nil consideration in November 2013. As such transaction was between companies under common control, our consolidated financial statements have been prepared as if Hua Chuang had become a consolidated subsidiary of our Group since the beginning of the Track Record Period. Hua Chuang is mainly engaged in the production of wind power products. Pursuant to a share transfer agreement entered into by our Company and China Datang in December 2014, both parties agreed that our Company transferred the 70% equity interest in Hua Chuang to China Datang at nil consideration. We decided to discontinue the wind power products business because we plan to concentrate our business focus and resources on environmental protection and energy conservation solutions business. This equity interest transfer was completed on December 30, 2014.

Our consolidated statements of profit or loss and other comprehensive income and cash flows have included the consolidated statements of profit or loss and other comprehensive income and cash flows of Hua Chuang for the year ended December 31, 2013 and the year 2014 (up to December 30, 2014). Our consolidated statements of financial position as of December 31, 2013 included the consolidated statements of financial position of Hua Chuang as of the same date, while our consolidated statements of financial position as of and after December 31, 2014 did not include the consolidated statements of financial position of Hua Chuang as of the same date. As the wind power products of Hua Chuang was a separate business line of our Group, which contained separable operation and cash flows, Hua Chuang was classified as a "discontinued operation" in our consolidated financial statements and presented as a separate item in the consolidated statements of profit or loss and other comprehensive income. For the information of discontinued operation, please refer to Note 12 in the Accountants' Report set out in Appendix I in this prospectus. Please see "— Working Capital — Selected Items of Statements of Financial Position and Cash Flows of Hua Chuang" for selected items of (i) the consolidated statements of financial position of Hua Chuang as of December 31, 2013 and December 30, 2014, and (ii) the consolidated statements of cash flows of Hua Chuang for the years ended December 31, 2013 and 2014.

Profit/Loss From A Discontinued Operation

For the years ended December 31, 2013 and 2014, the operating results of our discontinued operation were a loss of RMB451.0 million and a profit of RMB42.7 million, respectively. The discontinued operation recorded a material loss for the year ended December 31, 2013, primarily because (i) as affected by the industry-wide market downturn in 2013, Hua Chuang experienced decrease in sales volume and idling of production capacity, while fixed overheads and expenses such as depreciation, maintenance costs and rentals of equipment and plants were still being incurred, (ii) Hua Chuang increased the percentage of the provision it made for after-sale maintenance fees according to the industry and its own condition, and (iii) Hua Chuang made provision for impairment on certain technologies and construction work in progress that no longer had market value.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015

Revenue

Our total revenue increased by 51.5% from RMB2,074.0 million for the six months ended June 30, 2015 to RMB3,142.1 million for the six months ended June 30, 2016. The following table sets forth a breakdown of our revenue by segment/sub-segment and each segment/sub-segment as a percentage of total revenue for the six months ended June 30, 2015 and 2016 as well as the percentage of change from the six months ended June 30, 2015 to the six months ended June 30, 2016:

	Six months ended June 30,				
	2015		2016		
	Revenue	Percentage of total revenue before elimination(1)	Revenue	Percentage of total revenue before elimination(1)	Change
	RMB'000	%	RMB'000	%	%
Environmental protection and energy conservation solutions:					
Environmental protection facilities concession operation	691,582	30.9	1,176,491	37.1	70.1
Denitrification catalysts	263,009	11.7	240,966	7.6	(8.4)
Environmental protection facilities engineering:					
Desulfurization facilities engineering	201,291	9.0	418,106	13.2	107.7
Denitrification facilities engineering	157,391	7.0	78,284	2.5	(50.3)
Dust removal facilities engineering	319,931	14.3	89,264	2.8	(72.1)
Ash and slag handling facilities engineering	22,801	1.0	3,418	0.1	(85.0)
Industrial site dust management	76,942	3.4	142,381	4.5	85.0
Sub-total of environmental protection facilities engineering	778,356	34.7	731,453	23.1	(6.0)
Water treatment business	49,973	2.2	81,356	2.6	62.8
Energy conservation business	14,348	0.6	7,748	0.2	(46.0)
Total revenue of environmental protection and energy conservation solutions before elimination	1,797,268	80.2	2,238,014	70.6	24.5
Intra-segment elimination(2)	(135,114)		(25,123)		
Total revenue of environmental protection and energy conservation solutions after intra-segment elimination	1,662,154		2,212,891		33.1
Inter-segment elimination(3)	(11,694)		–		

	Six months ended June 30,				
	2015		2016		
	Revenue	Percentage of total revenue before elimination[(1)]	Revenue	Percentage of total revenue before elimination[(1)]	Change
	RMB'000	%	RMB'000	%	%
External revenue of environmental protection and energy conservation solutions	**1,650,460**		**2,212,891**		**34.1**
Renewable energy engineering:					
Total revenue of renewable energy engineering business	189,267	8.4	888,653	28.0	369.5
Inter-segment elimination	–		–		
External revenue of renewable energy engineering business	**189,267**		**888,653**		**369.5**
Thermal power plants engineering general contracting:					
Total revenue of thermal power plants engineering general contracting	150,547	6.7	–	–	N/A
Inter-segment elimination[(4)]	(5,435)		–		
External revenue of thermal power plants engineering general contracting	**145,112**		**–**		**N/A**
Other businesses:					
Total revenue of other businesses	102,910	4.6	44,075	1.4	(57.2)
Inter-segment elimination[(5)]	(13,715)		(3,531)		
External revenue of other businesses	**89,195**		**40,544**		**(54.5)**
Total revenue before elimination[(6)]	**2,239,992**	**100.0**	**3,170,742**	**100.0**	**41.6**
Total intra- and inter-segment elimination[(7)]	(165,958)		(28,654)		
Total revenue	**2,074,034**		**3,142,088**		**51.5**

Notes:

(1) Represents the revenue of each business segment or sub-segment (before any intra- or inter-segment elimination) as a percentage of the total revenue before any intra- or inter-segment elimination.

(2) Intra-segment elimination of revenue from sub-segments under environmental protection and energy conservation solutions segment mainly arises from the intra-segment sales made by denitrification catalysts sub-segment to denitrification facilities engineering sub-segment.

(3) Inter-segment elimination of revenue from environmental protection and energy conservation solutions segment mainly arises from the inter-segment sales to other business segments made by the sub-segments within environmental protection and energy conservation solutions segment, including the inter-segment sales from denitrification facilities engineering sub-segment to thermal power plants engineering general contracting segment, the inter-segment sales from dust removal facilities engineering sub-segment to thermal power plants engineering general contracting segment and the inter-segment sales from water treatment business sub-segment to thermal power plants engineering general contracting segment.

(4) Inter-segment elimination of revenue from thermal power plants engineering general contracting segment mainly arises from the inter-segment sales between thermal power plants engineering general contracting segment and other businesses segment.

(5) Inter-segment elimination of revenue from other businesses segment mainly arises from the inter-segment sales between other businesses segment and environmental protection and energy conservation solutions segment and thermal power plants engineering general contracting segment, respectively.

(6) Represent the aggregate amount of the revenue of all segments/sub-segments before any intra- or inter-segment elimination.

(7) Represent the aggregate amount of all intra- and inter-segment elimination.

Environmental Protection and Energy Conservation Solutions Segment

Our revenue from environmental protection facilities concession operation sub-segment increased by 70.1% from RMB691.6 million for the six months ended June 30, 2015 to RMB1,176.5 million for the six months ended June 30, 2016, mainly because we acquired additional desulfurization and denitrification concession operation projects in the second half year of 2015, which expanded our revenue scale for the six months ended June 30, 2016.

Our revenue from denitrification catalysts sub-segment decreased by 8.4% from RMB263.0 million for the six months ended June 30, 2015 to RMB241.0 million for the six months ended June 30, 2016, primarily due to the decrease in unit price due to market dynamics.

Our revenue from desulfurization facilities engineering sub-segment increased significantly from RMB201.3 million for the six months ended June 30, 2015 to RMB418.1 million for the six months ended June 30, 2016, mainly because we completed more desulfurization facilities engineering projects in the six months ended June 30, 2016 due to the increasing market demand following the promulgation of the Action Plan in September 2014 and the further enforcement of the Work Plan for Ultra-low Emission in December 2015. The Action Plan and the Work Plan for Ultra-low Emission provided that the relevant environmental protection facilities of coal-fired power plants need to meet certain ultra-low emission standards.

Our revenue from denitrification facilities engineering sub-segment decreased by 50.3% from RMB157.4 million for the six months ended June 30, 2015 to RMB78.3 million for the six months ended June 30, 2016, mainly because the *Emission Standard for Air Pollutants for Thermal Power Plants* revised in July 2011 and the *Announcement on Special Emission Cap* required the boilers and gas turbines in China to meet more stringent flue gas denitrification emission standard since July 2014, and as a result we completed more works in the six months ended June 30, 2015, which were mainly newly-built, large-scale projects. On the other hand, we undertook less new projects in the six months ended June 30, 2016, which were mainly refurbishment projects with relatively smaller scale.

Our revenue from dust removal facilities engineering sub-segment decreased by 72.1% from RMB319.9 million for the six months ended June 30, 2015 to RMB89.3 million for the six months ended June 30, 2016, mainly because coal-fired power generation enterprises substantially increased their investments in dust removal facilities upon the promulgation of the *Action Plan* in September 2014, and as a result we undertook a large number of new dust removal facilities engineering projects since the last quarter of 2014, which led to more revenue recognized in the six months ended June 30, 2015. We undertook less projects in the six months ended June 30, 2016.

Our revenue from ash and slag handling facilities engineering sub-segment decreased by 85.0% from RMB22.8 million for the six months ended June 30, 2015 to RMB3.4 million for the six months ended June 30, 2016, mainly because we undertook less new projects.

Our revenue from industrial site dust management sub-segment increased by 85.0% from RMB76.9 million for the six months ended June 30, 2015 to RMB142.4 million for the six months ended June 30, 2016, mainly because we undertook more projects following the promulgation of the Action Plan in September 2014 and the further enforcement of the Work Plan for Ultra-low Emission in December 2015, which led to more revenue recognized in the six months ended June 30, 2016.

Our revenue from water treatment business sub-segment increased by 62.8% from RMB50.0 million for the six months ended June 30, 2015 to RMB81.4 million for the six months ended June 30, 2016, mainly because we undertook several large-scale water treatment projects in 2015, thus recognizing more revenue in the six months ended June 30, 2016.

Our revenue from energy conservation business sub-segment decreased by 46.0% from RMB14.3 million for the six months ended June 30, 2015 to RMB7.7 million for the six months ended June 30, 2016, mainly because we undertook less new projects due to market demand and competition.

Renewable Energy Engineering Segment

Our revenue from renewable energy engineering segment increased significantly from RMB189.3 million for the six months ended June 30, 2015 to RMB888.7 million for the six months ended June 30, 2016, primarily due to the revenue from the major wind power engineering projects we undertook in the second half of 2015.

Thermal Power Plants Engineering General Contracting Segment

Our revenue from thermal power plants engineering general contracting segment decreased from RMB150.5 million for the six months ended June 30, 2015 to nil for the six months ended June 30, 2016 because Datang Hutubi Thermal Plant project, our major project for this business segment, was completed.

Other Businesses Segment

Our revenue from other businesses segment for the six months ended June 30, 2015 was RMB102.9 million, which was mainly generated from the transformation of coal yard control system and fiberglass chimney anti-corrosion businesses. Our revenue from other businesses segment was RMB44.1 million for the six months ended June 30, 2016, which was mainly generated from the fiberglass chimney anti-corrosion and air-cooling system engineering general contracting businesses.

Cost of Sales

Our total cost of sales increased by 53.0% from RMB1,586.5 million for the six months ended June 30, 2015 to RMB2,427.1 million for the six months ended June 30, 2016. The following table sets forth the components of our cost of sales and each component as a percentage of our total cost of sales for the six months ended June 30, 2015 and 2016, as well as the percentage of change from the six months ended June 30, 2015 to the six months ended June 30, 2016:

	Six months ended June 30,				
	2015		2016		
	Amount	Percentage of total cost of sales	Amount	Percentage of total cost of sales	Change
	RMB'000	%	RMB'000	%	%
Equipment and raw materials	1,036,635	65.3	1,579,484	65.1	52.4
Construction and installation	274,693	17.3	338,104	13.9	23.1
Design and technical service	23,145	1.5	62,249	2.6	169.0
Others	252,008	15.9	447,272	18.4	77.5
Total cost of sales	**1,586,481**	**100.0**	**2,427,109**	**100.0**	**53.0**

The increase in our total cost of sales from the six months ended June 30, 2015 to the six months ended June 30, 2016 was primarily due to the expansion of our business, particularly the increase in the renewable energy engineering business segment, which required a substantial amount of equipment and raw materials. For the effect of changes in cost of sales of each business segment/sub-segment, please refer to the discussion of gross profit margin for each business segment/sub-segment.

Gross Profit and Gross Profit Margin

Our total gross profit increased by 46.6% from RMB487.6 million for the six months ended June 30, 2015 to RMB715.0 million for the six months ended June 30, 2016. Our overall gross profit margin was 23.5% and 22.8% for the six months ended June 30, 2015 and 2016, respectively.

The following table sets forth a breakdown of our gross profit by segment/sub-segment and gross profit margin of each business segment/sub-segment for the six months ended June 30, 2015 and 2016, as well as the percentage of change in gross profit from the six months ended June 30, 2015 to the six months ended June 30, 2016:

	Six months ended June 30,				
	2015		2016		
	Gross profit(1)	Gross profit margin(2)	Gross profit(1)	Gross profit margin(2)	Change in gross profit
	RMB'000	%	RMB'000	%	%
Environmental protection and energy conservation solutions:					
Environmental protection facilities concession operation	246,235	35.6	463,624	39.4	88.3
Denitrification catalysts	123,154	46.8	131,992	54.8	7.2
Environmental protection facilities engineering					
Desulfurization facilities engineering	79,199	39.3	44,462	10.6	(43.9)
Denitrification facilities engineering	17,763	11.3	23,649	30.2	33.1
Dust removal facilities engineering	43,112	13.5	13,931	15.6	(67.7)
Ash and slag handling facilities engineering	4,673	20.5	(918)	(26.9)	(119.6)
Industrial site dust management	(9,240)	(12.0)	(2,393)	(1.7)	N/A
Sub-total of environmental protection facilities engineering	135,507	17.4	78,731	10.8	(41.9)
Water treatment business	(576)	(1.2)	9,103	11.2	N/A
Energy conservation business	3,890	27.1	1,440	18.6	(63.0)
Total gross profit of environmental protection and energy conservation solutions	**508,210**	**28.3**	**684,890**	**30.6**	**34.8**
Total gross profit of renewable energy engineering business	**(28,467)**	**(15.0)**	**58,707**	**6.6**	**N/A**
Total gross profit of thermal power plants engineering general contracting	**2,684**	**1.8**	**-**	**N/A**	**N/A**
Total gross profit of other businesses	**5,276**	**5.1**	**(4,928)**	**(11.2)**	**N/A**
Total gross profit and overall gross profit margin(3)	**487,553**	**23.5**	**714,979**	**22.8**	**46.6**

Notes:

(1) Calculated based on the revenue of each segment or sub-segment (before any intra- or inter-segment elimination) minus the cost of sales of such segment or sub-segment (before any intra- or inter-segment elimination).

(2) Calculated based on the gross profit of each segment or sub-segment calculated according to note (1) divided by the revenue of such segment or sub-segment (before any intra- or inter-segment elimination).

(3) Total gross profit equals total revenue (being the revenue reflected on our consolidated income statements) minus total cost of sales (being the cost of sales reflected on our consolidated income statements). Overall gross profit margin equals total gross profit divided by total revenue.

Environmental Protection and Energy Conservation Solutions Segment

Our gross profit from environmental protection facilities concession operation sub-segment increased by 88.3% from RMB246.2 million for the six months ended June 30, 2015 to RMB463.6 million for the six months ended June 30, 2016. The gross profit margin increased from 35.6% for the six months ended June 30, 2015 to 39.4% for the six months ended June 30, 2016, primarily due to the projects we acquired in the second half of 2015, which are mainly large-scale denitrification concession operation projects with relatively higher gross profit margins.

Our gross profit from denitrification catalysts sub-segment increased by 7.2% from RMB123.2 million for the six months ended June 30, 2015 to RMB132.0 million for the six months ended June 30, 2016, and the gross profit margin increased from 46.8% for the six months ended June 30, 2015 to 54.8% for the six months ended June 30, 2016. The increase in gross profit margin was primarily due to our cost control measures such as increased purchase of raw materials from domestic suppliers and entry into long-term contracts with domestic suppliers to secure lower procurement price.

Our gross profit from desulfurization facilities engineering sub-segment decreased by 43.9% from RMB79.2 million for the six months ended June 30, 2015 to RMB44.5 million for the six months ended June 30, 2016. The gross profit margin decreased from 39.3% for the six months ended June 30, 2015 to 10.6% for the six months ended June 30, 2016, primarily due to the higher gross profit margin associated with our project in India in the first half of 2015. We generated a substantial amount of revenue in the first half of 2015 from this large-scale India project, which had a relatively high gross profit margin compared to our domestic projects since the desulfurization facilities engineering market in India was new and developing and we had relatively strong pricing power there due to our technology advantages.

Our gross profit from denitrification facilities engineering sub-segment increased by 33.1% from RMB17.8 million for the six months ended June 30, 2015 to RMB23.6 million for the six months ended June 30, 2016, and the gross profit margin increased from 11.3% for the six months ended June 30, 2015 to 30.2% for the six months ended June 30, 2016. Generally speaking, in the denitrification facilities engineering sub-segment, refurbishment projects have higher gross profit margin compared to newly-built projects because refurbishment projects usually involve more customized services, over which we have stronger pricing power. Newly-built projects are usually large scale and standardized, and the gross profit margin is relatively lower due to market competition. The increase in gross profit margin in the six months ended June 30, 2016 was mainly because (i) more revenue was generated from refurbishment projects, and (ii) a number of such projects were in the design stage, which usually entails higher gross profit margin than projects in the procurement or construction stage.

Our gross profit from dust removal facilities engineering sub-segment decreased by 67.7% from RMB43.1 million for the six months ended June 30, 2015 to RMB13.9 million for the six months ended June 30, 2016, while our gross profit margin increased from 13.5% for the six months ended June 30, 2015 to 15.6% for the six months ended June 30, 2016. The higher gross profit margin in the six months ended June 30, 2016 was related to the one project we undertook during that period.

Our ash and slag handling facilities engineering sub-segment recorded a gross profit of RMB4.7 million and a gross loss of RMB0.9 million for the six months ended June 30, 2015 and 2016, respectively. The loss in the six months ended June 30, 2016 was mainly due to the fixed overheads such as labor costs, depreciation and amortization, which overran the revenue. We believe that with the new projects we have secured, this sub-segment will achieve greater revenue and become profitable in 2016.

Our industrial site dust management sub-segment incurred gross loss of RMB9.2 million and RMB2.4 million for the six months ended June 30, 2015 and 2016, respectively. The gross loss in the first half of 2015 was mainly attributable to Datang Binzhou project, our major industrial site dust management project during that period, which was undertaken by us in consideration of gaining market share and collecting project experience. In order to gain market share and project experience, we had prioritized the market and technology value of the potential project when deciding taking a new project, and therefore we might sometimes take projects with low or negative profitability after considering its impact on our overall financial conditions. As we gained more experience on project implementation and secured more projects, we successfully reduced the gross loss ratio of this sub-segment in the first half of 2016. We believe that with the new projects we have secured, this sub-segment will achieve greater revenue and become profitable in 2016.

Our water treatment business sub-segment incurred a gross loss of RMB0.6 million and a gross profit of RMB9.1 million for the six months ended June 30, 2015 and 2016, respectively. The gross loss in the six months ended June 30, 2015 was primarily due to the fixed overheads such as labor costs, depreciation and amortization, which overran the relatively small revenue scale. As we recognized more revenue in the first half of 2016 from several large-scale water treatment projects we undertook, this sub-segment achieved a gross profit margin at 11.2%.

Our gross profit from energy conservation business sub-segment decreased by 63.0% from RMB3.9 million for the six months ended June 30, 2015 to RMB1.4 million for the six months ended June 30, 2016, and the gross profit margin decreased from 27.1% for the six months ended June 30, 2015 to 18.6% for the six months ended June 30, 2016. The decrease in gross profit margin was mainly attributable to the energy management contract (EMC) projects that we began to execute in the first half of 2016, which were in construction stage with relatively lower gross profit margin.

Renewable Energy Engineering Segment

The renewable energy engineering segment incurred a gross loss of RMB28.5 million for the six months ended June 30, 2015 and a gross profit of RMB58.7 million with a gross profit margin of 6.6% for the six months ended June 30, 2016. The gross loss for the six months ended June 30, 2015 was primarily due to the loss in connection with our biomass power generation project in Thailand, which was close to completion in the first half of 2015. We began the Thailand project in 2013 as our first overseas renewable energy engineering project and recorded gross profit on such project in 2013 and 2014. As a result of a number of uncontrollable local factors such as changes in political environments, natural disasters and increase in labor costs, the Thailand project was prolonged and incurred increased costs, resulting in a loss in the first half of 2015 when such project was close to completion while less revenue was recognized. We will consider risk and budget control as one of the most important factors when we decide to take future overseas project. Based on our overseas operation experience from the Thailand Project and with our continuously enhanced budgeting and cost control measures, we do not expect to incur any material gross loss in connection with our current or future overseas renewable energy engineering project (if any). The gross profit in the first half of 2016 was mainly attributable to the major wind power engineering projects that we undertook in the second half of 2015.

Thermal Power Plants Engineering General Contracting Segment

Our thermal power plants engineering general contracting segment had a gross profit of RMB2.7 million for the six months ended June 30, 2015, representing a gross profit margin of 1.8%. We did not record any revenue or gross profit/loss for the six months ended June 30, 2016 as Datang Hutubi Thermal Plant project, our major project for this business segment, was completed.

Other Businesses Segment

Our other businesses segment incurred a gross profit of RMB5.3 million for the six months ended June 30, 2015, representing a gross profit margin of 5.1%, primarily due to the gross profit in our air-cooling system engineering general contracting business. For the six months ended June 30, 2016, our other businesses segment had a gross loss of RMB4.9 million primarily due to the gross loss associated with the fiberglass chimney anti-corrosion business, partially offset by the gross profit associated with the transformation of coal yard control system business.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 30.9% from RMB13.9 million for the six months ended June 30, 2015 to RMB18.2 million for the six months ended June 30, 2016, primarily due to (i) the increase in sales service fees due to the increase in sales activities in line with the increase in revenue, (ii) the increase in labor costs due to the increase in the number of our sales personnel and the average salary, and (iii) the increase in other expenses relating to our project bidding activities, partially offset by the decrease in marketing fees.

Administrative Expenses

Our administrative expenses increased by 29.1% from RMB83.3 million for the six months ended June 30, 2015 to RMB107.5 million for the six months ended June 30, 2016, primarily due to (i) the increase in labor costs due to increase in number of administrative personnel and average salary, and (ii) the increase in professional service fees in connection with our Listing, which was partially offset by the reversal of certain assets impairment losses due to the collection of trade receivables.

Other Income and Gains

Our other income and gains decreased from RMB30.7 million for the six months ended June 30, 2015 to RMB23.1 million for the six months ended June 30, 2016. Our other income and gains for the six months ended June 30, 2015 mainly consisted of (i) investment income of RMB19.6 million relating to our disposal of our subsidiaries Hebei Shengtang and Hangzhou Ruitang, and the income from our entrusted loan to Hua Chuang, (ii) gains on disposal of items of property, plant and equipment of RMB3.1 million mainly relating to our disposal of certain real properties, (iii) exchange gains of RMB4.1 million, and (iv) bank interest income of RMB3.9 million. Our other income and gains for the six months ended June 30, 2016 mainly consisted of (i) government grants of RMB18.7 million, mainly relating to the tax refund for our concession operation projects that have met certain national environmental standards and the subsidy received by our Nanjing subsidiary for its operation in the clean energy industry pursuant to certain policy promulgated by Nanjing authorities, and (ii) bank interest income of RMB4.4 million.

Finance Costs

Our finance costs decreased by 11.3% from RMB112.0 million for the six months ended June 30, 2015 to RMB99.4 million for the six months ended June 30, 2016, primarily due to (i) the decrease in our total bank borrowings and the relevant interest rate, and (ii) the capitalization of the interest on certain bank borrowings that were used for the construction of our fixed assets.

Profit Before Tax

Due to the foregoing factors, our profit before tax increased by 66.0% from RMB309.1 million for the six months ended June 30, 2015 to RMB513.0 million for the six months ended June 30, 2016.

Income Tax Expense

Our income tax expense increased by 57.8% from RMB47.2 million for the six months ended June 30, 2015 to RMB74.5 million for the six months ended June 30, 2016, primarily due to the increase in profit before tax. For the six months ended June 30, 2015 and 2016, our effective income tax rate basically remained stable and was 15.3% and 14.5%, respectively.

Profit For the Period

Due to the foregoing factors, our profit for the period increased by 67.4% from RMB261.9 million for the six months ended June 30, 2015 to RMB438.5 million for the six months ended June 30, 2016.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenue

Our total revenue increased by 32.5% from RMB6,499.1 million for the year ended December 31, 2014 to RMB8,609.6 million for the year ended December 31, 2015. The following table sets forth a breakdown of our revenue by segment/sub-segment and each segment/sub-segment as a percentage of total revenue for the year ended December 31, 2014 and 2015, as well as the percentage of change from the year ended December 31, 2014 to the year ended December 31, 2015:

	Year ended December 31,				
	2014		2015		
	Revenue	Percentage of total revenue before elimination(1)	Revenue	Percentage of total revenue before elimination(1)	Change
	RMB'000	%	RMB'000	%	%
Environmental Protection and Energy Conservation Solutions:					
Environmental protection facilities concession operation	1,356,975	19.9	1,881,644	21.4	38.7
Denitrification catalysts	709,707	10.4	506,051	5.8	(28.7)
Environmental protection facilities engineering					
Desulfurization facilities engineering	874,529	12.8	1,307,685	14.9	49.5
Denitrification facilities engineering	2,052,803	30.1	393,766	4.5	(80.8)
Dust removal facilities engineering	267,905	3.9	572,412	6.5	113.7
Ash and slag handling facilities engineering	57,950	0.8	77,393	0.9	33.6
Industrial site dust management	73,122	1.1	584,225	6.7	699.0
Sub-total of environmental protection facilities engineering	3,326,309	48.7	2,935,481	33.5	(11.7)
Water treatment business	104,186	1.5	191,790	2.2	84.1
Energy conservation business	123,910	1.8	79,956	0.9	(35.5)
Total revenue of environmental protection and energy conservation solutions before elimination	5,621,087	82.3	5,594,922	63.8	(0.5)
Intra-segment elimination(2)	(286,678)		(129,376)		
Total revenue of environmental protection and energy conservation solutions after intra-segment elimination	5,334,409		5,465,546		2.5
Inter-segment elimination(3)	(9,584)		(11,734)		

	Year ended December 31,				
	2014		2015		
	Revenue	Percentage of total revenue before elimination[(1)]	Revenue	Percentage of total revenue before elimination[(1)]	Change
	RMB'000	%	RMB'000	%	%
External revenue of environmental protection and energy conservation solutions	**5,324,825**		**5,453,812**		**2.4**
Renewable Energy Engineering:					
Total revenue of renewable energy engineering business	501,654	7.3	2,674,166	30.5	433.1
Inter-segment elimination	–		–		
External revenue of renewable energy engineering business	**501,654**		**2,674,166**		**433.1**
Thermal power plants engineering general contracting:					
Total revenue of thermal power plants engineering general contracting	417,417	6.1	152,973	1.7	(63.4)
Inter-segment elimination[(4)]	(22,398)		(5,435)		
External revenue of thermal power plants engineering general contracting	**395,019**		**147,539**		**(62.7)**
Other businesses:					
Total revenue of other businesses	**289,532**	**4.3**	**351,686**	**4.0**	**21.5**
Inter-segment elimination[(5)]	(11,903)		(17,615)		
External revenue of other businesses	**277,629**		**334,071**		**20.3**
Total revenue before elimination[(6)]	**6,829,690**	**100.0**	**8,773,748**	**100.0**	**28.5**
Total intra- and inter-segment elimination[(7)]	(330,563)		(164,160)		
Total revenue	**6,499,127**		**8,609,588**		**32.5**

Notes:

(1) Represents the revenue of each business segment or sub-segment (before any intra- or inter-segment elimination) as a percentage of the total revenue before any intra- or inter-segment elimination.

(2) Intra-segment elimination of revenue from sub-segments under environmental protection and energy conservation solutions segment mainly arises from the intra-segment sales made by denitrification catalysts sub-segment to denitrification facilities engineering sub-segment.

(3) Inter-segment elimination of revenue from environmental protection and energy conservation solutions segment mainly arises from the inter-segment sales to other business segments made by the sub-segments within environmental protection and energy conservation solutions segment, including the inter-segment sales from denitrification facilities engineering sub-segment to thermal power plants engineering general contracting segment, the inter-segment sales from dust removal facilities engineering sub-segment to thermal power plants engineering general contracting segment and the inter-segment sales from water treatment engineering sub-segment to thermal power plants engineering general contracting segment.

(4) Inter-segment elimination of revenue from thermal power plants engineering general contracting segment mainly arises from the inter-segment sales between thermal power plants engineering general contracting segment and other businesses segment.
(5) Inter-segment elimination of revenue from other businesses segment mainly arises from the inter-segment sales between other businesses segment and environmental protection and energy conservation solutions segment and thermal power plants engineering general contracting segment, respectively.
(6) Represent the aggregate amount of the revenue of all segments/sub-segments before any intra- or inter-segment elimination.
(7) Represent the aggregate amount of all intra- and inter-segment elimination.

Environmental Protection and Energy Conservation Solutions Segment

Our revenue from environmental protection facilities concession operation sub-segment increased by 38.7% from RMB1,357.0 million for the year ended December 31, 2014 to RMB1,881.6 million for the year ended December 31, 2015, mainly because we acquired certain desulfurization and denitrification concession operation projects in 2015, which expanded our business scale.

Our revenue from denitrification catalysts sub-segment decreased by 28.7% from RMB709.7 million for the year ended December 31, 2014 to RMB506.1 million for the year ended December 31, 2015, primarily due to the decrease in our unit price due to market dynamics.

Our revenue from desulfurization facilities engineering sub-segment increased by 49.5% from RMB874.5 million for the year ended December 31, 2014 to RMB1,307.7 million for the year ended December 31, 2015, mainly because we undertook more desulfurization facilities engineering projects in 2015 due to the increasing market demand following the promulgation of the ultra-low emission requirements by the NDRC in September 2014.

Our revenue from denitrification facilities engineering sub-segment decreased significantly from RMB2,052.8 million for the year ended December 31, 2014 to RMB393.8 million for the year ended December 31, 2015, mainly because the *Emission Standard for Air Pollutants for Thermal Power Plants* revised in July 2011 and the *Announcement on Special Emission Cap* required the boilers and gas turbines in China to meet more stringent flue gas denitrification emission standard since July 2014, and as a result we completed more works in 2014, which were mainly newly-built, large-scale projects. On the other hand, in 2015, we undertook less newly-built, large-scale projects, which was partially supplemented by the refurbishment projects with relatively smaller scale.

Our revenue from dust removal facilities engineering sub-segment increased significantly from RMB267.9 million for the year ended December 31, 2014 to RMB572.4 million for the year ended December 31, 2015, mainly because coal-fired power generation enterprises substantially increased their investments in dust removal facilities upon the promulgation of the *Action Plan* in September 2014, and as a result we undertook a large number of new dust removal facilities engineering projects since then, which led to more revenue recognized in 2015.

Our revenue from ash and slag handling facilities engineering sub-segment increased by 33.6% from RMB58.0 million for the year ended December 31, 2014 to RMB77.4 million for the year ended December 31, 2015, mainly because the increase in the number of slag handling projects.

Our revenue from industrial site dust management sub-segment increased significantly from RMB73.1 million for the year ended December 31, 2014 to RMB584.2 million for the year ended December 31, 2015, mainly because we undertook more coal stockyard enclosing projects due to the increasing market demand following the promulgation of the ultra-low emission requirement.

Our revenue from water treatment business sub-segment increased by 84.1% from RMB104.2 million for the year ended December 31, 2014 to RMB191.8 million for the year ended December 31, 2015, mainly because we undertook more large-scale regular water treatment projects in 2015.

Our revenue from energy conservation business sub-segment decreased by 35.5% from RMB123.9 million for the year ended December 31, 2014 to RMB80.0 million for the year ended December 31, 2015, mainly because we undertook less new projects due to the decrease in market demand for energy conservation services in 2015.

Renewable Energy Engineering Segment

Our revenue from renewable energy engineering segment increased significantly from RMB501.7 million for the year ended December 31, 2014 to RMB2,674.2 million for the year ended December 31, 2015, primarily due to the revenue from the wind power engineering projects that we undertook in the second half of 2015.

Thermal Power Plants Engineering General Contracting Segment

Our revenue from thermal power plants engineering general contracting segment decreased by 63.3% from RMB417.4 million for the year ended December 31, 2014 to RMB153.0 million for the year ended December 31, 2015, because Datang Hutubi Thermal Plant project, our major project in this segment, was completed and most of the revenue had been recognized before 2015.

Other Businesses Segment

Our revenue from other businesses segment for the year ended December 31, 2014 was RMB289.5 million, which was mainly generated from air cooling system engineering general contracting and fiberglass chimney anti-corrosion businesses. Our revenue from other businesses segment was RMB351.7 million for the year ended December 31, 2015, which was mainly generated from the transformation of coal yard control system and fiberglass chimney anti-corrosion general contracting businesses.

Cost of Sales

Our total cost of sales increased from RMB5,436.7 million for the year ended December 31, 2014 to RMB7,229.5 million for the year ended December 31, 2015. The following table sets forth the components of our cost of sales by nature and each component as a percentage of our total cost of sales for the year ended December 31, 2014 and 2015, as well as the percentage of change from the year ended December 31, 2014 to the year ended December 31, 2015:

	Year ended December 31,				
	2014		2015		
	Amount	Percentage of total cost of sales	Amount	Percentage of total cost of sales	Change
	RMB'000	%	RMB'000	%	%
Cost of equipment and raw materials	3,106,067	57.1	4,540,952	62.8	46.2
Cost of construction and installation	1,804,329	33.2	1,823,204	25.2	1.0
Cost of design and technical service	178,707	3.3	218,191	3.0	22.1
Others	347,578	6.4	647,187	9.0	86.2
Total cost of sales	**5,436,681**	**100.0**	**7,229,534**	**100.0**	**33.0**

The increase in our total cost of sales from the year ended December 31, 2014 to the year ended December 31, 2015 was generally in line with the increase in our total revenue. For the effect of changes in cost of sales of each business segment/sub-segment, please refer to the discussion of gross profit margin for each business segment/sub-segment.

Gross Profit and Gross Profit Margin

Our total gross profit increased from RMB1,062.4 million for the year ended December 31, 2014 to RMB1,380.1 million for the year ended December 31, 2015. Our overall gross profit margin decreased slightly from 16.3% for the year ended December 31, 2014 to 16.0% for the year ended December 31, 2015, generally remain stable.

The following table sets forth a breakdown of our gross profit by segment/sub-segment and gross profit margin of each business segment/sub-segment for the year ended December 31, 2014 and 2015, as well as the percentage of change in gross profit from the year ended December 31, 2014 to the year ended December 31, 2015:

	Year ended December 31,				
	2014		2015		
	Gross profit(1)	Gross profit margin(2)	Gross profit(1)	Gross profit margin(2)	Change of gross profit
	RMB'000	%	RMB'000	%	%
Environmental Protection and Energy Conservation Solutions:					
Environmental protection facilities concession operation	425,081	31.3	693,367	36.8	63.1
Denitrification catalysts	381,289	53.7	252,925	50.0	(33.7)
Environmental protection facilities engineering					
Desulfurization facilities engineering	(26,792)	(3.1)	206,716	15.8	N/A
Denitrification facilities engineering	170,228	8.3	45,613	11.6	(73.2)
Dust removal facilities engineering	33,576	12.5	64,457	11.3	92.0
Ash and slag handling facilities engineering	8,058	13.9	9,544	12.3	18.4
Industrial site dust management	2,839	3.9	63,492	10.9	2,136.4
Sub-total of environmental protection facilities engineering	187,909	5.6	389,822	13.3	107.5
Water treatment business	(9,103)	(8.7)	(4,080)	(2.1)	N/A
Energy conservation business	17,218	13.9	13,534	16.9	(21.4)
Total gross profit of environmental protection and energy conservation solutions	**1,002,394**	**17.8**	**1,345,568**	**24.0**	**34.2**
Total gross profit of renewable energy engineering business	**26,721**	**5.3**	**17,665**	**0.7**	**(33.9)**
Total gross profit of thermal power plants engineering general contracting	**(2,301)**	**(0.6)**	**1,767**	**1.2**	**N/A**
Total gross profit of other businesses	**40,068**	**13.8**	**16,610**	**4.7**	**(58.5)**
Total gross profit and overall gross profit margin(3)	**1,062,446**	**16.3**	**1,380,054**	**16.0**	**29.9**

Notes:

(1) Calculated based on the revenue of each segment or sub-segment (before any intra- or inter-segment elimination) minus the cost of sales of such segment or sub-segment (before any intra- or inter-segment elimination).

(2) Calculated based on the gross profit of each segment or sub-segment calculated according to note (1) divided by the revenue of such segment or sub-segment (before any intra- or inter-segment elimination).

(3) Total gross profit equals total revenue (being the revenue reflected on our consolidated income statements) minus total cost of sales (being the cost of sales reflected on our consolidated income statements). Overall gross profit margin equals total gross profit divided by total revenue.

Environmental Protection and Energy Conservation Solutions Segment

Our gross profit from environmental protection facilities concession operation sub-segment increased by 63.1% from RMB425.1 million for the year ended December 31, 2014 to RMB693.4 million for the year ended December 31, 2015, and the gross profit margin increased from 31.3% for the year ended December 31, 2014 to 36.8% for the year ended December 31, 2015. The increase in gross profit margin was primarily due to the increase in the revenue from denitrification concession operations as a percentage of the total revenue of this sub-segment as we acquired more denitrification concession operation facilities in 2015. In general, our denitrification concession operations have higher gross profit margin than desulfurization concession operations.

Our gross profit from denitrification catalysts sub-segment decreased by 33.7% from RMB381.3 million for the year ended December 31, 2014 to RMB252.9 million for the year ended December 31, 2015, and the gross profit margin decreased from 53.7% for the year ended December 31, 2014 to 50.0% for the year ended December 31, 2015. The decrease in gross profit margin was mainly because we reduced the unit selling price of our denitrification catalysts products to maintain market share.

Our desulfurization facilities engineering sub-segment incurred a gross loss of RMB26.8 million for the year ended December 31, 2014, mainly because (i) we generally lowered project bidding prices to maintain current market share and gain additional market share due to market competition, and (ii) we adopted certain technologies for ultra-low emission in one of our existing projects as a pilot project in order to collect experience, thus increasing our construction and technical service costs for such project compared to the revenue priced based on an ordinary project. For the year ended December 31, 2015, primarily due to our cost control efforts and construction technology upgrade, our profitability improved. Our gross profit from desulfurization facilities engineering sub-segment for 2015 was RMB206.7 million, and the gross profit margin was 15.8%.

Our gross profit from denitrification facilities engineering sub-segment decreased by 73.2% from RMB170.2 million for the year ended December 31, 2014 to RMB45.6 million for the year ended December 31, 2015, while the gross profit margin increased from 8.3% to 11.6%. The increase in gross profit margin was mainly because we undertook more refurbishment projects, which had higher gross profit margin compared to newly-build projects. Generally speaking, as refurbishment projects usually involved more customized services, we would have stronger pricing power.

Our gross profit from dust removal facilities engineering sub-segment increased by 92.0% from RMB33.6 million for the year ended December 31, 2014 to RMB64.5 million for the year ended December 31, 2015, and the gross profit margin generally remained stable at 12.5% and 11.3% for the year ended December 31, 2014 and 2015, respectively.

Our gross profit from ash and slag handling facilities engineering sub-segment increased by 17.3% from RMB8.1 million for the year ended December 31, 2014 to RMB9.5 million for the year ended December 31, 2015, and the gross profit margin slightly decreased from 13.9% for the year ended December 31, 2014 to 12.3% for the year ended December 31, 2015, primarily due to the decrease in gross profit margin of our dry slag extractor projects due to market competition.

Our gross profit from industrial site dust management sub-segment increased significantly from RMB2.8 million for the year ended December 31, 2014 to RMB63.5 million for the year ended December 31, 2015, and the gross profit margin increased from 3.9% to 10.9%. The increase in gross profit margin was primarily attributable to the higher gross profit margin associated with coal stockyard enclosing projects, which contributed a majority of revenue in this sub-segment in 2015.

Our gross profit from water treatment business sub-segment had a gross loss of RMB9.1 million and RMB4.1 million for the year ended December 31, 2014 and 2015, respectively. Our gross losses in 2014 and 2015 were primarily due to the Datang Binzhou project, which we undertook in May 2014. After considering its potential impact on our profitability, we undertook this project mainly for the purpose of accumulating experience of such unique, large-scale and complex water treatment project. The gross loss ratio was reduced in 2015, primarily due to the profit contributed by other projects in this sub-segment, while the level of such profit was moderate due to market competition.

Our gross profit from energy conservation business sub-segment decreased by 21.5% from RMB17.2 million for the year ended December 31, 2014 to RMB13.5 million for the year ended December 31, 2015, while the gross profit margin increased from 13.9% for the year ended December 31, 2014 to 16.9% for the year ended December 31, 2015. The increase in gross profit margin was primarily due to our cost control measures on project implementation and equipment and raw materials procurement as well as the optimized project design benefited from our past experiences.

Renewable Energy Engineering Segment

Our gross profit from renewable energy engineering segment decreased from RMB26.7 million for the year ended December 31, 2014 to RMB17.7 million for the year ended December 31, 2015, and the gross profit margin decreased from 5.3% for the year ended December 31, 2014 to 0.7% for the year ended December 31, 2015. The decrease in gross profit margin was primarily due to the loss in connection with our biomass power generation project in Thailand, which was completed in the second quarter of 2015. We began the Thailand project in 2013 as our first overseas renewable energy engineering project and recorded gross profit on such project in 2013 and 2014. As a result of a number of uncontrollable local factors such as changes in political environments, natural disasters and increase in labor costs, the Thailand project was prolonged and incurred increased costs, resulting in a loss in 2015 when such project was close to completion while less revenue was recognized.

Thermal Power Plants Engineering General Contracting Segment

Our thermal power plants engineering general contracting segment had a gross loss of RMB2.3 million for the year ended December 31, 2014, and a gross profit of RMB1.8 million for the year ended December 31, 2015 with a gross profit margin of 1.2%. Our major project in this segment during the Track Record Period was Datang Hutubi Thermal Plant project. The gross loss in 2014 was mainly attributable to the fixed overheads, partially offset by the gross profit from equipment procurement which constituted the major part of our revenue in 2014. We achieved gross profit in 2015 mainly because we optimized construction design and project management and enhanced cost control as we gained more experience and local knowledge from our past experience.

Other Businesses Segment

Our gross profit from other businesses segment decreased by 58.5% from RMB40.1 million for the year ended December 31, 2014 to RMB16.6 million for the year ended December 31, 2015, and the gross profit margin decreased from 13.8% for the year ended December 31, 2014 to 4.7% for the year ended December 31, 2015. The decrease in gross profit margin was primarily due to the relatively lower gross profit margin associated with the transformation of coal yard control system business as part of our other businesses in 2015.

Selling and Distribution Expenses

Our selling and distribution expenses was RMB38.1 million for the year ended December 31, 2014 and RMB38.3 million for the year ended December 31, 2015, basically remaining stable, primarily due to (i) the increase in our sales service fees due to more marketing activities associated with our increased business volume, and (ii) the increase in labor costs due to the expansion of our sales team, partially offset by (i) the decrease in transportation fees due to our expense management efforts, and (ii) the decrease in after-sale service fees in line with the decrease in our revenue of denitrification catalysts.

Administrative Expenses

Our administrative expenses increased by 22.9% from RMB235.8 million for the year ended December 31, 2014 to RMB289.9 million for the year ended December 31, 2015, primarily due to (i) the increase in research and development expenses, mainly because a part of our research and development expenditures in 2014 were capitalized when the relevant research and development projects yielded technical or commercial feasibility, (ii) the professional service fees incurred in 2015 in connection with our Global Offering, (iii) the increase in assets impairment losses due to the increase in account receivables, and (iv) the increase in labor costs due to the increase in administrative personnel along with our business expansion, partially offset by (i) the decrease in administration expenses due to our enhanced cost control measures, and (ii) the decrease in taxes other than income tax expense due to the decrease in net value-added tax as a result of our acquisition of concession operation project assets which increased the amount of our input value-added tax.

Other Income and Gains

Our other income and gains increased significantly from RMB15.9 million for the year ended December 31, 2014 to RMB71.0 million for the year ended December 31, 2015. Our other income and gains for the year ended December 31, 2014 mainly consisted of interest income from bank deposits of RMB12.4 million. Our other income and gains for the year ended December 31, 2015 mainly consisted of (i) interest income from bank deposits of RMB27.4 million, (ii) investment income of RMB23.8 million, consisting of RMB18.2 million from our disposal of subsidiaries, namely Hangzhou Ruitang, Hebei Shengtang and Nanjing Automation, and RMB5.6 million gain from our entrusted loan to Hua Chuang, and (iii) government grants of RMB14.4 million mainly related to the RMB7.4 million tax refund received by our Nanjing subsidiary pursuant to the preferential tax policy promulgated by the administrative body of the development park such subsidiary locates at, the RMB3.1 million government subsidy received by our Nanjing subsidiary for its operation in the clean energy industry pursuant to certain policy promulgated by Nanjing authorities, and the RMB2.8 million government subsidy received by our Hebei subsidiary relating to its technology renovation.

Finance Costs

Our finance costs increased from RMB208.5 million for the year ended December 31, 2014 to RMB230.0 million for the year ended December 31, 2015, primarily due to the increase in our total bank borrowings, which was mainly used for acquisition of concession operation assets.

Profit Before Tax

Due to the foregoing factors, our profit before tax increased by 49.8% from RMB596.0 million for the year ended December 31, 2014 to RMB892.8 million for the year ended December 31, 2015.

Income Tax Expense

Our income tax expense increased by 40.8% from RMB101.2 million for the year ended December 31, 2014 to RMB142.5 million for the year ended December 31, 2015, primarily due to the increase in profit before tax. For the year ended December 31, 2014 and 2015, our effective income tax rate remained stable and was 17.0% and 16.0%, respectively.

Profit For the Period

Due to the foregoing factors, our profit for the period increased by 51.6% from RMB494.8 million for the year ended December 31, 2014 to RMB750.3 million for the year ended December 31, 2015.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenue

Our total revenue increased by 14.3% from RMB5,688.0 million for the year ended December 31, 2013 to RMB6,499.1 million for the year ended December 31, 2014. The following table sets forth a breakdown of our revenue by segment/sub-segment and each segment as a percentage of total revenue for the years ended December 31, 2013 and 2014, as well as the percentages of change from the year ended December 31, 2013 to the year ended December 31, 2014:

	Year ended December 31,				
	2013		2014		
	Revenue	Percentage of total revenue before elimination[(1)]	Revenue	Percentage of total revenue before elimination[(1)]	Change
	RMB'000	%	RMB'000	%	%
Environmental protection and energy conservation solutions:					
Environmental protection facilities concession operation	1,104,264	18.1	1,356,975	19.9	22.9
Denitrification catalysts	738,165	12.1	709,707	10.4	(3.9)
Environmental protection facilities engineering					
Desulfurization facilities engineering	243,085	4.0	874,529	12.8	259.8
Denitrification facilities engineering	2,563,666	41.9	2,052,803	30.1	(19.9)
Dust removal facilities engineering	33,914	0.6	267,905	3.9	690.0
Ash and slag handling facilities engineering	63,737	1.0	57,950	0.8	(9.1)
Industrial site dust management	100,606	1.6	73,122	1.1	(27.3)
Sub-total of environmental protection facilities engineering	3,005,008	49.2	3,326,309	48.7	10.7
Water treatment business	5,154	0.1	104,186	1.5	1,921.5
Energy conservation business	142	0.0	123,910	1.8	87,160.6

	Year ended December 31,				
	2013		2014		
	Revenue	Percentage of total revenue before elimination(1)	Revenue	Percentage of total revenue before elimination(1)	Change
	RMB'000	%	RMB'000	%	%
Total revenue of environmental protection and energy conservation solutions before elimination	4,852,733	79.4	5,621,087	82.3	15.8
Intra-segment elimination(2)	(278,206)		(286,678)		N/A
Total revenue of environmental protection and energy conservation solutions after intra-segment elimination	4,574,527		5,334,409		16.6
Inter-segment elimination(3)	(84,875)		(9,584)		N/A
External revenue of environmental protection and energy conservation solutions	**4,489,652**		**5,324,825**		**18.6**
Renewable Energy Engineering:					
Total revenue of renewable energy engineering business	562,040	9.2	501,654	7.3	(10.7)
Inter-segment elimination	–		–		N/A
External revenue of renewable energy engineering business	**562,040**		**501,654**		**(10.7)**
Thermal power plants engineering general contracting:					
Total revenue of thermal power plants engineering general contracting	580,248	9.5	417,417	6.1	(28.1)
Inter-segment elimination(4)	(34,680)		(22,398)		N/A
External revenue of thermal power plants engineering general contracting	**545,568**		**395,019**		**(27.6)**
Other businesses:					
Total revenue of other businesses	117,891	1.9	289,532	4.3	145.6
Inter-segment elimination(5)	(27,181)		(11,903)		N/A
External revenue of other businesses	**90,710**		**277,629**		**206.1**
Total revenue before elimination(6)	**6,112,912**	**100.0**	**6,829,690**	**100.0**	**11.7**
Total intra- and inter-segment elimination(7)	(424,942)		(330,563)		(22.2)
Total revenue	**5,687,970**		**6,499,127**		**14.3**

Notes:

(1) Represents the revenue of each business segment or sub-segment (before any intra- or inter-segment elimination) as a percentage of the total revenue before any intra- or inter-segment elimination.

(2) Intra-segment elimination of revenue from sub-segments under environmental protection and energy conservation solutions segment mainly arises from the intra-segment sales made by denitrification catalysts sub-segment to denitrification facilities engineering sub-segment.

(3) Inter-segment elimination of revenue from environmental protection and energy conservation solutions segment mainly arises from the inter-segment sales to other business segments made by the sub-segments within environmental protection and energy conservation solutions segment, including the inter-segment sales from denitrification facilities engineering sub-segment to thermal power plants engineering general contracting segment, the inter-segment sales from dust removal facilities engineering sub-segment to thermal power plants engineering general contracting segment and the inter-segment sales from water treatment business sub-segment to thermal power plants engineering general contracting segment.

(4) Inter-segment elimination of revenue from thermal power plants engineering general contracting segment mainly arises from the inter-segment sales between thermal power plants engineering general contracting segment and other businesses segment.

(5) Inter-segment elimination of revenue from other businesses segment mainly arises from the inter-segment sales between other businesses segment and environmental protection and energy conservation solutions segment and thermal power plants engineering general contracting segment, respectively.

(6) Represent the aggregate amount of the revenue of all segments/sub-segments before any intra- or inter-segment elimination.

(7) Represent the aggregate amount of all intra- and inter-segment elimination.

Environmental Protection and Energy Conservation Solutions Segment

Our revenue from environmental protection facilities concession operation sub-segment increased by 22.9% from RMB1,104.3 million for the year ended December 31, 2013 to RMB1,357.0 million for the year ended December 31, 2014, primarily due to the expansion of the business scale of concession operations as we acquired more desulfurization concession operation and denitrification concession operation projects in 2014.

Our revenue from denitrification catalysts sub-segment generally remained stable and was RMB738.2 million and RMB709.7 million for the year ended December 31, 2013 and 2014, respectively.

Our revenue from desulfurization facilities engineering sub-segment increased significantly from RMB243.1 million for the year ended December 31, 2013 to RMB874.5 million for the year ended December 31, 2014, primarily due to the growing market demand for the refurbishment and upgrade of desulfurization facilities. Such increase was mainly attributable to (i) more revenue relating to refurbishment projects of desulfurization facilities engineering was recognized in 2014 according to project schedules as we undertook a large amount of refurbishment projects after the promulgation of the *Emission Standard for Air Pollutants for Thermal Power Plants* revised in July 2011, the *Announcement on Special Emission Cap* and *the Action Plan*, which required boilers and gas turbines in China to meet more stringent flue gas desulfurization emission standard and boosted the need for refurbishing and upgrading part of the existing desulfurization facilities in China to increase capacity and improve efficiency, and (ii) the demands for replacement of desulfurization facilities during ordinary course of business operations.

Our revenue from denitrification facilities engineering sub-segment decreased by 19.9% from RMB2,563.7 million for the year ended December 31, 2013 to RMB2,052.8 million for the year ended December 31, 2014, primarily because (i) on one hand, we recognized a higher amount of revenue in 2013 according to project schedules as we undertook a large amount of projects upon promulgation of the *Emission Standard for Air Pollutants for Thermal Power Plants* revised in July 2011, the *Announcement on Special Emission Cap* and *the Action Plan*, which required boilers and gas turbines in China to meet more stringent flue gas denitrification emission standard, while the construction of these projects entered into peak period in 2013, and (ii) on the other hand, in 2014, some of the projects we previously undertook were close to completion and less revenue was recognized according to project schedules.

Our revenue from dust removal facilities engineering sub-segment increased significantly from RMB33.9 million for the year ended December 31, 2013 to RMB267.9 million for the year ended December 31, 2014, mainly because coal-fired power generation enterprises substantially increased their investments in dust removal facilities upon the promulgation of *the Action Plan* in September 2014, and as a result we undertook a significant greater number of new dust removal facilities engineering projects in 2014 as compared to 2013, which led to more revenue recognized in 2014.

Our revenue from ash and slag handling facilities engineering sub-segment decreased by 8.9% from RMB63.7 million for the year ended December 31, 2013 to RMB58.0 million for the year ended December 31, 2014, primarily due to more revenue recognized according to project schedules in 2013.

Our revenue from industrial site dust management sub-segment decreased by 27.3% from RMB100.6 million for the year ended December 31, 2013 to RMB73.1 million for the year ended December 31, 2014, mainly because in 2013, we recognized more revenue in connection with a major large-scale project.

Our revenue from water treatment business sub-segment increased significantly from RMB5.2 million for the year ended December 31, 2013 to RMB104.2 million for the year ended December 31, 2014, mainly because (i) on one hand, we undertook and executed less projects in 2013, and (ii) in 2014 we undertook and executed a number of major water treatment engineering projects and more revenue was recognized.

Our revenue from energy conservation business sub-segment increased significantly from RMB0.1 million for the year ended December 31, 2013 to RMB123.9 million for the year ended December 31, 2014, mainly because in 2013 the business volume was small as our energy conservation sub-segment just started, while in 2014 our business volume increased materially.

Renewable Energy Engineering Segment

Our revenue from renewable energy engineering segment decreased by 10.7% from RMB562.0 million for the year ended December 31, 2013 to RMB501.7 million for the year ended December 31, 2014, primarily because we did not undertake new projects in 2014 and less revenue from the projects we undertook in 2013 and before was recognized according to project schedules.

Thermal Power Plants Engineering General Contracting Segment

Our revenue from thermal power plants engineering general contracting segment decreased by 28.1% from RMB580.2 million for the year ended December 31, 2013 to RMB417.4 million for the year ended December 31, 2014, primarily due to the less revenue recognized from Datang Hutubi Thermal Plant project, our major project in this segment during the Track Record Period. We undertook this project in 2011. According to the project schedules, Datang Hutubi Thermal Power Plant project entered into major construction phase in 2012 and 2013 with higher amount of revenue recognized, and was mainly conducting equipment procurement and installation in 2014 and the first half of 2015 as the project was close to completion, with relatively lower amount of revenue recognized.

Other Businesses Segment

Our revenue from other businesses segment was RMB117.9 million for the year ended December 31, 2013, which was mainly generated from air cooling system engineering general contracting, fiberglass chimney anti-corrosion and intelligent environmental monitoring system businesses. Our revenue from other businesses was RMB289.5 million for the year ended December 31, 2014, which was mainly generated from air cooling system engineering general contracting and fiberglass chimney anti-corrosion businesses.

Cost of Sales

Our total cost of sales increased from RMB4,695.9 million for the year ended December 31, 2013 to RMB5,436.7 million for the year ended December 31, 2014. The following table sets forth the components of our cost of sales by nature and each component as a percentage of our total cost of sales for the year ended December 31, 2013 and 2014, as well as the percentage of change from the year ended December 31, 2013 to the year ended December 31, 2014:

	Year ended December 31,				
	2013		2014		
	Amount	Percentage of total cost of sales	Amount	Percentage of total cost of sales	Change
	RMB'000	%	RMB'000	%	%
Cost of equipment and raw materials	2,618,803	55.8	3,106,067	57.1	18.6
Costs of construction and installation	1,713,498	36.5	1,804,329	33.2	5.3
Cost of design and technical service	116,123	2.5	178,707	3.3	53.9
Others	247,442	5.2	347,578	6.4	40.5
Total cost of sales	**4,695,866**	**100.0**	**5,436,681**	**100.0**	**15.8**

The increase in our total cost of sales from the year ended December 31, 2013 to the year ended December 31, 2014 was primarily due to the increase in our total revenue. For the effect of changes in cost of sales of each business segment/sub-segment, please refer to the discussion of gross profit margin for each business segment/sub-segment.

Gross Profit and Gross Profit Margin

Our total gross profit increased by 7.1% from RMB992.1 million for the year ended December 31, 2013 to RMB1,062.4 million for the year ended December 31, 2014. Our overall gross profit margin decreased from 17.4% for the year ended December 31, 2013 to 16.3% for the year ended December 31, 2014.

The following table sets forth a breakdown of our gross profit by segment/sub-segment and gross profit margin of each business segment/sub-segment for the year ended December 31, 2013 and 2014, as well as the percentage of change in gross profit from the year ended December 31, 2013 to the year ended December 31, 2014:

	Year ended December 31,				
	2013		2014		
	Gross profit(1)	Gross profit margin (2)	Gross profit(1)	Gross profit margin(2)	Change of gross profit
	RMB'000	%	RMB'000	%	%
Environmental Protection and Energy Conservation Solutions:					
Environmental protection facilities concession operation	422,682	38.3	425,081	31.3	0.6
Denitrification catalysts	255,671	34.6	381,289	53.7	49.1
Environmental protection facilities engineering					
Desulfurization facilities engineering	(3,621)	(1.5)	(26,792)	(3.1)	N/A
Denitrification facilities engineering	305,520	11.9	170,228	8.3	(44.3)
Dust removal facilities engineering	6,022	17.8	33,576	12.5	457.6
Ash and slag handling facilities engineering	9,419	14.8	8,058	13.9	(14.4)
Industrial site dust management	5,558	5.5	2,839	3.9	(48.9)
Sub-total of environmental protection facilities engineering	322,898	10.7	187,909	5.6	(41.8)
Water treatment business	(13,964)	(270.9)	(9,103)	(8.7)	N/A
Energy conservation business	134	94.4	17,218	13.9	12,749.3

	Year ended December 31,				
	2013		2014		
	Gross profit(1)	Gross profit margin (2)	Gross profit(1)	Gross profit margin(2)	Change of gross profit
Total gross profit of environmental protection and energy conservation solutions	987,421	20.3	1,002,394	17.8	1.5
Total gross profit of renewable energy engineering business	18,582	3.3	26,721	5.3	43.8
Total gross profit of thermal power plants engineering general contracting	(27,854)	(4.8)	(2,301)	(0.6)	N/A
Total gross profit of other businesses	21,363	18.1	40,068	13.8	87.4
Total gross profit and overall gross profit margin(3)	992,104	17.4	1,062,446	16.3	7.1

Notes:

(1) Calculated based on the revenue of each segment or sub-segment (before any intra- or inter-segment elimination) minus the cost of sales of such segment or sub-segment (before any intra- or inter-segment elimination).

(2) Calculated based on the gross profit of each segment or sub-segment calculated according to note (1) divided by the revenue of such segment or sub-segment (before any intra- or inter-segment elimination).

(3) Total gross profit equals total revenue (being the revenue reflected on our consolidated income statements) minus total cost of sales (being the cost of sales reflected on our consolidated income statements). Overall gross profit margin equals total gross profit divided by total revenue.

Environmental Protection and Energy Conservation Solutions Segment

Our gross profit from environmental protection facilities concession operation sub-segment increased by 0.6% from RMB422.7 million for the year ended December 31, 2013 to RMB425.1 million for the year ended December 31, 2014 and the gross profit margin decreased from 38.3% for the year ended December 31, 2013 to 31.3% for the year ended December 31, 2014. Our gross profit margin decreased, primarily because (i) according to the *Announcement on Special Emission Cap*, coal-fired power generation enterprises of certain regions in China had to meet more stringent dust emission standard since July 1, 2014, and some of our concession operation projects ceased operations for the refurbishment and upgrade of the relevant environmental protection facilities according to such requirement, which reduced the overall power generation utilization of our concession operation projects in 2014, while fixed overheads still incurring, and (ii) the general industry wide decrease in the overall power generation utilization of coal-fired power generation enterprises.

Our gross profit from denitrification catalysts sub-segment increased by 49.1% from RMB255.7 million for the year ended December 31, 2013 to RMB381.3 million for the year ended December 31, 2014, and the gross profit margin increased from 34.6% for the year ended December 31, 2013 to 53.7% for the year ended December 31, 2014. Our gross profit margin increased, mainly because we enhanced the localization of raw materials procurement in 2014, which substantially reduced our cost of sales.

The gross loss from desulfurization facilities engineering sub-segment was RMB3.6 million and RMB26.8 million for the year ended December 31, 2013 and 2014, respectively. This sub-segment incurred gross loss during these two years mainly because (i) in general the desulfurization facilities engineering markets in China was particularly competitive in 2013 and 2014, and we lowered our project bidding prices to maintain current market share and gain additional market share, (ii) in 2013, one of our major projects in China was loss making due to the unfavorable and complicated construction environment, which increased our construction and installation costs, and (iii) in 2014, we adopted certain technologies for ultra-low emission in one of our existing projects as a pilot project in order to collect experience, thus increasing our construction and technology costs for such project as compared to the level of costs of other ordinary projects in the same period. We do not expect to incur gross loss in our desulfurization facilities engineering sub-segment in the foreseeable future considering our current market share and technology advantages, and we will prioritize our overall profitability when choosing future projects. We recorded gross profit margin of 15.8% for the year ended December 31, 2015.

Our gross profit from denitrification facilities engineering sub-segment decreased by 44.3% from RMB305.5 million for the year ended December 31, 2013 to RMB170.2 million for the year ended December 31, 2014, and the gross profit margin decreased from 11.9% for the year ended December 31, 2013 to 8.3% for the year ended December 31, 2014. The gross profit margin in 2013 was higher, primarily due to our stronger pricing capabilities in 2012 and early 2013 due to increasing market demand.

Our gross profit from dust removal facilities engineering sub-segment increased from RMB6.0 million for the year ended December 31, 2013 to RMB33.6 million for the year ended December 31, 2014, and the gross profit margin decreased from 17.8% for the year ended December 31, 2013 to 12.5% for the year ended December 31, 2014. The decrease in gross profit margin was mainly because we undertook some projects with relatively lower gross profit margins in order to capture the increasing market demands and gain more market shares.

Our gross profit from ash and slag handling facilities engineering sub-segment decreased by 13.8% from RMB9.4 million for the year ended December 31, 2013 to RMB8.1 million for the year ended December 31, 2014, and the gross profit margin decreased from 14.8% for the year ended December 31, 2013 to 13.9% for the year ended December 31, 2014. The decrease in gross profit margin was primarily due to the increase in equipment procurement costs as our suppliers had stronger pricing power due to the increasing market demand for ash and slag equipment.

Our gross profit from industrial site dust management sub-segment decreased by 50.0% from RMB5.6 million for the year ended December 31, 2013 to RMB2.8 million for the year ended December 31, 2014, and the gross profit margin decreased from 5.5% for the year ended December 31, 2013 to 3.9% for the year ended December 31, 2014. The decrease in gross profit margin was primarily due to the different gross profit margins associated with the major project we conducted in each year.

The gross loss from water treatment business sub-segment was RMB14.0 million and RMB9.1 million for the year ended December 31, 2013 and 2014, respectively. Our gross loss in 2013 was mainly because we did not have substantial revenue in 2013 due to the small business scale of such sub-segment in 2013, while we incurred fixed overheads such as labor costs, depreciation and amortization. Our gross loss in 2014 was primarily due to the Datang Binzhou project, which we undertook in May 2014. After considering its potential impact on our profitability, we undertook this project mainly for the purpose of accumulating experience of such unique, large-scale and complex water treatment project.

Our gross profit from energy conservation business sub-segment increased significantly from RMB0.1 million for the year ended December 31, 2013 to RMB17.2 million for the year ended December 31, 2014, and the gross profit margin decreased from 94.4% for the year ended December 31, 2013 to 13.9% for the year ended December 31, 2014. The gross profit margin in 2013 was particularly high, mainly because the revenue scale in 2013 was small while all revenues were generated from technical services with labor costs being the major cost of sales and therefore had relatively higher gross profit margin.

Renewable Energy Engineering Segment

Our gross profit from renewable energy engineering segment increased by 43.8% from RMB18.6 million for the year ended December 31, 2013 to RMB26.7 million for the year ended December 31, 2014, and the gross profit margin increased from 3.3% for the year ended December 31, 2013 to 5.3% for the year ended December 31, 2014. The increase in gross profit margin was primarily due to the higher revenue from the Thailand biomass project as a percentage of total revenue in 2014, as the Thailand biomass project generally had a higher gross profit margin than our domestic projects during the same period.

Thermal Power Plants Engineering General Contracting Segment

Gross loss from our thermal power plants engineering general contracting segment was RMB27.9 million and RMB2.3 million for the year ended December 31, 2013 and 2014, respectively. The gross losses of this segment were primarily related to the Datang Hutubi Thermal Plant project, our major project in this segment during the Track Record Period. In particular, the gross loss of Datang Hutubi Thermal Power Plant project in 2013 was mainly attributable to the construction works completed in 2013, which according to the project contract generally had low or negative profitability, while other fixed overheads such as rental costs, depreciation and amortization further caused our costs to overrun the revenue. We continued to incur slight gross loss of Datang Hutubi Thermal Power Plant project in 2014. The gross loss in 2014 was mainly attributable to the fixed overheads, partially offset by the gross profit from the equipment procurement, which constituted the major part of our revenue in 2014. According to the project contract, the construction and installation part of the Datang Hutubi Thermal Power Plant project generally had low or negative profitability, while the equipment procurement part of such project generally had relatively higher profitability. We undertook the Datang Hutubi Thermal Power Plant project in 2011 mainly for the purpose of gaining project execution experience with respect to large scale thermal power plants and with the understanding of the low or potential negative profitability of such project during certain construction period. We will consider the profitability and prudently undertake new projects in this business segment in future.

Other Businesses Segment

Our gross profit from other businesses segment increased by 87.4% from RMB21.4 million for the year ended December 31, 2013 to RMB40.1 million for the year ended December 31, 2014 and the gross profit margin decreased from 18.1% for the year ended December 31, 2013 to 13.8% for the year ended December 31, 2014. The decrease in gross profit margin was primarily because the intelligent environmental monitoring system business had a relatively higher gross profit margin in 2013 while there was no revenue from this business in 2014.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 30.9% from RMB29.1 million for the year ended December 31, 2013 to RMB38.1 million for the year ended December 31, 2014, primarily due to (i) the increase in after-sale service fees as we adjusted the percentage of estimated after-sale expense relating to our denitrification catalysts, and (ii) the increase in marketing fees relating to our bidding activities, partially offset by the decrease in sales service fees due to our cost control measures.

Administrative Expenses

Our administrative expenses increased by 21.0% from RMB194.9 million for the year ended December 31, 2013 to RMB235.8 million for the year ended December 31, 2014, primarily due to (i) the increase in labor costs due to the increase in the number of our employees, which was in line with the expansion of our Group, and (ii) the increase in provisions for asset impairment losses mainly attributable to the increase in provisions for impairment of trade receivables, which was in line with the increase in trade receivables, partially offset by the decrease in research and development expense since some of our research and development expenditures were capitalized when the relevant research and development projects yielded technical or commercial feasibility.

Other Income and Gains

Our other income and gains increased significantly from RMB4.0 million for the year ended December 31, 2013 to RMB15.9 million for the year ended December 31, 2014. Our other income and gains for the year ended December 31, 2013 primarily consisted of (i) interest income from bank deposits of RMB5.2 million, and (ii) government grants of RMB685,000, partially offset by net exchange loss of RMB1.9 million. Our other income and gains for the year ended December 31, 2014 primarily consisted of interest income of RMB12.4 million.

Finance Costs

Our finance costs increased by 16.2% from RMB179.5 million for the year ended December 31, 2013 to RMB208.5 million for the year ended December 31, 2014, primarily due to the increase in our loans used for acquisition.

Profit Before Tax

Due to the foregoing factors, our profit before tax increased by 0.6% from RMB592.7 million for the year ended December 31, 2013 to RMB596.0 million for the year ended December 31, 2014.

Income Tax Expense

Our income tax expense increased by 5.2% from RMB96.2 million for the year ended December 31, 2013 to RMB101.2 million for the year ended December 31, 2014, primarily due to the increase in profit before tax. For the year ended December 31, 2013 and 2014, our effective income tax rate basically remained stable and was 16.2% and 17.0%, respectively.

Profit For the Period

Due to the foregoing factors, our profit for the period decreased slightly from RMB496.4 million for the year ended December 31, 2013 to RMB494.8 million for the year ended December 31, 2014.

LIQUIDITY AND CAPITAL RESOURCES

We have historically met our liquidity requirements through cash flows from operations and bank borrowings. Our primary liquidity requirements are to fund working capital, capital expenditures, payments of asset acquisition consideration and payments of principal and interest due on our borrowings. Looking forward, we expect these requirements to continue to be our principal requirements of liquidity and we may use a portion of the proceeds from the Global Offering to finance some of our capital requirements. As of September 30, 2016, we had RMB14,220.0 million available bank facilities, of which RMB12,120.0 million was unutilized and unrestricted, and cash and cash equivalents of approximately RMB1,028.2 million.

Cash Flow

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

	Year ended December 31,			Six months ended June 30,	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net cash flows from/(used in) operating activities	742,978	944,421	1,266,530	305,040	(55,035)
Net cash flows used in investing activities	(678,336)	(869,264)	(2,804,435)	(737,098)	(422,841)
Net cash flows from/(used in) financing activities	178,934	289,227	1,907,341	1,564,463	(219,382)
Net increase/(decrease) in cash and cash equivalents	243,576	364,384	369,436	1,132,405	(697,258)
Effect of foreign exchange rate, net	(2,130)	13	2,470	30	1,568
Cash and cash equivalents at the beginning of the year/period	466,214	707,660	1,072,057	1,072,057	1,443,963
Cash and cash equivalents at the end of the year/period	**707,660**	**1,072,057**	**1,443,963**	**2,204,492**	**748,273**

Net cash flows froml(used in) operating activities

Net cash flows from/(used in) operating activities primarily consists of profit before tax (reflecting the sum of profits before tax from continuing operations and discontinued operation) adjusted for non-cash items (such as finance costs, depreciation of property, plant and equipment, amortization of intangible assets and impairment of property, plant and equipment) and the effects of changes in working capital, such as increase or decrease of inventories, trade and bills receivables, prepayments, deposits and other receivables, trade and bills payables and other payables and accruals.

Cash flows from operating activities can be significantly affected by factors such as the timing of collections of trade and bills receivables and other receivables from customers and payments of trade and other payables to suppliers during the ordinary course of business.

For the six months ended June 30, 2016, we recorded net cash flows used in operating activities of RMB55.0 million, primarily due to (i) an increase in trade and bills receivables of RMB911.3 million, mainly because we usually enhance our trade receivables collection when it is close to year-end, and the trade and bills receivable balance during the middle of a year is usually higher, and (ii) a decrease in trade and bills payables of RMB262.1 million primarily due to our payment to the suppliers, which was partially offset by (i) the cash from operating activities before movements in working capital of RMB801.8 million (reflecting the sum of profit before tax after adjustments of certain items), and (ii) a decrease in prepayments, deposits and other receivables of RMB239.1 million, mainly because we settled payments with some of our major suppliers. For the six months ended June 30, 2016, we paid income tax expenses of RMB80.1 million. The negative operating cash flows in the first half of 2016 was primarily due to our procurement of wind power equipment for our new wind power projects that were undertaken in 2016. As these projects were at early stage, we procured equipment to prepare for the construction and had not recognized substantial revenue or collected substantial payments due to project schedule and billing arrangement. On the other hand, due to the intensive construction of existing wind power projects in the second half 2015 pursuant to the requirement of our customers who were urged by certain government policy to complete the projects by the end of 2015, we collected large amount of payments in connection with such projects in the second half of 2015. This also affected the amount of cash inflow in the first half of 2016. With the anticipated increase in revenue from the new wind power projects and the revenue from other business segments/sub-segments and the collection of revenue in cash, we expect that we will generate positive operating cash flow for the year ended December 31, 2016.

For the six months ended June 30, 2015, we recorded net cash inflows from operating activities of RMB305.0 million, primarily as a result of the cash from operating activities before movements in working capital of RMB533.0 million (reflecting the sum of profit before tax after adjustments of certain items), and adjusted for: an increase in other payables and accruals of RMB299.1 million, primarily due to the increase in amount due to related parties as we acquired denitrification facilities from China Datang Group and an increase in advance from other customers in line with the increase in revenue, which was partially offset by (i) an increase in construction contracts of RMB173.1 million, (ii) a decrease in trade and bills payables of RMB152.1 million, and (iii) an increase in trade and bills receivables of RMB129.4 million. For the six months ended June 30, 2015, we paid income tax expenses of RMB59.4 million.

For the year ended December 31, 2015, we recorded net cash inflows from operating activities of RMB1,266.5 million, primarily as a result of the cash from operating activities before movements in working capital of RMB1,428.6 million (reflecting the sum of the profit before tax after adjustments of certain items), and adjusted for: (i) an increase in trade and bills payables of RMB686.0 million, primarily due to the expansion of our business, and (ii) an increase in other payables and accruals of RMB170.1 million mainly due to the increase in deductible incoming value-added tax in line with the increase in business volume, partially offset by: (i) an increase in trade and bills receivables of RMB850.3 million, primarily due to the increase in our revenue, and (ii) an increase in construction contracts of RMB152.2 million. For the year ended December 31, 2015, we paid income tax expenses of RMB131.8 million.

For the year ended December 31, 2014, we recorded net cash inflows from operating activities of RMB944.4 million, primarily as a result of the cash from operating activities before movements in working capital of RMB1,209.6 million (reflecting the sum of profit before tax from continuing operations and discontinued operation after adjustments of certain items), and adjusted for: (i) an increase in trade and bills payables of RMB1,465.5 million, primarily due to the increase in trade and bills payables from our continuing operations in line with the expansion of our business scale (which was partially offset by Hua Chuang's decrease in this item in 2014), (ii) a decrease in prepayments, deposits and other receivables of RMB513.5 million, primarily due to Hua Chuang's decrease in this item in 2014 and the decrease in equipment procurement for some of our engineering projects from continuing operations, and (iii) a decrease in construction contracts of RMB221.2 million, which was partially offset by: (i) an increase in trade and bills receivables of RMB1,668.7 million, primarily due to the increase in this item from continuing operations in line with the increase in revenue and to a lesser extent, Hua Chuang's increase in this item in 2014, (ii) an increase in inventories of RMB330.6 million, primarily due to Hua Chuang's increase in this item in 2014 and to a lesser extent, the increase in raw materials and finished goods of denitrification catalysts from continuing operations, and (iii) a decrease in other payables and accruals of RMB261.3 million, primarily due to the decrease in advance from contract customers from continuing operations (which was partially offset by Hua Chuang's increase in this item in 2014). For the year ended December 31, 2014, we paid income tax expenses of RMB102.8 million.

For the year ended December 31, 2013, we recorded net cash inflows from operating activities of RMB743.0 million, primarily as a result of the cash from operating activities before movements in working capital of RMB664.1 million (reflecting the sum of the profit before tax from continuing operations and discontinued operation after adjustments of certain items), and adjusted for: an increase in other payables and accruals of RMB1,166.4 million, primarily due to the increase in advance from contract customers from continuing operations, partially offset by: (i) an increase in prepayments, deposits and other receivables of RMB687.0 million, primarily due to the increase in our equipment procurement for some of our engineering projects from continuing operations at the end of 2013, and (ii) an increase in construction contracts from continuing operations of RMB319.0 million. For the year ended December 31, 2013, we paid income tax expenses of RMB108.9 million.

Net cash flows used in investing activities

Our cash outflow used in investing activities primarily consists of payments for purchase of property, plant and equipment and leasehold land. Our cash inflow from investing activities primarily consists of cash from disposal of subsidiaries.

For the six months ended June 30, 2016, we recorded net cash flows used in investing activities of RMB422.8 million, primarily due to the purchase of property, plant and equipment of RMB427.2 million mainly relating to the infrastructure of concession operation facilities that we constructed.

For the six months ended June 30, 2015, we recorded net cash flows used in investing activities of RMB737.1 million, primarily due to the purchase of property, plant and equipment of RMB755.1 million mainly relating to our acquisition of desulfurization concession operation projects and the infrastructure of concession operation facilities that we constructed.

For the year ended December 31, 2015, we recorded net cash flows used in investing activities of RMB2,804.4 million, primarily due to the purchase of property, plant and equipment of RMB3,165.6 million mainly relating to our acquisition of environmental protection facility concession operation projects.

For the year ended December 31, 2014, we recorded net cash flows used in investing activities of RMB869.3 million, primarily due to: (i) the purchase of property, plant and equipment of RMB733.7 million mainly relating to the construction of desulfurization and denitrification concession operation facilities, and (ii) the transfer-out of RMB150.0 million cash and cash equivalents of Hua Chuang and Datang Information Technology, two of our subsidiaries, upon our disposal of these entities to China Datang at nil consideration.

For the year ended December 31, 2013, we recorded net cash flows used in investing activities of RMB678.3 million, primarily due to purchase of property, plant and equipment of RMB658.5 million, primarily due to the construction of our new manufacturing base and our acquisition of environmental protection facility concession operation projects.

Net cash flows froml(used in) financing activities

Our cash inflow from financing activities primarily consists of bank borrowings and proceeds from capital contribution from Shareholders. Our cash outflow used in financing activities primarily consists of cash used for repayment of bank borrowings and cash used for payment of dividends to the Shareholders and cash used for payment of interest.

For the six months ended June 30, 2016, we recorded net cash flows used in financing activities of RMB219.4 million, primarily due to (i) the repayment of bank borrowings of RMB636.7 million, (ii) the dividends paid of RMB103.7 million, and (iii) the interest paid of RMB100.3 million relating to our bank borrowings, partially offset by an increase in bank borrowings of RMB621.3 million.

For the six months ended June 30, 2015, we recorded net cash flows from financing activities of RMB1,564.5 million, primarily due to (i) an increase of bank borrowings of RMB1,337.2 million, and (ii) capital contribution of RMB1,203.5 million mainly from Shareholders of the Company, partially offset by the repayment of bank borrowings of RMB854.1 million.

For the year ended December 31, 2015, we recorded net cash flows from financing activities of RMB1,907.3 million, primarily due to (i) an increase in bank borrowings of RMB3,231.8 million, and (ii) capital contribution of RMB1,224.5 million mainly from Shareholders of the Company, partially offset by the repayment of bank borrowings of RMB2,302.5 million.

For the year ended December 31, 2014, we recorded net cash flows from financing activities of RMB289.2 million, primarily due to an increase in bank borrowings of RMB1,816.9 million, partially offset by the repayment of bank borrowings of RMB1,255.9 million.

For the year ended December 31, 2013, we recorded net cash flows from financing activities of RMB178.9 million, primarily due to an increase in bank borrowings of RMB4,063.0 million, partially offset by the repayment of bank borrowings of RMB3,484.1 million.

Capital Expenditures

In the past, we incurred capital expenditures primarily for procurement of the equipment used in our operations, acquisition of environmental protection facility concession operation projects, construction and expansion of manufacturing and refurbishment facilities, acquisition of intangible assets and acquisition of land use rights. Our capital expenditures on cash basis were RMB698.9 million, RMB733.7 million and RMB3,165.6 million for the years ended December 31, 2013, 2014 and 2015, respectively. Our capital expenditures on cash basis were RMB755.1 million and RMB427.2 million for the six months ended June 30, 2015 and 2016, respectively.

The following table sets forth the components of our capital expenditures for the periods indicated on cash basis:

	Year ended December 31,			Six months ended June 30,	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Purchase of property, plant and equipment and intangible assets	658,515	733,682	3,165,645	755,139	427,242
Purchase of leasehold land	40,357	–	–	–	–
Total	**698,872**	**733,682**	**3,165,645**	**755,139**	**427,242**

As of June 30, 2016, we had contracted but not provided for capital commitments of RMB325.5 million, which will be mainly used to purchase energy conservation equipment. Our capital expenditures for the rest of 2016 are expected to be approximately RMB4,600 million, and our capital expenditures for the year ending December 31, 2017 are expected to be approximately RMB7,400 million. Such expenditures will be mainly used for construction of desulfurization and denitrification facilities, water treatment operation projects and energy management contracting projects. These capital expenditures will be financed by cash flows generated from operating activities, proceeds from the Global Offering and/or bank borrowings.

Although these are our current plans with respect to our capital expenditures, such plans may change as a result of a change of circumstances and the actual amount of expenditures may vary from the estimated amount of expenditures set out above for a variety of reasons, including changes in market conditions, competition and other factors. As we continue to expand, we may incur additional capital expenditures. Our ability to obtain additional funding for our future capital expenditures is subject to a variety of uncertainties, including our future operating results, financial condition, cash flow and economic, political and other conditions in the PRC and Hong Kong.

Working Capital

During the Track Record Period, we have met our working capital needs mainly from our cash and cash equivalents on hand, cash generated from operations, bank borrowings and capital contributions from Shareholders. We closely monitor and manage, among other things, the level of our accounts payables and receivables and our ability to obtain external financing, manage cash flow and working capital. We also diligently review future cash flow requirements and assess our ability to meet debt repayment schedules, and if necessary, adjust the investment, financing and dividend payout plans so as to ensure we maintain sufficient working capital to support the business operation and expansion plans.

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, cash generated from operations, unutilized bank facilities and additional bank and debt financings we may obtain, as well as the estimated net proceeds from the Global Offering, after diligent and careful investigation, our Directors are of the opinion, and the Sole Sponsor concurs, that we have sufficient working capital required for our operations at present and for at least the next 12 months from the date of this prospectus.

The following table sets forth our current assets and current liabilities as of the dates indicated:

	December 31,			June 30,	September 30,
	2013	2014	2015	2016	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CURRENT ASSETS					
Inventories	420,933	199,700	154,148	185,846	196,199
Construction contracts	319,009	97,793	250,028	231,909	155,801
Trade and bills receivables	4,629,600	4,353,685	4,977,538	5,902,016	5,786,375
Prepayments, deposits and other receivables	2,064,981	1,284,289	1,034,542	762,954	954,096
Restricted cash	624	11,591	32,945	15,664	21,235
Cash and cash equivalents	707,660	1,072,057	1,443,963	748,273	1,028,179
Total current assets	**8,142,807**	**7,019,115**	**7,893,164**	**7,846,662**	**8,141,885**
CURRENT LIABILITIES					
Trade and bills payables	4,669,119	3,804,104	5,101,859	4,839,743	4,912,028
Other payables and accruals	1,873,016	1,372,370	806,097	699,223	703,102
Interest-bearing bank borrowings and other loans	1,471,813	1,167,050	1,014,502	966,638	1,050,637
Income tax payable	19,147	21,965	39,578	35,287	34,428
Total current liabilities	**8,033,095**	**6,365,489**	**6,962,036**	**6,540,891**	**6,700,195**
NET CURRENT ASSETS	**109,712**	**653,626**	**931,128**	**1,305,771**	**1,441,690**

As of December 31, 2013, 2014 and 2015, June 30, 2016 and September 30, 2016, our net current assets amounted to RMB109.7 million, RMB653.6 million, RMB931.1 million, RMB1,305.8 million and RMB1,441.7 million, respectively.

Our net current assets increased by 10.4% from RMB1,305.8 million as of June 30, 2016 to RMB1,441.7 million as of September 30, 2016, primarily due to (i) an increase in cash and cash equivalents of RMB279.9 million, mainly due to our collection of some trade receivables in line with our enhanced collection methods, (ii) an increase in prepayments, deposits and other receivables of RMB191.1 million, mainly due to the increase in equipment procurement for certain engineering projects in the second half of 2016, which was partially offset by (i) a decrease in trade and bills receivables of RMB115.6 million, mainly because we enhanced our trade receivables collection, (ii) an increase in short-term interest-bearing bank borrowing and other loans of RMB84.0 million, mainly due to the increase in our borrowings for certain acquisition and infrastructure construction projects, (iii) a decrease in construction contracts of RMB76.1 million, and (iv) an increase in trade and bills payables of RMB72.3 million, mainly due to the increased procurement of raw materials and equipment relating to our projects.

Our net current assets increased by 40.2% from RMB931.1 million as of December 31, 2015 to RMB1,305.8 million as of June 30, 2016, primarily due to (i) an increase in trade and bills receivables of RMB924.5 million, mainly because we usually enhance our trade receivables collection when it is close to year-end, and as a result, the trade and bills receivable balance during the middle of a year is usually higher than year-end, (ii) a decrease in trade and bills payables of RMB262.1 million, primarily due to our payment to the suppliers, and (iii) a decrease in other payables and accruals of RMB106.9 million mainly due to the decrease in amount due to related parties as we settled certain payments with related parties, which was partially offset by (i) a decrease in cash and cash equivalents of RMB695.7 million mainly because we used cash to purchase fixed assets and repay bank borrowings and (ii) a decrease in prepayments, deposits and other receivables of RMB271.6 million, mainly because we settled payments with some of our major suppliers.

Our net current assets increased by 42.5% from RMB653.6 million as of December 31, 2014 to RMB931.1 million as of December 31, 2015, primarily due to (i) an increase in trade and bills receivables of RMB623.9 million, primarily due to the increase in our revenue, (ii) a decrease in other payables and accruals of RMB566.3 million, primarily due to a decrease in amount due to contract customers and a decrease in taxes other than income tax payables, and (iii) an increase in cash and cash equivalents of RMB371.9 million due to the proceeds from our disposal of certain fixed assets, partially offset by an increase in trade and bills payables of RMB1,297.8 million, primarily due to the expansion of our business.

Our net current assets increased significantly from RMB109.7 million as of December 31, 2013 to RMB653.6 million as of December 31, 2014, primarily due to (i) a decrease in trade and bills payables of RMB865.0 million, primarily due to the deconsolidation of Hua Chuang, partially offset by the increase in trade and bills payables from continuing operations in line with the expansion of business scale of our continuing operations, (ii) a decrease in other payables and accruals of RMB500.6 million, primarily due to the decrease in advance from contract customers from continuing operations (partially offset by the increase in amount due to related parties from continuing operations due to the increase in bidding deposits paid by related suppliers), (iii) an increase in cash and cash equivalent of RMB364.4 million, primarily due to our efforts to collect receivables under our continuing operations, and (iv) a decrease in interest-bearing bank borrowings of RMB304.8 million, primarily due to the deconsolidation of Hua Chuang, which was partially offset by (i) a decrease in prepayments, deposits and other receivables of RMB780.7 million, primarily due to the deconsolidation of Hua Chuang and the decrease in equipment procurement under some of our engineering projects from continuing operations, and (ii) a decrease in trade and bills receivables of RMB275.9 million, primarily due to the deconsolidation of Hua Chuang (partially offset by the increase in this item from continuing operations in line with the expansion of business scale).

Selected Items of Statements of Financial Position and Cash Flows of Hua Chuang

As our disposal of Hua Chuang was completed on December 30, 2014, our consolidated statement of financial position as of December 31, 2013 included the consolidated statement of financial position of Hua Chuang as of the same date, while our consolidated statement of financial position as of and after December 31, 2014 did not include the statement of financial position of Hua Chuang as of the same date. The following table sets forth certain selected items of consolidated assets and liabilities of Hua Chuang as of December 31, 2013 which were included in our consolidated statement of financial position as of the same date and such items of Hua Chuang as of December 30, 2014 (being the date immediately before the disposal of Hua Chuang):

	December 31, 2013	December 30, 2014
	RMB'000	RMB'000
Total non-current assets	**998,765**	**939,317**
Selected items of current assets:		
Inventories	333,181	551,842
Trade and bills receivables.	1,705,966	2,037,167
Prepayments, deposits and other receivables	660,641	329,471
Total current assets	**2,795,292**	**3,142,061**
Total assets	**3,794,057**	**4,081,378**
Selected items of current liabilities:		
Trade and bills payables	2,488,196	2,271,196
Other payables and accruals	40,520	215,667
Short-term interest-bearing bank borrowings	560,000	879,997
Total current liabilities	**3,090,129**	**3,857,260**
Long-term interest-bearing bank borrowings	530,290	–
Total non-current liabilities	**625,780**	**101,320**
Total liabilities	**3,715,909**	**3,958,580**
Net assets	**78,148**	**122,798**

The following table sets forth the consolidated cash flow data of Hua Chuang for the years ended December 31, 2013 and 2014:

	Year ended December 31,	
	2013	2014
	RMB'000	RMB'000
Net cash flows used in operating activities..	(195,148)	(148,784)
Net cash flows used in investing activities.	(8,039)	(34,061)
Net cash flows from financing activities.	280,214	219,918

Inventories

As of December 31, 2013, 2014 and 2015 and June 30, 2016, our inventories amounted to RMB420.9 million, RMB199.7 million, RMB154.1 million and RMB185.8 million, respectively. The following table sets forth the components of our inventories as of the dates indicated:

	December 31,			June 30,
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	265,236	50,075	38,536	33,812
Work-in-progress	18,744	26,284	17,931	4,374
Finished goods	118,120	94,146	69,408	95,362
Packing materials and low-valued consumables	18,833	29,195	28,273	52,298
Total	**420,933**	**199,700**	**154,148**	**185,846**

Our inventories from continued operation mainly relate to our desulfurization and denitrification facilities concession operation sub-segment and denitrification catalysts sub-segment. Our raw materials mainly include limestone or pulverized lime and steel ball used in desulfurization concession operations, liquefied ammonia/urea used in denitrification concession operations, and TiO_2 and steel belt used in denitrification catalysts business. Finished goods mainly include different types of environmental protection and energy conservation products such as denitrification catalysts. Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work-in-progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. Write-down of inventories will be made when the carrying value of inventories declines below their estimated net realizable value. Due to changes in market conditions, actual sales and practical usage of goods may be different from our estimates, which might affect our profit and loss.

Our management constantly monitor the balance of our inventories to maintain it at a reasonable level and adjust the purchase and stock of inventories according to our manufacturing plans and market demands. Our inventories decreased by 52.6% from RMB420.9 million as of December 31, 2013 to RMB199.7 million as of December 31, 2014, mainly due to the deconsolidation of Hua Chuang since December 31, 2014, which was partially offset by the increase in raw materials and finished goods of our denitrification catalysts business caused by the delayed delivery of denitrification catalysts products requested by certain customers at the end of 2014. Our inventories decreased by 22.8% from RMB199.7 million as of December 31, 2014 to RMB154.1 million as of December 31, 2015, primarily due to the decrease in the finished goods and raw materials of our denitrification catalysts business as we managed these inventories according to the expected change in market demand. Our inventories increased by 20.6% from RMB154.1 million as of December 31, 2015 to RMB185.8 million as of June 30, 2016, primarily due to (i) an increase in finished goods of RMB26.0 million in line with our business expansion, and (ii) an increase in packing materials and low-valued consumables of RMB24.0 million as a result of our acquisitions of concession operation projects, which was partially offset by a decrease in work-in-progress of RMB13.6 million, primarily due to the production of such work-in-progress into finished goods. As of September 30, 2016, approximately RMB88.8 million (or 47.8%) of our inventories of RMB185.8 million which were outstanding as of June 30, 2016 had been consumed or sold.

The following table sets forth our inventory turnover days for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2013	2014	2015	2016
Inventory turnover days(1)	38	21	9	13
Adjusted inventory turnover days(2)	23	42	45	37

Notes:

(1) Inventory turnover days for the years ended December 31, 2013, 2014 and 2015 equal the average inventories for the relevant period divided by the cost of sales from continuing operations for the same period multiplied by 365 days. Average inventories equal the inventories at the beginning of the period plus the inventories at the end of the same period divided by two (inventories as of December 31, 2013 included inventories of Hua Chuang as of the same date). Inventory turnover days for the six months ended June 30, 2016 equal the average inventories for the relevant period divided by the cost of sales for the same period multiplied by 180 days.

(2) Adjusted inventory turnover days for the years ended December 31, 2013, 2014 and 2015 equal the adjusted average inventories for the relevant period divided by the total cost of sales from environmental protection facilities concession operation sub-segment and denitrification catalysts sub-segment (before elimination among business segments and/or sub-segments) for the same period multiplied by 365 days. Adjusted average inventories equal the inventories at the beginning of the period plus the inventories at the end of the same period divided by two (inventories as of December 31, 2013 did not include inventories of Hua Chuang as of the same date). Adjusted inventory turnover days for the six months ended June 30, 2016 equal the average inventories for the relevant period divided by the total cost of sales from environmental protection facilities concession operation sub-segment and denitrification catalysts sub-segment (before elimination among business segments and/or sub-segments) for the same period multiplied by 180 days.

Our adjusted inventory turnover days have basically reflected the inventory turnover rates of our environmental protection facilities concession operation sub-segment and denitrification catalysts sub-segment, which are our two main business sub-segments with inventories. Our adjusted inventory turnover days increased from 23 days for the year ended December 31, 2013 to 42 days for the year ended December 31, 2014, mainly due to the increase in raw materials and finished goods of our denitrification catalysts business caused by the delayed delivery of denitrification catalysts products requested by certain customers at the end of 2014, which led to lower inventories turnover rates. Our adjusted inventory turnover days remained generally stable at 45 days for the year ended December 31, 2015, reflecting the industry-wide decrease in the market demand of denitrification catalysts products in 2015. Our adjusted inventory turnover days decreased to 37 days for the six months ended June 30, 2016, primarily due to our delivery of denitrification catalysts in the first half of 2016 according to our customers' requirements.

Construction Contracts

As of December 31, 2013, 2014 and 2015 and June 30, 2016, our construction contracts amounted to RMB319.0 million, RMB97.8 million, RMB250.0 million and RMB231.9 million, respectively. Our project contracts generally contain a payment schedule setting out details of various project milestones, pursuant to which we receive payments from our customers. Such fees billed pursuant to the payment schedules are not necessarily calculated based on the percentage of completion of the project. Therefore, the revenue we recognize is different from the fees we have billed. Any unbilled balances are categorized as construction contracts under current assets.

We do not recognize revenue unless upon completion of a project the amounts can be estimated reliably. Furthermore, amounts for progress billings for work in progress under our project contracts are determined on a case-by-case basis. After the cost of our contract work and related amounts payable or payments are incurred and recorded, the corresponding revenues will be recognized using the percentage of completion method and the balance of construction contracts will increase by the same amount. Furthermore, after we have billed our customers according to the agreed payment schedule, trade receivables will increase and the balance of construction contracts will decrease by the same amount.

Trade and Bills Receivables

Our trade and bills receivables mainly represent the payments due from customers under projects or product sales and the retention held by customers under project contracts. As of December 31, 2013, 2014 and 2015 and June 30, 2016, our trade and bills receivables were RMB4,629.6 million, RMB4,353.7 million, RMB4,977.5 million and RMB5,902.0 million, respectively. The following table sets forth the components of our trade and bills receivables as of the dates indicated:

	December 31,			June 30,
	2013	**2014**	**2015**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade receivables	4,364,241	4,273,251	4,776,954	5,534,222
Less: provision for impairment	(28,028)	(51,091)	(83,719)	(70,589)
	4,336,213	4,222,160	4,693,235	5,463,633
Bills receivable	293,387	131,525	284,303	438,383
Total	**4,629,600**	**4,353,685**	**4,977,538**	**5,902,016**

Our trade and bills receivables decreased by 6.0% from RMB4,629.6 million as of December 31, 2013 to RMB4,353.7 million as of December 31, 2014, mainly due to the deconsolidation of Hua Chuang since December 31, 2014, which was partially offset by (i) the increase in trade and bills receivables from our continuing operations primarily due to the increase in revenue from continuing operations, and (ii) the increase in trade and bills receivables from denitrification catalysts business mainly because some of our customers had not made payments for their purchase orders for which products had been delivered at the end of 2014 due to the liquidity shortage of such customers as a result of the slow-down of the denitrification facilities engineering markets (the major market that our denitrification catalysts customers operate in). Our Directors are of the view that the liquidity of such denitrification catalyst customers will be improved in a long run, driven by the ultra-low emission requirement promulgated by the NDRC in September 2014, followed by detailed provincial requirements beginning from 2015, and other regular refurbishment requirements, which are expected to boost the market demand for denitrification facilities engineering projects and denitrification catalysts. See "Industry Overview — Environmental Protection Facilities Engineering for Coal-fired Power Plants — Market Demand and Competition — Ultra-low Emission Engineering for Coal-fired Power Plants." We have made provisions for impairment on such trade receivables at group level according to our impairment provision policy, which we believe is sufficient to reflect our relevant credit risk exposures. Our Directors believe that no provisions for impairment on such trade receivables at individual level is necessary considering (i) the expected improvement of our denitrification catalyst customers' liquidity position for the reason described above, and (ii) the good payment history of such customers and the relatively low possibility of such customers becoming insolvent and unable to pay their trade receivables as they are mainly environmental protection engineering enterprises owned by or related to large power industry conglomerates. Our trade and bills receivables increased by 14.3% from RMB4,353.7 million as of December 31, 2014 to RMB4,977.5 million as of December 31, 2015, primarily due to the increase in our revenue during the same period. Our trade and bills receivables increased by 18.6% from RMB4,977.5 million as of December 31, 2015 to RMB5,902.0 million as of June 30, 2016, mainly because we usually enhance our trade receivables collection when it is close to year-end, and as a result, the trade and bills receivable balance during the middle of a year is usually higher than year-end. As of September 30, 2016, RMB1,585.0 million (or 28.6%) of our trade receivables (before provision for impairment) of RMB5,534.2 million which were outstanding as of June 30, 2016 had been settled.

The following table sets forth an ageing analysis of our trade and bills receivables, based on the invoice date and net of provisions for impairment, as of the dates indicated:

	December 31,			June 30
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	2,846,777	3,379,201	3,415,829	4,492,902
Between 1 and 2 years	608,577	465,801	1,307,533	1,031,884
Between 2 and 3 years	573,345	243,609	172,884	373,667
Over 3 years	628,929	316,165	165,011	74,152
	4,657,628	4,404,776	5,061,257	5,972,605
Less: provision for impairment	(28,028)	(51,091)	(83,719)	(70,589)
Total	**4,629,600**	**4,353,685**	**4,977,538**	**5,902,016**

During the track record period, the majority of our trade and bills receivables were collected within one year. As of December 31, 2013, 2014 and 2015 and June 30, 2016, trade and bills receivables within one year accounted for 61.1%, 76.7%, 67.5% and 75.2% of our total trade and bills receivables (before provision for impairment), respectively, and trade and bills receivables between one and two years accounted for 13.1%, 10.6%, 25.8% and 17.3% of our total trade and bills receivables (before provision for impairment), respectively. The increase in trade and bills receivables between one and two years as a percentage of our total trade and bills receivables from December 31, 2014 to December 31, 2015 was primarily due to the increase in our engineering business since the second half of 2014, which resulted in an increase in the retentions (as part of our trade receivables) associated with the engineering projects. The amount of retentions primarily reflects the retention monies held by our customers under project contracts. Under such contracts, upon acceptance of projects, our customers are usually entitled to withhold an amount representing 10% of the contract value as retention during the warranty period. Warranty periods under our engineering project contracts are generally one year, and we may provide longer warranty period for certain engineering projects on a case by case basis. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the amount of retention held by our customers under project contracts included in trade receivables were RMB518.4 million, RMB823.5 million, RMB1,134.0 million and RMB1,038.1 million, respectively.

We will continue to monitor the age of our trade receivables and enhance our management of trade receivables to reduce the risk of impairment. In addition, our senior management regularly review the recoverability of overdue trade receivables, and provide for impairment on trade receivables after considering the nature and recoverability of each trade receivable to ensure our assets quality. Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless we are satisfied that the possibility of recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly. As of December 31, 2013, 2014 and 2015 and June 30, 2016, we had provisions for impairment of trade receivables of RMB28.0 million, RMB51.1 million, RMB83.7 million and RMB70.6 million, respectively. The general increase in provisions for impairment of trade receivables during the Track Record Period was mainly attributable to our revenue from unrelated parties. Our Directors consider that the provisions for impairment of our trade receivables as at the end of each year/period during the Track Record Period were sufficient because (i) we regularly reviewed the recoverability of our trade receivables and assessed the necessity of making provisions on such trade receivables on both individual and group levels to ensure that our provisions were adequate to reflect our credit exposures, and (ii) a large majority of our customers during the Track Record Period were coal-fired power generation enterprises owned by or related to large power industry conglomerates and their subsidiaries, which generally had stable cash inflows and good payment history with us and the risks of such customers becoming insolvent and unable to pay their trade receivables were considered to be relatively low. During the Track Record Period, there was no instance where we had to write-off any trade receivables caused by their uncollectibility.

The following table sets forth the turnover days of our trade and bills receivables for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2013	2014	2015	2016
Trade and bills receivables turnover days[(1)]	292	252	198	312
Adjusted trade and bills receivables (including retentions) turnover days[(2)]	180	204	198	312
Adjusted trade and bills receivables (excluding retentions) turnover days[(3)]	149	167	156	249

Notes:

(1) Trade and bills receivables turnover days for the years ended December 31, 2013, 2014 and 2015 equal the average trade and bills receivables for the relevant period divided by the revenue from continuing operations for the same period multiplied by 365 days. Trade and bills receivables turnover days for the six months ended June 30, 2016 equal the average trade and bills receivables for the relevant period divided by the revenue for the same period multiplied by 180 days. Average trade and bills receivables equal the trade and bills receivables at the beginning of the period plus the trade and bills receivables at the end of the same period divided by two (trade and bills receivables as of December 31, 2013 included trade and bills receivables of Hua Chuang as of the same date).

(2) Adjusted trade and bills receivables (including retentions) turnover days for the years ended December 31, 2013, 2014 and 2015 equal the adjusted average trade and bills receivables (including retentions) for the relevant period divided by the revenue from continuing operations for the same period multiplied by 365 days. Adjusted average trade and bills receivables (including retentions) equal the trade and bills receivables (including retentions) at the beginning of the period plus the trade and bills receivables (including retentions) at the end of the same period divided by two (trade and bills receivables (including retentions) as of December 31, 2013 did not include trade and bills receivables (including retentions) of Hua Chuang as of the same date). Trade and bills receivables (including retentions) turnover days for the six months ended June 30, 2016 equal the average trade and bills receivables (including retentions) for the relevant period divided by the revenue for the same period multiplied by 180 days.

(3) Adjusted trade and bills receivables (excluding retentions) turnover days for the years ended December 31, 2013, 2014 and 2015 equal the adjusted average trade and bills receivables (excluding retentions) for the relevant period divided by the revenue from continuing operations for the same period multiplied by 365 days. Adjusted average trade and bills receivables (excluding retentions) equal the trade and bills receivables (excluding retentions) at the beginning of the period plus the trade and bills receivables (excluding retentions) at the end of the same period divided by two (trade and bills receivables (excluding retentions) as of December 31, 2013 did not include trade and bills receivables (excluding retentions) of Hua Chuang as of the same date). Trade and bills receivables (excluding retentions) turnover days for the six months ended June 30, 2016 equal the average trade and bills receivables (excluding retentions) for the relevant period divided by the revenue for the same period multiplied by 180 days.

Our adjusted trade and bills receivables (including retentions) turnover days generally remained stable and were 180 days, 204 days and 198 days for the year ended December 31, 2013, 2014 and 2015, respectively. Our trade and bills receivables (including retentions) turnover days increased from 198 days for the year ended December 31, 2015 to 312 days for six months ended June 30, 2016, mainly because we usually enhance our trade receivables collection when it is close to year-end, and as a result, the trade and bills receivables turnover days during the middle of a year is usually longer than that of the year-end. For the nine months ended September 30, 2016, our trade and bills receivables (including retention) turnover days were 305 days. With our continued trade receivables collection efforts, we expect that the trade and bills receivables turnover days for the year ending December 31, 2016 will be comparable to that for the year ended December 31, 2015.

Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables mainly include amount due from related parties, prepayments with respect to our procurement of raw materials and equipment, prepayments to sub-contractors for project works, and other receivables, which are mainly bidding deposits and security deposits paid to project owners at the beginning of projects. As of December 31, 2013, 2014 and 2015 and June 30, 2016, our prepayments, deposits and other receivables amounted to RMB2,065.0 million, RMB1,284.3 million, RMB1,034.5 million and RMB763.0 million, respectively.

The following table sets forth the components of prepayments, deposits and other receivables as of the dates indicated:

	December 31,			June 30,
	2013	**2014**	**2015**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Due from related parties	113,684	289,136	223,602	230,445
Prepayments.	1,445,169	976,393	771,812	469,970
Other receivables.	506,847	9,791	37,294	61,450
Other current assets	9	9,043	2,005	1,260
Less: provision for impairment	(728)	(74)	(171)	(171)
Total	**2,064,981**	**1,284,289**	**1,034,542**	**762,954**

Our prepayments, deposits and other receivables decreased by 37.8% from RMB2,065.0 million as of December 31, 2013 to RMB1,284.3 million as of December 31, 2014, primarily due to (i) the significant decrease in prepayments and other receivables as a result of our deconsolidation of Hua Chuang, and (ii) to a lesser extent, the decrease in prepayments as we purchased less equipment at the end of 2014 according to project schedules, which was partially offset by the increase in amount due from related parties relating to the entrusted loan of RMB115.0 million that we extended to Hua Chuang in 2014 which remained outstanding at the end of 2014. Our prepayments, deposits and other receivables decreased by 19.5% from RMB1,284.3 million as of December 31, 2014 to RMB1,034.5 million as of December 31, 2015, primarily due to (i) the decrease in prepayments as our construction projects required less prepayments due to project schedule at the end of 2015, and (ii) the decrease in amount due from related parties mainly due to the repayment by Hua Chuang of the RMB115.0 million entrusted loan in the second quarter of 2015, which was partially offset by the increase in raw material procurement fee receivables from other related parties. Our prepayments, deposits and other receivables decreased by 26.2% from RMB1,034.5 million as of December 31, 2015 to RMB763.0 million as of June 30, 2016, primarily due to the decrease in prepayments as we settled payments with some of our major suppliers in the first half of 2016.

Trade and Bills Payables

Our trade and bills payables mainly comprise payments to suppliers for procurement of raw materials and equipment. As of December 31, 2013, 2014 and 2015 and June 30, 2016, our trade and bills payables amounted to RMB4,669.1 million, RMB3,804.1 million, RMB5,101.9 million and RMB4,839.7 million, respectively.

	December 31,			June 30,
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	3,838,366	3,776,376	5,042,182	4,814,249
Bills payables	830,753	27,728	59,677	25,494
Total	**4,669,119**	**3,804,104**	**5,101,859**	**4,839,743**

The following table sets forth an ageing analysis of our trade and bills payables based on invoice date as of the dates indicated:

	December 31,			June 30,
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	3,132,064	2,891,527	4,015,861	3,841,887
1 year to 2 years	917,938	435,333	560,049	523,897
2 years to 3 years	369,647	159,427	153,701	196,920
Over 3 years	249,470	317,817	372,248	277,039
Total	**4,669,119**	**3,804,104**	**5,101,859**	**4,839,743**

Our trade and bills payables decreased by 18.5% from RMB4,669.1 million as of December 31, 2013 to RMB3,804.1 million as of December 31, 2014, mainly due to the deconsolidation of Hua Chuang since December 31, 2014, which was partially offset by the increase in trade and bills payables from continuing operations in line with the expansion of the business scales of continuing operations. Our trade and bills payables increased by 34.1% from RMB3,804.1 million as of December 31, 2014 to RMB5,101.9 million as of December 31, 2015, primarily due to the expansion of our business. Our trade and bills payables decreased by 5.1% from RMB5,101.9 million as of December 31, 2015 to RMB4,839.7 million as of June 30, 2016, mainly due to our payment to the suppliers. As of September 30, 2016, RMB1,064.5 million (or 22.1%) of our trade payables of RMB4,814.2 million, which were outstanding as of June 30, 2016, had been settled.

The following table sets forth the turnover days of our trade and bills payables for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2013	2014	2015	2016
Trade and bills payables turnover days(1)	359	284	225	369
Adjusted trade and bills payables turnover days(2)	164	201	225	369

Notes:

(1) Trade and bills payables turnover days for the years ended December 31, 2013, 2014 and 2015 equal the average trade and bills payables for the relevant period divided by the cost of sales from continuing operations for the same period multiplied by 365 days. Trade and bills payables turnover days for the six months ended June 30, 2016 equal the average trade and bills payables for the relevant period divided by the cost of sales for the same period multiplied by 180 days. Average trade and bills payables equal the trade and bills payables at the beginning of the period plus the trade and bills payables at the end of the same period divided by two (trade and bills payables as of December 31, 2013 included the trade and bills payables of Hua Chuang as of the same date).

(2) Adjusted trade and bills payables turnover days for the years ended December 31, 2013, 2014 and 2015 equal the adjusted average trade and bills payables for the relevant period divided by the cost of sales from continuing operations for the same period multiplied by 365 days. Adjusted average trade and bills payables equal the trade and bills payables at the beginning of the period plus the trade and bills payables at the end of the same period divided by two (trade and bills payables as of December 31, 2013 did not include the trade and bills payables of Hua Chuang as of the same date). Trade and bills payables turnover days for the six months ended June 30, 2016 equal the average trade and bills payables for the relevant period divided by the cost of sales for the same period multiplied by 180 days.

The increase in our adjusted trade and bills payables turnover days from 164 days for the year ended December 31, 2013 to 201 days for the year ended December 31, 2014 was generally consistent with the increase in our adjusted trade and bills receivables turnover days. The further increase in our adjusted trade and bills payables turnover days to 225 days for the year ended December 31, 2015 was primarily due to the expansion of our wind power business, which required more procurement of raw materials and equipment, thus resulting in more trade payables. The increase in our adjusted trade and bills payables turnover days to 369 days for the six months ended June 30, 2016 was mainly because we usually settle our trade payables when it is close to year-end, and as a result, the trade and bills payable turnover days during the middle of a year is usually higher than year-end. For the nine months ended September 30, 2016, our trade and bills payables turnover days were 373 days. We expect that the trade and bills payables turnover days for the year ending December 31, 2016 will be comparable to that for the year ended December 31, 2015.

Other Payables and Accruals

Our other payables and accruals mainly comprise amounts due to related parties, advance from contract customers, advance from other customers, taxes other than income tax payable, interest payables and dividend payables. Advance from contract customers represents the part that our customers' billings exceed the revenue recognized. Advance from other customers represents the prepayments from customers under our project contracts or product sales contracts. Negative amount of taxes other than income tax payable represents the deductible input value-added tax. As of December 31, 2013, 2014 and 2015 and June 30, 2016, our other payables and accruals amounted to RMB1,873.0 million, RMB1,372.4 million, RMB806.1 million and RMB699.2 million, respectively.

The following table sets forth the components of our other payables and accruals as of the dates indicated:

	December 31,			June 30,
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Due to related parties	543,132	662,580	593,984	452,163
Advance from contract customers	1,070,914	599,134	235,634	309,848
Advance from other customers	345,234	50,273	87,068	62,778
Taxes other than income tax payable.	(193,768)	(78,564)	(277,164)	(252,005)
Interest payables	6,314	6,951	7,779	6,900
Dividends payables	10,978	10,978	14,696	13,469
Other payables	90,212	121,018	144,100	106,070
Total	**1,873,016**	**1,372,370**	**806,097**	**699,223**

Our other payables and accruals decreased by 26.7% from RMB1,873.0 million as of December 31, 2013 to RMB1,372.4 million as of December 31, 2014, primarily due to (i) the decrease in advance from contract customers, and (ii) the decrease in advance from other customers, primarily due to the decrease in prepayments we received under engineering contracts, which was partially offset by the increase in amount due to related parties resulted from the increase in bidding deposits paid by related party suppliers and the increase in payables relating to our acquisition of concession operation assets from China Datang Group. Our other payables and accruals decreased by 41.3% from RMB1,372.4 million as of December 31, 2014 to RMB806.1 million as of December 31, 2015, primarily due to (i) a decrease in advance from contract customers, and (ii) a decrease in taxes other than income tax payables, which mainly reflected the increase in deductible incoming value-added tax due to our acquisition of various desulfurization and denitrification concession operation projects in 2015. Our other payables and accruals decreased by 13.3% from RMB806.1 million as of December 31, 2015 to RMB699.2 million as of June 30, 2016, primarily due to a decrease in amount due to related parties mainly due to our payment of the acquisition consideration for the concession operation assets in 2016.

Indebtedness

As of June 30, 2016, we had total borrowings of approximately RMB4,372.0 million, all of which were denominated in RMB. As of September 30, 2016, we had RMB14,220.0 million of available bank facilities, of which RMB12,120.0 million was unutilized and unrestricted.

The following table sets forth the components of our borrowings as of the dates indicated:

	December 31,			June 30,	September 30,
	2013	2014	2015	2016	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Short-term loans:					
Bank loans – unsecured	779,750	1,007,050	962,582	826,638	915,637
Bank loans – secured	237,063	–	31,920	–	–
Bank loans – guaranteed	430,000	140,000	–	–	–
Other loans – secured	25,000	20,000	20,000	140,000	135,000
	1,471,813	1,167,050	1,014,502	966,638	1,050,637
Long-term loans:					
Bank loans – unsecured.	647,460	838,110	3,144,758	3,194,252	3,245,848
Bank loans – secured	530,290	–	–	–	–
Bank loans – guaranteed	1,432,750	1,292,750	–	–	–
Other loans – secured	170,000	150,000	130,000	–	–
Other loans – unsecured	–	–	98,080	211,080	168,080
	2,780,500	2,280,860	3,372,838	3,405,332	3,413,928
Total	**4,252,313**	**3,447,910**	**4,387,340**	**4,371,970**	**4,464,565**

During the Track Record Period, our secured borrowings are mainly secured by our fixed assets and our guaranteed borrowings are mainly guaranteed by China Datang.

The following table sets forth the range of interest rates per annum of our borrowings outstanding as of the dates indicated:

	December 31,			June 30,	September 30,
	2013	2014	2015	2016	2016
	%	%	%	%	
Short-term loans:					
Secured	5.0–6.0	5.1–6.0	4.6–5.6	3.9–5.9	3.9–5.9
Unsecured	5.4–6.6	5.1–6.6	4.4–6.2	3.9–5.6	3.9–5.8
Guaranteed	5.9–7.1	5.9–7.1	–	–	–
Long-term loans:					
Secured	5.8–6.6	6.2–6.6	5.6–5.6	–	–
Unsecured	5.3–6.6	5.5–6.6	4.4–6.3	4.4–5.8	4.3–5.8
Guaranteed	5.9–7.1	5.9–7.1	–	–	–

The following table sets forth the maturity profile of our borrowings repayable as of the dates indicated:

	December 31,			June 30,	September 30,
	2013	2014	2015	2016	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans repayable					
Within one year	1,446,813	1,147,050	994,502	826,638	915,637
In the second year	828,340	452,700	474,646	617,546	638,476
In the third to fifth years, inclusive	814,150	777,970	1,387,319	1,421,339	1,495,689
Beyond five years	968,010	900,190	1,282,793	1,155,367	1,111,683
Subtotal	4,057,313	3,277,910	4,139,260	4,020,890	4,161,485
Other loans repayable					
Within one year	25,000	20,000	20,000	140,000	135,000
In the second year	20,000	150,000	130,000	–	–
In the third to fifth years, inclusive	150,000	–	42,500	83,000	168,080
Beyond five years	–	–	55,580	128,080	–
Subtotal	195,000	170,000	248,080	351,080	303,080
Total	**4,252,313**	**3,447,910**	**4,387,340**	**4,371,970**	**4,464,565**

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that, to the best of their knowledge, they are not aware of any material defaults in the payment of trade and non-trade payables or bank borrowings or any defaults in material financial covenants. Except for the provisions under certain bank loan agreements that require us to notify the bank in writing or obtain the written consent from the bank for any additional debt financings, our bank loan agreements do not contain any material covenants that will have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future.

Save as otherwise disclosed herein, as of September 30, 2016, we did not have any issued but unredeemed or authorized or otherwise created but not issued debt securities, term loans, other borrowings or indebtedness in the form of borrowings (including bank overdrafts), acceptance liabilities (except general trading bills), acceptance credit, hire purchase commitments, mortgages and pledges, material contingent liabilities or unperformed guarantees.

Commitments

Operating Lease Commitments

We lease certain of our office premises under operating leases arrangement. The rent under such leases is generally fixed for a lease term. Our future minimum lease payments under non-cancellable operating leases as of the dates indicated are set forth below:

	December 31,			June 30,
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	1,088	8,207	32,731	32,386
In the second to fifth years, inclusive	1,000	35,562	94,013	79,092
After five years	–	–	–	–
Total	**2,088**	**43,769**	**126,744**	**111,478**

Capital commitments

In addition to the operating leases commitments, we had the following capital commitments for the acquisition of property, plant and equipment as of the dates indicated:

	December 31,			June 30,
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for	157,861	159,302	267,258	325,453

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements as of June 30, 2016, being the date of our most recent financial statement, and the Latest Practicable Date.

Financial Ratios

The following table sets forth certain of our financial ratios as of the dates and for the periods indicated (without considering Hua Chuang's impact on our consolidated financial statements during the Track Record Period):

	December 31,			June 30,
	2013	2014	2015	2016
Current ratio(1)	108.2%	110.3%	113.4%	120.0%
Quick ratio(2)	106.4%	107.1%	111.2%	117.1%
Liabilities to assets ratio(3)	85.3%	83.7%	74.1%	71.5%
Leverage ratio(4)	207.1%	140.8%	81.2%	91.4%

	Year ended December 31,		
	2013	2014	2015
Return on total assets$^{(5)}$	6.6%	5.3%	6.2%
Return on equity$^{(6)}$	46.7%	33.9%	28.2%

Notes:

(1) Current ratio is calculated based on our total current assets divided by our total current liabilities as of the respective dates and multiplied by 100%. The current assets and current liabilities as of December 31, 2013 did not include the current assets and current liabilities of Hua Chuang as of the same date.

(2) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities as of the respective dates and multiplied by 100%. The current assets, inventories and current liabilities as of December 31, 2013 did not include the current assets, inventories and current liabilities of Hua Chuang as of the same date.

(3) Liabilities to assets ratio is calculated based on total liabilities divided by total assets as of the respective dates and multiplied by 100%. Total liabilities represent the sum of current liabilities and non-current liabilities. Total assets represent the sum of current assets and non-current assets. The total liabilities and total assets as of December 31, 2013 did not include the total liabilities and total assets of Hua Chuang as of the same date.

(4) Leverage ratio is calculated based on net debt divided by total equity as of the respective dates and multiplied by 100%. Net debt is defined as the sum of long-term and short-term interest-bearing bank and other borrowings less cash and cash equivalents. The interest-bearing bank and other borrowings, cash and cash equivalents and total equity as of December 31, 2013 did not include the interest-bearing bank and other borrowings, cash and cash equivalents and total equity of Hua Chuang as of the same date.

(5) Return on total assets ratio is calculated based on our profit from continuing operations for the period divided by the average balance of our total assets at the beginning and end of the period and multiplied by 100%. The total assets as of December 31, 2013 did not include the total assets of Hua Chuang as of the same date.

(6) Return on equity ratio is calculated based on our profit from continuing operations for the period divided by the average balance of total equity at the beginning and end of the period and multiplied by 100%. The total equity as of December 31, 2013 did not include the total equity of Hua Chuang as of the same date.

Current Ratio

Our current ratio was 108.2%, 110.3%, 113.4% and 120.0% as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively, which basically remained stable.

Quick ratio

Our quick ratio was 106.4%, 107.1%, 111.2% and 117.1% as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively, which basically remained stable.

Liabilities to Assets ratio

Our liabilities to assets ratio was 85.3%, 83.7%, 74.1% and 71.5% as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively. The liabilities to assets ratio basically remains stable from 2013 to 2014. The decrease in liabilities to assets ratio as of December 31, 2015 was primarily due to a significant increase in our cash and cash equivalents as our Shareholders made a capital contribution of RMB1,200.0 million in cash in June 2015. The liabilities to assets ratio as of June 30, 2016 remained stable compared to December 31, 2015.

Leverage Ratio

Our leverage ratio was 207.1%, 140.8%, 81.2% and 91.4% as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively. The decrease in our leverage ratio from December 31, 2013 to December 31, 2014 was in line with the continuing increase in our total equity. The leverage ratio decreased significantly as of December 31, 2015, primarily due to a significant increase in our cash and cash equivalents as our Shareholders made a capital contribution of RMB1,200.0 million in cash and increased the registered capital by an additional RMB650.0 million from retained earnings in June 2015, which lowered the level of net debt. The increase in leverage ratio as of June 30, 2016 was primarily due to our use of cash to make payment to our supplier and to acquire additional concession operation assets in the first half of 2016.

Return on Total Assets

Our return on total assets was 6.6%, 5.3% and 6.2% for the year ended December 31, 2013, 2014 and 2015, respectively. The slight decrease from 2013 to 2014 was primarily due to the increase in our total assets as we acquired more concession operation projects in 2014. Our return on total assets increased in 2015, primarily due to the increase in our net profit.

Return on Equity

Our return on equity was 46.7%, 33.9% and 28.2% for the year ended December 31, 2013, 2014 and 2015, respectively. The decrease in return on equity during the Track Record Period was primarily due to the increase in our total equity due to Shareholders' capital contribution to our Company and our Subsidiaries.

Listing Expenses

Listing of the H Shares will generate listing expenses including professional fees, underwriting commissions and other fees and expenses. The total listing expenses (including underwriting commissions) is estimated to be approximately RMB86.8 million, among which, approximately RMB71.3 million is directly attributable to the issue of H Shares and will be capitalized, and approximately RMB15.5 million has been or will be reflected in our consolidated statements of profit or loss and other comprehensive income. During the Track Record Period, approximately RMB14.7 million has been reflected in our consolidated statements of profit or loss and other comprehensive income.

Quantitative and Qualitative Analysis about Market Risk

Our principal financial instruments comprise interest-bearing bank borrowings, cash and cash equivalents and restricted cash. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from our financial instruments are interest rate risk, credit risk and liquidity risk. Generally, the senior management of the Company meets regularly to formulate measures to manage our exposure to these risks. In addition, the Board of Directors of the Company holds meetings regularly to analyze and approve the proposals made by the senior management of the Company. Generally, we introduce conservative strategies on its risk management. As our exposure to these risks is kept to a minimum level, we have not used any derivatives and other instruments for hedging purposes. We do not hold or issue derivative financial instruments for trading purposes. The Board of Directors of the Company reviews and agrees policies for managing each of these risks and they are summarized below:

Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates primarily to our long term debt obligations with floating interest rates.

We do not anticipate any significant impact of the changes in market interest rates because most of our borrowings during the Track Record Period were at fixed interest rates.

We regularly review and monitor the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. Our interest-bearing bank borrowings, restricted cash and cash and cash equivalents are stated at amortized cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

If there would be a general increase/decrease in the market interest rates by 10 basis points, with all other variables held constant, our consolidated pre-tax profit would have decreased/increased by approximately RMB3,345,250, RMB2,709,660, RMB3,595,955 and RMB1,878,545 for the years ended December 31, 2013, 2014, 2015 and the six months ended June 30, 2016, respectively, and there would be no impact on other components of the consolidated equity, except for retained profits, of us. The sensitivity analysis above has been determined assuming that the change in market interest rates had occurred at the end of each year during the Track Record Period and had applied the exposure to interest rate risk to those financial instruments in existence at those dates. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in market interest rates over the period until the next annual year end.

Credit risk

The carrying amounts of cash and cash equivalents, restricted cash, trade and bills receivables and financial assets included in prepayments, deposits and other receivables represent our maximum exposure to credit risk in relation to these financial assets. Substantially all of our cash and cash equivalents, time deposits and restricted cash are held in major financial institutions located in the PRC, which management believes are of high credit quality. We formulate policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the credit exposure to a single financial institution to an acceptable level.

As our major customers are China Datang and its subsidiaries or other state-owned enterprises, we believe that the enterprises are reliable and of high credit quality and hence, there is no significant credit risk with such customers. The senior management of the Company keeps reviewing and assessing the creditworthiness of our existing customers on an ongoing basis.

Liquidity risk

We are committed to ensuring the continuity of sufficient funding and flexibility by utilizing a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that our outstanding borrowing obligation is not exposed to excessive repayment risk in any one year. We regularly monitor current and expected liquidity requirements to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and long term.

In addition, we actively and regularly review and manage our capital structure to maintain a balance between higher equity returns that might be associated with a higher level of borrowings and the advantages and security provided by maintaining a sound capital position. We make adjustments to the capital structure in light of changes in economic conditions. No changes were made in the objectives, policies or procedures for managing capital for the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016.

Dividend and Dividend Policy

The Company declared dividends of RMB200.0 million for the year ended December 31, 2012 pursuant to the Shareholders' resolution passed in May 2013 and paid such dividends in 2013. The Company did not declare dividends for the years ended December 31, 2013 and 2014. The profits of our Company for the years ended December 31, 2013 and 2014 were capitalized according to the resolutions of the Shareholders. The Company declared dividends of RMB100.0 million for the year ended December 31, 2015 pursuant to the Shareholders' resolution passed in April 2016 and paid such dividends in June 2016.

In addition, according to the resolutions of the Shareholders passed on August 21, 2015 and August 17, 2016, in anticipation of the initial public offering of the Company, the Company declared special dividends representing all of the undistributed distributable profit of our Group accrued up to March 31, 2016 to our existing Shareholders. The special dividend representing the accumulated distributable retained profit of our Group accrued up to March 31, 2016 will be the lower of the retained profits of our Group attributable to the owners of the Company (after deducting the provisions of statutory and discretionary reserve funds made by the Company and its subsidiaries) as of March 31, 2016 determined in accordance with PRC GAAP and IFRS, after deducting the RMB100.0 million dividend for the year ended December 31, 2015, which was declared in April 2016 and paid in June 2016. According to our audited consolidated financial statements for the three months ended March 31, 2016 previously prepared by the Company in accordance with the IFRS, we currently estimate such special dividend to be approximately RMB1,000 million, after deducting the RMB100.0 million dividend for the year ended December 31, 2015, which was paid in June 2016 as described above. We will arrange a special audit for the three months ended March 31, 2016 to be conducted by our independent auditor to determine the retained profits of our Group accrued up to March 31, 2016 under the PRC GAAP. The actual amount of such special dividend (being the lower of the retained profits of our Group attributable to the owners of the Company as of March 31, 2016, after deducting the provisions of statutory and discretionary reserve funds made by the Company and its subsidiaries and the RMB100.0 million dividend for the year ended December 31, 2015, which was paid in June 2016 as described above) will be ascertained upon the completion of such special audit. We intend to pay such special dividend within 12 months after the Listing with our then available cash and cash equivalents on hand and will make an announcement regarding the actual amount of such special dividend before we pay it.

Our Articles of Association provide that dividends may be paid by cash and/or stock. Any proposed distribution of dividends shall be formulated by the Board and subject to Shareholders' approval. The amount of dividends actually declared and paid will depend on a number of factors, including our general business condition, results of operations, our financial results/condition, our working capital, our capital requirements, our future prospects, our cash flows and any other factors which the Board may deem relevant. The dividends shall be paid every year in principle. We might pay mid-year dividend with consideration of relevant factors from the Board's perspective.

Subject to the above factors and our Articles of Association, we expect that the profit to be distributed as dividend every year will be no less than 50% of the distributable profit, subject to the approval by the Company's Shareholders at the Shareholders' meeting for each year. After the Listing of our H Shares on the Hong Kong Stock Exchange, our distributable net profit after tax will be the lower of (i) the net profit determined in accordance with the accounting rules and regulations of the PRC, and (ii) the net profit determined in accordance with the IFRS. However, we cannot assure you that we will be able to declare or distribute dividends in any amount each year or in any year. The declaration and payment of dividends may be limited by legal restrictions or financing arrangements that we may enter into in the future.

Distributable Reserves

As of June 30, 2016, our aggregate amount of distributable reserves (including the Company and our subsidiaries) was approximately RMB1,400.5 million (being the retained profits of the Group).

Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets

The following statement of unaudited pro forma adjusted net tangible assets attributable to the Shareholders of our Company has been prepared in accordance with Rule 4.29 of the Listing Rules, and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to the Shareholders of our Company as of June 30, 2016, as if the Global Offering had taken place on June 30, 2016.

The statement of unaudited pro forma adjusted net tangible assets has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of June 30, 2016 or at any future date.

	Consolidated net tangible assets attributable to Shareholders as of June 30, 2016(1)	Estimated net proceeds from the Global Offering(2)	Estimated distribution of special dividend(3)	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders upon completion of the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders per Share upon completion of the Global Offering (4)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB(4)	HK$(5)
Based on an Offer Price of HK$3.55 per Share.	3,683,714	1,591,494	1,000,000	4,275,208	1.45	1.67
Based on an Offer Price of HK$4.74 per Share	3,683,714	2,140,968	1,000,000	4,824,682	1.64	1.88

Notes:

(1) The consolidated net tangible assets attributable to the Shareholders as of June 30, 2016 is extracted from the Accountants' Report set out in Appendix I in this prospectus, which is based on the consolidated net assets attributable to the Shareholders as of June 30, 2016 of RMB3,800.5 million after deducting intangible assets of RMB96.5 million and prepaid land lease payments of RMB20.3 million.

(2) The estimated net proceeds from the Global Offering are based on an Offer Price of HK$3.55 and HK$4.74, after deducting the underwriting fees and other related expenses payable by the Company, without taking account of the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted into Renminbi at the PBOC rate of HK$1.00 = RMB0.8725 prevailing on October 24, 2016.

(3) According to the resolutions of the Shareholders passed on August 21, 2015 and August 17, 2016, in anticipation of the initial public offering of the Company, the Company declared special dividends representing all of the undistributed distributable profit of our Group accrued up to March 31, 2016 to our existing Shareholders. The Company currently estimates such special dividend to be approximately RMB1,000.0 million, after deducting the RMB100.0 million dividend for the year ended December 31, 2015, which was paid in June 2016 as described above. See "— Dividend and Dividend Policy."

(4) The unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 2,940,000,000 Shares, being the number of shares in issue assuming that the Global Offering had been completed on June 30, 2016, without taking account of the exercise of the Over-allotment Option.

(5) The unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders per Share amounts in RMB are converted into Hong Kong dollars at HK$1.00 = RMB0.8725 prevailing on October 24, 2016.

Disclosure under Rules 13.13 to 13.19 of the Listing Rules

Our Directors confirm that as of the Latest Practicable Date, there were no circumstances which would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules, with respect to advance to an entity, financial assistance and guarantees to affiliated companies of an issuer, pledging of shares by the controlling shareholder, covenants in loan agreements relating to specific performance of the controlling shareholder, and breach of loan agreement by an issuer.

Related-Party Transactions

Our related-party transactions are set out in Note 37 in the Accountants' Report included in Appendix I in this prospectus and the section headed "Connected Transactions" in this prospectus. It is the view of our Directors that each of such related party transactions was conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties or terms not less favorable than terms available from independent third parties, which are considered fair, reasonable and in the interest of our Shareholders as a whole, and would not distort our track record results or make the historical results not reflective of our future performance.

No Material Adverse Change

Our Directors confirm that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since June 30, 2016 (being the date on which our latest consolidated financial statements were prepared) and there has been no event since June 30, 2016 which would materially affect the information presented in the Accountants' Report set out in Appendix I in this prospectus.

FUTURE PLANS

For detailed descriptions of our future plans, please see "Business — Our Strategies."

Use of Proceeds

Assuming an Offer Price of HK$4.15 per H Share (being the midpoint of the stated Offer Price range in this prospectus), we estimate that we will receive net proceeds of approximately HK$2,141.5 million (approximately equal to RMB1,868.5 million) from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering which may be payable by us (assuming the Over-allotment Option is not exercised at all).

The Directors intend to use the net proceeds from the Global Offering for the following purposes:

- approximately HK$1,284.9 million (approximately RMB1,121.1 million), representing approximately 60% of the net proceeds from the Global Offering, will be used to finance part of the capital expenditures for expanding our desulfurization and denitrification concession operations. We intend to finance the rest of the capital expenditures primarily through debts from third-party financial institutions;

- approximately HK$321.2 million (approximately RMB280.3 million), representing approximately 15% of the net proceeds from the Global Offering, will be used for our future business development to develop new sources of growth in our revenue and profit, including but not limited to EMC business for coal-fired power plants, water treatment business, and providing customers with overall solution plans of ultra-low emissions;

- approximately HK$214.2 million (approximately RMB186.9 million), representing approximately 10% of the net proceeds from the Global Offering, will be used to repay some of our existing bank loans in order to lower our financial costs and improve our leverage ratio. The loans were primarily used to acquire certain desulfurization and denitrification assets and were also used as working capital. The annual interest rates of the bank loans that we intend to repay are between 5% and 7%, they are expected to be due between 2016 and 2025;

- approximately HK$214.2 million (approximately RMB186.9 million), representing approximately 10% of the net proceeds from the Global Offering, will be used for our working capital and other general corporate purposes; and

- approximately HK$107.1 million (approximately RMB93.4 million), representing approximately 5% of the net proceeds from the Global Offering, will be used for our research and development expenditures. We intend to continue to focus the theme of clean energy and develop and introduce into our business operations a wide variety of advanced environmental protection and energy conservation technologies, to maintain our core competitiveness of continuous technological innovations.

Assuming an Offer Price of HK$4.74 per H Share, being the highest point of the stated Offer Price range in this prospectus (assuming the Over-allotment Option is not exercised at all), the net proceeds will increase by approximately HK$312.2 million. Assuming an Offer Price of HK$3.55 per H Share, being the lowest point of the stated Offer Price range in this prospectus (assuming the Over-allotment Option is not exercised at all), the net proceeds will decrease by approximately HK$317.5 million. To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis accordingly.

The net proceeds that we would receive if the Over-allotment Option were exercised in full would be (i) HK$2,830.0 million (assuming an Offer Price of HK$4.74 per H Share, being the high-end of the Offer Price range stated in this prospectus), (ii) HK$2,470.9 million (assuming an Offer Price of HK$4.15 per H Share, being the midpoint of the Offer Price range stated in this prospectus), (iii) HK$2,105.8 million (assuming an Offer Price of HK$3.55 per H Share, being the low-end of the Offer Price range stated in this prospectus).

Additional net proceeds received due to the exercise of any Over-allotment Option will be used for the above purpose accordingly on a pro rata basis in the event that the Over-allotment Option is exercised.

If any part of our plan does not proceed as planned for reasons such as changes in government policies that would render any of our plans not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, they will be placed in short term demand deposits with banks or other financial institutions in Hong Kong or the PRC and/or through money market instruments.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

CLSA Limited
Deutsche Bank AG, Hong Kong Branch
China Merchants Securities (HK) Co., Ltd.
Haitong International Securities Company Limited
The Hongkong and Shanghai Banking Corporation Limited
ABCI Securities Company Limited
BNP Paribas Securities (Asia) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is initially offering 54,000,000 shares of the Hong Kong Public Offer Shares for subscription by the public in Hong Kong on the terms and conditions set out in this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee of Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares (including any extra H Shares that may be issued due to exercise of the Over-allotment Option) to be issued pursuant to the Global Offering as is specified in this prospectus and certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally (but not jointly) to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Public Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional on the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

One of the conditions is that the Offer Price shall be agreed between the Underwriters (themselves or through their representative) and us. Applicants under the Hong Kong Public Offering shall refer to this prospectus and related Application Forms for terms and conditions of the Hong Kong Public Offering. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Underwriters (themselves or through their representative) and us on or before November 9, 2016, the Global Offering will lapse.

Grounds for Termination

The Joint Global Coordinators and the Sole Sponsor shall be entitled by notice in writing to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

there develops, occurs, exists or comes into effect:

(a) any event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, outbreak of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, any member of the European Union, Japan, Singapore, or any other jurisdiction material to any member of the Group or the Global Offering (collectively, the "Relevant Jurisdictions"); or

(b) any change, or any development involving a prospective change (whether or not permanent), or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any of the Relevant Jurisdictions or elsewhere; or

(c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(d) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), New York (imposed at Federal or New York State level or other competent Authority), London, the PRC, the European Union (or any member thereof), Japan, Singapore or any other Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or

(e) any new Law (as defined in the Hong Kong Underwriting Agreement), or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent Authority of) existing Laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(f) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(g) a change or development involving a prospective change in or affecting Taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(h) any Proceedings (as defined in the Hong Kong Underwriting Agreement) being threatened or instigated by any third party, or any investigation or other action commenced or an intention to investigate or take any action announced by an Authority or a political body or organisation in any of the Relevant Jurisdictions against any member of the Group or any Director; or

(i) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(j) either the chairman or general manager of the Company vacating his office; or

(k) save to the extent (and only to the extent) as disclosed in this prospectus, a contravention by any member of the Group of the Listing Rules or applicable Laws; or

(l) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the H Shares (including the Option Shares, as defined in the Hong Kong Underwriting Agreement) pursuant to the terms of the Global Offering; or

(m) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the H Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or

(n) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the H Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(o) any change or development or event involving a prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(p) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group, which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators and the Sole Sponsor (1) has or will have or may have a material adverse change, or any development involving a prospective material adverse change, in or affecting on the business, results of operations, position or condition, financial or otherwise, performance of or prospects of the Company or the Group taken as a whole; or (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering or dealings in the H Shares in the secondary market; or (3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

there has come to the notice of any of the Hong Kong Underwriters or the Sole Sponsor:

(a) that any statement contained in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or in any notices, announcements, advertisements, communications issued or approved by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect in any material respect or misleading in any respect, or that, to the extent applicable, any forecast, estimate, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair, not honest, or not based on reasonable assumptions; or

(b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or approved by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(c) any breach of any of the obligations of the Company under the Hong Kong Underwriting Agreement or the International Underwriting Agreement in any material respects, or any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the Warranties (as defined in the Hong Kong Underwriting Agreement); or

(d) any event, act or omission which gives or is likely to give rise to any liability of the Indemnifying Party (as defined in the Hong Kong Underwriting Agreement) pursuant to Clause 12 in the Hong Kong Underwriting Agreement which liability has a material adverse effect on the business or financial or trading position of the Company; or

(e) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of the Group; or

(f) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the H Shares to be issued or sold (including any additional H Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(g) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Our Company has undertaken to the Stock Exchange that it will not issue any further shares or other securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement or arrangement to such issue within six months from the Listing Date (whether or not such issue of shares or such other securities will be completed within six month from the Listing Date), except pursuant to the Global Offering and the exercise of the Over-allotment Option or under certain circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholder

Pursuant to Rule 10.07 of the Listing Rules, the Controlling Shareholder has undertaken to the Stock Exchange and to the Company that it will not and will procure that the relevant registered holder(s) will not:

(i) in the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this prospectus and ending on the date which is six months from the date on which dealings in the H Shares commence on the Stock Exchange (the "First Six-Month Period"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any share of the Company directly or indirectly beneficially owned by us (except for the shares to be transferred to NSSF as required by relevant PRC laws, regulations or rules); or

(ii) in the period of six months commencing on the date on which the First Six-Month Period expires (the "Second Six-Month Period"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any shares of the Company directly or indirectly beneficially owned by us, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be the Controlling Shareholder of the Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, the Controlling Shareholder has undertaken to the Stock Exchange and to the Company that, within the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the H Shares commence on the Stock Exchange, it will:

(a) when it pledges and/or charges any shares or other securities of the Company beneficially owned by it directly or indirectly in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge and/or charge together with the number of Shares so pledged and/or charged; and

(b) when it receives indications, either verbal or written, from the pledgee and/or chargee that any of the pledged and/or charged shares will be disposed of, immediately inform the Company of such indications.

We will also, as soon as we have been informed of the above matters (if any) by the Controlling Shareholder, inform the Stock Exchange and disclose such matters as soon as possible by way of an announcement to be published as required under the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-Allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "First Six-Month Period"), the Company hereby undertakes to each of the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Sole Sponsor not to, without the prior written consent of the Joint Global Coordinators and the Sole Sponsor and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or other securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other securities of the Company, as applicable or any interest in any of the foregoing), or deposit any H Shares or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any H Shares or other securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other securities of the Company, as applicable or any interest in any of the foregoing); or

(c) enter into any transaction with the same economic effect as any transaction specified in sub-clause (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in sub-clause (a), (b) or (c) above,

in each case, whether any of the transactions specified in sub-clause (a), (b) or (c) above is to be settled by delivery of H Shares or other securities of the Company or shares or other securities of such other member of the Group, as applicable, or in cash or otherwise (whether or not the issue of such H Shares or other shares or securities will be completed within the First Six-month Period). During the period of six months commencing on the date on which the First Six-month Period expires (the "Second Six-Month Period"), the Company shall not enter into any of the transactions specified in sub-clause (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction such that any Controlling Shareholder, directly or indirectly, would cease to be a controlling shareholder (within the meaning defined in the Listing Rules) of the Company. In the event that during the Second Six-Month Period, the Company enters into any of the transactions specified in sub-clause (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

INTERNATIONAL OFFERING

In connection with the International Offering, our Company expects to enter into the International Underwriting Agreement with the International Underwriters. Subject to certain conditions set out in the International Underwriting Agreement, the International Underwriters would, severally but not jointly, to procure purchases for, or to purchase the International Offer Shares being offered but not taken up pursuant to the International Offering.

The Company expects to grant to the International Underwriters the Over-allotment Option exercisable by the Joint Global Coordinators (on behalf of the International Underwriters). From the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering), to require us to allot and issue up to an aggregate of 81,000,000 H Shares, representing 15% of the initial Offer Shares, at the Offer Price, to cover, among others, over-allocations in the International Offering (if any). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into or terminated, the Global Offering will not proceed.

COMMISSIONS AND EXPENSES

According to the Hong Kong Underwriting Agreement, the Hong Kong Underwriters will receive an underwriting commission of 1.2% of the aggregate Offer Price of the Hong Kong Public Offer Share, out of which they will pay any sub-underwriting commission. For any unsubscribed Hong Kong Public Offer Shares reallocated to the International Offering, the underwriting commission will be paid at the rate applicable to the International Offering, to the Joint Global Coordinators and the relevant International Underwriters (instead of the Hong Kong Underwriters). In addition, our Company may at its sole discretion pay to the Hong Kong Underwriters an incentive fee of up to 0.8% of the Offer Price of each of the Hong Kong Public Offer Shares.

Assuming the Over-allotment Option is not exercised and an Offer Price of HK$4.15 per Offer Share (which is the midpoint of the indicative Offer Price range from HK$3.55 to HK$4.74), the aggregate underwriting commissions and fees (excluding the possible payment of a discretionary incentive fee) together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses payable by our Company relating to the Global Offering are estimated to be approximately HK$86.8 million.

ACTIVITIES BY SYNDICATE MEMBERS

The Hong Kong Underwriters and the International Underwriters (together, the "Syndicate Members") and their affiliates as described below may each individually undertake a variety of activities which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets or part of their underlying assets, assets including the H Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying assets or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in "Structure of the Global Offering — The International Offering — Over-allotment Option" and "Structure of the Global Offering — The International Offering — Stabilization."

Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- the Syndicate Members (except the Stabilizing Manager) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

INDEMNITY

Our Company has agreed to indemnify (including) the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer or incur (including liabilities under the U.S. Security Act, losses arising from the performance of their obligations under the Underwriting Agreements and any breach by our Company of the Underwriting Agreements).

HONG KONG UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their respective obligations under the Hong Kong Underwriting Agreement and save as disclosed in this prospectus, none of the Hong Kong Underwriters had any equity interests in the Company or right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase any securities of our Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold certain portion of the H Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

OTHER SERVICES PROVIDED TO OUR COMPANY

Certain of the Joint Global Coordinators, the Hong Kong Underwriters or their respective affiliates have provided from time to time and expect to provide in the future investment banking and other services to our Company and its affiliates for which such Joint Global Coordinators, Hong Kong Underwriters or their respective affiliates have received or will receive customary fees and commissions.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set forth in the sections headed "Structure of the Global Offering — The International Offering — Stabilization."

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of initially 54,000,000 H Shares in Hong Kong as described below in the section headed "— The Hong Kong Public Offering" below; and

(ii) an aggregate of 486,000,000 H Shares are initially offered under the International Offering (i) in the United States to qualified buyers in reliance on Rule 144A or another exemption from, or in transaction not subject to, the registration requirements of the U.S. Securities Act and (ii) outside the United States in reliance on Regulation S. At any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications in the Hong Kong Public Offering, the Joint Global Coordinators, as representatives of the International Underwriters, have an option to require our Company to issue and allot up to an aggregate of 81,000,000 additional Offer Shares, representing 15% of the initial number of Offer Shares to be offered in the Global Offering, at the Offer Price to, among other things, cover over-allocations in the International Offering, if any.

Investors may apply for Hong Kong Public Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 18.37% of the enlarged issued share capital of the Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 20.56% of the enlarged issued share capital immediately after completion of the Global Offering and the full exercise of the Over-allotment Option as set out in the section headed "Structure of the Global Offering — The International Offering — Over-allotment Option" below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" below.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 54,000,000 H Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The initial Hong Kong Public Offer Shares will represent 1.84% of the Company's registered share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" below.

Allocation

Allocation of the Hong Kong Public Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

The total number of the Hong Kong Public Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Hong Kong Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Public Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) or less. The Hong Kong Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Public Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) and not exceeding the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Public Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor (no matter whether the Offer Price is finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 27,000,000 Hong Kong Public Offer Shares are liable to be rejected.

Reallocation

Paragraph 4.2 of the Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Public Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. If the number of the Hong Kong Public Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more the number of the Hong Kong Public Offer Shares initially available for subscription under the Hong Kong Public Offering, then the International Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available for subscription under the Hong Kong Public Offering will be increased to 162,000,000 Hong Kong Public Offer Shares (in the case of (i)), 216,000,000 Hong Kong Public Offer Shares (in the case of (ii)) and 270,000,000 Hong Kong Public Offer Shares (in the case of (iii)), representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively, (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Sponsor and the Joint Global Coordinators deem appropriate. In addition, the Sole Sponsor and the Joint Global Coordinators may allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Public Offer Shares to the International Offering, in such proportions as they deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the H Shares on the Hong Kong Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$4.74 per Hong Kong Public Offer Share in addition to any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Hong Kong Public Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "Structure of the Global Offering — Pricing of the Global Offering" below, is less than the maximum price of HK$4.74 per Hong Kong Public Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Public Offer Shares."

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

Subject to reallocation as described above, the International Offering will consist of an initial offering of 486,000,000 International Offer Shares representing 90% of the Offer Shares under the Global Offering and 16.53% of our Company's enlarged share capital immediately after the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of the International Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such International Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section headed "Structure of the Global Offering — Pricing of the Global Offering" below and based on a number of factors, including the level of demand and timing, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further H Shares, and/or hold or sell the H Shares, after the listing of the H Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Global Coordinators may require any investor who has been offered the International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of the Hong Kong Public Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, our Company expects to grant an Over-allotment Option to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Joint Global Coordinators have the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot up to an aggregate of 81,000,000 additional Offer Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 2.68% of the Company's enlarged share capital immediately following the completion of the Global Offering and the full exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in the section "The Hong Kong Public Offering — Reallocation" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

Stabilization

Stabilization is a practice used by Underwriters in some markets to facilitate the distribution of securities. To stabilize, the Underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and in what the Stabilizing Manager reasonably regards as the best interest of the Company and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering.

The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold under the Over-allotment Option, namely, 81,000,000 H Shares, which is 15% of the number of Offer Shares initially available for subscription under the Global Offering, in the event that all or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the H Shares;

(b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimising any deduction in the market price of the H Shares;

(c) subscribing, or agreeing to subscribe, for the H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares;

(e) selling, or agreeing to sell the H Shares to liquidate a long position held as a result of those purchases above; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions taken by the Stabilizing Manager, its affiliates or any person acting for it, shall be subject to the laws, rules and regulations in Hong Kong in relation to stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager, its affiliates or any person acting for it, may maintain a long position in the H Shares. The size of the long position, and the period for which the Stabilizing Manager, its affiliates or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager, its affiliates or any person acting for it liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

Stabilizing action taken by the Stabilizing Manager, its affiliates or any person acting for it, is not permitted to support the price of the H Shares for longer than the stabilizing period, which begins on the day on which trading of the H Shares commences on the Hong Kong

Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on December 8, 2016. As a result, demand for the H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager, its affiliates or any person acting for it may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, its affiliates or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the H Shares by the Stabilizing Manager, its affiliates or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by applicants. An announcement will be made within seven days of the expiration of the stabilizing period in compliance with the Securities and Futures (Price Stabilizing) Rules.

Pricing of the Global Offering

The International Underwriters will be soliciting from potential investors' intention of interest in acquiring the International Offer Shares under the International Offering. Potential professional and institutional investors will be required to specify the number of the International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around November 8, 2016, and in any event on or before November 9, 2016, by agreement between the Underwriters (themselves or through their representative) and the Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$4.74 per Offer Share and is expected to be not less than HK$3.55 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Potential investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

The Joint Global Coordinators, may, where considered appropriate, based on the level of interest expressed by potential professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price to lower than that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause it to be published in South China Morning Post (in English) and Hong

Kong Economic Times (in Chinese) and on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.dteg.com.cn**) notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Underwriters (themselves or through their representative), and our Company, will be fixed within such revised Offer Price range. Applicants shall be aware that any announcement in relation to the reduction in the number of Offer Shares offered under the Global Offering and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon between our Company and the Underwriters (themselves or through their representative), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares offered under the Global Offering, the Joint Global Coordinators may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the initial number of H Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares in the Global Offering. The International Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

The net proceeds of the Global Offering accruing to our Company (after deduction of underwriting commissions and other expenses in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$1,824.0 million, assuming an Offer Price of HK$3.55 per Offer Share, or approximately HK$2,453.7 million, assuming an Offer Price of HK$4.74 per Offer Share (or if the Over-allotment Option is exercised in full, approximately HK$2,105.8 million, assuming an Offer Price of HK$3.55 per Offer Share, or approximately HK$2,830.0 million, assuming an Offer Price of HK$4.74 per Offer Share).

The Offer Price under the Global Offering is expected to be announced on November 14, 2016. The indications of interest in the Global Offering, the results of applications and the basis of allotment of the Hong Kong Public Offer Shares available for subscription under the Hong Kong Public Offering, are expected to be announced on November 14, 2016 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and to be published on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.dteg.com.cn**).

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

The underwriting arrangements and the Hong Kong Underwriting Agreement, are summarized in the section headed "Underwriting."

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on, among others:

(i) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available for subscription pursuant to the exercise of the Over-allotment Option) (subject only to allotment);

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

If, for any reason, the Offer Price is not agreed between the Underwriters (themselves or through their representative) and our Company on or before November 9, 2016, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Public Offer Shares." In addition, all application monies will be held in (a) separate bank account(s) with the receiving bank(s) or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on November 14, 2016 but will only become valid certificates of title at 8:00 a.m. on November 15, 2016 provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised.

ADMISSION OF THE H SHARES INTO CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. on November 15, 2016 in Hong Kong, it is expected that dealings in the H Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on November 15, 2016. Our H Shares will be traded in board lots of 1,000 H Shares each and the stock code of our H Shares will be 1272.

1. HOW TO APPLY

If you apply for Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number, and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Forms must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you are:

- an existing beneficial owner of any Shares in the Company and/or any its subsidiaries;
- a director, a supervisor or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG PUBLIC OFFER SHARES

Which Application Channel to Use

For Hong Kong Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, November 3, 2016 until 12:00 noon on Tuesday, November 8, 2016 from:

Any of the following offices of the Underwriters in Hong Kong:

CLSA Limited
18/F One Pacific Place
88 Queensway
Hong Kong

Deutsche Bank AG, Hong Kong Branch
52/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

China Merchants Securities (HK) Co., Ltd.
48/F, One Exchange Square
Central
Hong Kong

Haitong International Securities Company Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

ABCI Securities Company Limited
10/F Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BNP Paribas Securities (Asia) Limited
62/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Any of the following branches of the receiving banks:

(a) Bank of China (Hong Kong) Limited

District	Branch Name	Address
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	Sheung Wan Branch	Shop 1–4, G/F, Tung Hip Commercial Building, 244–248 Des Voeux Road Central
	North Point (King's Centre) Branch	193–209 King's Road, North Point
	Chai Wan Branch	Block B, Walton Estate, 341–343 Chai Wan Road, Chai Wan

District	Branch Name	Address
Kowloon	Mong Kok Branch	589 Nathan Road, Mong Kok
	Whampoa Garden Branch	Shop G8B, Site 1, Whampoa Garden, Hung Hom
	Lam Tin Branch	Shop 12, 49 Kai Tin Road, Lam Tin
New Territories	Citywalk Branch	Shop 65, G/F, Citywalk, 1 Yeung Uk Road, Tsuen Wan
	Kau Yuk Road Branch	18–24 Kau Yuk Road, Yuen Long
	Ma On Shan Plaza Branch	Shop 2103, Level 2, Ma On Shan Plaza, Sai Sha Road, Ma On Shan

(b) Wing Lung Bank Limited

District	Branch Name	Address
Hong Kong Island	Head Office	45 Des Voeux Road Central
	Johnston Road Branch	118 Johnston Road
	Kennedy Town Branch	28 Catchick Street
Kowloon	Mongkok Branch	B/F Wing Lung Bank Centre, 636 Nathan Road
	Tsim Sha Tsui Branch	4 Carnarvon Road
	San Po Kong Branch	8 Shung Ling Street
New Territories	Tsuen Wan Branch	251 Sha Tsui Road

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, November 3, 2016 until 12:00 noon on Tuesday, November 8, 2016 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED — DATANG ENVIRONMENT PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Thursday, November 3, 2016 — 9:00 a.m. to 5:00 p.m.
Friday, November 4, 2016 — 9:00 a.m. to 5:00 p.m.
Saturday, November 5, 2016 — 9:00 a.m. to 1:00 p.m.
Monday, November 7, 2016 — 9:00 a.m. to 5:00 p.m.
Tuesday, November 8, 2016 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, November 8, 2016, the last application day or such later time as described in "How to Apply for Hong Kong Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) **undertake** to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) **agree** to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) **confirm** that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) **confirm** that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) **agree** that none of the Company, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) **undertake** and **confirm** that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering nor participated in the International Offering;

(viii) **agree** to disclose to the Company, the H Share Registrar, receiving banks, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, **agree** and **warrant** that you have complied with all such laws and none of the Company, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) **agree** that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) **agree** that your application will be governed by the laws of Hong Kong;

(xii) **represent**, **warrant** and **undertake** that (i) you understand that the Hong Kong Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) **warrant** that the information you have provided is true and accurate;

(xiv) **agree** to accept the Hong Kong Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) **authorize** the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first named applicant for joint application by ordinary post at your own risk to the address stated on the application unless you fulfil the criteria mentioned in "personal collection" section in this prospectus to collect share certificate(s) / or refund cheque(s).

(xvi) **declare** and **represent** that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) **understand** that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) **warrant** that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) **warrant** that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "Who Can Apply" section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, November 3, 2016 until 11:30 a.m. on Tuesday, November 8, 2016 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, November 8, 2016 or such later time under the "How to Apply for Hong Kong Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** Service to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** Service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2.00 for each "Datang Environment Industry Group Co., Ltd." **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of Dong Jiang — Hong Kong Forest" Project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and the H Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, the H Share Registrar, receiving banks, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisors and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Public Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree with the Company, for itself and for the benefit of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company, with each CCASS Participant giving **electronic application instructions**):

  (a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association of the Company;

  (b) that any award made in such arbitration shall be final and conclusive; and

  (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with the Company (for the Company itself and for the benefit of each shareholder of the Company) that H Shares in the Company are freely transferable by their holders;

- authorize the Company to enter into a contract on its behalf with each director and officer of the Company whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Company; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for 1,000 Hong Kong Public Offer Shares. Instructions for more than 1,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Thursday, November 3, 2016 — 9:00 a.m. to 8:30 p.m.(1)

- Friday, November 4, 2016 — 8:00 a.m.(1) to 8:30 p.m.(1)

- Monday, November 7, 2016 — 8:00 a.m.(1) to 8:30 p.m.(1)

- Tuesday, November 8, 2016 — 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, November 3, 2016 until 12:00 noon on Tuesday, November 8, 2016 (24 hours daily, except on Saturday, November 5, 2016, Sunday, November 6, 2016 and the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, November 8, the last application day or such later time as described in "How to Apply for Hong Kong Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the H Share Registrar, the receiving banks, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Bookrunners, the Sole Sponsor, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, November 8, 2016.

8. HOW MANY APPLICATIONS YOU CAN MAKE

Multiple applications for the Hong Kong Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Hong Kong Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the Company;
- control more than half of the voting power of the Company; or
- hold more than half of the issued share capital of the Company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for Hong Kong Public Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Hong Kong Stock Exchange Participants, and the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering — Pricing for Global Offering."

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, November 8, 2016. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, November 8, 2016 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable," an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offer Shares on Monday, November 14, 2016, in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company's website at **www.dteg.com.cn** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.dteg.com.cn** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** by no later than 8:00 a.m. on Monday, November 14, 2016;

- from the designated results of allocations website at **www.iporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Monday, November 14, 2016 to 12:00 midnight on Sunday, November 20, 2016;

- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Monday, November 14, 2016 to Thursday, November 17, 2016; and

- in the special allocation results booklets which will be available for inspection during opening hours from Monday, November 14, 2016 to Wednesday, November 16, 2016 at all the receiving banks' designated branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Public Offer Shares is void:

The allotment of Hong Kong Public Offer Shares will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;

- the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 50% of the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$4.74 per Offer Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Hong Kong Public Offering — Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Monday, November 14, 2016.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Public Offer Shares allotted to you (in case of the application is made by **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Monday, November 14, 2016. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, November 15, 2016 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

15. PERSONAL COLLECTION

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, November 14, 2016 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Monday, November 14, 2016, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Monday, November 14, 2016, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, November 14, 2016, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- ***If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)***

For Hong Kong Public Offering shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS participant.

- ***If you are applying as a CCASS investor participant***

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "How to Apply for Hong Kong Public Offer Shares — 11. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, November 14, 2016 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO Service

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, November 14, 2016, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Monday, November 14, 2016 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, November 14, 2016 or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Monday, November 14, 2016. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, November 14, 2016 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, November 14, 2016. Immediately following the credit of the Hong Kong Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong

Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, November 14, 2016.

16. ADMISSION OF THE H SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

The following is the text of a report on Datang Environment Industry Group Co., Ltd., prepared for the purpose of incorporation in this Prospectus received from the auditors and reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

3 November 2016

The Directors
Datang Environment Industry Group Co., Ltd.

CITIC CLSA Capital Markets Limited

Dear Sirs,

We set out below our report on the financial information of Datang Environment Industry Group Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2013, 2014 and 2015, and the six months ended 30 June 2016 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2013 and 2014 and 2015 and 30 June 2016, together with the notes thereto (the "Financial Information"), and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended 30 June 2015 (the "Interim Comparative Information"), for inclusion in the prospectus of the Company dated 3 November 2016 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was established on 25 July 2011 as a state-owned enterprise with limited liability in the People's Republic of China (the "PRC"). The Company was converted into a joint stock company with limited liability on 26 June 2015. Details of the Company's information are set out in note 1 of Section II below.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the consolidated financial statements of the Group (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). The Underlying Financial Statements for each of the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information set out in this report has been prepared form the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information 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 HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the Group and the Company as at 31 December 2013, 2014 and 2015 and 30 June 2016, and of the consolidated results and cash flows of the Group for each of the Relevant Periods.

Review conclusion in respect of the Interim Comparative Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

(A) CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Section II	Year ended 31 December			Six months ended 30 June	
	Notes	2013	2014	2015	2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CONTINUING OPERATIONS						
Revenue	6	5,687,970	6,499,127	8,609,588	2,074,034	3,142,088
Cost of sales	8	(4,695,866)	(5,436,681)	(7,229,534)	(1,586,481)	(2,427,109)
Gross profit		992,104	1,062,446	1,380,054	487,553	714,979
Selling and distribution expenses		(29,130)	(38,101)	(38,252)	(13,920)	(18,211)
Administrative expenses		(194,870)	(235,769)	(289,947)	(83,263)	(107,483)
Other income and gains	6	4,015	15,928	71,013	30,702	23,093
Finance costs	7	(179,458)	(208,545)	(230,022)	(111,951)	(99,415)
Profit before tax from continuing operations	8	592,661	595,959	892,846	309,121	512,963
Income tax expense	11	(96,220)	(101,154)	(142,537)	(47,178)	(74,486)
PROFIT FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS		496,441	494,805	750,309	261,943	438,477
DISCONTINUED OPERATION						
(Loss)/Profit for the year/period from a discontinued operation	12	(450,980)	42,670	–	–	–
PROFIT FOR THE YEAR/PERIOD		45,461	537,475	750,309	261,943	438,477
OTHER COMPREHENSIVE INCOME						
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of foreign operations		(23,957)	2,182	(23)	–	(431)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(23,957)	2,182	(23)	–	(431)
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		(23,957)	2,182	(23)	–	(431)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		21,504	539,657	750,286	261,943	438,046

	Section II Notes	Year ended 31 December 2013	2014	2015	Six months ended 30 June 2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit attributable to:						
Owners of the parent	14	176,958	535,210	705,753	234,510	400,487
Non-controlling interests		(131,497)	2,265	44,556	27,433	37,990
		45,461	537,475	750,309	261,943	438,477
Total comprehensive income attributable to:						
Owners of the parent		160,188	536,738	705,741	234,510	400,267
Non-controlling interests		(138,684)	2,919	44,545	27,433	37,779
		21,504	539,657	750,286	261,943	438,046
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB)						
– For profit for the year/period	15	0.15	0.45	0.39	0.19	0.17
– For profit from continuing operations	15	0.40	0.42	0.39	0.19	0.17

(B) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Section II	31 December			30 June
	Notes	2013	2014	2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	17	3,745,276	3,180,015	5,933,987	5,888,764
Intangible assets	18	245,013	93,906	90,126	96,515
Goodwill	19	9,240	–	–	–
Prepaid land lease payments	20	81,502	39,559	20,461	20,229
Available- for- sale financial investment	13	–	–	5,000	5,000
Deferred tax assets	22	4,799	9,151	15,722	17,057
Other non-current assets		1,083	3,418	20,367	51,504
Total non-current assets		4,086,913	3,326,049	6,085,663	6,079,069
CURRENT ASSETS					
Inventories	23	420,933	199,700	154,148	185,846
Construction contracts	24	319,009	97,793	250,028	231,909
Trade and bills receivables	25	4,629,600	4,353,685	4,977,538	5,902,016
Prepayments, deposits and other receivables	26	2,064,981	1,284,289	1,034,542	762,954
Restricted cash	27	624	11,591	32,945	15,664
Cash and cash equivalents	27	707,660	1,072,057	1,443,963	748,273
Total current assets		8,142,807	7,019,115	7,893,164	7,846,662
CURRENT LIABILITIES					
Trade and bills payables	28	4,669,119	3,804,104	5,101,859	4,839,743
Other payables and accruals	29	1,873,016	1,372,370	806,097	699,223
Interest-bearing bank borrowings and other loans	30	1,471,813	1,167,050	1,014,502	966,638
Income tax payable		19,147	21,965	39,578	35,287
Total current liabilities		8,033,095	6,365,489	6,962,036	6,540,891
NET CURRENT ASSETS		109,712	653,626	931,128	1,305,771
TOTAL ASSETS LESS CURRENT LIABILITIES		4,196,625	3,979,675	7,016,791	7,384,840
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings and other loans	30	2,780,500	2,280,860	3,372,838	3,405,332
Other non-current liabilities		97,791	11,580	16,882	16,882
Total non-current liabilities		2,878,291	2,292,440	3,389,720	3,422,214
Net assets		1,318,334	1,687,235	3,627,071	3,962,626
EQUITY					
Equity attributable to owners of the parent					
Paid-in capital/share capital	31	550,000	550,000	2,400,000	2,400,000
Reserves	32(a)	554,875	1,044,450	1,100,191	1,400,458
		1,104,875	1,594,450	3,500,191	3,800,458
Non-controlling interests		213,459	92,785	126,880	162,168
Total equity		1,318,334	1,687,235	3,627,071	3,962,626

(C) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Paid-in capital/ share capital	Capital reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Retained profits*	Total	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2013	500,000	244,263	–	27,501	322,279	1,094,043	361,983	1,456,026
Profit for the year	–	–	–	–	176,958	176,958	(131,497)	45,461
Other comprehensive income	–	–	(16,770)	–	–	(16,770)	(7,187)	(23,957)
Total comprehensive income	–	–	(16,770)	–	176,958	160,188	(138,684)	21,504
Appropriation to statutory surplus reserve	–	–	–	36,674	(36,674)	–	–	–
Dividends declared to owners of the parent *(note a)*	–	–	–	–	(200,000)	(200,000)	–	(200,000)
Dividends declared by a subsidiary to its non-controlling equity owners	–	–	–	–	–	–	(10,196)	(10,196)
Capital contribution	50,000	–	–	–	–	50,000	–	50,000
Release of government subsidies	–	644	–	–	–	644	356	1,000
As at 31 December 2013	550,000	244,907	(16,770)	64,175	262,563	1,104,875	213,459	1,318,334
As at 1 January 2014	550,000	244,907	(16,770)	64,175	262,563	1,104,875	213,459	1,318,334
Profit for the year	–	–	–	–	535,210	535,210	2,265	537,475
Other comprehensive income	–	–	1,528	–	–	1,528	654	2,182
Total comprehensive income	–	–	1,528	–	535,210	536,738	2,919	539,657
Appropriation to statutory surplus reserve	–	–	–	27,722	(27,722)	–	–	–
Disposal of subsidiaries *(note b)*	–	(182,016)	15,242	–	119,611	(47,163)	(123,593)	(170,756)
As at 31 December 2014	550,000	62,891	–	91,897	889,662	1,594,450	92,785	1,687,235

	Attributable to owners of the parent							
	Paid-in capital/ share capital	Capital reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Retained profits*	Total	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2015	550,000	62,891	–	91,897	889,662	1,594,450	92,785	1,687,235
Profit for the year	–	–	–	–	705,753	705,753	44,556	750,309
Other comprehensive income	–	–	(12)	–	–	(12)	(11)	(23)
Total comprehensive income	–	–	(12)	–	705,753	705,741	44,545	750,286
Conversion into a joint stock company with limited liability *(note 31 (ii), note 32(b))*	650,000	1,974	–	(91,897)	(560,077)	–	–	–
Disposal of subsidiaries *(note c, note d)*	–	–	–	–	–	–	(14,232)	(14,232)
Appropriation to statutory surplus reserve	–	–	–	73,529	(73,529)	–	–	–
Dividends declared by a subsidiary to its non-controlling equity owners	–	–	–	–	–	–	(20,718)	(20,718)
Capital contribution by non-controlling equity owners	–	–	–	–	–	–	24,500	24,500
Capital contribution	1,200,000	–	–	–	–	1,200,000	–	1,200,000
As at 31 December 2015	2,400,000	64,865	(12)	73,529	961,809	3,500,191	126,880	3,627,071
As at 1 January 2016	2,400,000	64,865	(12)	73,529	961,809	3,500,191	126,880	3,627,071
Profit for the period	–	–	–	–	400,487	400,487	37,990	438,477
Other comprehensive income	–	–	(220)	–	–	(220)	(211)	(431)
Total comprehensive income	–	–	(220)	–	400,487	400,267	37,779	438,046
Dividends declared to owners of the parent *(note e)*	–	–	–	–	(100,000)	(100,000)	–	(100,000)
Dividends declared by a subsidiary to its non-controlling equity owners	–	–	–	–	–	–	(2,491)	(2,491)
As at 30 June 2016	2,400,000	64,865	(232)	73,529	1,262,296	3,800,458	162,168	3,962,626

	Attributable to owners of the parent							
	Paid-in capital/ share capital	Capital reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Retained profits*	Total	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2015	550,000	62,891	–	91,897	889,662	1,594,450	92,785	1,687,235
Profit for the period (unaudited)	–	–	–	–	234,510	234,510	27,433	261,943
Other comprehensive income (unaudited)	–	–	–	–	–	–	–	–
Total comprehensive income (unaudited)	–	–	–	–	234,510	234,510	27,433	261,943
Conversion into a joint stock company with limited liability *(note 31 (ii), note 32(b))* (unaudited)	650,000	1,974	–	(91,897)	(560,077)	–	–	–
Disposal of subsidiary *(note c)* (unaudited)	–	–	–	–	–	–	1,876	1,876
Dividends declared by a subsidiary to its non-controlling equity owners (unaudited)	–	–	–	–	–	–	(7,000)	(7,000)
Capital contribution by subsidiaries non-controlling equity owners (unaudited)	–	–	–	–	–	–	3,500	3,500
Capital contribution (unaudited)	1,200,000	–	–	–	–	1,200,000	–	1,200,000
As at 30 June 2015 (unaudited)	2,400,000	64,865	–	–	564,095	3,028,960	118,594	3,147,554

* The consolidated statements of financial position comprises these reserve accounts, which comprise the consolidated reserves of RMB554,875,000, RMB1,044,450,000, RMB1,100,191,000 and RMB1,400,458,000 as at 31 December 2013, 2014, 2015 and 30 June 2016, respectively.

(a) In May 2013, dividends of RMB200 million were distributed to China Datang Corporation by the Company under its profit distribution plan for 2012.

(b) On 30 December 2014, the Company transferred its 70% interest in China Creative Wind Energy Co., Ltd. (瀋陽華創風能有限公司) ("Hua Chuang") to China Datang Corporation at nil consideration. Since the disposal date, Hua Chuang was deconsolidated from the Group, and the disposal loss was treated as a distribution to the controlling shareholder against reserves. The operating results of Hua Chuang before disposal are presented as a discontinued operation. Please refer to note 12 of Section II below for details. On 30 December 2014, the Company transferred its 100% interest in Datang (Beijing) Information Technology Co., Ltd. (大唐(北京)信息技術有限公司) ("Information Technology Company") to China Datang Corporation at nil consideration. Since the disposal date, Information Technology Company was deconsolidated from the Group, and the disposal loss was treated as a distribution to the controlling shareholder against reserves. Please refer to note 33(b) of Section II below for details.

(c) On 5 February 2015 and 1 April 2015, the Company disposed its interests in subsidiaries of Hebei Shengtang Machinery Manufacturing Co., Ltd. (河北盛唐機械製造有限公司) ("Hebei Shengtang") and Hangzhou Ruitang Environment System Engineering Co., Ltd. (杭州瑞唐環保系統工程有限公司) ("Hangzhou Ruitang") to third parties. Since the disposal dates, Hebei Shengtang and Hangzhou Ruitang were deconsolidated from the Group. Please refer to notes 33(c) and (d) of Section II below for details.

(d) On 27 May 2015, the Company entered into an equity transfer agreement and disposed its 60% interest in Datang Nanjing Automation Co., Ltd. (大唐南京自動化有限公司) ("Nanjing Automation") to Information Technology Company. On 31 July 2015, the disposal was completed and Nanjing Automation was deconsolidated from the Group. Please refer to notes 33(e) of Section II below for details.

(e) In June 2016, dividends of RMB100 million were distributed to its shareholders China Datang Corporation and Datang Group Capital Holding Co, Ltd. as the share holdings 99% and 1%, respectively.

(D) CONSOLIDATED STATEMENTS OF CASH FLOWS

	Section II	Year ended 31 December			Six months ended 30 June	
	Notes	2013	2014	2015	2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax						
From continuing operations		592,661	595,959	892,846	309,121	512,963
From a discontinued operation	12(b)	(450,042)	55,682	–	–	–
Adjustments for:						
Finance costs		244,633	271,777	230,022	111,951	99,415
Interest income		(7,083)	(14,380)	(27,391)	(3,854)	(4,401)
Depreciation of property, plant and equipment	17	209,579	256,543	312,907	114,708	202,316
Amortization of intangible assets	18	21,685	18,858	10,038	3,756	4,362
Amortization of prepaid land lease payments	20	1,454	1,791	738	435	233
(Gain)/loss on disposals of items of property, plant and equipment		–	(226)	(2,446)	(3,131)	2
Investment income		–	–	(23,843)	–	–
Impairment of property, plant and equipment	17	16,245	645	–	–	–
Impairment of intangible assets	18	23,866	–	1,375	–	–
Impairment/(reversal of impairment) of trade receivables	25	10,462	23,063	33,945	–	(13,130)
Impairment/(reversal of impairment) of other receivables		641	(150)	–	–	–
Impairment of inventories		–	–	391	–	–
Decrease/(increase) in inventories		123,897	(330,608)	44,317	83,610	(31,698)
(Increase)/decrease in construction contract		(319,009)	221,216	(152,235)	(173,086)	18,119
(Increase) in trade and bills receivables		(167,176)	(1,668,690)	(850,280)	(129,419)	(911,348)
(Increase)/decrease in prepayments, deposits and other receivables		(687,003)	513,520	93,171	(97,034)	239,111
Increase/(decrease) in trade and bills payables		70,527	1,465,549	686,031	(152,134)	(262,116)
Increase/(decrease) in other payables and accruals		1,166,435	(261,301)	170,060	299,084	153,968
Decrease/(increase) in restricted cash		109	(101,978)	(21,354)	423	17,281
Cash generated from operations		851,881	1,047,270	1,398,292	364,430	25,077
Income tax paid		(108,903)	(102,849)	(131,762)	(59,390)	(80,112)
Net cash flows from/(used in) operating activities		742,978	944,421	1,266,530	305,040	(55,035)

	Section II Notes	Year ended 31 December 2013	2014	2015	Six months ended 30 June 2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		7,083	14,380	27,391	3,854	4,401
Investment income received		–	–	5,550	–	–
Payments for purchase of items of property, plant and equipment and intangible assets		(658,515)	(733,682)	(3,165,645)	(755,139)	(427,242)
Payments for purchases of leasehold land		(40,357)	–	–	–	–
Payment for available-for-sale financial investment		–	–	(5,000)	–	–
Proceeds from disposals of items of property, plant and equipment		2	15	167,748	3,131	–
Cash in disposal group classified as held for sale		–	–	–	(4,988)	–
Repayment of loans by related parties		–	–	265,000	–	–
Loans to related parties		–	–	(115,000)	–	–
Decrease in time deposits		13,451	–	–	–	–
Disposal of subsidiaries	12,33	–	(149,977)	15,521	16,044	–
Net cash flows used in investing activities		(678,336)	(869,264)	(2,804,435)	(737,098)	(422,841)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bank borrowings and other loans		4,063,045	1,816,897	3,231,843	1,337,183	621,300
Repayments of bank borrowings and other loans		(3,484,078)	(1,255,893)	(2,302,540)	(854,138)	(636,670)
Capital contribution		50,000	–	1,224,500	1,203,500	–
Dividends distributed		(205,400)	–	(17,000)	(7,000)	(103,718)
Interest paid		(244,633)	(271,777)	(229,462)	(115,082)	(100,294)
Net cash flows from/(used in) financing activities		178,934	289,227	1,907,341	1,564,463	(219,382)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		243,576	364,384	369,436	1,132,405	(697,258)
Cash and cash equivalents at beginning of year/period		466,214	707,660	1,072,057	1,072,057	1,443,963
Effect of foreign exchange rate changes, net		(2,130)	13	2,470	30	1,568
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		707,660	1,072,057	1,443,963	2,204,492	748,273

(E) STATEMENTS OF FINANCIAL POSITION

	Section II	31 December			30 June
	Notes	2013	2014	2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	17	2,217,076	2,369,913	4,978,808	4,949,043
Intangible assets		4,458	14,250	20,749	28,461
Available-for-sale financial investment	13	–	–	5,000	5,000
Investments in subsidiaries	21	475,501	202,534	258,034	298,034
Other non-current assets		484	3,363	20,159	74,550
Total non-current assets		2,697,519	2,590,060	5,282,750	5,355,088
CURRENT ASSETS					
Inventories		16,647	55,486	46,740	53,609
Construction contract		–	56,031	4,194	–
Trade and bills receivables	25	1,088,432	1,863,025	2,109,169	2,565,859
Prepayments, deposits and other receivables		400,630	401,964	405,007	394,923
Cash and cash equivalents		344,425	584,945	887,466	356,707
Total current assets		1,850,134	2,961,451	3,452,576	3,371,098
CURRENT LIABILITIES					
Trade and bills payables	28	624,179	1,757,095	1,931,587	1,779,421
Other payables and accruals		402,993	100,400	259,881	206,738
Interest-bearing bank borrowings		404,560	643,560	414,052	446,928
Income tax payable		7,576	13,717	30,350	16,462
Total current liabilities		1,439,308	2,514,772	2,635,870	2,449,549
NET CURRENT ASSETS		410,826	446,679	816,706	921,549
TOTAL ASSETS LESS CURRENT LIABILITIES		3,108,345	3,036,739	6,099,456	6,276,637
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings		1,812,890	1,787,030	2,914,458	2,859,052
Total non-current liabilities		1,812,890	1,787,030	2,914,458	2,859,052
Net assets		1,295,455	1,249,709	3,184,998	3,417,585
EQUITY					
Paid-in capital/share capital	31	550,000	550,000	2,400,000	2,400,000
Reserves	32(b)	745,455	699,709	784,998	1,017,585
Total equity		1,295,455	1,249,709	3,184,998	3,417,585

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Reorganisation

Datang Environment Industry Group Co., Ltd. (formerly known as "Datang Group Environmental Technology Co., Ltd.", "Datang Technology Industry Co., Ltd." and "Datang Technology Industry Group Co., Ltd.", respectively) (hereinafter referred to as "the Company") was established on 25 July 2011 with a paid-in capital of RMB500 million. The Company was wholly owned by China Datang Corporation ("China Datang"). The Company's registered office is located at No. 120 Zizhuyuan Road, Haidian District, Beijing, the PRC.

In 2013, the Company's paid-in capital was increased to RMB550 million by an additional capital injection of RMB50 million from China Datang.

On 24 December 2014, China Datang agreed to transfer 1% of its equity interest in the Company to its wholly-owned subsidiary, namely Datang Group Capital Holding Co., Ltd. ("Capital Holding") pursuant to a share transfer agreement. China Datang and its subsidiaries are collectively referred to as "China Datang Group."

On 28 May 2015, China Datang and Capital Holding entered into a sponsor agreement whereby it was agreed to convert the Company from a limited liability company into a joint stock company with limited liability. The Company's total share capital after the conversion would be RMB1.2 billion, which is arrived at discounting the Company's audited net assets value as at 31 December 2014 by a factor of 0.9602:1. The shareholdings of China Datang and Capital Holding in the Company after the conversion would remain unchanged at 99% and 1%, respectively. The conversion plan was approved by the State-owned Assets Supervision and Administration Commission on 17 June 2015.

On 26 June 2015, the Company completed the registration of the relevant changes from a limited liability company into a joint stock company with limited liability. The Company's registered capital became RMB1.2 billion, which was divided into 1.2 billion shares of RMB1 each and owned by China Datang and Capital Holding as to 99% and 1%, respectively.

On 29 June 2015, China Datang and Capital Holding made additional capital contribution to the Company in the respective amounts of RMB1,188 million and RMB12 million. The Company's share capital was increased to RMB2.4 billion, which was divided into 2.4 billion shares of RMB1 each.

In the opinion of the Directors, the immediate holding company and ultimate holding company of the Company is China Datang, a company incorporated and domiciled in the PRC and wholly owned by the State-owned Assets Supervision and Administration Commission.

The Group underwent the Reorganization as set out in the paragraph headed "Reorganization" in the section headed "Our History, Reorganization and Corporate Structure" in the Prospectus.

During the Relevant Periods, the Group is a leading environmental protection and energy conservation solutions provider for coal-fired power plants operating in the PRC and was involved in the following principal activities: development of environmental protection projects, investment on environmental facilities and operating management; R&D, design, production, examination, sales and technical services of denitrification catalysts; R&D, manufacture and sales of self-controlled system; development and testing of environmental protection technology; production and sales of environmental protection equipment; design, construction and general contracting of environmental protection engineering; treatment of sewage and seawater; design and general contracting of power engineering system; energy saving techniques as well as development and usage of new energy technology; design and contracting of material transportation system and corrosion protection engineering system; building materials and chemical products (excluding hazardous chemicals); sales of machinery equipment, electronic products and hardware; contracting of overseas projects; import and export business; consultation services in relation to the above business. (For the projects subject to laws and approval, operating activities of which shall be commenced in accordance with the contents approved by the relevant department upon approval.)

At the date of this report, the Company had direct or indirect interests in the following subsidiaries, all of which are private limited liability companies and the particulars of which are set out below:

Company name#	Place and date of incorporation/ registration	Issued and fully paid-up capital/registered capital	Percentage of equity attributable to the Company *(%)*		Principal activities
			Direct	Indirect	
China Datang Technologies & Engineering Co., Ltd. (中國大唐集團科技工程有限公司) ("Technologies & Engineering Company")	Beijing, the PRC 10 May 2004	RMB180,000,000	51.00	–	Environmental protection technology development and provision of engineering services in the PRC
Datang Nanjing Environmental Protection Technology Co., Ltd. (大唐南京環保科技有限責任公司) ("Nanjing Environmental Protection")	Nanjing, the PRC 14 December 2011	RMB124,630,000	92.11	–	Catalysts development and sales; denitration engineering service in the PRC
Beijing Xingshengtang Trading Co., Ltd. (北京興盛唐商貿有限公司) ("Xingshengtang Trading") *(Note 1)*	Beijing, the PRC 7 July 2011	RMB10,000,000	–	100.00	Equipment and construction materials sales and technology development in the PRC
Beijing Datang Hengtong Mechanical Transport Co., Ltd. (北京大唐恒通機械輸送技術有限公司) ("Hengtong Mechanical") *(Note 2)*	Beijing, the PRC 8 January 2009	RMB5,000,000	20.00	80.00	Provision of technology promotion service in the PRC
Jiangsu Nanjing Thermal Electricity Engineering Design Institute Co., Ltd. (江蘇南京熱電工程設計院有限責任公司) ("Nanjing Design Institute") *(Note 3)*	Nanjing, the PRC 29 October 1984	RMB2,000,000	100.00	–	Provision of power industry's engineering design service in the PRC
Beijing Boyuanshengtang Energy Technology Co., Ltd. (北京博遠盛唐能源科技有限公司) ("Boyuanshengtang") *(Note 4)*	Beijing, the PRC 12 January 2007	RMB12,760,000	–	100.00	Provision of Engineering technology development, property and hotel management and product sales in the PRC
Beijing Fengjingshengbao Property Management Co., Ltd. (北京豐璟晟寶物業管理有限公司) ("Fengjing Property") *(Note 5)*	Beijing, the PRC 1 February 2007	RMB500,000	–	100.00	Property management services, labor services and sales in the PRC

Company name#	Place and date of incorporation/ registration	Issued and fully paid-up capital/registered capital	Percentage of equity attributable to the Company *(%)* Direct	Indirect	Principal activities
Datang Technologies & Engineering India Private Limited (大唐科技工程印度有限公司) ("Technologies & Engineering India") *(Note 6)*	Mumbai, India 13 December 2013	Rupees 1,000,000	–	100.00	Provision of engineering service and equipment purchase and sales in India
Datang Beijing Energy Saving & Technology Co., Ltd. (大唐(北京)節能技術有限公司) ("Energy Saving & Technology Company") *(Note 7)*	Beijing, the PRC 16 April 2015	RMB10,000,000	65.00	–	Construction project management, contraction and technology services in the PRC
Datang Beijing Water Engineering & Technology Co., Ltd. (大唐(北京)水務工程技術有限公司) ("Water Engineering & Technology Company") *(Note 7)*	Beijing, the PRC 11 June 2015	RMB100,000,000	100.00	–	Technology services, water engineering and construction services in the PRC
Zhejiang Datang Tiandi Environmental Technology Co., Ltd. (浙江大唐天地環保科技有限公司) ("Tiandi Environmental Protection") *(Note 7)*	Ningbo, the PRC 17 September 2015	RMB60,000,000	65.00	–	Pollution Improvement Environmental protection technology development and technology service in the PRC
Datang (Beijing) Energy Management Co., Ltd. (大唐(北京)能源管理有限公司) ("Energy Management Company") *(Note 8)*	Beijing, the PRC 6 January 2013	RMB50,000,000	100.00	–	Provision of engineering service; EPC and energy saving technology promotion services in the PRC

\# The names of these companies referred to in this report represent management's best effort at translating the Chinese names of the companies, as no English names have been registered.

Note 1: At the date of this report, the Company, through a 51% owned subsidiary, Technologies & Engineering Company, indirectly held 51% equity interest in Xingshengtang Trading. Technologies & Engineering Company directly held 100% equity interest in Xingshengtang Trading.

Note 2: At the date of this report, the Company directly held 20% equity interest in Hengtong Mechanical and through its subsidiaries, Technologies & Engineering Company and Boyuanshengtang, indirectly held 45.5% and 34.5% equity interest in Hengtong Mechanical.

Note 3: Before 7 April 2016, the Company, through a 51% owned subsidiary, Technologies & Engineering Company, indirectly held 51% equity interest in Nanjing Design Institute. Technologies & Engineering Company directly held 100% equity interest in Nanjing Design Institute. On 7 April 2016, the Company entered into an agreement with Technologies & Engineering Company to acquire 100% equity interest in Nanjing Design Institute. The transaction was completed on 1 July 2016. At the date of this report, the Company directly held 100% equity interest in Nanjing Design Institute.

Note 4: At the date of this report, the Company, through a 51% owned subsidiary, Technologies & Engineering Company, indirectly held 51% equity interest in Boyuanshengtang. Technologies & Engineering Company directly held 100% equity interest in Boyuanshengtang.

Note 5: At the date of this report, the Company, through a 51% owned subsidiary, Technologies & Engineering Company, indirectly held 51% equity interest in Boyuanshengtang. Boyuanshengtang directly held 100% equity interest in Fengjing Property.

Note 6: At the date of this report, the Company, through a 51% owned subsidiary, Technologies & Engineering Company, indirectly held 51% equity interest in Technologies & Engineering India. Technologies & Engineering Company directly held 100% equity interest in Technologies & Engineering India.

Note 7: Energy Saving & Technology Company was established on 16 April 2015 by the Company with 65% equity interest. Water Energy & Technology Company was established on 11 June 2015 by the Company with 100% equity interest. In October 2016, the Company injected additional RMB90 million to Water Energy & Technology Company and the registered capital was increased to RMB100 million. Tiandi Environmental Protection was established on 17 September 2015 by the Company with 65% equity interest.

Note 8: Energy Management Company was established on 6 January 2013 by the Company with 100% equity interest with a registered capital of RMB10 million. In April 2016, the Company injected additional RMB40 million to Energy Management Company and the registered capital was increased to RMB50 million.

Details of the companies now comprising the Group that are subject to statutory audit during the Relevant Periods and the names of the respective auditors are set out below:

Name of subsidiary	Financial period/year	Statutory auditors*
China Datang Technologies & Engineering Co., Ltd. (中國大唐集團科技工程有限公司)	2013–2014	ZhongHui Certified Public Accountants Co., Ltd.
	2015	Ernst & Young Hua Ming LLP
Datang Nanjing Environmental Protection Technology Co., Ltd. (大唐南京環保科技有限責任公司)	2013–2014	ZhongHui Certified Public Accountants Co., Ltd.
	2015	Ernst & Young Hua Ming LLP
Datang (Beijing) Energy Management Co., Ltd. (大唐(北京)能源管理有限公司)	2013–2014	ZhongHui Certified Public Accountants Co., Ltd.
	2015	Ernst & Young Hua Ming LLP
Beijing Xingshengtang Trading Co., Ltd. (北京興盛唐商貿有限公司)	2013–2014	ZhongHui Certified Public Accountants Co., Ltd.
	2015	Ernst & Young Hua Ming LLP
Beijing Datang Hengtong Mechanical Transport Co., Ltd. (北京大唐恒通機械輸送技術有限公司)	2013–2014	ZhongHui Certified Public Accountants Co., Ltd.
	2015	Ernst & Young Hua Ming LLP
Jiangsu Nanjing Thermal Electricity Engineering Design Institute Co., Ltd. (江蘇南京熱電工程設計院)	2013–2014	ZhongHui Certified Public Accountants Co., Ltd.
	2015	Ernst & Young Hua Ming LLP
Beijing Boyuanshengtang Energy Technology Co., Ltd. (北京博遠盛唐能源科技有限公司)	2013–2014	ZhongHui Certified Public Accountants Co., Ltd.
	2015	Ernst & Young Hua Ming LLP

Name of subsidiary	Financial period/year	Statutory auditors*
Beijing Fengjingshengbao Property Management Co., Ltd. (北京豐璟晟寶物業管理有限公司)	2013–2014	ZhongHui Certified Public Accountants Co., Ltd.
	2015	Ernst & Young Hua Ming LLP
Datang Technologies & Engineering India Private Limited (大唐科技工程印度有限公司)	2013–2014	Note a
	2015	Hinesh R. Doshi & Co.,Ltd.
Datang Beijing Energy Saving & Technology Co., Ltd. (大唐(北京)節能技術有限公司)	2015	Ernst & Young Hua Ming LLP
Datang Beijing Water Engineering & Technology Co., Ltd. (大唐(北京)水務工程技術有限公司)	2015	Ernst & Young Hua Ming LLP
Zhejiang Datang Tiandi Environmental Technology Co., Ltd. (浙江大唐天地環保科技有限公司)	2015	Ernst & Young Hua Ming LLP

* The names of these Certified Public Accountants Firms ("CPA Firms") referred to in this report represent management's best effort at translating the Chinese names of the CPA Firms, as no English names have been registered.

Note a: No statutory financial statements were prepared for this overseas subsidiary for the years of 2013 and 2014 as this entity was established at the end of 2013 and it did not have substantial operation in 2014.

2.1 BASIS OF PRESENTATION AND PREPARATION

The Financial Information has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the IASB. All IFRSs effective for the accounting period commencing from 1 January 2016, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention. The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interests and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned. Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statements of profit or loss and other comprehensive income, which comprises comparative information for prior periods presented so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest periods presented.

In September 2014, the Company announced the decision of its board of directors to transfer its 70% interest in Hua Chuang (瀋陽華創風能有限公司) ("Hua Chuang"), a company engaged in wind power electricity production, to China Datang at nil consideration. The Group has decided to cease its wind power electricity production business because it plans to focus its resources on its environmental protection and energy conservation solutions business and renewable energy engineering business. The disposal of Hua Chuang was completed on 30 December 2014.

The disposed Hua Chuang forms the "Wind Power Electricity Production Segment" of the Group. In accordance with IFRS 5 *Noncurrent Assets Held for Sale and Discontinued Operations*, the Wind Power Electricity Production Segment was classified as a discontinued operation and the operating results of the Wind Power Electricity Production Segment has been presented as a discontinued operation in the consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2014. The consolidated statements of profit or loss and other comprehensive income and the related notes for the year ended 31 December 2013 have been restated to reflect the classification between continuing operations and the discontinued operation accordingly.

Details of the discontinued operation are disclosed in note 12 of this section.

3.1 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRS, that have been issued but are not yet effective, in these financial statements:

IAS 7	*Disclosure Initiative – Amendments to IAS 7*[1]
IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12*[1]
IFRS 9	*Financial Instruments*[2]
IFRS 15 and Clarifications to IFRS 15	*Revenue from Contracts with Customers*[2]
IFRS 16	*Leases*[3]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position.

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

IAS 7 *Disclosure Initiative – Amendments to IAS 7*

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Group expects to adopt IAS 7 from 1 January 2017. The Group is assessing the impact of the adoption of the amendments.

IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12*

The IASB issued the amendments to IAS 12 Income Taxes to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The new standard will be effective for annual periods beginning on or after 1 January 2017 (early adoption allowed). The Group is assessing the impact of the adoption of the amendments.

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018, however, it is not expected to have significant impact on the financial position or performance of the Group based on its current business. Considering that IFRS 9 will become effective in 2018, the Group will continually assess the impact of IFRS 9.

IFRS 15 and Clarifications to IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognizing revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. IFRS 15 is not expected to have significant impact on the financial position or performance of the Group based on its current business. Considering that IFRS 15 will become effective in 2018, the Group will continually assess the impact of IFRS 15.

IFRS 16 *Leases*

On 13 January 2016, the IASB issued a new standard for leases (IFRS 16). The new standard will be effective for annual periods beginning on or after 1 January 2019 (early adoption allowed subject to conditions) and will virtually replace all existing relevant IFRS guidance. Under IFRS 16, lessees are required to recognize a right-of-use asset for the right to use of the underlying asset during the lease term and its corresponding lease liability. IFRS 16 will have impact on the recognition of assets and liabilities of the Group upon adoption. However, considering that IFRS 16 was newly issued in January 2016 and will become effective in 2019, the Group will continually assess the impact of IFRS 16.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 are stated at cost less any impairment losses.

Merger accounting for business combinations under common control

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognized for goodwill or excess of the acquirers' interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of the common control combination.

The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group's equity owner's consolidated financial statements. The components of equity of the acquired equities are added to the same components within the Group's equity and any gain/loss arising is recognized directly in equity.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognized as expenses in the period in which they are incurred.

Acquisition method of accounting for business combinations and goodwill

Business combinations not under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value either recognized in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Disposal groups held for sale

Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interests in its former subsidiary after the sale.

Disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, financial assets and disposal groups classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

   (i) has control or joint control over the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

   (i) the entity and the Group are members of the same group;

   (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings and other infrastructure	3.17%
Machinery	6.33%
Transportation vehicle	15.83%
Office equipment and others	9.50%–19.00%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents plants under construction and equipment being installed, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of 10 years.

Patents

Purchased patents are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives of 10 years.

Non-patents technology

Non-patent technology is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of 10 years.

Research and development costs

Research and development expenditures are classified as research expenditures and development expenditures according to the nature of the expenditures and whether there is significant uncertainty of development activities transforming to assets.

Research expenditures are recognized in profit or loss for the current period. Development expenditures are recognized as assets when all of the following criteria are met:

(i) it is technically feasible to complete the asset so that it will be available for use or sale;

(ii) management intends to complete the asset and intends and has the ability to use or sell it;

(iii) it can be demonstrated that the asset will generate probable future economic benefits;

(iv) there are adequate technical, financial and other resources to complete the development of the asset and management has the ability to use or sell the asset; and

(v) the expenditure attributable to the asset during its development phase can be reliably measured.

Development expenditures that do not meet the criteria above are recorded in profit or loss or the current period as incurred. Development expenditures that have been recorded in profit or loss in previous periods will be not recognized as assets in subsequent periods. Capitalized development expenditures are included in property, plant and equipment and intangible assets as appropriate according to their natures.

Prepaid land lease payments

Purchased land use rights are accounted as prepaid land lease payments. For self-development and constructed plants and buildings, the expenditures of land use rights and construction costs of plant and buildings are accounted for as prepaid land lease payments and fixed assets respectively. For acquired plant and buildings, the consideration shall be allocated between land use rights and plant and building. If the consideration can't be allocated reasonably, the consideration shall be accounted for as fixed assets. Purchased lands are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives of 50 years.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investment by the Group. When financial assets are recognized initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in other income and gains, as appropriate, in profit or loss. The loss arising from impairment is recognized in profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealized gains or losses recognized as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognized in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each of the Relevant Periods whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the statement of profit or loss, is removed from other comprehensive income and recognized in the statement of profit or loss.

In the case of equity investments classified as available-for-sale financial investments, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial investments, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income — is removed from other comprehensive income and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings by the group.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises raw materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within six months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, which are not restricted as to use.

Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and receivables from others. If collection of these receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Provision for impairment of trade and other receivables is usually determined at following basis:

- For top 10 receivables at group level and the receivables from related parties, the Group assesses whether impairment exists individually. If there is objective evidence of impairment exists, the amount of any impairment loss identified is measured as the difference between the individually receivable's carrying amount and the present value of estimated future cash flows.

- For trade and other receivables from third parties that are not individually significant, the provision for impairment is determined at (i) if there is objective evidence of impairment exists, the impairment loss identified is measured as the difference between the individually receivable's carrying amount and the present value of estimated future cash flows; (ii) if there is no objective evidence of impairment exists, the Group includes the receivables in groups of financial assets based on the aging and collectively assesses them for impairment using the percentages as follows:

	Percentage for provision (%)	
Aging	**Trade receivables**	**Other receivables**
Within 1 year	–	10
1 to 2 years	10	20
2 to 3 years	20	40
3 to 4 years	30	60
4 to 5 years	50	80
After 5 years	80	100

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the date of the consolidated statement of financial position of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Provisions for product warranties granted by the Group on certain products are recognized based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss and other comprehensive income over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss and other comprehensive income by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) Sales of goods

The Group is engaged in manufacturing and sale of environmental protection products and other related electric equipment for power plants, desulfurization, water treatment, solar energy and other environmental protection and energy conservation projects. Revenue is recognized when goods are delivered to the customers' premise which is taken to be the point in time when the customer has accepted the goods and the related risks and has been entitled to rewards of ownership. Revenue excludes value added tax ("VAT") or other sales taxes and is after deduction of any trade discounts.

(b) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an assets or a group of assets, where the customer is able to specify the major structural elements of the design. The Group enters into construction contracts with respect to the engineering projects in relation to desulfurization and denitrification facilities at coal-fired power plants, wind power plants, solar power plants, coal-fired power plants and coal yards. Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognized on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is treated as an amount due to contract customers.

(c) Rendering of desulfurization and denitrification services

The Group is engaged in providing desulfurization and denitrification services to power plants under the concession operation contracts for a period of the life cycle of the power plants. The service revenues are recognized at an on-grid tariff of certain amount per kWh for the electricity generated by the power plants. Costs of rendering services comprise labor cost, water and electric cost and other costs of personnel directly engaged in providing the services and attributable overheads.

(d) Interest income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial asset to the net carrying amount of the financial asset.

(e) Dividends

Dividend income is recognized when the shareholders' right to receive payment has been established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of each of the Relevant Periods and the consolidated statement of profit or loss and other comprehensive income are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates.

Employee benefits

Employee benefits mainly include salaries, bonuses, allowances and subsidies, pension insurance, social insurance and housing funds, labor union fees, employees' education fees and other expenses related to the employees for their services. The Group recognizes employee benefits as liabilities during the accounting period when employees rendered the services and allocates the related cost of assets and expenses based on different beneficiaries.

(a) Bonus plans

The expected cost of bonus plan is recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(b) Retirement benefit obligations

The Group primarily pays contributions on a monthly basis to participate in a pension plan organized by relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired employees payable under these plans. The Group has no legal or constructive obligations for further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to their current and past services.

(c) Other social insurance and housing funds

The Group provides other social insurance and housing funds to the qualified employees in the PRC based on certain percentages of their salaries. These percentages are not to exceed the upper limits of the percentages prescribed by the Ministry of Human Resources and Social Security of the PRC. These benefits are paid to social security organizations and the corresponding expenses are charged to profit or loss as incurred. The Group has no legal or constructive obligations for further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to their current and past services.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group periodically reviews the changes in market conditions, expected physical wear and tear, and the maintenance of the asset. The estimation of the useful life of the asset is based on historical experience of the Group with similar assets that are used in a similar way. Depreciation amount will be adjusted if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed, at the end of each of the Relevant Periods, based on changes in circumstances.

Current income tax and deferred income tax

The Group is subject to income taxes in Mainland China. Estimation is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current income tax and deferred income tax in the periods in which the differences arise.

Deferred tax assets relating to certain temporary differences are recognized as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilized. The realization of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which will be recognized in profit or loss in the period in which such a reversal takes place.

Percentage of completion of construction contracts

The Group recognizes revenue according to the percentage of completion of individual contracts of construction works, which requires estimation to be made by management. The stage of completion is estimated by reference to the actual costs incurred over the total budgeted costs. Due to the nature of the activity undertaken in construction works, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the percentage of completion of construction works. Where the actual contract revenue is less than expected or actual contract costs are more than expected, a foreseeable loss may arise.

Estimation of total budgeted costs and cost to completion for construction contracts

Total budgeted costs for construction contracts comprise (i) direct material costs and direct labor, (ii) costs of subcontracting, and (iii) an appropriation of variable and fixed construction overheads. In estimating the total budgeted costs for construction contracts, management makes reference to information such as (i) current offers from sub-contractors and suppliers, (ii) recent offers agreed with sub-contractors and suppliers, and (iii) professional estimation on material costs, labor costs and other costs.

Impairment of trade receivables

The Group maintains an allowance for estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the ageing of its trade receivables, its customers' creditworthiness and historical write-off experience. If the financial condition of its customers will deteriorate such that the actual impairment loss might be higher than expected, the Group would be required to revise the basis for making the allowance and its future results would be affected.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to their nature. Each of the Group's operating segments represents a strategic business unit that provides services which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

(a) Environmental protection and energy conservation solutions

Environmental protection and energy conservation solutions business mainly includes flue gas desulfurization and denitrification facilities concession operation business for coal-fired power plants; the manufacture and sale of denitrification catalysts business; engineering business for coal-fired power plants, including the engineering of denitrification, desulfurization, dust removal, ash and slag handling and other environmental protection facilities and industrial site dust management related engineering; water treatment business; and energy conservation business including energy conservation engineering and EMC.

(b) Renewable energy engineering

Renewable energy engineering business mainly includes the engineering general contracting business for newly-built wind power plants, biomass power plants and photovoltaic power plants.

(c) Thermal power plants engineering general contracting

Thermal power plants engineering general contracting business mainly includes the EPC services for thermal power plants.

(d) Other businesses

Other businesses mainly include various businesses such as fiberglass chimney anti-corrosion, air cooling system engineering general contracting and coal yard monitoring system upgrade.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that unallocated income and gains, finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets and liabilities mainly comprise operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment assets exclude unallocated intangible assets, unallocated deferred tax assets, unallocated prepayments, deposits and other receivables, restricted cash, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings for daily operation purpose, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2013	Environmental protection and energy conservation solutions	Renewable energy engineering	Thermal power plants engineering general contracting	Other businesses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:					
Sales to external customers	4,489,652	562,040	545,568	90,710	5,687,970
Intersegment sales	84,875	–	34,680	27,181	146,736
	4,574,527	562,040	580,248	117,891	5,834,706
Reconciliation:					
Elimination of intersegment sales					(146,736)
Revenue from continuing operations					5,687,970
Segment results	903,266	17,579	(29,414)	(33,081)	858,350
Reconciliation:					
Other income and gains					4,015
Corporate and other unallocated expenses					(90,246)
Finance costs					(179,458)
Profit before tax from continuing operations					592,661
Segment assets	6,316,830	796,650	393,972	324,149	7,831,601
Reconciliation:					
Elimination of intersegment receivables					(419,643)
Corporate and other unallocated assets					1,023,705
Assets related to a discontinued operation					3,794,057
Total assets					12,229,720
Segment liabilities	4,607,015	648,414	405,860	279,004	5,940,293
Reconciliation:					
Elimination of intersegment payables					(419,643)
Corporate and other unallocated liabilities					1,674,827
Liabilities related to a discontinued operation					3,715,909
Total liabilities					10,911,386
Other segment information from continuing operations:					
Impairment losses recognized in profit or loss	–	751	–	10,353	11,104
Depreciation and amortization	153,511	50	670	12,320	166,551
Capital expenditure*	456,114	66	454	12,364	468,998
Other segment information from discontinued operation:					**Discontinued operation**
Impairment losses recognized in profit or loss					40,110
Depreciation and amortization					66,167
Capital expenditure*					115,423

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payment and intangible assets.

Year ended 31 December 2014	Environmental protection and energy conservation solutions	Renewable energy engineering	Thermal power plants engineering general contracting	Other businesses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:					
Sales to external customers	5,324,825	501,654	395,019	277,629	6,499,127
Intersegment sales	9,584	–	22,398	11,903	43,885
	5,334,409	501,654	417,417	289,532	6,543,012
Reconciliation:					
Elimination of intersegment sales					(43,885)
Revenue from continuing operations					6,499,127
Segment results	896,932	26,666	(15,736)	30,071	937,933
Reconciliation:					
Other income and gains					15,928
Corporate and other unallocated expenses					(149,357)
Finance costs					(208,545)
Profit before tax from continuing operations					595,959
Segment assets	7,860,852	816,265	406,324	368,042	9,451,483
Reconciliation:					
Elimination of intersegment receivables					(420,307)
Corporate and other unallocated assets					1,313,988
Assets related to a discontinued operation					–
Total assets					10,345,164
Segment liabilities	5,385,684	856,253	366,435	1,051,339	7,659,711
Reconciliation:					
Elimination of intersegment payables					(420,307)
Corporate and other unallocated liabilities					1,418,525
Liabilities related to a discontinued operation					–
Total liabilities					8,657,929
Other segment information from continuing operations:					
Impairment losses recognized in profit or loss	3,177	–	–	19,736	22,913
Depreciation and amortization	239,143	58	631	13,696	253,528
Capital expenditure*	695,433	20	436	17,911	713,800
Other segment information from discontinued operation:					**Discontinued operation**
Impairment losses recognized in profit or loss					645
Depreciation and amortization					23,664
Capital expenditure*					24,110

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payment and intangible assets.

Year ended 31 December 2015	Environmental protection and energy conservation solutions	Renewable energy engineering	Thermal power plants engineering general contracting	Other businesses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:					
Sales to external customers	5,453,813	2,674,166	147,538	334,071	8,609,588
Intersegment sales	11,734	–	5,435	17,615	34,784
	5,465,547	2,674,166	152,973	351,686	8,644,372
Reconciliation:					
Elimination of intersegment sales					(34,784)
Revenue from continuing operations					8,609,588
Segment results	1,254,595	16,739	881	35,036	1,307,251
Reconciliation:					
Other income and gains					71,013
Corporate and other unallocated expenses					(255,396)
Finance costs					(230,022)
Profit before tax from continuing operations					892,846
Segment assets	11,781,645	1,369,261	172,850	536,038	13,859,794
Reconciliation:					
Elimination of intersegment receivables					(334,188)
Corporate and other unallocated assets					453,221
Total assets					13,978,827
Segment liabilities	5,341,667	1,459,376	177,589	493,307	7,471,939
Reconciliation:					
Elimination of intersegment payables					(334,188)
Corporate and other unallocated liabilities					3,214,005
Total liabilities					10,351,756
Other segment information from continuing operations:					
Impairment losses recognized in profit or loss	18,483	–	–	17,228	35,711
Depreciation and amortization	308,269	106	83	15,225	323,683
Capital expenditure*	3,089,352	25	–	8,730	3,098,107

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payment and intangible assets.

Six months ended 30 June 2015 (Unaudited)	Environmental protection and energy conservation solutions	Renewable energy engineering	Thermal power plants engineering general contracting	Other businesses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:					
Sales to external customers	1,650,460	189,267	145,112	89,195	2,074,034
Intersegment sales	11,694	–	5,435	13,715	30,844
	1,662,154	189,267	150,547	102,910	2,104,878
Reconciliation:					
Elimination of intersegment sales					(30,844)
Revenue from continuing operations					2,074,034
Segment results	465,738	(28,815)	2,439	1,114	440,476
Reconciliation:					
Other income and gains					30,702
Corporate and other unallocated expenses					(50,106)
Finance costs					(111,951)
Profit before tax from continuing operations					309,121
Segment assets	10,275,510	631,715	319,681	456,921	11,683,827
Reconciliation:					
Elimination of intersegment receivables					(214,582)
Corporate and other unallocated assets					1,742,283
Total assets					13,211,528
Segment liabilities	6,021,070	561,406	530,507	261,450	7,374,433
Reconciliation:					
Elimination of intersegment payables					(214,582)
Corporate and other unallocated liabilities					2,904,123
Total liabilities					10,063,974
Other segment information from continuing operations:					
Impairment losses recognised in profit or loss	–	–	–	–	–
Depreciation and amortisation	112,497	14	292	6,096	118,899
Capital expenditure*	1,924,407	3	–	3,943	1,928,353

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payment and intangible assets.

Six months ended 30 June 2016	Environmental protection and energy conservation solutions	Renewable energy engineering	Thermal power plants engineering general contracting	Other businesses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:					
Sales to external customers	2,212,891	888,653	–	40,544	3,142,088
Intersegment sales	–	–	–	3,531	3,531
	2,212,891	888,653	–	44,075	3,145,619
Reconciliation:					
Elimination of intersegment sales					(3,531)
Revenue from continuing operations					3,142,088
Segment results	629,269	58,227	–	(15,491)	672,005
Reconciliation:					
Other income and gains					23,093
Corporate and other unallocated expenses					(82,720)
Finance costs					(99,415)
Profit before tax from continuing operations					512,963
Segment assets	11,417,681	1,539,689	150,327	488,085	13,595,782
Reconciliation:					
Elimination of intersegment receivables					(360,040)
Corporate and other unallocated assets					689,989
Total assets					13,925,731
Segment liabilities	4,780,357	1,873,247	152,191	77,864	6,883,659
Reconciliation:					
Elimination of intersegment payables					(360,040)
Corporate and other unallocated liabilities					3,439,486
Total liabilities					9,963,105
Other segment information:					
Impairment losses (reversal of impairment) recognised in profit or loss	(7,630)	–	–	(5,500)	(13,130)
Depreciation and amortisation	199,942	51	42	6,875	206,910
Capital expenditure*	140,093	–	–	27,753	167,846

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payment and intangible assets.

Geographical information

The majority of non-current assets are located in Mainland China, and the majority of revenues are generated from Mainland China. Therefore, no geographic segment information is presented.

Information about major customers

Revenue from continuing operations of approximately RMB4,737 million, RMB5,189 million, RMB7,733 million, RMB1,723 million and RMB2,684 million for the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2015 and 2016, respectively, was derived from sales of goods and rendering of services to China Datang Group, including sales to a group of entities which are known to be under common control.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts; an appropriate proportion of contract revenue of construction contracts and the value of services rendered for desulfurization and denitrification and others during the Relevant Periods and the six months ended 30 June 2015.

An analysis of revenue, other income and gains from continuing operations are as follows:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue					
Revenue from sales of goods	459,959	423,029	376,630	127,900	217,435
Revenue from construction services	4,033,037	4,441,494	6,017,244	1,165,367	1,704,194
Revenue from desulfurization and denitrification services	1,104,264	1,356,975	1,881,643	691,572	1,176,491
Revenue from other services	90,710	277,629	334,071	89,195	43,968
	5,687,970	6,499,127	8,609,588	2,074,034	3,142,088
Other income					
Bank interest income	5,225	12,389	27,391	3,854	4,401
Investment income	–	–	23,843	19,607	–
Government grants	685	125	14,424	42	18,650
	5,910	12,514	65,658	23,503	23,051
Gains					
Gains/(loss) on disposal of items of property, plant and equipment	–	226	2,446	3,131	(2)
Exchange gains/(loss)	(1,895)	2,828	2,909	4,068	44
Others	–	360	–	–	–
	(1,895)	3,414	5,355	7,199	42
	4,015	15,928	71,013	30,702	23,093

7. FINANCE COSTS

An analysis of finance costs from continuing operations are as follows:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest expenses on bank borrowings and other loans	195,464	208,715	234,794	113,638	108,997
Less: interest capitalized	(16,006)	(170)	(4,772)	(1,687)	(9,582)
	179,458	208,545	230,022	111,951	99,415

8. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Six months ended 30 June	
		2013	2014	2015	2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of goods sold		482,494	328,418	253,127	139,845	107,194
Cost of service provided		4,213,372	5,108,263	6,976,407	1,446,636	2,319,915
Cost of sales		4,695,866	5,436,681	7,229,534	1,586,481	2,427,109
Depreciation of property, plant and equipment		161,969	210,079	312,907	114,708	202,316
Amortization of intangible assets		4,021	7,663	10,038	3,756	4,362
Amortization of leasehold land		561	898	738	435	232
Research and development costs		15,603	2,354	19,523	5,472	9,168
Impairment/(reversal of impairment) of trade receivables	25	10,462	23,063	33,945	–	(13,130)
Impairment/(reversal of impairment) of other receivables		641	(150)	–	–	–
Impairment of inventories		–	–	391	–	–
Provision for warranty		–	8,821	5,637	–	–
Minimum lease payments under operating leases		5,784	7,897	34,382	13,525	18,496
Auditors' remuneration		1,616	1,727	4,385	478	679
Employee benefit expense (including Directors' and supervisors' remuneration *(note 9)*):						
Wages, salaries and allowances, social securities and benefits		146,512	228,748	251,660	86,532	129,483
Pension scheme contribution (defined contribution scheme)		15,704	39,912	27,971	15,226	20,133
		162,216	268,660	279,631	101,758	149,616
Bank interest income	6	(5,225)	(12,389)	(27,391)	(3,854)	(4,401)
Investment income	6	–	–	(23,843)	(19,607)	–
Government grants	6	(685)	(125)	(14,424)	(42)	(18,650)
(Gains)/loss on disposals of items of property, plant and equipment, net	6	–	(226)	(2,446)	(3,131)	2
Exchange (gains)/loss	6	1,895	(2,828)	(2,909)	(4,068)	(44)

9. DIRECTORS' AND SUPERVISORS' REMUNERATION

The aggregate amounts of remuneration of the Directors and Supervisors of the Company during the Relevant Periods and the six months ended 30 June 2015 were as follows:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Fees	–	–	–	–	–
Other emoluments:					
– Salaries, housing benefits, other allowances and benefits in kind	546	653	1,910	161	1,261
– Pension scheme contributions (defined contribution scheme)	37	40	112	22	69
Total	583	693	2,022	183	1,330

	Notes	Fees	Salaries, housing benefits, other allowances and benefits in kind	Pension scheme contributions (defined contribution scheme)	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2013					
Executive director:					
Mr. Ge Liang	(i)	–	420	21	441
Mr. Deng Xiandong	(i)	–	126	16	142
		–	546	37	583
Year ended 31 December 2014					
Executive director:					
Mr. Deng Xiandong		–	653	40	693
		–	653	40	693
Year ended 31 December 2015					
Executive directors:					
Mr. Deng Xiandong		–	761	44	805
Mr. Lu Shengli	(ii)	–	681	44	725
		–	1,442	88	1,530
Non-executive directors:					
Mr. Jin Yaohua	(iii)	–	–	–	–
Mr. Liu Chuandong	(iii)	–	–	–	–
Mr. Kou Bing'en	(iii)	–	–	–	–
Mr. An Hongguang	(iii)	–	–	–	–
		–	–	–	–
Independent non-executive directors:					
Mr. Wang Guohua	(iv)	–	–	–	–
Mr. Ye Xiang	(iv)	–	–	–	–
Mr. Mao Zhuanjian	(iv)	–	–	–	–
		–	–	–	–
Supervisors:					
Mr. Wang Yuanchun	(v)	–	–	–	–
Mr. Liu Liming	(v)	–	–	–	–
Mr. Wang Hongjin	(v)	–	468	24	492
		–	468	24	492
		–	1,910	112	2,022
Six months ended 30 June 2015 (unaudited)					
Executive director:					
Mr. Deng Xiandong		–	154	21	175
Mr. Lu Shengli	(ii)	–	3	1	4
		–	157	22	179
Non-executive directors:					
Mr. Jin Yaohua	(iii)	–	–	–	–
Mr. Liu Chuandong	(iii)	–	–	–	–
Mr. Kou Bing'en	(iii)	–	–	–	–
Mr. An Hongguang	(iii)	–	–	–	–
		–	–	–	–

	Notes	Fees	Salaries, housing benefits, other allowances and benefits in kind	Pension scheme contributions (defined contribution scheme)	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000
Independent non-executive directors:					
Mr. Wang Guohua	(iv)	–	–	–	–
Mr. Ye Xiang	(iv)	–	–	–	–
Mr. Mao Zhuanjian	(iv)	–	–	–	–
		–	–	–	–
Supervisors:					
Mr. Wang Yuanchun	(v)	–	–	–	–
Mr. Liu Liming	(v)	–	–	–	–
Mr. Wang Hongjin	(v)	–	4	–	4
		–	4	–	4
		–	161	22	183
Six months ended 30 June 2016					
Executive directors:					
Mr. Deng Xiandong		–	550	23	573
Mr. Lu Shengli		–	545	23	568
		–	1,095	46	1,141
Non-executive directors:					
Mr. Jin Yaohua	(iii)	–	–	–	–
Mr. Liu Chuandong	(iii)	–	–	–	–
Mr. Kou Bing'en	(iii)	–	–	–	–
Mr. An Hongguang	(iii)	–	–	–	–
Mr. Liu Guangming	(iii)	–	–	–	–
Mr. Liang Yongpan	(iii)	–	–	–	–
		–	–	–	–
Independent non-executive directors:					
Mr. Wang Guohua	(iv)	–	–	–	–
Mr. Ye Xiang	(iv)	–	–	–	–
Mr. Mao Zhuanjian	(iv)	–	–	–	–
Mr. Gao Jiaxiang	(iv)	–	–	–	–
		–	–	–	–
Supervisors:					
Mr. Wang Yuanchun	(v)	–	–	–	–
Mr. Liu Liming	(v)	–	–	–	–
Mr. Wang Hongjin	(v)	–	166	23	189
		–	166	23	189
		–	1,261	69	1,330

Notes:

(i) Mr. Deng Xiandong was appointed as an executive director of the Company effective from 13 August 2013 while Mr. Ge Liang resigned from executive director at the same date.

(ii) Mr. Lu Shengli was appointed as the executive director of the Company effective from 26 June 2015.

(iii) Mr. Jin Yaohua, Mr. Liu Chuandong, Mr. Kou Bing'en and Mr. An Hongguang were appointed as non-executive directors of the Company effective from 26 June 2015. Mr. Liu Guangming and Mr. Liang Yongpan were appointed as non-executive directors of the Company effective from 29 April 2016 while Mr. Kou Bing'en and Mr. An Hongguang resigned from non-executive directors at the same date. The remuneration for Mr. Jin Yaohua, Mr. Liu Chuandong, Mr. Kou Bing'en, Mr. An Hongguang, Mr. Liu Guangming and Mr. Liang Yongpan for the period from 26 June 2015 to 30 June 2016 was paid by China Datang, and no remuneration was paid by the Company.

(iv) Mr. Wang Guohua, Mr. Ye Xiang and Mr. Mao Zhuanjian were appointed as independent non-executive directors with effect from 26 June 2015 when the Company was converted into a joint stock company with limited liability. Mr. Gao Jiaxiang was appointed as an independent non-executive director of the Company effective from 29 April 2016 while Mr. Wang Guohua resigned from independent non-executive director at the same date. During the Relevant Periods and the six months ended 30 June 2015, no remuneration was paid to these independent non-executive directors.

(v) Mr. Wang Yuanchun, Mr. Liu Liming and Mr. Wang Hongjin were appointed as supervisors with effect from 26 June 2015 which is the date when the Company was converted into a joint stock company with limited liability. No supervisors were appointed for the years ended 31 December 2013 and 2014. The remuneration for Mr. Wang Guohua and Mr. Liu Liming for the period from 26 June 2015 to 30 June 2016 was paid by China Datang, and no remuneration was paid by the Company.

There was no arrangement under which the Directors waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees included five senior executives during the year ended 31 December 2013, one director and four senior executives during the year ended 31 December 2014, and two directors and three senior executives during the year ended 31 December 2015, one director and four senior executives during the period ended 30 June 2015, two directors and three senior executives for the period ended 30 June 2016. Details of directors' and supervisors' remuneration are set out in note 9 of this section above. Details of the remuneration for the highest paid senior executives who are not a director or a supervisor of the Company are as follows:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, housing benefits, other allowances and benefits in kind	2,340	2,243	1,961	573	1,398
Pension scheme contributions (defined contribution scheme)	185	160	132	84	69
Total	2,525	2,403	2,093	657	1,467

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
				(Unaudited)	
Nil to HK$1,000,000	5	4	3	4	3
Total	5	4	3	4	3

11. INCOME TAX EXPENSE

Pursuant to the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) and the PRC Enterprise Income Tax Law Implementing Regulations (中華人民共和國企業所得稅法實施條例), certain branches and subsidiaries of the Company were recognized as high-technology enterprises and were subject to a preferential corporate income tax rate of 15%. Certain branches of the Company are engaged in qualified environmental protection and energy or water conservation projects and income derived from such activities is tax exempted for the first 3 years followed by 50% exemption from the fourth to the sixth years starting from the year in which the project first generates operating income.

Under the PRC Enterprise Income Tax Law and the relevant regulations, except for preferential treatments available to certain branches and subsidiaries as mentioned above, other subsidiaries within the Group were subject to corporate income tax at the statutory rate of 25%.

The subsidiary of the Company in India is subject to corporate income tax at rate of 30%.

The components of income tax expense from continuing operations for the Relevant Periods and the six months ended 30 June 2015 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current–PRC	98,213	105,506	149,059	47,178	75,393
Current–Other countries	–	–	178	–	428
Deferred *(note 22)*	(1,993)	(4,352)	(6,700)	–	(1,335)
	96,220	101,154	142,537	47,178	74,486

A reconciliation of the income tax expense from continuing operation applicable to profit before tax from continuing operations using the statutory income tax rate applicable in Mainland China to the income tax expense at the Group's effective income tax rate for the Relevant Periods and the six months ended 30 June 2015 is as follows:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before tax from continuing operations	592,661	595,959	892,846	309,121	512,963
Income tax at the statutory income tax rate of 25%	148,166	148,990	223,212	77,280	128,241
Effect of different tax rate applicable in other country	–	–	30	–	71
Effect of preferential income tax rate	(62,098)	(57,212)	(90,741)	(28,834)	(43,139)
Non-deductible expenses	12,536	6,475	12,228	685	1,402
Income not subject to tax	(1,605)	(546)	(744)	(372)	(17,419)
Tax credit from domestic equipment purchase	(7,773)	(1,005)	–	–	–
Additional deduction of research and development cost	(1,162)	(11)	(1,895)	–	(546)
Others	8,156	4,463	447	(1,581)	5,876
Income tax charge for the year/period	96,220	101,154	142,537	47,178	74,486
The Group's effective rate	16%	17%	16%	15%	15%

12. DISCONTINUED OPERATION

On 28 November 2013, the Company acquired 70% interest in Hua Chuang from its controlling shareholder, China Datang, at nil consideration. Since the business combination was under common control, Hua Chuang was consolidated in the Group's financial statements using merger accounting method.

In September 2014, the Company announced the decision of its board of directors to transfer 70% interest in Hua Chuang to China Datang at nil consideration. The Group decided to cease its wind power electricity products business because it plans to focus its resources on its environmental protection and energy conservation solutions business and renewable energy engineering business. The disposal of Hua Chuang was completed on 30 December 2014.

Since the Wind Power Electricity Products Segment was a component of the Group's business, representing a separate major line of business with separately identifiable operations and cash flows, it is classified as a discontinued operation. Accordingly, the results of the Wind Power Electricity Products Segment were separately reported as a "discontinued operation" in the consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2014. The consolidated statements of profit or loss and other comprehensive income and the related notes for the year ended 31 December 2013 has been restated to reflect the reclassification between continuing operations and the discontinued operation accordingly.

(a) Details of the assets and liabilities of Hua Chuang disposed of on 30 December 2014 are as following:

	RMB'000
Cash and cash equivalents	132,570
Restricted cash	91,011
Trade and notes receivables	2,037,167
Inventories	551,842
Prepayments, deposits and other receivables	329,471
Property, plant and equipment	690,122
Prepaid land lease payment	40,152
Intangible assets	209,043
Goodwill	9,240
Trade and notes payables	(2,271,196)
Other payables and accrued expenses	(215,667)
Interest bearing loans and borrowings	(879,997)
Other current liabilities	(490,400)
Other non-current liabilities	(101,320)
Non-controlling interests	(123,593)
Net assets disposed of	8,445
Charged to reserves as a distribution to the controlling shareholder	(8,445)

An analysis of the net outflows of cash and cash equivalents in respect of the disposal of Hua Chuang is as follows:

	Year ended 31 December 2014
	RMB'000
Cash consideration received in 2014	–
Less: cash and cash equivalents disposed of	(132,570)
Net cash outflows from the disposal of Hua Chuang	(132,570)

(b) The results of Hua Chuang presented as the discontinued operation for the years ended 31 December 2013 and 2014 are as followings:

	Year ended 31 December	
	2013	2014
	RMB'000	RMB'000
Revenue	973,167	2,400,840
Expenses	(1,354,288)	(2,281,503)
Finance costs	(68,921)	(63,655)
(Loss)/profit before tax from the discontinued operation	(450,042)	55,682
Income tax expense	(938)	(13,012)
(Loss)/profit for the year from the discontinued operation	(450,980)	42,670
Attributable to:		
Owners of the parent	(433,920)	44,846
Non-controlling interests	(17,060)	(2,176)
	(450,980)	42,670

(c) The net cash flows incurred by Hua Chuang for the years ended 31 December 2013 and 2014 are as followings:

	Year ended 31 December	
	2013	2014
	RMB'000	RMB'000
Operating activities	(195,148)	(148,784)
Investing activities	(8,039)	(34,061)
Financing activities	280,214	219,918
Net foreign exchange differences	(21)	(7)
Net cash inflows	77,006	37,066

13. AVAILABLE-FOR-SALE FINANCIAL INVESTMENT

Group and Company

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investment, at cost	–	–	5,000	5,000
	–	–	5,000	5,000

As at 31 December 2015 and 30 June 2016, certain unlisted equity investments with a carrying amount of RMB5,000,000 were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group and the Company do not intend to dispose of them in the near future.

14. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the Relevant Periods includes profits of RMB345,594,000, RMB277,220,000, RMB538,879,000, and RMB303,512,000 which had been dealt with in the financial statements of the Company (note 32(b)).

15. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,200,000,000 shares for the years ended 31 December 2013 and 2014 and 1,213,259,669 shares for the six months ended 30 June 2015 and 1,811,506,849 shares for the year ended 31 December 2015 on the assumption that the 1,200,000,000 shares of the Company upon its conversion into a joint stock company with limited liability on 26 June 2015 had been outstanding since 1 January 2013.

The Company did not have any potential dilutive shares through the Relevant Periods and the six months ended 30 June 2015. Accordingly, the diluted earnings per share are the same as the basic earnings per share.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			Six months ended 30 June	
Earnings	**2013**	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
Profit attributable to ordinary equity holders of the parent, used in the basic/diluted earnings per share calculations:					
From continuing operations *(RMB)*	480,702,369	503,818,250	705,752,623	234,510,163	400,486,885
From a discontinued operation *(RMB)*	(303,743,888)	31,392,008	–	–	–
	176,958,481	535,210,258	705,752,623	234,510,163	400,486,885
Weighted average number of ordinary shares in issue	1,200,000,000	1,200,000,000	1,811,506,849	1,213,259,669	2,400,000,000
Basic/diluted earnings per share *(RMB)*	0.15	0.45	0.39	0.19	0.17
– From continuing operations *(RMB)*	0.40	0.42	0.39	0.19	0.17
– From a discontinued operation *(RMB)*	(0.25)	0.03	–	–	–

16. DIVIDENDS

The dividends during the Relevant Periods and the six months ended 30 June 2015 are set out below:

	Year ended 31 December			Six months ended 30 June	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (Unaudited)**	**RMB'000**
Dividends declared to owners of the parent	200,000	–	–	–	100,000
	200,000	–	–	–	100,000

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings and other infrastructure	Machinery	Transportation vehicle	Office equipment and others	Construction in progress ("CIP")	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2013	737,565	2,588,420	48,071	45,527	250,522	3,670,105
Addition	25,924	151,347	6,188	13,113	318,900	515,472
Transfer from CIP	165,730	180,470	–	–	(346,200)	–
Disposals	(177)	–	–	(5)	–	(182)
At 31 December 2013	929,042	2,920,237	54,259	58,635	223,222	4,185,395
Addition	190,265	84,846	2,301	54,498	327,392	659,302
Transfer from CIP	135,539	327,466	–	–	(463,005)	–
Disposals	(223,955)	(70,473)	(3,367)	(2,974)	–	(300,769)
Disposal of subsidiaries *(note a)*	(178,582)	(592,681)	(23,665)	(20,928)	(21,967)	(837,823)
At 31 December 2014	852,309	2,669,395	29,528	89,231	65,642	3,706,105
Additions	17,983	2,785,177	5,063	9,295	266,701	3,084,219
Transfer from CIP	2,244	27,927	–	–	(30,171)	–
Disposals	–	(286)	(988)	(765)	–	(2,039)
Disposal of subsidiaries *(note b)*	(19,501)	(3,007)	(302)	(1,672)	–	(24,482)
At 31 December 2015	853,035	5,479,206	33,301	96,089	302,172	6,763,803
Addition	–	214	1,152	2,202	153,527	157,095
Transfer from CIP	–	51,501	–	–	(51,501)	–
Disposals	–	–	–	(3)	–	(3)
At 30 June 2016	853,035	5,530,921	34,453	98,288	404,198	6,920,895
Accumulated depreciation:						
At 1 January 2013	(67,985)	(98,982)	(24,064)	(23,267)	–	(214,298)
Provision	(28,057)	(168,449)	(7,412)	(5,661)	–	(209,579)
Disposals	–	–	–	3	–	3
At 31 December 2013	(96,042)	(267,431)	(31,476)	(28,925)	–	(423,874)
Provision	(36,516)	(203,026)	(6,916)	(10,085)	–	(256,543)
Disposals	16,241	2,073	2,784	2,536	–	23,634
Disposal of subsidiaries *(note a)*	22,199	75,721	19,459	13,314	–	130,693
At 31 December 2014	(94,118)	(392,663)	(16,149)	(23,160)	–	(526,090)
Provision	(27,526)	(275,092)	(6,032)	(4,257)	–	(312,907)
Disposals	–	18	939	765	–	1,722
Disposal of subsidiaries *(note b)*	4,186	2,121	287	865	–	7,459
At 31 December 2015	(117,458)	(665,616)	(20,955)	(25,787)	–	(829,816)
Provision	(14,156)	(183,478)	(1,949)	(2,733)	–	(202,316)
Disposals	–	–	–	1	–	1
At 30 June 2016	(131,614)	(849,094)	(22,904)	(28,519)	–	(1,032,131)

	Buildings and other infrastructure	Machinery	Transportation vehicle	Office equipment and others	Construction in progress ("CIP")	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Impairment:						
At 1 January 2013	–	–	–	–	–	–
Provided	–	–	–	–	(16,245)	(16,245)
At 31 December 2013	–	–	–	–	(16,245)	(16,245)
Provided	–	–	–	–	(645)	(645)
Disposal of subsidiaries *(note a)*	–	–	–	–	16,890	16,890
At 31 December 2014	–	–	–	–	–	–
Provided	–	–	–	–	–	–
At 31 December 2015	–	–	–	–	–	–
Provided	–	–	–	–	–	–
At 30 June 2016	–	–	–	–	–	–
Net carrying amount:						
At 31 December 2013	833,000	2,652,806	22,783	29,710	206,977	3,745,276
At 31 December 2014	758,191	2,276,732	13,379	66,071	65,642	3,180,015
At 31 December 2015	735,577	4,813,590	12,346	70,302	302,172	5,933,987
At 30 June 2016	721,421	4,681,827	11,549	69,769	404,198	5,888,764

Company

	Buildings and other infrastructure	Machinery	Transportation vehicle	Office equipment and others	Construction in progress ("CIP")	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2013	295,541	1,702,595	2,542	5,465	136,988	2,143,131
Addition	23,411	44,679	3,128	9,415	146,828	227,461
Transfer from CIP	15,052	72,767	–	–	(87,819)	–
Disposals	(177)	–	–	–	–	(177)
At 31 December 2013	333,827	1,820,041	5,670	14,880	195,997	2,370,415
Addition	190,265	84,085	874	47,317	186,456	508,997
Transfer from CIP	–	316,811	–	–	(316,811)	–
Disposals	(206,240)	–	–	(66)	–	(206,306)
At 31 December 2014	317,852	2,220,937	6,544	62,131	65,642	2,673,106
Additions	17,983	2,583,732	5,063	6,703	254,740	2,868,221
Transfer from CIP	2,075	17,356	–	–	(19,431)	–
At 31 December 2015	337,910	4,822,025	11,607	68,834	300,951	5,541,327
Additions	–	205	–	1,557	137,664	139,426
Transfer from CIP	–	51,501	–	–	(51,501)	–
Disposals	–	–	–	(3)	–	(3)
At 30 June 2016	337,910	4,873,731	11,607	70,388	387,114	5,680,750

	Buildings and other infrastructure	Machinery	Transportation vehicle	Office equipment and others	Construction in progress ("CIP")	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated depreciation:						
At 1 January 2013	(3,575)	(27,324)	(159)	(397)	–	(31,455)
Provision	(10,202)	(110,234)	(543)	(905)	–	(121,884)
At 31 December 2013	(13,777)	(137,558)	(702)	(1,302)	–	(153,339)
Provision	(13,616)	(140,619)	(923)	(6,482)	–	(161,640)
Disposals	11,771	–	–	15	–	11,786
At 31 December 2014	(15,622)	(278,177)	(1,625)	(7,769)	–	(303,193)
Provision	(10,051)	(242,970)	(3,798)	(2,507)	–	(259,326)
At 31 December 2015	(25,673)	(521,147)	(5,423)	(10,276)	–	(562,519)
Provision	(5,717)	(160,920)	(925)	(1,627)	–	(169,189)
Disposals	–	–	–	1	–	1
At 30 June 2016	(31,390)	(682,067)	(6,348)	(11,902)	–	(731,707)
Impairment:						
At 1 January 2013	–	–	–	–	–	–
Provided	–	–	–	–	–	–
At 31 December 2013	–	–	–	–	–	–
Provided	–	–	–	–	–	–
At 31 December 2014	–	–	–	–	–	–
Provided	–	–	–	–	–	–
At 31 December 2015	–	–	–	–	–	–
Provided	–	–	–	–	–	–
At 30 June 2016	–	–	–	–	–	–
Net carrying amount:						
At 31 December 2013	320,050	1,682,483	4,968	13,578	195,997	2,217,076
At 31 December 2014	302,230	1,942,760	4,919	54,362	65,642	2,369,913
At 31 December 2015	312,237	4,300,878	6,184	58,558	300,951	4,978,808
At 30 June 2016	306,520	4,191,664	5,259	58,486	387,114	4,949,043

Note a: On 1 September 2014, the Company announced the decision of its board of directors to dispose of 70% interest in Hua Chuang to China Datang, at nil consideration. The disposal of Hua Chuang was completed on 30 December 2014, and Hua Chuang was deconsolidated from the Group since the disposal date. Meanwhile, the Group disposed of 100% interest in Information Technology Company to its shareholder, China Datang, at nil consideration. The disposal was completed as at 30 December 2014, and Information Technology Company was deconsolidated from the Group since the disposal date. For details of the above disposals, please refer to note 12 and 33(b) of this section.

Note b:

- On 1 April 2015, Technologies & Engineering Company and Boyuanshengtang entered into an equity transfer agreement with a third party, pursuant to which Technologies & Engineering Company and Boyuanshengtang respectively transferred their 40% and 25% equity interest in Hangzhou Ruitang to Beijing Beikehuadian Technology Co., Ltd. (北京北科華電科技股份有限公司) at respective considerations of RMB1. The disposal was completed as at 1 April 2015, and Hangzhou Ruitang was deconsolidated from the Group since the disposal date. For details of the above disposal, please refer to note 33(c) of this section.
- On 2 February 2015, Boyuanshengtang and Fengjing Property entered into an agreement with a third party, pursuant to which Boyuanshengtang and Fengjing Property transferred to the third party their 100% equity interest amounting RMB16.85 million and credit claim amounting RMB8.33 million in Hebei Shengtang with a total consideration of RMB25.18 million. The disposal was completed as at 2 February 2015, and Hebei Shengtang was deconsolidated from the Group since the disposal date. For details of the above disposal, please refer to note 33(d) of this section.

- On 27 May 2015, Boyuanshengtang, a subsidiary of the Group, entered into an equity transfer agreement for disposal of its 60% equity interest in Nanjing Automation to Information Technology Company. The consideration was determined with reference to an independent valuation undertaken by professional valuers recognized in the PRC of the net assets of Nanjing Automation as at 31 December 2014. As at 30 June 2015, the consideration was agreed as RMB28.6 million. The disposal transaction was completed on 31 July 2015 and Nanjing Automation was deconsolidated from the Group since the disposal date. For details of the above disposal, please refer to note 33(e) of this section.

The net carrying amounts of certain properties, plant and equipment of the Group of approximately RMB440,033,000, RMB190,134,000, RMB179,934,000 and RMB173,049,000 as at 31 December 2013, 2014 and 2015 and 30 June 2016, respectively, were pledged to secure certain bank loans granted to the Group (note 30). The Company has no property, plant and equipment which were pledged to secure bank loans and other loans.

As at 31 December 2013, 2014 and 2015 and 30 June 2016, the Group was in the process of applying for the ownership certificates of buildings with a net carrying amount of RMB170,071,000, RMB194,439,000, nil, and nil respectively. As at 31 December 2013, 2014 and 2015 and 30 June 2016, the Company was in the process of applying for the ownership certificates of buildings with a net carrying amount of RMB143,319,000, RMB194,439,000, nil and nil, respectively.

18. INTANGIBLE ASSETS

Group

	Patents	Non-patented technology	Development expenditure	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:					
At 1 January 2013	21,496	188,405	73,966	9,156	293,023
Addition	8,095	–	38,833	540	47,468
Reclassification	3,178	14,767	(17,945)	–	–
Recognized in development expenses	–	–	(3,272)	–	(3,272)
At 31 December 2013	32,769	203,172	91,582	9,696	337,219
Addition	3,092	–	74,001	1,515	78,608
Disposal	(1,181)	–	–	–	(1,181)
Reclassification	8,892	3,577	(12,469)	–	–
Recognized in development expenses	–	–	(627)	–	(627)
Disposal of subsidiaries *(note 17 (note a))*	(143)	(176,226)	(114,061)	(3,605)	(294,035)
At 31 December 2014	43,429	30,523	38,426	7,606	119,984
Addition	–	–	11,997	1,891	13,888
Reclassification	25,718	543	(26,261)	–	–
Recognized in development expenses	–	–	(4,387)	–	(4,387)
Disposal of subsidiaries *(note 17 (note b))*	(3,352)	–	–	(109)	(3,461)
At 31 December 2015	65,795	31,066	19,775	9,388	126,024
Addition	–	–	10,111	640	10,751
Recognized in development expenses	–	–	–	–	–
At 30 June 2016	65,795	31,066	29,886	10,028	136,775

	Patents	Non-patented technology	Development expenditure	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated amortization:					
At 1 January 2013	(2,756)	(40,476)	–	(3,423)	(46,655)
Provision	(2,012)	(18,724)	–	(949)	(21,685)
At 31 December 2013	(4,768)	(59,200)	–	(4,372)	(68,340)
Provision	(4,046)	(13,754)	–	(1,058)	(18,858)
Disposal of subsidiaries *(note 17 (note a))*	32	60,086	–	1,002	61,120
At 31 December 2014	(8,782)	(12,868)	–	(4,428)	(26,078)
Provision	(6,494)	(2,549)	–	(995)	(10,038)
Disposal of subsidiaries *(note 17 (note b))*	1,503	–	–	90	1,593
At 31 December 2015	(13,773)	(15,417)	–	(5,333)	(34,523)
Provision	(2,729)	(1,103)	–	(530)	(4,362)
At 30 June 2016	(16,502)	(16,520)	–	(5,863)	(38,885)
Impairment:					
At 1 January 2013	–	–	–	–	–
Provided	–	(23,866)	–	–	(23,866)
At 31 December 2013	–	(23,866)	–	–	(23,866)
Provided	–	–	–	–	–
Disposal of subsidiaries *(note 17 (note a))*	–	23,866	–	–	23,866
At 31 December 2014	–	–	–	–	–
Provided	(1,375)	–	–	–	(1,375)
At 31 December 2015	(1,375)	–	–	–	(1,375)
Provided	–	–	–	–	–
At 30 June 2016	(1,375)	–	–	–	(1,375)
Net carrying amount:					
At 31 December 2013	28,001	120,106	91,582	5,324	245,013
At 31 December 2014	34,647	17,655	38,426	3,178	93,906
At 31 December 2015	50,647	15,649	19,775	4,055	90,126
At 30 June 2016	47,918	14,546	29,886	4,165	96,515

The original book value of certain intangible assets of approximately RMB24,000,000, RMB24,000,000, RMB24,000,000 and RMB24,000,000 (net carrying amount of approximately RMB21,822,000, RMB20,205,000, RMB18,589,000 and RMB17,781,000) as at 31 December 2013, 2014 and 2015, and 30 June 2016, respectively, are pledged to secure certain bank loans granted to the Group (note 30).

19. GOODWILL

Group

	RMB'000
Cost:	
At 1 January 2013	9,240
Addition	–
Disposals	–
At 31 December 2013	9,240
Addition	–
Disposals of subsidiaries *(note 17 (note a))*	(9,240)
At 31 December 2014	–
Addition	–
Disposals	–
At 31 December 2015	–
Addition	–
Disposals	–
At 30 June 2016	–
Accumulated impairment:	
At 1 January 2013	–
Provided	–
At 31 December 2013	–
Provided	–
At 31 December 2014	–
Provided	–
At 31 December 2015	–
Provided	–
At 30 June 2016	–
Net carrying amount:	
At 31 December 2013	9,240
At 31 December 2014	–
At 31 December 2015	–
At 30 June 2016	–

Impairment testing of goodwill

Goodwill was allocated to the Wind Power Electricity Production cash-generating unit for impairment testing.

The recoverable amount of the Wind Power Electricity Production cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management.

The Directors are of the view that, based on their assessment, there was no impairment of goodwill as at 31 December 2013. As the Wind Power Electricity Production Segment was disposed to China Datang on 30 December 2014, the goodwill associated with this segment was derecognized on the disposal date.

20. PREPAID LAND LEASE PAYMENTS

Group

	RMB'000
Cost:	
At 1 January 2013	66,018
Addition	21,481
At 31 December 2013	87,499
Disposal of subsidiaries *(note 17 (note a))*	(44,403)
At 31 December 2014	43,096
Disposal of subsidiaries *(note 17 (note b))*	(21,238)
At 31 December 2015	21,858
Addition	–
At 30 June 2016	21,858
Accumulated amortization:	
At 1 January 2013	(4,522)
Amortization	(1,454)
At 31 December 2013	(5,976)
Amortization	(1,791)
Disposal of subsidiaries *(note 17 (note a))*	4,251
At 31 December 2014	(3,516)
Amortization	(738)
Disposal of subsidiaries *(note 17 (note b))*	2,857
At 31 December 2015	(1,397)
Amortization	(232)
At 30 June 2016	(1,629)
Impairment:	
At 1 January 2013	(21)
Provided	–
At 31 December 2013	(21)
Provided	–
At 31 December 2014	(21)
Provided	–
Disposal of subsidiaries *(note 17 (note b))*	21
At 31 December 2015	–
Provided	–
At 30 June 2016	–
Net carrying amount:	
At 31 December 2013	81,502
At 31 December 2014	39,559
At 31 December 2015	20,461
At 30 June 2016	20,229

21. INVESTMENT IN SUBSIDIARIES

Company

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investments, at cost	475,501	202,534	258,034	298,034

Particulars of all subsidiaries of the Company are set out in note 1 of this section.

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

Percentage of equity interest held by non-controlling interests:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
				(Unaudited)	
Percentage of equity interest held by non-controlling interests:					
Technologies & Engineering Company	49%	49%	49%	49%	49%
Hua Chuang	30%	30%	N/A	N/A	N/A

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
(Loss)/profit for the year/period attributable to non-controlling interests:					
Technologies & Engineering Company	(2,279)	(28,928)	31,521	15,376	29,103
Hua Chuang	(130,176)	13,454	N/A	N/A	N/A
Dividends paid to non-controlling interests of:					
Technologies & Engineering Company	7,350	–	–	–	–
Hua Chuang	–	–	N/A	N/A	N/A
Accumulated balances of non-controlling interests at the reporting dates:					
Technologies & Engineering Company	72,588	43,339	60,891	66,572	86,989
Hua Chuang	114,292	N/A	N/A	N/A	N/A

The following table illustrates the summarized financial information of Technologies & Engineering Company. The amounts disclosed are before any inter-company elimination:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Technologies & Engineering Company					
Revenue	2,651,607	2,310,232	4,394,508	960,735	1,349,623
Total expenses	(2,656,265)	(2,369,591)	(4,329,684)	(922,437)	(1,293,023)
(Loss)/profit for the year/period	(4,658)	(59,359)	64,824	38,298	56,600
Total comprehensive income for the year/period	(4,658)	(59,359)	64,801	38,298	56,147
Current assets	3,374,578	3,453,661	3,833,561	3,442,674	3,747,959
Non-current assets	480,758	440,665	380,083	415,522	365,581
Current liabilities	(3,460,283)	(3,582,122)	(4,022,401)	(3,463,198)	(3,741,478)
Non-current liabilities	(267,320)	(243,830)	(72,300)	(243,830)	(196,950)
Net cash flows from/(used in) operating activities	125,973	221,585	139,292	(26,702)	(175,382)
Net cash flows (used in)/from investing activities	(6,450)	(7,439)	18,916	(6,346)	(1,868)
Net cash flows used in financing activities	(126,031)	(3,087)	(95,620)	(23,529)	(48,087)
Effect of foreign exchange rate changes net	–	–	2,470	–	1,568
Net (decrease)/increase in cash and cash equivalents	(6,508)	211,059	65,058	(56,577)	(223,769)

The following table illustrates the summarized financial information of Hua Chuang. The amounts disclosed are before any inter-company elimination:

	Year ended 31 December	
	2013	2014
	RMB'000	RMB'000
Hua Chuang		
Revenue	973,167	2,400,840
Total expenses	(1,424,147)	(2,358,170)
(Loss)/profit for the year	(450,980)	42,670
Total comprehensive income for the year	(450,980)	42,670
Current assets	2,795,292	3,142,061
Non-current assets	998,765	939,317
Current liabilities	(3,090,129)	(3,857,260)
Non-current liabilities	(625,780)	(101,320)
Net cash flows used in operating activities	(195,148)	(148,784)
Net cash flows used in investing activities	(8,039)	(34,061)
Net cash flows from financing activities	280,214	219,918
Effect of foreign exchange rate changes, net	(21)	(7)
Net increase in cash and cash equivalents	77,006	37,066

Since Hua Chuang was disposed to China Datang on 30 December 2014, the summarized financial information of Hua Chuang was not disclosed for the year ended 31 December 2015 and the six months ended 30 June 2015 and 2016.

22. DEFERRED TAX ASSETS

The deferred tax assets recognized and the movements therein, for the Relevant Periods are as follows:

Group

	Provision for impairment of trade and other receivables	Accrued expenses	Unrealized profit at consolidation	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013	2,474	332	–	–	2,806
Deferred tax credited to profit or loss during the year *(note 11)*	1,957	36	–	–	1,993
At 31 December 2013	4,431	368	–	–	4,799
Deferred tax credited to profit or loss during the year *(note 11)*	3,039	–	–	1,313	4,352
At 31 December 2014	7,470	368	–	1,313	9,151
Deferred tax credited to profit or loss during the year *(note 11)*	5,361	(136)	–	1,475	6,700
Disposal of subsidiaries *(note 33(e))*	(129)	–	–	–	(129)
At 31 December 2015	12,702	232	–	2,788	15,722
Deferred tax credited to profit or loss during the period *(note 11)*	(1,970)	(225)	3,530	–	1,335
At 30 June 2016	10,732	7	3,530	2,788	17,057

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

23. INVENTORIES

Group

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	265,236	50,075	38,536	33,812
Work-in-progress	18,744	26,284	17,931	4,374
Finished goods	118,120	94,146	69,408	95,362
Packaging materials and low-valued consumables	18,833	29,195	28,273	52,298
	420,933	199,700	154,148	185,846

24. CONSTRUCTION CONTRACTS

Group

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Gross amount due from contract customers included in construction contracts *(note a)*	319,009	97,793	250,028	231,909
Gross amount due to contract customers included in other payables and accruals *(note a)*	(1,070,914)	(599,134)	(235,634)	(309,848)
	(751,905)	(501,341)	14,394	(77,939)
Contract costs incurred plus recognized profits less recognized losses to date	12,304,630	17,355,970	22,503,679	25,272,004
Less: progress billings	(13,056,535)	(17,857,311)	(22,489,285)	(25,349,943)
	(751,905)	(501,341)	14,394	(77,939)

Note a: The gross amount due from contract customers for contract work is recorded as an asset of construction contracts. The gross amount due to contract customers for contract work recorded as an advance from contract customers in other payables and accruals (note 29).

25. TRADE AND BILLS RECEIVABLES

The Group's and the Company's trading terms with its customers are mainly on credit, except for EPC contracts, where payment in advance is normally required. The Group and the Company seeks to maintain strict control over the outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

Group

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	4,364,241	4,273,251	4,776,954	5,534,222
Less: provision for impairment	(28,028)	(51,091)	(83,719)	(70,589)
	4,336,213	4,222,160	4,693,235	5,463,633
Bills receivable	293,387	131,525	284,303	438,383
	4,629,600	4,353,685	4,977,538	5,902,016

Company

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	854,531	1,775,424	1,934,618	2,195,656
Less: provision for impairment	–	–	–	–
	854,531	1,775,424	1,934,618	2,195,656
Bills receivable	233,901	87,601	174,551	370,203
	1,088,432	1,863,025	2,109,169	2,565,859

(a) Ageing analysis

An aged analysis of the trade and bills receivables, based on the invoice date or billing date and net of provision for impairment of trade receivables, at the end of each of the Relevant Periods is as follows:

Group

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	2,846,777	3,379,201	3,415,829	4,492,902
Between 1 and 2 years	608,577	465,801	1,307,533	1,031,884
Between 2 and 3 years	573,345	243,609	172,884	373,667
Over 3 years	628,929	316,165	165,011	74,152
	4,657,628	4,404,776	5,061,257	5,972,605
Less: provision for impairment	(28,028)	(51,091)	(83,719)	(70,589)
	4,629,600	4,353,685	4,977,538	5,902,016

Company

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	1,073,635	1,712,690	1,507,537	1,973,484
Between 1 and 2 years	14,797	140,082	557,920	334,043
Between 2 and 3 years	–	10,253	43,353	253,361
Over 3 years	–	–	359	4,971
	1,088,432	1,863,025	2,109,169	2,565,859
Less: provision for impairment	–	–	–	–
	1,088,432	1,863,025	2,109,169	2,565,859

An aged analysis of trade and bills receivables, that are neither individually nor collectively considered to be impaired, is as follows:

Group

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	2,846,777	3,379,201	3,415,829	4,492,902
Past due but not impaired:				
Within 1 year	532,925	433,135	972,025	769,110
Between 1 and 2 years	547,939	192,832	123,532	351,862
Between 2 and 3 years	309,888	74,930	58,999	4,971
Over 3 years	250,046	196,510	34,520	224
	4,487,575	4,276,608	4,604,905	5,619,069

Company

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	1,073,635	1,712,690	1,507,537	1,973,484
Past due but not impaired:				
Within 1 year	14,797	140,082	557,920	334,043
Between 1 and 2 years	–	10,253	43,353	253,361
Between 2 and 3 years	–	–	359	4,971
Over 3 years	–	–	–	–
	1,088,432	1,863,025	2,109,169	2,565,859

Receivables that were neither past due nor impaired relate to various related parties for whom there was no recent history of default.

Receivables that were past due but not impaired relate to companies that have a good track record with the Group and the Company. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group and the Company does not hold any collateral or other credit enhancements over these balances.

(b) Impairment of trade receivables

Movements in the provision for impairment of trade receivables are as follows:

Group

	Year ended 31 December			Six months ended 30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	17,566	28,028	51,091	83,719
Impairment for the year/period	10,462	23,063	33,945	–
Reversal	–	–	–	(13,130)
Disposal of subsidiaries	–	–	(1,317)	–
At end of the year/period	28,028	51,091	83,719	70,589

Company

	Year ended 31 December			Six months ended 30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	–	–	–	–
Impairment for the year/period	–	–	–	–
Reversal	–	–	–	–
Disposal of subsidiaries	–	–	–	–
At end of the year/period	–	–	–	–

The net carrying amounts of certain trade and bill receivables of the Group of approximately RMB nil, RMB nil, RMB35,497,000 and RMB nil as at 31 December 2013, 2014 and 2015 and 30 June 2016, respectively, were pledged to secure certain bank loans granted to the Group (note 30).

The Company has no trade and bill receivables which were pledged to secure bank loans.

26 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Due from related parties	113,684	289,136	223,602	230,445
Prepayments	1,445,169	976,393	771,812	469,970
Other receivables	506,847	9,791	37,294	61,450
Other current assets	9	9,043	2,005	1,260
	2,065,709	1,284,363	1,034,713	763,125
Less: provision for impairment	(728)	(74)	(171)	(171)
Total	2,064,981	1,284,289	1,034,542	762,954

27. CASH AND CASH EQUIVALENTS, RESTRICTED CASH

Group

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	708,284	1,083,648	1,476,908	763,937
Less: restricted cash *(note a)*	(624)	(11,591)	(32,945)	(15,664)
Cash and cash equivalents	707,660	1,072,057	1,443,963	748,273
Cash and bank balances denominated in:				
– RMB	697,075	1,082,955	1,358,138	726,257
– United States Dollars	11,209	693	112,099	36,621
– Euro	–	–	–	–
– Indian Rupees	–	–	6,671	1,059
	708,284	1,083,648	1,476,908	763,937

Note a: As at 31 December 2013, 2014 and 2015 and 30 June 2016, restricted cash mainly represented deposits held for issued notes payable and letters of credit.

The RMB is not freely convertible into other currencies. However, under Mainland China's prevailing rules and regulations over foreign exchange, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

28. TRADE AND BILLS PAYABLES

Trade and bills payables are non-interest-bearing. The credit periods granted by each individual supplier are on a case-by-case basis and set out in the supplier contracts.

For retention money payables, included in trade payables, in respect of guarantees granted by the suppliers, the due dates usually range from six months to one year after the completion of the construction work or the preliminary acceptance of equipment.

Group

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable	830,753	27,728	59,677	25,494
Trade payables	3,838,366	3,776,376	5,042,182	4,814,249
	4,669,119	3,804,104	5,101,859	4,839,743

Company

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable	–	–	–	–
Trade payables	624,179	1,757,095	1,931,587	1,779,421
	624,179	1,757,095	1,931,587	1,779,421

An aged analysis of the trade and bills payables at the end of each of the Relevant Periods is as follows:

Group

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	3,132,064	2,891,527	4,015,861	3,841,887
1 year to 2 years	917,938	435,333	560,049	523,897
2 years to 3 years	369,647	159,427	153,701	196,920
More than 3 years	249,470	317,817	372,248	277,039
	4,669,119	3,804,104	5,101,859	4,839,743

Company

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	611,321	1,701,823	1,727,863	1,621,519
1 year to 2 years	12,858	51,408	189,164	119,985
2 years to 3 years	–	3,864	11,422	34,297
More than 3 years	–	–	3,138	3,620
	624,179	1,757,095	1,931,587	1,779,421

29. OTHER PAYABLES AND ACCRUALS

Group

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Due to related parties(including advance) *(note a)*	543,132	662,580	593,984	452,163
Advance from contract customers *(note a) (note 24)*	1,070,914	599,134	235,634	309,848
Advance from other customers	345,234	50,273	87,068	62,778
Payable of taxes other than income tax	(193,768)	(78,564)	(277,164)	(252,005)
Interest payables	6,314	6,951	7,779	6,900
Dividends payables	10,978	10,978	14,696	13,469
Other payables	90,212	121,018	144,100	106,070
	1,873,016	1,372,370	806,097	699,223

Note a: The Group's payables and advances of approximately RMB1,441,861,000, RMB1,120,349,000, RMB735,950,000 and RMB674,601,000 as at 31 December 2013, 2014 and 2015 and 30 June 2016, respectively, were with related parties (note 37(b)).

Other payables are non-interest-bearing and have no fixed terms of repayment.

30. INTEREST-BEARING BANK BORROWINGS AND OTHER LOANS

Group

	Effective interest rate	Maturity	31 December			30 June
			2013	2014	2015	2016
	(%)		RMB'000	RMB'000	RMB'000	RMB'000
Current						
Bank loans:						
– unsecured	3.92%–6.00%	2014–2017	634,000	720,000	350,000	345,000
– secured	4.60%–6.00%	2014–2016	220,000	–	31,920	–
– guaranteed	6.00%	2014	300,000	–	–	–
			1,154,000	720,000	381,920	345,000
Current portion of long-term bank and other loans						
Bank loans–unsecured	3.92%–6.55%	2014–2017	145,750	287,050	612,582	481,638
Bank loans–secured	6.16%	2014	17,063	–	–	–
Bank loans–guaranteed	5.90%–7.05%	2014–2015	130,000	140,000	–	–
Other loans–secured	5.59%–7.46%	2014–2017	25,000	20,000	20,000	140,000
			317,813	447,050	632,582	621,638
			1,471,813	1,167,050	1,014,502	966,638
Non-Current						
Long term bank and other loans:						
Bank loans–unsecured	3.92%–6.55%	2007–2025	647,460	838,110	3,144,758	3,194,252
Bank loans–secured	6.16%	2007–2014	530,290	–	–	–
Bank loans–guaranteed	5.90%–7.05%	2007–2015	1,432,750	1,292,750	–	–
Other loans–secured	7.46%	2013–2017	170,000	150,000	130,000	–
Other loans–unsecured	4.79%–5.75%	2015–2021	–	–	98,080	211,080
			2,780,500	2,280,860	3,372,838	3,405,332
			4,252,313	3,447,910	4,387,340	4,371,970
Interest-bearing bank borrowings and other loans denominated in						
– RMB			4,152,313	3,347,910	4,387,340	4,371,970
– United States Dollars			100,000	100,000	–	–
			4,252,313	3,447,910	4,387,340	4,371,970

The maturity profile of the interest-bearing bank borrowings and other loans as at the end of each of the Relevant Periods is as follows:

Group

	31 December			30 June
	2013	**2014**	**2015**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Analyzed into:				
Bank loans repayable:				
Within one year	1,446,813	1,147,050	994,502	826,638
In the second year	828,340	452,700	474,646	617,546
In the third to fifth years, inclusive	814,150	777,970	1,387,319	1,421,339
Beyond five years	968,010	900,190	1,282,793	1,155,367
	4,057,313	3,277,910	4,139,260	4,020,890
Other loans repayable:				
Within one year	25,000	20,000	20,000	140,000
In the second year	20,000	150,000	130,000	–
In the third to fifth years, inclusive	150,000	–	42,500	83,000
Beyond five years	–	–	55,580	128,080
	195,000	170,000	248,080	351,080
	4,252,313	3,447,910	4,387,340	4,371,970

The above secured bank borrowings and other loans are secured by certain assets with net carrying values as follows:

Group

	31 December			30 June
	2013	**2014**	**2015**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade and bill receivables *(note 25)*	–	–	35,497	–
Property, plant and equipment *(note 17)*	440,033	190,134	179,934	173,049
Intangible assets *(note 18)*	21,822	20,205	18,589	17,781

The Group's bank borrowings of approximately RMB1,862,750,000, RMB1,432,750,000, RMB nil and RMB nil as at 31 December 2013, 2014, 2015 and 30 June 2016, respectively, were guaranteed by China Datang (note 37(a)).

31. SHARE CAPITAL

(i) Registered and paid-in capital

For the purpose of this report, the registered and paid-in capital of the Group represents the paid-in capital of the Company before it was converted into a joint stock company with limited liability.

(ii) Conversion into a joint stock company with limited liability

The Company was a limited liability company and converted into a joint stock company with limited liability on 26 June 2015. Pursuant to the approval of State-owned Assets Supervision and Administration Commission, the Company's equity of RMB1,249,709,000 was converted into share capital with an amount of RMB1,200,000,000 and capital reserve with an amount of RMB49,709,000 of the joint stock company with limited liability. The capital of the Company upon conversion was RMB1,200,000,000, which was divided into 1,200,000,000 ordinary shares of RMB1 each. On 29 June 2015, the Company's shareholders, China Datang and Capital Holding invested RMB1,188,000,000 and RMB12,000,000 to the Company, respectively. Therefore, the total share capital of the Company was increased to RMB2,400,000,000, which was divided into

2,400,000,000 ordinary shares of RMB1 each. Ruihua Certified Public Accountants (瑞華會計師事務所) have verified the issued share capital, and issued related capital verification reports of Ruihua Yan Zi [2015] No. 01300051 and Ruihua Yan Zi [2015] No. 01300052 (瑞華驗字[2015]01300051號及[2015]01300052號).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All ordinary shares rank equally with regard to the Company's residual net assets.

32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity on page I-6 to I-8 for the Relevant Periods.

(b) Company

	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2013	57,845	27,501	180,509	265,855
Profit for the year	–	–	366,744	366,744
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	366,744	366,744
Acquisition of a subsidiary *(note a)*	312,856	–	–	312,856
Appropriation to statutory surplus reserve	–	36,674	(36,674)	–
Dividends declared	–	–	(200,000)	(200,000)
As at 31 December 2013	370,701	64,175	310,579	745,455
As at 1 January 2014	370,701	64,175	310,579	745,455
Profit for the year	–	–	277,220	277,220
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	277,220	277,220
Appropriation to statutory surplus reserve	–	27,722	(27,722)	–
Disposal of subsidiaries	(322,966)	–	–	(322,966)
As at 31 December 2014	47,735	91,897	560,077	699,709
As at 1 January 2015	47,735	91,897	560,077	699,709
Profit for the year	–	–	735,289	735,289
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	735,289	735,289
Conversion into a joint stock company with limited liability *(note 31 (ii))*	1,974	(91,897)	(560,077)	(650,000)
Appropriation to statutory surplus reserve	–	73,529	(73,529)	–
As at 31 December 2015	49,709	73,529	661,760	784,998
As at 1 January 2016	49,709	73,529	661,760	784,998
Profit for the period	–	–	332,587	332,587
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	332,587	332,587
Dividends declared to its owners of the parent	–	–	(100,000)	(100,000)
As at 30 June 2016	49,709	73,529	894,347	1,017,585

Note a: On 28 November 2013, the Company acquired 70% interest in Hua Chuang from its controlling shareholder, China Datang, at nil consideration. Hua Chuang is engaged in the manufacture of wind power electricity products. The acquisition was made as part of the Group's strategy to expand its business into wind power electricity production area. Since the business combination was under common control, Hua Chuang was consolidated in the Group's financial statements using merger accounting method. At the acquisition date, the difference between the net assets of Hua Chuang and the nil consideration was recorded as reserves. All the effects of the acquisition of Hua Chuang during the year ended 31 December 2013 has been fully disclosed in note 12 and note 21 of this section.

33. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Hua Chuang

On 30 December 2014, the Group transferred its 70% interest in Hua Chuang to China Datang at nil consideration. All the effects of the transfer of Hua Chuang were excluded from the information disclosed in this note below since Hua Chuang was considered as a discontinued operation. For details of the discontinued operation, please refer to note 12 of this section for details.

(b) Disposal of Information Technology Company

During the year ended 31 December 2014, the Group transferred its 100% interest in Information Technology Company to China Datang, at nil consideration. The disposal was completed on 30 December 2014.

Details of the net assets of Information Technology Company disposed of on 30 December 2014 are as followings:

	30 December 2014
	RMB'000
Net assets disposed of:	
Property, plant and equipment	118
Intangible assets	6
Prepayments, deposits and other receivables	113
Cash and cash equivalents	17,407
Trade receivables	95,663
Trade payables	(59,368)
Accruals and other payables	(4,285)
Tax payable	(8,499)
	41,155
Charge to reserves as a distribution to its controlling shareholder	(41,155)

An analysis of the net outflows of cash and cash equivalents in respect of the disposal of Information Technology Company is as follows:

	Year ended 31 December 2014
	RMB'000
Cash consideration	–
Cash and bank balances disposed of	(17,407)
Net outflows of cash and cash equivalents in respect of Information Technology Company	(17,407)

(c) Disposal of Hangzhou Ruitang

On 1 April 2015, Technologies & Engineering Company and Boyuanshengtang, two subsidiaries of the Group, entered into an equity transfer agreement with a third party, pursuant to which Technologies & Engineering Company and Boyuanshengtang transferred its 40% and 25% equity interest in Hangzhou Ruitang to Beijing Beikehuadian Technology Co., Ltd. (北京北科華電科技股份有限公司) at a consideration of RMB1, respectively.

Details of the net assets of Hangzhou Ruitang disposed of on 1 April 2015 are as followings:

	1 April 2015
	RMB'000
Net assets disposed of:	
Property, plant and equipment	57
Prepayments, deposits and other receivables	80
Cash and cash equivalents	789
Trade receivables	7,842
Trade payables	(14,786)
Accruals and other payables	(249)
Tax payable	907
Non-controlling interests	1,876
	(3,484)
Gain on disposal of Hanghou Ruitang	3,484
	–
Satisfied by:	
Cash	–

An analysis of the net outflows of cash and cash equivalents in respect of the disposal of Hangzhou Ruitang is as follows:

	Year ended 31 December 2015
	RMB'000
Cash consideration	–
Cash and bank balances disposed of	(789)
Net outflows of cash and cash equivalents in respect of the disposal of Hangzhou Ruitang	(789)

(d) Disposal of Hebei Shengtang

On 2 February 2015, Boyuanshengtang and Fengjing Property, two subsidiaries of the Group, entered into an equity transfer agreement with a third party, pursuant to which Boyuanshengtang and Fengjingshengbao Property transferred to Sanhe Fusheng Investment Co., Ltd. (三河福生投資有限公司) their 100% equity interest amounting RMB16.85 million and credit claim amounting RMB8.33 million in Hebei Shengtang with a total consideration of RMB25.18 million.

Details of the net assets of Hebei Shengtang disposed of on 2 February 2015 are as followings:

	2 February 2015
	RMB'000
Net assets disposed of:	
Property, plant and equipment	11,529
Prepaid land lease payments	3,544
Cash and cash equivalents	20
Trade receivables	(836)
Accruals and other payables	(7,743)
Tax payable	6
	6,520
Gain on disposal of Hebei Shengtang	10,333
	16,853
Satisfied by:	
Cash	16,853

An analysis of the net inflows of cash and cash equivalents in respect of the disposal of Hebei Shengtang is as follows:

	Year ended 31 December 2015
	RMB'000
Cash consideration	16,853
Cash and bank balances disposed of	(20)
Net inflows of cash and cash equivalents in respect of the disposal of Hebei Shengtang	16,833

(e) Disposal of Nanjing Automation

On 27 May 2015, Boyuanshengtang, a subsidiary of the Group, entered into an equity transfer agreement for disposal of its 60% equity interest in Nanjing Automation to Information Technology Company. The consideration was determined as RMB28.6 million with reference to an independent valuation of the net assets of Nanjing Automation as at 31 December 2014 which was undertaken by professional valuers recognized in the PRC. The disposal was completed on 31 July 2015.

Details of the net assets of Nanjing Automation disposed of on 31 July 2015 are as followings:

	31 July 2015
	RMB'000
Net assets disposed of:	
Property, plant and equipment	5,437
Intangible assets	1,868
Prepaid land lease payments	14,816
Deferred tax assets	129
Inventories	845
Prepayments, deposits and other receivables	4,602
Cash and cash equivalents	6,251
Trade receivables	19,453
Trade payables	(12,600)
Accruals and other payables	(531)
Non-controlling interests	(16,108)
	24,162
Gains on disposal of Nanjing Automation	4,476
	28,638
Satisfied by:	
Cash received in 2015	5,728
Receivable from Information Technology Company	22,910
	28,638

An analysis of the net outflows of cash and cash equivalents in respect of the disposal of Nanjing Automation is as follows:

	Year ended 31 December 2015
	RMB'000
Cash consideration	5,728
Cash and bank balances disposed of	(6,251)
Net outflows of cash and cash equivalents in respect of the disposal of Nanjing Automation	(523)

34. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms of five years.

At 31 December 2013 and 2014 and 2015 and 30 June 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	1,088	8,207	32,731	32,386
In the second to fifth years, inclusive	1,000	35,562	94,013	79,092
After five years	–	–	–	–
	2,088	43,769	126,744	111,478

35. CONTINGENT LIABILITIES

At the end of each of the Relevant Periods, the Group did not have any significant contingent liabilities.

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 34 above, the Group had the following capital commitments at the end of each of the Relevant Periods:

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for	157,861	159,302	267,258	325,453

37. RELATED PARTY TRANSACTIONS

The Group is part of China Datang Group and has significant transactions with China Datang Group.

These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

In addition to the related party transactions disclosed elsewhere in the Financial Information, the following is a summary of significant related party transactions entered in the ordinary course of business between the Group and its related parties during the Relevant Periods and the six months ended 30 June 2015.

(a) Significant related party transactions

	Notes	Year ended 31 December			Six months ended 30 June	
		2013	2014	2015	2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Sales of goods and rendering of services to China Datang Group						
Continuing operations:	(i)					
Environmental protection and energy conservation solutions		3,830,600	4,758,676	4,772,570	1,322,420	1,937,878
Renewable energy engineering		375,372	57,198	2,492,681	167,948	614,634
Thermal power plants engineering general contracting		530,417	295,593	149,266	150,547	–
Others		458	77,714	318,668	82,138	131,491
		4,736,847	5,189,181	7,733,185	1,723,053	2,684,003
Discontinued operation:	(i)					
Hua Chuang wind power electricity products		381,658	703,193	–	–	–
		5,118,505	5,892,374	7,733,185	1,723,053	2,684,003
Purchases of goods and receiving of services from China Datang Group						
Continuing operations:						
Water supply and electricity supply	(i)	198,694	278,980	365,914	143,378	198,059
Ancillary services under the concession operations	(i)	18,362	55,852	63,379	34,919	60,955
Logistics services	(i)	18,039	18,493	231,153	748	13,888
Property lease	(ii)	3,599	5,240	31,044	11,630	25,752
Wind power electricity products	(i)	–	–	1,360,774	–	–
		238,694	358,565	2,052,264	190,675	298,654
Discontinued operation:						
Hua Chuang wind power electricity products	(i)	4,600	7,051	–	–	–
		243,294	365,616	2,052,264	190,675	298,654

	Notes	Year ended 31 December			Six months ended 30 June	
		2013	2014	2015	2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Payment of financial leasing to a subsidiary of China Datang						
Datang Financial lease Co., Ltd. ("Datang Financial lease")	(iv)	13,134	38,181	30,407	15,662	14,330
Purchase of assets from China Datang Group						
Purchase of assets		570,280	595,482	2,843,658	1,884,905	–
Borrowing and loans from subsidiaries of China Datang						
China Datang Finance Co., Ltd. ("Datang Finance")		105,400	330,000	120,000	115,000	–
Datang Financial lease		200,000	–	449,000	449,000	–
		305,400	330,000	569,000	564,000	–
Interest expense on borrowing from a subsidiary of China Datang						
Datang Finance		5,128	8,106	10,084	4,338	–
Entrusted loans to a subsidiary of China Datang						
Hua Chuang		–	–	115,000	115,000	–
Investment income of entrusted loans to a subsidiary of China Datang						
Hua Chuang		–	–	5,550	5,550	–

Certain interest-bearing bank borrowings of approximately RMB1,862,750,000, RMB1,432,750,000, RMB nil and RMB nil at 31 December 2013, 2014, 2015 and 30 June 2016, respectively, were guaranteed by the China Datang Group (note 30).

All transactions with related parties are conducted at prices and terms mutually agreed by the parties involved, which are determined as follows:

(i) **Sales of goods and rendering of services to China Datang Group, purchase of goods and receiving of services from China Datang Group (exclude property lease)**

a. *Pricing policies for products:* The pricing policies for products are as follows:

(a) the bidding price where the bidding process is required; or

(b) where no bidding process is involved, the market price.

b. *Pricing policies for concession operations (desulfurization and denitrification) services:* The desulfurization and denitrification tariffs under the concession operations services are determined in accordance with the price fixed by the government, while the price for by-products are determined based on the market price. In respect of the auxiliary services offered to the Group by China Datang Group under the desulfurization and denitrification concession operations, the price is determined in accordance with the costs of human resources in connection with the auxiliary services and related management expenses as well as relevant maintenance expenses for the equipment of power plants and with reference to the industrial average level.

c. *Pricing policies for services other than concession operations services*: The pricing policies for these kinds of services are as follows:

(a) the bidding price where the bidding process is required; or

(b) where no bidding process is involved, the market price.

d. *The pricing policy for procurement of equipment*: In respect of equipment procurement from China Datang Group, in most circumstances bidding procedures shall apply for determination of the price. Only in exceptional circumstances, such as urgent purchase by the Group, bidding procedures can be skipped by the Group where the purchase price shall be determined by experts of the Group based on fair market value and historical records of procurement price.

(ii) **Purchases of lease services from China Datang Group**

Pricing policy: The rental for property lease is determined via negotiations between the parties with references to the market standard of rental for properties with similar conditions.

(iii) Trademark Licensing Agreement

As China Datang's sole platform for environmental protection and energy conservation solutions, the Company uses certain trademarks of China Datang.

Pricing policy: The trademark license is granted at nil consideration by China Datang.

(iv) Financial Leasing

Datang Financial Lease provides financial leasing services to Nanjing Environmental Protection for procurement of a denitrification production line and various equipment.

Pricing Policy: Rentals paid by Nanjing Environmental Protection to Datang Financial Lease include (a) costs for procurement of such denitrification production line and various equipment; (b) interest. The interests are determined based on the benchmark interest rates for loan as implemented by People's Bank of China.

(b) Outstanding balances with related parties

Other than those disclosed elsewhere in the consolidated financial statements, the outstanding balances with related parties at the end of each of the Relevant Periods are as follows:

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents				
Datang Finance	484,173	1,060,121	1,200,797	672,981
Trade and bills receivables				
China Datang Group	2,741,255	3,815,357	3,891,774	4,599,159
Prepayments, deposits and other receivables				
China Datang Group				
Prepayments *(note a)*	5,688	56,496	1,656	16,777
Other receivables	107,996	232,640	221,946	213,668
	113,684	289,136	223,602	230,445
Construction contracts				
Due from contract customers included in construction contracts	319,009	97,788	250,028	207,014
Borrowings and loans				
Datang Finance	165,400	205,400	–	–
Datang Financial Lease	195,000	170,000	150,000	140,000
	360,400	375,400	150,000	140,000
Trade and bills payables				
China Datang Group	164,693	142,208	737,915	729,037
Other payables and accruals				
China Datang Group	1,441,861	1,120,349	735,950	674,601

Note a: The prepayment amount represented the prepayment related to purchase of materials and equipment from related parties, which were trade in nature.

Except for the loans from Datang Financial Lease were secured by certain property, plant and equipment as disclosed in note 30, the remaining balances were unsecured.

(c) Transactions with other government-related entities in the PRC

The Group operates in an economic regime currently dominated by entities directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government and numerous government authorities and agencies (collectively referred to as "government-related entities"). China Datang, the parent and ultimate holding company of the Company, is a PRC state-owned enterprise and these government-related entities are also considered as related parties of the Group in this respect.

Apart from transactions with China Datang Group mentioned above, the Group also conducts some business activities with other government-related entities in the ordinary course of business. These transactions are carried out at terms similar to those that would be entered into with non-government-related entities.

The Group prices its services and products based on the commercial negotiations. The Group has also established its approval process for sales of goods, provision of services, purchase of products and receiving of services and its financing policy for borrowings. Such approval process and financing policy do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and what information would be necessary for an understanding of the potential effect of the relationship on the Financial Information, the Directors are of the opinion that further information about the following transactions is required for disclosure:

— ***Deposits and borrowings***

Except for the cash and cash equivalents deposited in Datang Finance, the Group deposits most of its cash in government-related financial institutions, and also obtains short-term and long-term loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

(d) Compensation of key management personnel of the Group

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Short term employee benefits	2,886	3,732	4,921	1,171	3,339
Post-employment benefits	222	320	324	167	140
Total compensation paid to key management personnel	3,108	4,052	5,245	1,338	3,479

Further details of directors' and supervisors' emoluments are included in note 9 of this section.

(e) As at 31 December 2013, 2014 and 2015 and 30 June 2016, the Group entered into the lease agreements with China Datang Group. The operating lease commitments are as follows:

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Lease of properties	–	43,757	126,552	111,262

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of the Group's financial instruments as at the end of each of the Relevant Periods are as follows:

	31 December 2013	31 December 2014
	Loans and receivables	Loans and receivables
	RMB'000	RMB'000
Financial assets		
Trade and bills receivables	4,629,600	4,353,685
Financial assets included in prepayments, deposits and other receivables	615,158	138,293
Cash and cash equivalents	707,660	1,072,057
Restricted cash	624	11,591
	5,953,042	5,575,626

	31 December 2015			30 June 2016		
	Loans and receivables	Available-for-sale financial investment	Total	Loans and receivables	Available-for-sale financial investment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
Available-for-sale financial investment	–	5,000	5,000	–	5,000	5,000
Trade and bills receivables	4,977,538	–	4,977,538	5,902,016	–	5,902,016
Financial assets included in prepayments, deposits and other receivables	259,069	–	259,069	274,949	–	274,949
Cash and cash equivalents	1,443,963	–	1,443,963	748,273	–	748,273
Restricted cash	32,945	–	32,945	15,664	–	15,664
	6,713,515	5,000	6,718,515	6,940,902	5,000	6,945,902

	31 December			30 June
	2013	2014	2015	2016
	Financial liabilities at amortized cost	Financial liabilities at amortized cost	Financial liabilities at amortized cost	Financial liabilities at amortized cost
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Trade and bills payables	4,669,119	3,804,104	5,101,859	4,839,743
Financial liabilities included in other payables and accruals	108,250	234,547	517,750	259,220
Interest-bearing loans and borrowings	4,252,313	3,447,910	4,387,340	4,371,970
	9,029,682	7,486,561	10,006,949	9,470,933

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments at the end of each of the Relevant Periods are as follows:

	31 December 2013	31 December 2014
	Loans and receivables	Loans and receivables
	RMB'000	RMB'000
Financial assets		
Carrying amounts		
Trade and bills receivables	4,629,600	4,353,685
Financial assets included in prepayments, deposits and other receivables	615,158	138,293
Restricted Cash	624	11,591
Cash and cash equivalents	707,660	1,072,057
	5,953,042	5,575,626

	31 December 2015			30 June 2016		
	Loans and receivables	Available-for-sale financial investment	Total	Loans and receivables	Available-for-sale financial investment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
Carrying amounts						
Available-for-sale financial investment	–	5,000	5,000	–	5,000	5,000
Trade and bills receivables	4,977,538	–	4,977,538	5,902,016	–	5,902,016
Financial assets included in prepayments, deposits and other receivables	259,069	–	259,069	274,949	–	274,949
Restricted Cash	32,945	–	32,945	15,664	–	15,664
Cash and cash equivalents	1,443,963	–	1,443,963	748,273	–	748,273
	6,713,515	5,000	6,718,515	6,940,902	5,000	6,945,902

	31 December			30 June
	2013	2014	2015	2016
	Financial liabilities at amortized cost	Financial liabilities at amortized cost	Financial liabilities at amortized cost	Financial liabilities at amortized cost
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Carrying amounts				
Trade and bills payables	4,669,119	3,804,104	5,101,859	4,839,743
Financial liabilities included in other payables and accruals	108,250	234,547	517,750	259,220
Interest-bearing loans and borrowings	4,252,313	3,447,910	4,387,340	4,371,970
	9,029,682	7,486,561	10,006,949	9,470,933

	31 December 2013	31 December 2014
	Loans and receivables	Loans and receivables
	RMB'000	RMB'000
Financial assets		
Fair values		
Trade and bills receivables	4,629,600	4,353,685
Financial assets included in prepayments, deposits and other receivables	615,158	138,293
Restricted Cash	624	11,591
Cash and cash equivalents	707,660	1,072,057
	5,953,042	5,575,626

	31 December 2015			30 June 2016		
	Loans and receivables	Available-for-sale financial investment	Total	Loans and receivables	Available-for-sale financial investment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
Fair values						
Available-for-sale financial investment	–	5,000	5,000	–	5,000	5,000
Trade and bills receivables	4,977,538	–	4,977,538	5,902,016	–	5,902,016
Financial assets included in prepayments, deposits and other receivables	259,069	–	259,069	274,949	–	274,949
Restricted Cash	32,945	–	32,945	15,664	–	15,664
Cash and cash equivalents	1,443,963	–	1,443,963	748,273	–	748,273
	6,713,515	5,000	6,718,515	6,940,902	5,000	6,945,902

	31 December			30 June
	2013	2014	2015	2016
	Financial liabilities at amortized cost	Financial liabilities at amortized cost	Financial liabilities at amortized cost	Financial liabilities at amortized cost
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Fair values				
Trade and bills payables	4,669,119	3,804,104	5,101,859	4,839,743
Financial liabilities included in other payables and accruals	108,250	234,547	517,750	259,220
Interest-bearing loans and borrowings	4,180,919	3,386,718	4,330,356	4,396,568
	8,958,288	7,425,369	9,949,965	9,495,531

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and bill receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables and accruals, the current portion of interest-bearing loans and borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value disclosure of financial instruments. The corporate finance team reports directly to the management. At the end of each of the Relevant Periods, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the management.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- the fair values of the non-current portion of interest-bearing loans and borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risks for interest-bearing loans and borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

Assets for which fair values are disclosed

There are no assets for which fair values are disclosed as at 31 December 2013, 2014, 2015 and 30 June 2016.

Liabilities for which fair values are disclosed

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
As at 31 December 2013				
Financial liabilities at amortised cost:				
Interest-bearing loans and borrowings	–	4,180,919	–	4,180,919
As at 31 December 2014				
Financial liabilities at amortised cost:				
Interest-bearing loans and borrowings	–	3,386,718	–	3,386,718
As at 31 December 2015				
Financial liabilities at amortised cost:				
Interest-bearing loans and borrowings	–	4,330,356	–	4,330,356
As at 30 June 2016				
Financial liabilities at amortised cost:				
Interest-bearing loans and borrowings	–	4,396,568	–	4,396,568

During the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016, the Group had no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, cash and cash equivalents and restricted cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. Generally, the senior management of the Company meets regularly to analyze and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The management of the Company reviews and agrees policies for managing each of these risks and they are summarized below:

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

Management does not anticipate any significant impact of the changes in market interest rates because most of the Group's borrowings during the Relevant Periods were at fixed interest rates.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. The Group's interest-bearing bank borrowings, restricted cash and cash and cash equivalents are stated at amortized cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

If there would be a general increase/decrease in the market interest rates by 10 basis points, with all other variables held constant, the Group's consolidated pre-tax profit would have decreased/increased by approximately RMB3,345,250, RMB2,709,660, RMB3,595,955, and RMB1,878,545 for the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016, respectively, and there would be no impact on other components of the consolidated equity, except for retained profits, of the Group. The sensitivity analysis above has been determined assuming that the change in market interest rates had occurred at the end of each of the Relevant Periods and had applied the exposure to interest rate risk to those financial instruments in existence at those dates. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in market interest rates over the period until the next annual year end.

(b) Credit risk

The carrying amounts of cash and cash equivalents, restricted cash, trade and bills receivables and financial assets included in prepayments, deposits and other receivables represent the Group's maximum exposure to credit risk in relation to these financial assets. Substantially all of the Group's cash and cash equivalents and restricted cash are held in major financial institutions located in the PRC, which management believes are of high credit quality. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the credit exposure to a single financial institution to an acceptable level.

As the Group's major customers are China Datang's subsidiaries or other state-owned enterprises, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers. The senior management of the Company keeps reviewing and assessing the creditworthiness of the Group's existing customers on an ongoing basis.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 25 of this section.

(c) Liquidity risk

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

The maturity profile of the Group's financial liabilities at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	31 December 2013				
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Short-term interest-bearing loans and borrowings	1,471,813	–	–	–	1,471,813
Long-term interest-bearing loans and borrowings	–	848,340	964,150	968,010	2,780,500
Trade and bills payables	4,669,119	–	–	–	4,669,119
Financial liabilities included in other payables and accruals	108,250	–	–	–	108,250
Interest payables for loans and borrowings	190,304	170,783	308,787	59,457	729,331
	6,439,486	1,019,123	1,272,937	1,027,467	9,759,013

	31 December 2014				
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Short-term interest-bearing loans and borrowings	1,167,050	–	–	–	1,167,050
Long-term interest-bearing loans and borrowings	–	602,700	777,970	900,190	2,280,860
Trade and bills payables	3,804,104	–	–	–	3,804,104
Financial liabilities included in other payables and accruals	234,547	–	–	–	234,547
Interest payables for loans and borrowings	168,228	140,659	262,180	55,514	626,581
	5,373,929	743,359	1,040,150	955,704	8,113,142

	31 December 2015				
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Short-term interest-bearing loans and borrowings	1,014,502	–	–	–	1,014,502
Long-term interest-bearing loans and borrowings	–	604,646	1,429,819	1,338,373	3,372,838
Trade and bills payables	5,101,859	–	–	–	5,101,859
Financial liabilities included in other payables and accruals	517,750	–	–	–	517,750
Interest payables for loans and borrowings	229,152	192,962	391,448	76,569	890,131
	6,863,263	797,608	1,821,267	1,414,942	10,897,080

	30 June 2016				
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Short-term interest-bearing loans and borrowings	966,638	–	–	–	966,638
Long-term interest-bearing loans and borrowings	–	617,546	1,504,339	1,283,447	3,405,332
Trade and bills payables	4,839,743	–	–	–	4,839,743
Financial liabilities included in other payables and accruals	259,220	–	–	–	259,220
Interest payables for loans and borrowings	171,326	144,879	287,064	54,604	657,873
	6,236,927	762,425	1,791,403	1,338,051	10,128,806

(d) Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratio in order to support its business and maximize shareholders' value.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. No change was made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes trade and bills payables, other payables and accruals and interest-bearing loans and borrowings, less cash and cash equivalents and restricted cash. Capital includes the equity attributable to owners of the parent and non-controlling interests stated in the consolidated statements of financial position.

The Group's strategy is to maintain the gearing ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary. The gearing ratios at the end of each of the Relevant Periods were as follows:

	31 December			30 June
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables *(note 28)*	4,669,119	3,804,104	5,101,859	4,839,743
Other payables and accruals *(note 29)*	1,873,016	1,372,370	806,097	699,223
Interest-bearing loans and borrowings *(note 30)*	4,252,313	3,447,910	4,387,340	4,371,970
Less: Cash and cash equivalents *(note 27)*	(707,660)	(1,072,057)	(1,443,963)	(748,273)
Less: Restricted cash *(note 27)*	(624)	(11,591)	(32,945)	(15,664)
Net debt	10,086,164	7,540,736	8,818,388	9,146,999
Total equity	1,318,334	1,687,235	3,627,071	3,962,626
Capital and net debt	11,404,498	9,227,971	12,445,459	13,109,625
Gearing ratio	88%	82%	71%	70%

III. EVENTS AFTER THE RELEVANT PERIODS

On 29 May 2016, the Company and Beijing Hengtong Huanke Material Conveying Technologies Co., Ltd. ("Beijing Hengtong") (北京恒通環科物料輸送技術有限公司), an independent third party, entered into an equity transfer agreement, pursuant to which Beijing Hengtong transferred its 20% equity interest in Hengtong Mechanical to the Company at a consideration of RMB3.19 million based on valuation of the assets of Hengtong Mechanical. According to this agreement, the date of shares transfer is the first working day right after the first payment made by the Company. This transaction was completed on 8 August 2016 and then the Company directly held 20% equity interest, and through its subsidiaries, indirectly held 80% equity interest in Hengtong Mechanical.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2016.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

The information set forth in this Appendix II does not form part of the accountants' report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I in this Prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Report set forth in Appendix I in the Prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets attributable to the Shareholders of our Company has been prepared in accordance with Rule 4.29 of the Listing Rules, and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to the Shareholders of our Company as of 30 June 2016, as if the Global Offering had taken place on 30 June 2016.

The statement of unaudited pro forma adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as at 30 June 2016 or at any future date.

	Consolidated net tangible assets attributable to Shareholders of the Company as of 30 June 2016[1]	Estimated net proceeds from the Global Offering[2]	Estimated distribution of special dividend[3]	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company upon completion of the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company per Share upon completion of the Global Offering [4]	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB[4]	HK$[5]
Based on an Offer Price of HK$3.55 per Share	3,683,714	1,591,494	1,000,000	4,275,208	1.45	1.67
Based on an Offer Price of HK$4.74 per Share	3,683,714	2,140,968	1,000,000	4,824,682	1.64	1.88

Notes:

(1) The consolidated net tangible assets attributable to the Shareholders of the Company as of 30 June 2016 is extracted from the Accountants' Report set out in Appendix I in this prospectus, which is based on the consolidated net assets attributable to the Shareholders of the Company as of 30 June 2016 of RMB3,800.5 million after deducting intangible assets of RMB96.5 million and prepaid land lease payments of RMB20.3 million.

(2) The estimated net proceeds from the Global Offering are based on an Offer Price of HK$3.55 and HK$4.74, after deducting the underwriting fees and other related expenses payable by the Company, without taking account of the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted into Renminbi at the PBOC rate of HK$1.00 = RMB0.8725 prevailing on 24 October 2016.

(3) The Company declared dividends of RMB100 million for the year ended 31 December 2015 pursuant to the Shareholders' resolution passed in April 2016 and paid such dividends in June 2016. In addition, according to the Shareholders' resolutions passed on 21 August 2015 and 17 August 2016, in anticipation of the initial public offering of the Company, the Company declared special dividends representing all of the undistributed distributable profit of the Group accrued up to 31 March 2016 to the existing Shareholders. The Company currently estimates that the special dividend is approximately of RMB1,000 million, after deducting the RMB100 million dividend for the year ended 31 December 2015, which was paid in June 2016 as described above. See "Financial Information — Dividend and dividend policy" section to this Prospectus. The amount of special dividend represents the lower of the accumulated distributable retained profits of the Group attributable to the owners of the Company as of 31 March 2016, after deducting any appropriation to the statutory and discretionary reserve funds, determined in accordance with PRC GAAP and IFRSs, and the RMB100 million dividend for the year ended 31 December 2015, which was paid in June 2016 as described above. The Company will arrange a special audit of the consolidated financial statements of the Group for the period ended 31 March 2016 and expects to pay the special dividend within twelve months after the listing of shares of the Company.

(4) The unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 2,940,000,000 shares, being the number of shares in issue assuming that the Global Offering had been completed on 30 June 2016, without taking account of the exercise of the Over-allotment Option.

(5) The unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company per Share amounts in RMB are converted into Hong Kong dollars at HK$1.00 = RMB0.8725 prevailing on 24 October 2016.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of incorporation in this Prospectus, received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

3 November 2016

To the Directors of Datang Environment Industry Group Co., Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Datang Environment Industry Group Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 June 2016 and related notes as set out on pages II-1 to II-2 of the Prospectus issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Part A of Appendix II of the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 June 2016 as if the transaction had taken place at 30 June 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2016, on which an accountant's report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

This appendix contains a summary of laws and regulations in respect of taxation and foreign exchange in Hong Kong and the PRC.

A. PRC TAXATION

Taxes Applicable to Joint-Stock Limited Companies

Enterprise Income Tax

Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》, referred to as the "Enterprise Income Tax Law") was adopted on March 16, 2007 and effective on January 1, 2008 The Enterprise Income Tax Law regulates the rate of enterprise income tax at 25%. According to the Notice on the Implementation of the Transitional Preferential Tax Policies (《關於實施企業所得稅過渡優惠政策的通知》), or Circular 39, issued by the State Council on December 26, 2007, enterprises established before promulgation of the Enterprise Income Tax Law and entitled to benefit from a preferential tax rate as per the tax laws and administrative regulations then prevailing may gradually shift to the tax rate defined by the Enterprise Income Tax Law within five years after effectiveness of the Enterprise Income Tax Law. Those entitled to the preference of fixed tax holiday or fixed-term tax reductions may continue to benefit in the same manner according to the requirements of Circular 39 until expiration of the tax holiday or the term of the preference. For those who have not benefited from such preference due to the failure to realize profit, the preference will be applied starting from the effective date of the Enterprise Income Tax Law, January 1, 2008.

Business tax

According to the Provisional Regulations on Business Tax of The PRC (《中華人民共和國營業稅暫行條例》) in effect since January 1, 1994 and amended on November 10, 2008 and the Detailed Rules for Implementation of the Provisional Regulations of The PRC on Business Tax (《中華人民共和國營業稅暫行條例實施細則》) in effect since January 1, 1994 and first amended on December 15, 2008, latest amended on October 28, 2011, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC shall pay business tax.

Value-added tax

According to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) in effect since January 1, 1994 and amended on November 10, 2008 and February 6, 2016 and the Detailed Rules for Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) in effect since January 1, 1994 and first amended on December 15, 2008, latest amended on October 28, 2011, all institutions and individuals selling goods or providing processing, repairing or replacement services or importing goods within the PRC shall pay VAT.

The tax rate of 13% shall be levied on general taxpayers selling or importing grain, edible vegetable oil, tap water, heating supply, air-conditioning, gas, liquefied petroleum gas, natural gas, marsh gas, coal products for civil use, books, newspapers, magazines, feedstuff, chemical fertilizer, pesticide, farming machines, films for agricultural use and other goods specified by the State Council. The rate applicable to goods exported by taxpayers shall be zero unless otherwise prescribed by the State Council.

The rate of 17% shall be levied on taxpayers selling or importing goods other than the abovementioned items, and to taxpayers providing processing, repair or replacement services.

A tax rate of 3% is applicable to goods sold or taxable services provided by small-scale taxpayers. A small-scale taxpayer is defined as a taxpayer engaged in the manufacturing of goods or the supply of taxable services, or primarily dealing in the manufacturing of goods or supply of taxable services while concurrently engaged in the wholesale or retail of goods as secondary operations, and has annual taxable sales (referred to as "taxable sales") of less than RMB500,000; or a taxpayer engaged in business other than those set forth above and having annual taxable sales of less than RMB800,000.

Other individuals with annual taxable sales beyond the figure set for small-scale taxpayers shall be taxed at the rate for small-scale taxpayers. Non-enterprise institutions and enterprises not engaged in taxable activities in a frequent manner may opt to be taxed at the rate for small-scale taxpayers.

The withholding agent of the VAT should be: (i) the domestic agents of foreign entities or individuals, who provide taxable services within the territory of the PRC but have no business institutions in the PRC; or (ii) the purchaser of the services in case there is no domestic agent.

Stamp Tax

According to the Provisional Regulations on Stamp Tax of the PRC (《中華人民共和國印花稅暫行條例》) in effect on October 1, 1988 and amended on January 8, 2011 and the Detailed Rules for Implementation of the Provisional Regulations on Stamp Tax of the PRC (《中華人民共和國印花稅暫行條例實施細則》) in effect on September 29, 1988 and amended on November 5, 2004, all institutions and individuals executing or receiving taxable documents within the PRC shall pay stamp tax. The list of taxable documents includes purchase and sale contracts, processing contracts, construction project contracts, property lease contracts, cargo freight contracts, warehousing and storage contracts, loan contracts, property insurance contracts, technical contracts, other documents that resemble a contract in nature, title transfer deeds, business account books, certificates of rights, licenses and other taxable documents specified by the MOF.

Taxes Applicable to Shareholders of Companies

Dividend-related Tax

According to the Law on Individual Income Tax of the PRC (《中華人民共和國個人所得稅法》), referred to as the "Individual Income Tax Law") brought into effect on September 10, 1980, most recently amended on June 30, 2011, individual income tax at the rate of 20% shall be levied on dividends of H shares received by any and all foreign individuals that are non-Chinese residents.

According to the Circular on Questions Concerning Withholding and Remitting Enterprise Income Tax for Dividends Received by Oversea H-share Holders (Enterprise shareholders) from Chinese Resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT on November 6, 2008, enterprise income tax at the rate of 10% shall be levied on dividends of H-shares of 2008 and thereafter received by any overseas enterprise shareholders that are non-Chinese residents from Chinese resident enterprises.

According to the Official Reply of the SAT on Issues Concerning Levying Enterprise Income Tax on Dividends of B Shares and Other Shares Obtained by Non-resident Enterprises (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) issued by the SAT on July 24, 2009, where Chinese resident enterprises that have shares (A share, B share and overseas shares) publicly issued and listed in and outside of China pay dividends for the year ended 2008 and years thereafter to non-resident enterprise shareholders, enterprise income tax at the rate of 10% shall be unifiedly withheld in respect for all dividend payments for the year in question and remitted. Where non-resident enterprise shareholders need to enjoy tax treatments specified in tax agreements, relevant provisions of tax agreements shall apply.

Share Transfer-related Tax

As the Notice of the SAT Concerning the Taxation of Gains on Transfer and Dividends from Shares (Equities) Received by Foreign Investment Enterprises, Foreign Enterprises and Foreign Individuals (《國家稅務總局關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》), which previously stipulated that the proceeds from transfer of H shares by oversea individuals were exempted from income tax, was abolished by the Notice of General Office of the State Council Concerning Cleanup of the Regulations (《國務院辦公廳關於做好規章清理工作有關問題的通知》), there are no prevailing policies that provide explicit guidelines on the tax liability of oversea individuals for the proceeds from transfer of H shares. In the event that such oversea individuals constitute PRC fiscal residents defined by relevant regulations, or that the shares to be held by such oversea individuals in a company will exceed 25% of its total share capital, since the Notice of the MOF and the SAT concerning the Continued Individual Income Tax Exemption for Individuals' Proceeds from Share Transfers (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) was not applied to H shares, such oversea investors may have to pay individual income tax according to the relevant regulations of Individual Income Tax Law of the PRC.

Estate Duty or Inheritance Tax

There is no estate duty or inheritance tax levied in China at present.

PRC LAWS AND REGULATIONS CONCERNING FOREIGN EXCHANGE CONTROL

The Regulations on Management of Foreign Exchanges of the PRC (《中華人民共和國外匯管理條例》), "Foreign Exchange Regulations") promulgated by the State Council, implemented on April 1, 1996, first amended on January 14, 1997 and further amended on August 1, 2008, is applicable to the receipts, payments or business activities in China that are transacted in foreign currencies by domestic institutions, individuals, foreign institutions and foreign individuals visiting China. The second amendment of the Foreign Exchange Regulations on August 1, 2008 substantially changed the regulatory system by abolishing the compulsory sale principle of the exchange income under current items, which means enterprises and individuals have the option either to sell to banks or keep the exchange income.

The Regulations on Control of Foreign Exchange Settlements, Sales and Payments (《結匯、售匯及付匯管理規定》) issued by PBOC on June 20, 1996 and implemented on July 1, 1996 governs the foreign exchange settlements, purchases, foreign exchange account openings and payments to foreign countries that are incurred in China by domestic institutions, individual residents, foreign organizations' institutions in China and foreign individuals visiting China.

PBOC publicizes the exchange rates between RMB and other major foreign currencies on each business day. The exchange rates are determined by reference to the preceding day's trading prices of RMB against major foreign currencies in the inter-bank foreign exchange market.

The PRC government has been loosening its control over foreign exchange purchases. Any Chinese enterprise in need of foreign currencies in their day-to-day business activities, trade and non-trade operations, import business and payment of foreign debts may purchase foreign currencies from designated banks, provided that they submit the required appropriate supporting documents. In addition, if foreign-funded enterprises are in need of foreign currencies for distributing dividends, capital bonuses or profits to foreign investors, the amount so needed after payment of the appropriate dividend tax may be drawn from the enterprises' foreign exchange accounts maintained with designated banks. If the foreign currency in such an account is insufficient, the foreign- funded enterprise may apply to the government authority in charge for purchasing the necessary amount of foreign currency from a designated bank to cover the deficiency.

In foreign exchange transactions, designated banks may freely determine applicable exchange rates based on the rates publicized by PBOC and subject to certain governmental restrictions.

Including the Notice Concerning Foreign Exchange Control of Overseas-listed Enterprises, (《關於境外上市企業外匯管理有關問題的通知》) as jointly promulgated by the CSRC and the State Administration of Foreign Exchange ("SAFE"), came into effect on January 13, 1994, the Notice Concerning Further Improving Foreign Exchange Control of Overseas-listed Enterprises (《關於進一步完善境外上市外匯管理有關問題的通知》), jointly issued by CSRC and SAFE, took effect on September 1, 2002, the Notice Concerning Improving Foreign Exchange Control of Overseas Listings (《關於完善境外上市外匯管理有關問題的通知》) issued by SAFE, took effect on September 9, 2003 and the Notice Concerning Foreign Exchange Control of Overseas Listings (《關於境外上市外匯管理有關問題的通知》) issued by SAFE, took effect on March 1, 2005. However, all the Notices above shall be abolished in the meantime since the Notice Concerning Foreign Exchange Control of Overseas Listings (《關於境外上市外匯管理有關問題的通知》) issued by SAFE, took effect on January 28, 2013.

On December 26, 2014, SAFE promulgated the Circular on Certain Issues Concerning the Foreign Exchange Administration for Overseas Listings (《關於境外上市外匯管理有關問題的通知》)(the Notice Concerning Foreign Exchange Control of Overseas Listings above, taking effect on January 28, 2013, shall be abolished in the meantime). It provides that:

(i) A domestic company shall, within 15 working days upon completion of overseas listing and the issuance, fulfill the procedure with the Administration of Foreign Exchange at the place of registration.

(ii) Where any domestic shareholder of a domestic company intends to increase or reduce overseas holdings upon overseas listing, shall, with 20 working days before the intention of increasing or reducing, fulfill the procedure with the Administration of Foreign Exchange at the place of registration.

(iii) A domestic company (excluding banking financial institutions) shall, based on its registration certificate of overseas listing, open respective special domestic account for the initial offerings (or additional offerings) and buy-back business at the bank where it is located so as to handle corresponding funds remittance and transfer.

(iv) A domestic company (excluding banking financial institutions) shall, at the bank of its domestic account with respect to overseas listing, open a one-to-one checking account for the conversion of foreign exchange (RMB account) so as to deposit the RMB funds derived from the settlement of funds in the special overseas listing account, funds raised through overseas listing which are transferred back in RMB, funds remitted in RMB to repurchase overseas shares, and surplus repurchase funds transferred back.

(v) A domestic shareholder of a domestic company shall, based on his/her registration certificate of overseas holdings, open respective special domestic account for increasing or reducing overseas holdings business at the domestic bank where his/her domicile is located so as to handle corresponding funds remittance and transfer.

(vi) Where a domestic company or its domestic shareholder needs to open special overseas accounts for the purpose of handling overseas listing business, they may open corresponding special overseas accounts. The scope of receipts and payments of such an account shall satisfy the relevant requirements.

(vii) A domestic company's collected funds of overseas listing may be transferred back to corresponding special domestic accounts or kept in special overseas accounts, provided that the use of such funds shall comply with the prospectus or corporate bonds collection documents, shareholders' circulars, Board of Directors or resolutions of the Shareholders' Meetings and other publicly disclosed documents. Where the funds as collected by issuing corporate bonds convertible into stocks need to be transferred back, such funds shall be transferred to the special domestic foreign debt account and be conducted certain procedures pursuant to relevant regulations on foreign debt administration; in the event of the funds as collected by issuing other forms of securities, such funds shall be transferred to corresponding special domestic accounts with respect to overseas listing (foreign exchange) or a payment account (RMB).

(viii) Where a domestic company intends to buy back overseas stocks, it is feasible to use overseas funds in compliance with relevant regulations or remit from home.

(ix) A domestic company may, as required, apply for a remittance or payment in domestic account with respect to overseas listing or transfer of exchange settlement into payment account to deposit bank by presenting the certificate of overseas listing registration.

(x) A domestic company applying for a remittance or payment in payment account shall provide the deposit bank with supporting materials about whether the use of such funds as set out in public disclosure documents for overseas listing conforms to that of remittance and exchange settlement. In case of inconsistency or not expressly specified in the Public Disclosure Documents, a resolution of the board meetings or general meetings in relation to changing or specifying the use of funds shall be provided. A remittance of surplus funds arising out of repurchase of overseas shares by a domestic company may be directly transferred or paid in the PRC.

The deposit bank should, upon strict review of uses of funds in the domestic account with respect to overseas listing or the payment account, conduct transfer of and payment with funds in related account for such domestic company.

(xi) Where a domestic shareholder intends to increase his/her overseas holdings according to regulations, it is feasible to use overseas funds in compliance with relevant regulations or remit from home.

(xii) A domestic shareholder's income raised from reduction or transfer of overseas shares of a domestic company or raised from the shares delisted from overseas stock exchange on the capital account may be deposited at the shareholder's overseas account or remitted to the domestic account for overseas shareholding. Where the domestic shareholder chooses to remit the income to its domestic account, the domestic shareholders may, by presenting the overseas shareholding registration certificate, complete the transfer or settlement procedures with the bank.

(xiii) In principle, the reasonable charges with respect to overseas listing paid by a domestic company to overseas supervisory authorities, stock exchanges, underwriters, lawyers, accountants or other overseas institutions shall be deducted from the raised funds of overseas listing; in the event of remitting from home (inclusive of remitting via foreign currency purchase), the company shall follow the procedure of the bank.

(xiv) Where a domestic company withdraws from overseas securities market, it shall, within 15 working days upon withdrawal, handle the cancellation of overseas listing registration by presenting the photocopy of the competent authority's reply, withdrawal announcement, registration certificate of overseas listing, statement of account and capital transaction and other proof for truthfulness to the Administration of Foreign Exchange at the place of registration. Meanwhile the Administration of Foreign Exchange at the place of registration withdraw registration certificate of overseas listing of the company.

B. TAXATION IN HONG KONG

Our directors are of the opinion that only our revenue derived from or arise in Hong Kong would be subject to Hong Kong taxations.

PRC LAWS AND REGULATIONS

The PRC legal system

The PRC legal system is based on the PRC Constitution (《中華人民共和國國憲法》) (the "Constitution") and is made up of written laws, administrative regulations, local regulations and rules, regulations on the exercise of autonomy and separate rules and regulations of State Council departments, rules and regulations of local governments and international treaties of which the PRC government is a signatory. Court judgments do not constitute legally binding precedents, although judgments may be used for judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "Legislation Law"), the National People's Congress ("NPC") and the standing committee of the NPC ("Standing Committee") are empowered to exercise the legislative power of the State. The NPC enacts and amends basic laws governing criminal offences, civil affairs, the State organs and other matters. The Standing Committee enacts and amends laws other than those that shall be formulated by the NPC, and during the period of adjournment of the NPC, the Standing Committee may partially supplement and amend the laws enacted by the NPC, but not in contradiction to the basic principles of such laws. The State Council is the highest organ of state administration and enacts administrative regulations based on the Constitution and laws. The people's congresses at the provinces, autonomous regions and municipalities directly under the PRC government and their standing committees may, in light of the specific circumstances and actual needs of their respective administrative areas, enact local regulations, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, the PBOC, the National Audit Office of the PRC as well as other state organs endowed with administrative functions directly under the State Council may, according to laws, administrative regulations, decisions and orders of the State Council, formulate ministerial rules within their authorities. The people's governments of the provinces, autonomous regions, and municipal cities directly under the PRC government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipal cities. The people's congresses of the national autonomous regions have the power to enact autonomous regulations and separate regulations on the basis of the political, economic and cultural characteristics of the local nationalities that reside in the area.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The force of laws is greater than that of administrative regulations, local regulations, and rules. The force of administrative regulations is greater than that of local regulations and rules. The force of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The force of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee has the power to annul any administrative regulation that contravenes the Constitution and laws, to annul any local regulation that contravenes the Constitution, laws or administrative regulations, and to annul any autonomous regulation or local regulation which has been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipal cities directly under the PRC government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipal cities directly under the PRC government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at the lower level.

The power to interpret laws is vested in the Standing Committee by the Constitution. According to Resolutions of the Standing Committee on Improving Interpretation of Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》), in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the Standing Committee shall provide interpretations or make stipulations by means of decrees. Interpretation of questions involving the specific application of laws and decrees in court trials shall be provided by the Supreme People's Court. Interpretation of questions involving the specific application of laws and decrees in the procuratorial work of the procuratorates shall be provided by the Supreme People's Procuratorate. If the interpretations provided by the Supreme People's Court and the Supreme People's Procuratorate are at variance with each other in principle, they shall be submitted to the Standing Committee for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and supervisory authorities. In cases where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipal cities directly under the PRC government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the supervisory authorities of the government of provinces, autonomous regions or municipal cities directly under the PRC government.

PRC judicial system

According to the Constitution and the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) (the "Law of Organization of the People's Courts"), the People's Courts consist of the Supreme People's Court, the local people's courts, the military courts and other special people's courts.

The local people's courts comprise the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts are further divided into civil, criminal and administrative divisions. The intermediate people's courts have divisions similar to those of the basic people's courts, and other special divisions, such as the intellectual property division, where necessary.

The people's courts at lower levels are subject to supervision of the people's courts at higher levels. The people's procuratorates also have the power to exercise legal supervision over the litigation proceedings of people's courts at the same level or below. The Supreme People's Court is the highest judicial organ of the PRC and it has the power to supervise the administration of justice by the people's courts at all levels.

The people's courts have adopted a "second instance as final" appellate system. A party may appeal against a judgment or ruling by the people's court of first instance to the people's court at the next higher level prior to the judgment or the ruling of the first instance is legally effective. The judgment or the ruling of the second instance by the people's court at the next higher level is final and legally binding. First judgments or rulings by the Supreme People's Court are final as well. However, in the case that the Supreme People's Court or the people's court at a higher level finds definite error(s) in the legally effective judgment or ruling by the people's court at a lower level, or the presiding judge of the people's court finds definite error(s) in the legally effective judgment by the court over which he/she presides, the case may then be retried in accordance with the judicial supervisory procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (hereinafter referred to as the "Civil Procedure Law") sets forth provisions for the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a local court in the defendant's place of domicile. The parties to a contract may, by express agreement, select a court of jurisdiction where civil actions may be brought, provided that the court of jurisdiction is located in the places which have actual connection with the dispute, including either the plaintiff's or the defendant's place of domicile, or the place of execution or implementation, or the place of the object of the action, and provided that the provisions of the Civil Procedure Law regarding jurisdiction by level and exclusive jurisdiction shall not be violated.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. Should the judicial system of a foreign country limit the litigation rights of PRC citizens or enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country.

If any party to a civil action refuses to comply with a legally effective judgment or ruling by a people's court or an effective award by an arbitration tribunal in the PRC, the other party may apply to the people's court for the compulsory enforcement of the judgment, ruling or award. However, specific time limits are imposed on the right to apply for such compulsory enforcement. The time limit for the submission of an application for enforcement shall be two years. Relevant Provisions on the termination or suspension of a period of limitation as stipulated in the law shall be applicable to the termination or suspension of the time limit for the application for enforcement.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country on the mutual recognition and enforcement of judgments and rulings, or if the judgment or ruling satisfies the court's examination based on the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in the violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons related to the public interest.

The PRC Company Law, Special Regulations and Mandatory Provisions

On December 29, 1993, the Company Law of the PRC was adopted by the standing committee of the Eighth NPC, which came into effect on July 1, 1994 and was amended for the first time on December 25, 1999, the second time on August 28, 2004, the third time on October 27, 2005 and the fourth time on December 28, 2013. The newly amended Company Law of the PRC (hereinafter referred to as the new "Company Law") was implemented on March 1, 2014.

The Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Shares by Joint Stock Limited Companies (《關於股份有限公司境外募集股份及上市的特別規定》) (the "Special Provisions") were adopted at the 22nd Standing Committee Meeting of the State Council on July 4, 1994. The Special Provisions were formulated according to the then applicable Article 85 and Article 155 of the Company Law and apply to the overseas share issue and listing of joint stock limited companies.

The Mandatory Provisions in Articles of Association of Joint Stock Limited Companies to be Listed Overseas (hereinafter referred to as the "Mandatory Provisions") were promulgated by the former Securities Commission of the State Council and the former State Economic System Restructuring Commission on August 27, 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Therefore, the Mandatory Provisions have been incorporated into the Articles of Association (which are summarized in Appendix V).

1. General

A "joint stock limited company" ("a company") is a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they hold, and the liability of the company is limited to the full amount of all the assets it owns.

A company must conduct its business in accordance with law and public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint and several liability associated with the debts of the invested enterprises.

2. Incorporation

A company may be incorporated by promotion or public subscription. A company may be incorporated by two to 200 promoters, but at least half of the promoters must reside in the PRC.

A company incorporated by promotion is one with registered capital entirely subscribed for by the promoters. Where a company is incorporated by public subscription, unless otherwise provided, the promoters are required to subscribe for not less than 35% of the total shares of the company, and the remaining shares can be offered to the public or specific persons.

The Company Law provides that for companies incorporated by way of promotion, the registered capital shall be the total capital subscribed for by all promoters as registered with the relevant administrative bureau for industry and commerce. For companies incorporated by the promoters, the entire registered capital is subscribed for by the promoters. Shares in the company shall not be offered to others unless the registered capital has been fully paid up. For companies incorporated by way of public subscription, the registered capital is the amount of total paid-up capital as registered with the relevant administrative bureau for industry and commerce. The promoters shall subscribe in full in writing for shares required to be subscribed by them by the Articles of Association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed by law if such assets are to be contributed as capital.

The latest revision of the Company Law no longer imposes restrictions on minimum amount or requirements for payment deadlines of paid-up registered capital. However, if there are laws, administrative regulations and other requirements imposed by the State Council provide for payment deadlines of paid-up registered capital or minimum amount of a joint stock company with limited liability, such laws, administrative regulations and requirements shall prevail.

For companies incorporated by way of subscription, the promoters shall convene an inaugural meeting within 30 days after the issued shares have been completely paid up, and shall give notice to all subscribers or make a public announcement of the date of the inaugural meeting 15 days prior to the meeting. The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of the company. Matters to be dealt with at the inaugural meeting include adopting the draft articles of association proposed by the promoters and electing the board of directors and the board of supervisors of the company. Any resolution of the meeting shall be approved by subscribers with more than half of the voting rights of those present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the company. A company is formally established and has the qualification of a legal person once the registration has been approved by the relevant administrative bureau for industry and commerce and a business license has been issued.

The promoters of a company shall individually and jointly be liable for: (i) the payment of all expenses and liabilities incurred in the incorporation process if the company cannot be incorporated; (ii) the repayment of subscription monies to the subscribers together with interest at bank rates for a deposit of the same term if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

3. Share capital

The promoters of a company may make capital contributions in cash, or in kind that can be valued in currency and transferable according to laws such as intellectual property rights or land-use rights based on their appraised value.

There is no limit under the Company Law as to the percentage of shares held by an individual shareholder in a company. If capital contribution is made other than in cash by the promoters of the company, valuation and verification of the properties contributed must be carried out and converted into shares.

A company may issue registered or bearer shares. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in RMB and subscribed for in foreign currency.

Under the Special Regulations and the Mandatory Provisions, shares issued to foreign investors and investors from the territories of Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan and listed overseas are known as overseas listed foreign invested shares, and those shares issued to investors within the PRC other than the territories specified above are known as Domestic Shares. Qualified Foreign Institutional Investors ("QFII") approved by the China Securities Regulatory Commission ("CSRC") may hold domestic listed shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Detailed measures shall be specified by the State Council based on the Special Regulations. The share offering price may be equal to or in excess of par value, but shall not be less than par value. The transfer of shares by shareholders shall be conducted in legally established stock exchanges or via other methods as stipulated by the State Council.

No modification registration shall be made to the registrar of shareholders within twenty (20) days prior to the shareholders' meeting being held or within five (5) days prior to the benchmark date set for the purpose of distributing dividends. However, if there are laws that provide for the change of registers of members for a listed company, such provisions shall prevail.

4. Increase in capital

Pursuant to the Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in general meeting. Except for above-mentioned conditions of obtaining approval at the general meeting required by the Company Law, the Securities Law requires the following conditions for a company to offer new shares to the public: (i) the company is a complete and well-operated organization; (ii) the company is capable of making profits continuously and maintaining a healthy financial status; (iii) no false records or significant irregularities in its financial statements over the last three years and it has not committed a major violation of law; (iv) the company is able to fulfill any other requirements as prescribed by the securities administration authority of the State Council as approved by the State Council.

Public offer requires the approval of the securities administration department of the State Council. After payment in full for the new shares issued, a company must modify its registration with the relevant administrative bureau for industry and commerce and issue a public notice accordingly.

5. Reduction in capital

A company may reduce its registered capital in accordance with the following procedures stipulated by the Company Law:

- the company shall prepare a balance sheet and an inventory of the assets;
- the reduction of general meeting registered capital must be approved by shareholders in the general meeting;
- the company shall inform its creditors of the reduction in capital within ten days and publish an announcement of the reduction in newspapers within 30 days of the resolution approving the reduction in capital being passed;
- creditors of the company may require the company to clear its debts or provide guarantees covering the debts within the statutory time limit; and
- the company must apply to the relevant administrative bureau for industry and commerce for registration of the reduction in registered capital.

6. Repurchase of shares

A company may not purchase its own shares other than for the purpose of:

- to reduce the registered capital by cancelling its shares or to merge with another company holding its shares;
- to grant shares as a reward to the staff of the company;
- to purchase the company's own shares upon request of its shareholders who vote against the resolution regarding the merger or division of the company in a general meeting; or
- other purposes permitted by laws and administrative regulations.

If a company acquired its own shares for reducing its registered capital, such shares shall be canceled within ten days from the date of acquisition; or in the case of merging with another company which holds its shares or at the request of its shareholders against a resolution regarding a merger or separation, such shares shall be transferred or canceled within six months. The shares repurchased by the company as a reward to its staff shall not exceed 5% of the total number of its issued shares. Any fund for the repurchase shall be paid out of after-tax profits of the company, and the shares repurchased shall be transferred to the staff of the company within one year. The Mandatory Provisions stipulate that upon obtaining approvals from relevant supervisory authorities in accordance with the articles of association of the company, a company may, for the aforementioned purposes, repurchase its issued shares by way of a general offer to its shareholders or purchase on a stock exchange or through on-market contract.

7. Transfer of shares

Shares may be transferred in accordance with the relevant laws and regulations. A shareholder shall transfer his/her shares in stock changes established pursuant to laws or by other means as stipulated by the State Council. Registered shares may be transferred by endorsement or in any other manner specified in applicable laws and regulations. Bearer shares are transferred by delivering the shares to relevant transferees. There shall be no registration of any change of shareholders during the period 20 days prior to the general meeting or 5 days before the dividend distribution.

Shares held by the promoter(s) of a company shall not be transferred within one (1) year from the date of incorporation of the company. Shares issued by a company prior to the public offer of its shares shall not be transferred within one (1) year from the date of its shares being listed on a stock exchange.

Directors, supervisors and senior executives of the company shall not transfer over 25% of the total shares they hold in the company each year during their term of office, and shall not transfer shares of the company held by each of them within one (1) year from the listing date.

8. Shareholder(s)

The articles of association of a company set forth the shareholders' rights and obligations and are binding on all the shareholders. Pursuant to the Company Law and the Mandatory Provisions, a shareholder's rights include:

- to attend in person or appoint a proxy to attend shareholders' general meetings, and to vote in respect of the number of shares held;
- to transfer his/her shares in accordance with applicable laws and regulations as well as the articles of association;
- to inspect the company's articles of association, shareholders' registers, corporate bond stubs , minutes of general meeting, board resolutions, supervisor resolutions and financial accounting reports, and to put forward proposals or raise questions on the business operations of the company;
- if a resolution approved by the shareholders' general meeting or by the board of directors violates any law or regulation, or infringes on the shareholders' lawful rights and interests, the right to institute an action in a people's court demanding that the illegal infringing action be stopped;
- to receive dividends in respect of the number of shares held; and
- any other shareholders' rights specified in the articles of association.

The obligations of shareholders include: abide by the articles of association of the company; pay the subscription monies in respect of shares subscribed for; be liable for debts and liabilities of the company to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up; no abuse of shareholders' rights to damage the interests of the company or other shareholders of the company; no abuse of the independent status of the company as a legal person and its joint stock companies with limited liability as to damage the interests of the creditors of the company; and any other obligation specified in the articles of association of the company.

9. General meeting

The general meeting is the organ of authority of a company, which exercises its functions and powers in accordance with the Company Law. The general meeting exercises the following functions and powers:

- to decide on operational policies and investment plans of the company;
- to elect or remove the directors and supervisors who are not representatives of the employees;

- to decide on matters relevant to remuneration of directors and supervisors;
- to review and approve reports of the board of directors;
- to review and approve reports of the board of supervisors or the supervisors;
- to review and approve annual financial budgets and financial accounts proposed by the company;
- to review and approve proposals for profit distribution and for recovery of losses of the company;
- to decide on increase and reduction of the registered capital of the company;
- to decide on bond issuances of the company;
- to decide on merger, division, dissolution and liquidation of the company and other issues;
- to amend the articles of association of the company; and
- other functions and duties as provided for by the articles of association.

The annual general meeting must be convened once a year. Under any of the following circumstances, the Board shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:

- when the number of Directors is less than the number of Directors required by the Company Law or two-thirds of the number of Directors specified in the Articles of Association;
- the uncovered losses of our Company reach one-third of its total share capital;
- as requested by a shareholder holding, or shareholders holding in aggregate, 10% or more of the shares of the company;
- when deemed necessary by the board of directors;
- as suggested by the board of supervisors; or
- other matters required by the articles of association.

The general meeting shall be convened by the board of directors and shall be presided over by the chairman of the board of directors.

The notice to convene an annual general meeting and an extraordinary general meeting shall be given 20 days and 15 days, respectively, before the general meeting pursuant to the Company Law, and 45 days before the general meeting pursuant to the Special Regulations and the Mandatory Provisions, stating the matters to be reviewed at the general meeting. Under the Special Regulations and the Mandatory Provisions, shareholders intending to attend are required to send written confirmations of their attendance to the company 20 days before the general meeting.

According to the Special Regulations, at the annual general meeting of the company, shareholders with 5% or more of the voting rights in the company are entitled to propose to the company new proposals in writing to be reviewed at the general meeting, which if within the functions and powers of the general meeting, are required to be added to the agenda of the general meeting. Shareholders present at the general meeting possess one vote for each share they hold. However, the company shall have no vote for any of its own shares the company holds. Resolutions proposed at the general meeting shall be approved by more than half of the voting rights cast by shareholders present in person (including those represented by proxies) at the general meeting, except that such resolutions as merger, division or reduction of registered capital, the issue of bonds or short-term debentures, the change in the form of the company or the amendment to the articles of association, shall be approved by shareholders with more than two-thirds of the voting rights cast by shareholders present (including those represented by proxies).

A shareholder may entrust a proxy to attend a general meeting. The proxy shall present a power of attorney issued by the shareholder to the company and shall exercise his voting rights within the authorization scope. There is no specific provisions in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting, although the Special Regulations and the Mandatory Provisions provide that a company's annual general meeting may be convened when replies to the notice of that meeting from shareholders holding shares representing 50% of the voting rights in the company have been received 20 days before the proposed date, or if that 50% level is not achieved, the company shall within five days of the last day for receipt of the replies notify shareholders again by public announcement of the matters to be considered at the meeting and the date and place of the meeting, and the annual general meeting may be held thereafter. The Mandatory Provisions require class meetings to be held in the event of a variation or derogation of the class rights of a class.

Holders of domestic invested shares and holders of overseas-listed-foreign invested shares are deemed to be different classes of shareholders for this purpose.

10. Directors

A company shall have a board of directors, which shall consist of 5 to 19 members. The term of office of the directors shall be provided for by the articles of association, but each term of office shall not exceed three years. The directors may hold consecutive terms upon re-election.

Meetings of the board of directors shall be convened at least twice a year. A notice of meeting shall be given to all directors and supervisors at least ten days before the meeting. As for extraordinary meetings convened by the board of directors, the way of giving notice and the notice period may be otherwise determined.

Under the Company Law, the board of directors exercises the following functions and powers:

- to convene the general shareholders' meeting and report on work to the general shareholders' meeting;
- to implement the resolutions of the general shareholders' meeting;
- to decide on the company's business plans and investment plans;
- to formulate the Company's proposed annual financial budget and final accounts;
- to formulate the Company's profit distribution plan and plan for making up for losses;
- to formulate proposals for the increase or reduction of the Company's registered capital, and plans for the issue of corporate bonds;
- to prepare plans for the merger, division or dissolution of the company;
- to decide on the company's internal management structure;
- to appoint or dismiss the company's general manager, and based on the general manager's recommendation, to appoint or dismiss deputy general managers and financial officers of the company and to decide on their remuneration;
- to formulate the company's basic management system; and
- other functions and powers as specified in the articles of association.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company.

Interim board meetings may be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory board. The chairman shall convene the meeting within ten days of receiving such proposal, and preside over the meeting. Meetings of the board of directors could be held only if more than half of the directors are present. Resolutions of the board of directors require the approval of more than half of all directors. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the company's articles of association as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objections were recorded in the minutes of the meeting, such director may be relieved of that liability.

Under the Company Law, the following persons may not act as a director of a company:

- persons without capacity or restricted capacity to undertake civil liabilities;

- persons who have committed the offence of corruption, bribery, taking of property, misappropriation of property or destruction of the social economic order, and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or persons who have been deprived of their political rights due to criminal offence, where less than five years have elapsed since the date of the completion of implementation of this deprivation;

- persons who are former directors, factory managers or managers of a company or enterprise that has been bankrupt and has been liquidated due to mismanagement, and those persons are personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

- persons who were legal representatives of a company or enterprise which had its business license revoked or had been ordered to close down due to violation of the law and who are personally liable, and less than three years have elapsed since the date of the revocation of the business license; or

- persons who have a relatively large amount of debt due and outstanding; or other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions (which have been incorporated in the Articles of Association, a summary of which is set out in Appendix V).

The board of directors shall appoint a chairman, who is elected with approval of more than half of all the directors. The chairman of the board of directors exercises the following functions and powers (including but not limited to):

- to preside over shareholders' general meetings and convene and preside over meetings of the board of directors; and

- to check on the implementation of the resolutions of the board of directors.

The legal representative of a company, in accordance with the company's articles of association, may be the chairman, any executive director if no board of director for that limited liability company or the manager, but the Mandatory Provisions require that the legal representative of the company be the chairman. The Special Regulations provide that a company's directors, supervisors, managers and other officers bear fiduciary duties and the duty to act diligently. They are required to faithfully perform their duties, protect the interests of the company and not to use their positions and power for their own benefit. The Mandatory Provisions (which have been incorporated into the Articles of Association, a summary of which is set out in Appendix V) contains further elaborations of such duties.

11. Supervisors

A company shall have a board of supervisors composed of not less than three members. Each term of office of a supervisor is three years, and the supervisors may hold consecutive terms upon re-election. The board of supervisors is made up of shareholders representatives and an appropriate proportion of the company's staff representatives; and the percentage of the number of the company's staff representatives shall not be less than one-third. The Directors and senior management shall not also serve as Supervisors.

The board of supervisors exercises the following functions and powers:

- check the financial affairs of the company;
- supervise the directors and senior management in the performance of their duties, and to put forward proposals on the removal of any director or senior manager who violates laws, administrative regulations, the articles of association or any resolution of the shareholders' meeting;
- require the director or senior manager to make corrections if his act is detrimental to the interests of the company;
- propose the convening of extraordinary general meetings, and to convene and preside over shareholders' meetings when the board of directors fails to exercise the function of convening and presiding over shareholders' meetings;
- forward proposals to a shareholders' general meeting;
- initiate actions against directors or senior management; and
- other functions and duties as provided for by the articles of association.

The circumstances under which a person is disqualified from being a director of a company described above apply mutatis mutandis to supervisors of a company.

12. Managers and Senior Executives

A company shall have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and may exercise the following powers:

- manage the production, operation and management of the company and arrange for the implementation of resolutions of the board of directors;

- arrange for the implementation of the company's annual business and investment plans;
- formulate plans for the establishment of the company's internal management structure;
- formulate the basic administration system of the company;
- formulate the company's internal rules;
- recommend the appointment and dismissal of deputy managers and financial officer and appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors);
- attend board meetings as a non-voting attendant; and
- other powers conferred by the board of directors or the company's articles of association.

The Special Regulations and the Mandatory Provisions provide that the other senior executives of a company include the financial officers, secretary of the board of directors and other executives as specified in the articles of association of the company. The circumstances under which a person is disqualified from being a director of a company described above apply *mutatis mutandis* to managers and officers of the company. The articles of association of a company shall have binding effect on the shareholders, directors, supervisors, managers and other senior management of the company. Such persons shall be entitled to exercise their rights, apply for arbitration and issue legal proceedings according to the articles of association of the company. The provisions of the Mandatory Provisions regarding the senior executives of a company have been incorporated in the Articles of Association (a summary of which is set out in Appendix V).

13. Duties of directors, supervisors, managers and senior executives

Directors, supervisors, managers and other senior executives of a company are required under the Company Law to comply with the relevant laws, regulations and the company's articles of association, carry out their duties honestly and protect the interests of the company Each director, supervisor, manager and senior officer of a company is also under a duty of confidentiality to the company and is prohibited from divulging secret information of the company unless permitted by the relevant laws and regulations or by the shareholders.

Any directors, supervisors, managers and other senior executives who contravenes any laws, regulations or the company's articles of association in the performance of his duties which results in any loss to the company shall be personally liable to the company.

The Special Regulations and the Mandatory Provisions provide that a director, supervisor, manager and other senior executives of a company owe fiduciary duties to the company and are required to perform their duties faithfully and to protect the interests of the company and not to make use of their positions in the company for their own benefit.

14. Finance and accounting

A company shall establish its financial and accounting systems according to the laws, administrative regulations and the regulations of the responsible financial department of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited and verified as provided by law.

A company shall make available its financial statements at the company for the inspection by the shareholders at least 20 days before the convening of the annual general meeting. A company established by the public subscription method must publish its financial statements.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve (except where such reserve has reached 50% of the company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profit, subject to a resolution of the shareholders' meeting or the general meeting, the company may make an allocation to a discretionary common reserve from the after-tax profits. Where the statutory common reserve fund of the Company is insufficient to make up for the losses of the Company incurred during the previous years, before making allocation to the statutory common reserve fund in accordance with the preceding paragraph, the profits generated during the current year shall be used to make up for such losses.

After making up for the losses and making contributions to the common reserve fund, any remaining profits shall be distributed to the shareholders in proportion to their respective shareholdings, except when it is stipulated in the Articles of Association that profit distributions shall not be made in accordance with the shareholding proportion.

The capital common reserve of a joint stock limited company is made up of the premium over the nominal value of the shares of the company on issue, and other amounts required by the financial department of the State Council to be treated the capital reserve.

The company's common reserves shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company, but the capital reserve shall not be used for making up the company's losses. Where the statutory surplus reserve is converted into registered capital, the balance of the statutory surplus reserve shall not be less than 25% of the registered capital after such conversion.

15. Appointment and retirement of auditors

The Special Regulations require a company to employ an independent PRC qualified accounting firm to audit the company's annual report and review and check other financial reports.

The auditors are to be appointed for a term commencing from the close of an annual general meeting and ending at the close of the next annual general meeting.

If a company removes or ceases to continue to appoint the auditors, it is required by the Special Regulations to give prior notice to the auditors and the auditors are entitled to make representations before the shareholders in general meeting. The appointment, removal or non re-appointment of auditors shall be decided by the shareholders at general meetings and shall be filed with the CSRC for record.

16. Profit distribution

The Special Regulations provide that the dividends and other distributions to be paid to holders of overseas-listed-foreign-invested shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of foreign currency to shareholders shall be made through a receiving agent.

17. Amendments to articles of association

Any amendments to the company's articles of association must be made in accordance with the procedures set forth in the company's articles of association. As for matters involving the company's registration, the company shall modify its registration with the companies' registration authority.

18. Dissolution and Liquidation

A company may apply for the declaration of insolvency by reason of its inability to pay debts as they fall due. After the people's court has made a declaration of the company's insolvency, the shareholders, the relevant authorities and the relevant professionals shall form a liquidation committee to conduct the liquidation of the company.

Under the Company Law, a company shall be dissolved in any of the following events:

(1) the term of its operations set down in the company's articles of association has expired or events of dissolution specified in the company's articles of association have occurred;

(2) the shareholders in general meeting have resolved to dissolve the company;

(3) the company is dissolved by reason of its merger or demerger;

(4) the company is subject to the revocation of business license, a closure order or dismissal in accordance with laws; or

(5) in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss, in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the people's court for the dissolution of the company.

Where the company is dissolved in the circumstances described in (1), (2), (4) and (5) above, a liquidation committee must be formed within 15 days from the date of dissolution. Members of the liquidation committee shall be appointed by the shareholders in the general meeting. If a liquidation committee is not established within the stipulated period, the company's creditors can apply to the people's court for its establishment. The liquidation committee shall notify the company's creditors within 10 days after its establishment, and issue a public notice in the newspapers within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification.

The liquidation team shall exercise the following powers during the liquidation period:

- handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- notify creditors or issue public notices;
- deal with and settle any outstanding business of the company;
- pay any tax overdue;
- settle the company's financial claims and liabilities;
- handle the surplus assets of the company after its debts have been paid off; and
- represent the company in civil lawsuits.

If the company's assets are sufficient to meet its liabilities, they shall be applied towards the payment of the liquidation expenses, wages owed to the employees and labor insurance expenses, tax overdue and debts of the company. Any surplus assets shall be distributed to the Shareholders of the company in proportion to the number of Shares held by them.

Upon entering into liquidation procedures, a company shall not engage in operating activities unrelated to the liquidation. If the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must immediately apply to the people's court for a declaration for bankruptcy. Following such declaration, the liquidation committee shall hand over all affairs of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the general meeting or the relevant supervisory authorities. Thereafter, the report shall be submitted to the company registration authority in order to cancel the company's registration, and a public notice of its termination shall be issued.

Members of the liquidation committee are required to discharge their duties honestly and in compliance with relevant laws. A member of the liquidation committee is liable to indemnify the company and its creditors with respect to any loss arising from his willful or material default.

19. Overseas Listing

In accordance with the Circular on Relevant Issues Concerning Enterprises' Application for Overseas Listing issued by the CSRC, (《中國證券監督管理委員會關於企業申請境外上市有關問題的通知》, the "1999 Circular") issued in July 14, 1999, domestic companies were required to achieve the following requirements for overseas listings: (a) an annual after-tax profit of at least RMB60,000,000 for the latest year; (b) net assets of not less than RMB400,000,000; (c) a fundraising size of not less than US$50 million based on a reasonably expected price/earnings ratio.

The 1999 Circular was replaced by the Regulatory Guidelines for the Application Documents and Examination Procedures for Overseas Share Issuance and Listing by Joint Stock Companies (《關於股份有限公司境外發行股票和上市申報文件及審核程序的監管指引》, the "New Guidelines") which was issued on December 20, 2012, and came into force on January 1, 2013. The New Guidelines abolished the foregoing thresholds and stipulate that all joint stock companies legally incorporated under Company Law are entitled to apply to the CSRC for overseas share issuance and listing.

Under the New Guidelines, a PRC domestic company may submit its primary overseas listing application to overseas regulatory authorities and stock exchanges after the CSRC has accepted its oversea listing application for processing, and may submit its official application to overseas regulatory authorities and stock exchanges for hearing after the CSRC has examined and approved its overseas listing application. The approval from the CSRC is valid for 12 months from the issuance date.

Administrative Licensing Item Examination and Approval Process of Overseas Offerings and Listing (Additional Offerings Included) by Joint Stock Companies issued by CSRC on December 19, 2014 provides a reduction of declaration documents from 12 to 7 in the event of overseas share issuance and listing.

On December 26, 2014, SAFE promulgated the Circular on Certain Issues Concerning the Foreign Exchange Administration for Overseas Listings (國家外匯管理局關於境外上市外匯管理有關問題的通知). A domestic company shall, within 15 working days upon completion of overseas listing and the issuance, fulfill the procedure with the relevant authorities of foreign exchange.

Key Points to Examination and Approval Process of Overseas Offerings and Listing (Additional Offerings Included) by Joint Stock Companies (《股份有限公司境外公開募集股份及上市(包括增發)審核關注要點》) issued by CSRC on May 22, 2015 lists the key points in details to examination and approval process for domestic joint stock companies to issue shares and go listing overseas, including state-owned equity management, access for foreign capital and macroeconomic control and industrial policies, compliance operations, equity structure and corporate governance, the offering, certain items applicable for specific objects and corresponding problems.

20. Loss of H share certificates

In the event H share certificates in registered form are either stolen or lost, shareholder may, in accordance with the relevant provision set out in the PRC Civil Procedure Law (《中華人民共和國民事訴訟法》), apply to a people's court for a declaration that such certificates will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of replacement certificates.

The Mandatory Provisions provide for a separate procedure regarding loss of H share certificates (which has been incorporated in the Articles of Association, a summary of which is set out in Appendix V).

21. Suspension and Termination of Listing

Pursuant to the new Securities Law amended on August 31, 2014, the trading of shares of a company on a stock exchange may be suspended if so decided by the securities administration department of the State Council under one of the following circumstances:

(1) the registered capital or shareholding distribution no longer complies with the necessary requirements for a listed company;

(2) the company failed to make public its financial position in accordance with the requirements or there is false information in the company's financial report with the possibility of misleading investors;

(3) the company has committed a major breach of the law;

(4) the company has incurred losses for three (3) consecutive years; or

(5) other circumstances as required by the listing rules of the relevant stock exchange(s).

Under the Securities Law, in the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange in the case described in (1) above, or the company has refused to rectify the situation in the case described in (2) above, or the company fails to become profitable in the next subsequent year in the case described in (4) above, the relevant stock exchange shall have the right to terminate the listing of the shares of the company.

22. Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

Securities law and other relevant regulations

The PRC has promulgated a number of regulations that relate to the issue and trading of Shares and disclosure of data by a company. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for co-coordinating the drafting of securities regulations, formulating securities related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC.

The CSRC is the regulatory body of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking research and analysis. In 1998, the State Council consolidated the Securities Committee and the CSRC, and the CSRC has taken the original functions of the Securities Committee since then.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Liability Companies. These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information related to joint stock limited liability companies with domestically listed foreign shares.

The Securities Law took effect on July 1, 1999 and was revised for the first time as at August 28, 2004, for the second time on October 27, 2005, for the third time on June 29, 2013 and for the fourth time on August 31, 2014. This is the first national securities law in the PRC, and it is divided into 12 chapters and 240 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 238 of the Securities Law provides that a company must obtain prior approval from the State Council's regulatory authorities to list shares outside the PRC. Article 239 of the Securities Law provides that specific measures with respect to shares of companies in the PRC that are to be subscribed and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issue and trading of foreign issued shares (including H Shares) are still mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Arbitration and enforcement of arbitral awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "Arbitration Law") was passed by the Standing Committee on August 31, 1994, became effective on September 1, 1995 and amended on August 27, 2009. It is applicable to contract disputes and other property disputes between natural persons, legal persons and other organizations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration

Law and the PRC Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case.

The Listing Rules and the Mandatory Provisions require an arbitration clause to be included in a company's articles of association and, in the case of the Listing Rules, also in contracts with each of the directors and supervisors, to the effect that whenever any disputes or claims arise between holders of H Shares and the company; holders of H Shares and the directors, supervisors, manager or other senior executives; or holders of H Shares and holders of Domestic Shares, with respect to any disputes or claims in relation to the companies affairs or as a result of any rights or obligations arising under its articles of association, the PRC Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred to arbitration. Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall comply with the arbitration. Disputes with respect to the definition of shareholders and disputes related to a company's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its Rules or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Center, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

Under the Arbitration Law and PRC Civil Procedure Law, an arbitral award is final and binding on the parties.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

Hong Kong company law is primarily set out in the Companies Ordinance and is supplemented by common law and rules of equity that apply to Hong Kong. There are material differences between Hong Kong company law and the PRC law applicable to a joint stock limited liability company incorporated under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Quorum for General Meetings

Under Hong Kong law, the quorum for a meeting of a company is provided for in the articles of association of a company, but must be at least two members. The PRC Company Law does not specify any quorum requirement for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that a company's general meeting can be convened when replies to the notice of that meeting have been received from shareholders whose shares represent 50% of the voting rights in the company at least 20 days before the proposed date of the meeting. If that 50% level is not achieved, the company shall within five days notify its shareholders by public announcement and the shareholders' general meeting may be held thereafter.

Voting for General Meetings

Under Hong Kong law, an ordinary resolution is passed by a simple majority of affirmative votes by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes by members present in person or by proxy at a general meeting.

Under the PRC Company Law, the passing of any resolution requires more than one half of the votes cast by shareholders present in person or by proxy at a general meeting except in cases of proposed amendment to the articles of association, increase or reduction of registered capital, and merger, demerger or dissolution of a joint stock limited company or changes to the company status, which requires two-thirds of votes cast by shareholders present in person or by proxy at a general meeting.

Variation of class rights

The PRC Company Law makes no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed regarding variations of class rights. These provisions have been incorporated in the Articles of Association.

Under the Companies Ordinance, except (1) with the approval of a special resolution of the holders of the relevant class at a separate meeting; (2) with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class in question; (3) by agreement of all the Shareholders of the Company; or (4) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions, no rights attached to any class of shares can be varied.

The Company, as required by the Listing Rules and the Mandatory Provisions, has adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed foreign invested shares and Domestic Shares are defined in the Articles of Association as different classes of shareholders, provided however that the special procedures for approval by separate class shareholders shall not apply to the following circumstances: (1) the Company issues listed Domestic Shares and listed foreign invested shares, separately or simultaneously, once every 12-month period, pursuant to a shareholders' special resolution, not more than 20% of each of the issued listed Domestic Shares and issued overseas listed foreign invested shares existing as of the date of the shareholders' special resolution; (2) the plan for the issue of listed Domestic Shares and listed foreign invested shares upon its establishment is implemented within 15 months following the date of approval by the CSRC; and (3) upon approval by the securities administration authority of the State Council and other examination and approval authorities (if applicable), the holders of listed Domestic Shares transfer their shares to overseas investors and such shares are listed and traded in foreign markets.

Derivative action by minority shareholders

Hong Kong law permits minority shareholders to start a derivative action on behalf of the company against directors who have committed a breach of their fiduciary duties to the company, if such directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name.

Although the PRC Company Law gives our Shareholders the right to initiate proceedings in the people's court to restrain the implementation of any resolution passed by our shareholders in a general meeting, or by the Board of Directors, that violates any law, administrative rules or Articles of Association. In the event that the Directors or management personnel violate laws, administrative rules or Articles of Association when performing their duties and cause losses to the Company, there is no form of proceedings equal to a derivative action. The Mandatory Provisions, however, provide us with certain remedies against the Directors, Supervisors and officers who breach their duties to us. In addition, every director and supervisor of a joint stock limited liability company applying for a listing of its H Shares on the Hong Kong Stock Exchange is required to give an undertaking in favor of the company acting as agent for each shareholder to comply with the articles of association. This allows minority shareholders to act against directors and supervisors in default.

Protection of Rights of Minority Shareholders

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong.

Our Company, as required by the Mandatory Provisions, has adopted in our Articles of Association minority protection provisions similar to (though not as comprehensive as) those available under Hong Kong law. These provisions state that a controlling shareholder may not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of some part of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

Arbitration of disputes

In Hong Kong, disputes between shareholders and a company or its directors, managers and other senior officers may be resolved through the courts. The Mandatory Provisions and our Articles of Association provide that whenever any disputes or claims arise between the holders of H Shares and the Company and its Directors, Supervisors, Managers, senior management officers or holders of Domestic Shares, based on our Articles of Association, or the PRC Company Law, or any other relevant laws and administrative regulations concerning the affairs of the Company (other than exception), such disputes or claims shall be referred by the Hong Kong International Arbitration Center or the China International Economic and Trade Arbitration Commission. "First instance as final" appellate system is adopted in such arbitration.

The Securities Arbitration Rules of the HKIAC contain provisions allowing an arbitral tribunal to conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Stock Exchange so that PRC parties and witnesses may attend. Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties, including witnesses and the arbitrators, being permitted to enter Shenzhen for the purpose of the hearing. Where a party (other than a PRC party), or any of its witnesses, or any arbitrator is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the Securities Arbitration Rules, a PRC party means "a party domiciled in the PRC (other than the territories of Hong Kong, Macau and China Taiwan)."

This Appendix set out summaries of the main clauses of our Articles of Association adopted on 21 August 2015, which shall become effective as of the date on which the H Shares are listed on the Hong Kong Stock Exchange. As the main purpose of this Appendix is to provide potential investors with an overview of the Articles of Association, it may not necessarily contain all information that is important for investors. As discussed in the appendix entitled "Appendix VII — Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, the full document of the Articles of Association in Chinese is available for examination.

1. DIRECTORS AND BOARD OF DIRECTORS

(a) Power to allot and issue shares

There is no provision in the Articles of Association empowering the Board to allot or issue shares. In order to allot or issue shares, the Board shall prepare a proposal for approval by shareholders in general meeting by way of special resolution. Any such allotment or issue must be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations.

(b) Power to dispose of the Company's or any of its subsidiaries' assets

The Board shall not, without the approval of shareholders in general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the value of the consideration for the proposed disposition; and where any fixed assets of the Company have been disposed of in the period of four months immediately preceding the proposed disposition, the amount or value of the consideration for any such disposition, exceeds 33% of the value of the Company's fixed assets as shown in the last audited balance sheet placed before the shareholders in general meeting.

For the purposes of this provision, disposition includes an act involving a transfer of an interest in property other than by way of security.

(c) Compensation or payments for loss of office

The contract for emoluments entered into by the Company with a Director or Supervisor shall make provision for the right of a Director or Supervisor, in connection with the takeover of the Company, subject to the approval of the shareholders in a general meeting, to receive compensation or other payment for loss of office or for his retirement from office.

For the purpose of the preceding paragraph, a takeover of the Company means:

(i) An offer made to all the Shareholders; or

(ii) an offer is made such that the offeror will become the controlling shareholder of the Company (as defined in the Articles of Association).

If the relevant Director or Supervisor does not comply with above provisions, any sum received by the Director or Supervisor on account of the payment shall belong to those persons who have sold their shares as a result of the offer, and the expenses incurred by the Director or Supervisor in distributing that sum pro rata among those persons shall be borne by him and not deducted from the sum distributed.

(d) Loans to Directors, Supervisors and other officers

The Company is prohibited from directly or indirectly making any loan or guarantee in connection with a loan to its Directors, Supervisors, the president, or other senior officers or the Directors, Supervisors, the president, or other senior officers of its holding company. The Company is also prohibited from providing any loan or guarantee in connection with a loan to the connected person of such a Director, Supervisor, the president, or other senior officer.

A guarantee for a loan provided by the Company in breach of the prohibition referred to above shall be unenforceable against the Company unless:

(1) the loan was provided to a person connected with a Director, Supervisor, the president, or other senior officer of the Company or its holding company and at the time the loan was advanced the lender did not know of the relevant circumstances; or

(2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

The following cases are not subject to the aforesaid prohibition:

(1) Our Company provides our subsidiaries with loans or loan guarantees;

(2) The provision of a loan or a guarantee for a loan or any other funds by the Company to any of its Directors, Supervisors, the president, or other senior officer to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of an employment contract approved by the shareholders' general meeting; and

(3) The Company may make a loan to or provide a guarantee in connection with a loan by another person to any of its Directors, Supervisors, the president, or other senior officers or other connected persons where the ordinary course of its business includes the making of loans or the giving of guarantees and provided that the making of such loans or the giving of such guarantees is on normal commercial terms.

Where the Company makes a loan in breach of the foregoing provisions, the person who has received such loan shall repay it immediately irrespective of terms for the loan.

For the purpose of the above provisions, "guarantee" includes the acts of the guarantor bearing the liabilities or providing properties to ensure that the obligor performs the obligations.

(e) Giving financial assistance to purchase the shares of the Company or any of its subsidiaries

Neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to a person who acquires or is proposing to acquire shares in the Company. The said person includes any person who has directly or indirectly incurred a liability as a result of the acquisition of shares in the Company.

Neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to the person mentioned in the foregoing paragraph for the purposes of reducing or discharging his liabilities.

The following transactions are not prohibited:

(i) Related financial aid provided by our Company which is indeed in our interest and the main purpose of the aid is not to acquire the Shares or is part of a master plan of our Company;

(ii) The lawful distribution of our properties by way of dividend;

(iii) Distribution of dividends in the form of shares;

(iv) Reducing the registered capital, redeeming the Shares or adjusting the equity structure pursuant to the Articles of Association;

(v) Our Company grants loans within our normal scope of business, provided that such loans shall not result in reduction in the net assets of our Company or even if the net assets are reduced, this financial aid is paid from the profit available for distribution; and

(vi) Our Company provides the employee stock ownership plan with fund, provided that such loans shall not result in reduction in the net assets of our Company or, even if the net assets are reduced, this financial aid is paid from the profit available for distribution.

For these purposes, "financial assistance" includes, without limitation to:

(aa) Gifts;

(bb) Guarantees (including acts of the guarantor assuming liabilities or providing property to ensure that the obligor performs the obligations), compensation (excluding compensation arising from mistakes of our Company), cancellation or waiver of rights;

(cc) Provision of loans or signing of contracts whereby our Company performs some obligations before others, change of the parties to the loans/ contracts as well as the assignment of the rights in the loans/contracts; and

(dd) Financial aid provided by our Company in any other manner when it is insolvent, has no net assets, or will suffer significant decreases in net assets.

For the purpose of the section, "incurring a liability" includes incurring a liability by making an agreement or arrangement (whether enforceable or unenforceable, and whether made on one's own account or on the account of any other person) or by changing one's financial position by any other means.

(f) Disclosure of interests in and voting on contracts with the Company or any of its subsidiaries

Where a Director, Supervisor, the president, or other senior officer is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company other than his contract of service, he shall declare the nature and extent of his interest to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the board of Directors.

A director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the board in respect of any contract, transaction or arrangement in which he or any of his associates as defined in the applicable listing rules in effect from time to time has any material interest or any other relevant proposals.

Unless the interested Director, Supervisor, the president or other senior officer has disclosed his interest in accordance with the preceding paragraph and the contract, transaction or arrangement has been approved by the board of Directors at a meeting in which the interested Director is not counted in the quorum and has refrained from voting, the contract, transaction or arrangement in which a Director, Supervisor, the president or other officer is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the Director, Supervisor, the president or other officer concerned.

A Director, Supervisor, the president and other officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his related parties or associates are also deemed to have interest.

Where a Director, Supervisor, the president, or other senior officer of the Company gives the Board a general notice in writing stating that, by reason of the facts stated in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be entered into by the Company, then he shall be deemed to have made a disclosure for the purposes of the relevant provisions in the Articles of Association so far as the content stated in such notice is concerned, if such notice shall have been given to the Board before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

(g) Remuneration

The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with each Director or Supervisor for emoluments in respect of their services. The said emoluments include:

(1) emoluments in respect of their services as Director, Supervisor or senior officer of the Company;

(2) emoluments in respect of their services as Director, Supervisor or senior officer of any subsidiary of the Company;

(3) emoluments otherwise in connection with other services for the management of the Company or any subsidiary thereof; and

(4) payments by way of compensation for loss of office, or in connection with their retirement from office.

Except under a contract entered into in relation to the above, no proceedings shall be brought by a Director or Supervisor against the Company for anything due to him in respect of the matters specified above.

(h) Resignation, Appointment and Dismissal

The following persons may not serve as a Director, Supervisor, the president, or other senior officers of the Company:

(1) persons without capacity or with restricted capacity to undertake civil liabilities;

(2) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation of such deprivation;

(3) persons who were former directors, factory chiefs or managers of a company or enterprise which has become insolvent and has been liquidated and were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(4) persons who were legal representatives of a company or enterprise which had its business license revoked and been ordered to closed down due to violation of the law and who are personally liable, and less than three years have elapsed since the date of the revocation of the business license;

(5) persons who have failed to pay a relatively large debt when due and outstanding;

(6) persons who have committed criminal offences and are still under investigation by law administration authorities;

(7) persons who may not serve as a head of the company pursuant to the provisions of the law and administrative regulations;

(8) persons who are not natural persons;

(9) persons who have been convicted of offences of violating provisions of the relevant securities laws and regulations or offences of fraud or acting in bad faith by the relevant authority, where less than five years have lapsed since the date of conviction;

(10) persons who have been punished by the CSRC through denial of access to securities market, when the denial period has not expired; or

(11) other circumstances specified in relevant laws and regulations occur.

Persons holding a post (other than Director and Supervisor) for the controlling shareholder and the effective controller of the Company shall not serve as a senior officer of the Company.

The company shall have a board of Directors. The board of Directors shall consist of nine Directors, among which there shall be one chairman and three independent non-executive directors. Directors and supervisors who are not representatives of the employees are elected at the general Shareholders meeting, and the term of office of the Directors shall be three years. The directors may hold consecutive terms upon re-election.

Staff representative of the Board shall be elected through the staff representatives meetings, staff meetings or through other forms of democratic election.

The chairman of the board of Directors shall be elected or removed by more than one half of all of the Directors. The term of office of the chairman and vice chairman shall be three years and is renewable upon re-election.

The period for giving written notice of the intention to nominate a person for election as a Director and of his willingness to be elected shall commence after the date the Company gives notice of the general meeting by post, and shall end not later than seven days before the date of the general meeting. The minimum length of the period for giving such written notice shall be at least seven days.

(i) Borrowing powers

Under condition of compliance with the laws and administrative regulations of the State, the Company is entitled to raise capital and borrow money, including (without limitation) the issue of bonds, the mortgaging or pledging of part or whole of the Company's properties and other rights permitted by the laws and administrative regulations of the State provided that such action does not damage or abrogate rights of any shareholder.

The Articles of Association do not contain any special provision in respect of the manner in which borrowing powers may be exercised by the Directors nor do they contain any special provision in respect of the manner in which such power may be raised, other than; (a) provisions which give the Board the power to formulate proposals for the issuance of debentures by the Company; and (b) provisions which provide that the issuance of debentures must be approved by the Shareholders of the Company in a general meeting by way of a special resolution.

(j) Liabilities

In addition to any rights and remedies provided for in relevant laws and administrative regulations, the Company is entitled to adopt the following measures where a Director, Supervisor, the president, or other senior officer is in breach of his duties owed to the Company:

(1) to claim against such a Director, Supervisor, the president or other senior officer for losses incurred by the Company as a result of his breach;

(2) to rescind any contract or transaction entered into between the Company and the Director, Supervisor, the president or other senior officer and a third party where such third party has knowledge or should have had knowledge of the breach of duty;

(3) to require the relevant Directors, Supervisors, general manager or other senior management to turn over the proceeds obtained from the violation of their obligations;

(4) to recover funds collected by the relevant Directors, Supervisors, general manager or other senior management that should have been collected for our Company, including but not limited to commissions;

(5) to demand the return of the interest earned or which may have been earned on any monies by the Director, Supervisor, the president or other senior officer which should have been received by the Company; and

(6) to execute legal procedures judging that the interest of a Director, Supervisor, the president or other senior officer earned through his breach of duty should belong to the Company.

When performing their responsibilities, the Directors, Supervisors, general manager and senior management must comply with the principle of integrity and shall not put themselves in situations where their own interests may conflict with the obligations they have undertaken. This principle includes, but is not limited to, performing the following obligations:

(1) to act honestly in what they consider to be the best interest of the Company;

(2) to exercise his powers within the scope specified and not to act ultra vires;

(3) to exercising conferred discretionary powers personally without being manipulated by others; not transferring discretionary powers to other persons without lawful permission or the approval with their full knowledge of the Shareholders at the general Shareholders meeting;

(4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

(5) except in accordance with the Articles of Association or with the informed consent of shareholders in a general meeting, not to enter into any contract, transaction or arrangement with the Company;

(6) not to use the Company's assets for his personal benefit in any manner without the approval of the shareholders, having been informed of the relevant facts at a general meeting;

(7) not to use his position to accept bribes or other illegal income and not to misappropriate the Company's fund or expropriate the Company's assets in any manner, including (without limitation) opportunities beneficial to the Company;

(8) not without the informed consent of shareholders in general meeting, to accept commissions in connection with the Company's transactions;

(9) to abide by the Articles of Association, faithfully perform his duties and protect the interests of the Company, and not to use his position and powers in the Company to seek personal gain;

(10) not to compete with the Company in any way except with the informed consent of shareholders given in general meeting, and not to harm the interests of the Company by way of connected transaction;

(11) not to misappropriate the Company's funds or lend to others the Company's funds, not to open any bank account in his own name or other name for the deposit of the Company's assets, and not to use the Company's assets to provide security for debts of shareholders of the Company or any other individuals; and

(12) without the informed consent of shareholders in general meeting, not to disclose confidential information of the Company acquired while in office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of information to a court or a relevant governmental authority is permitted where,

(1) the disclosure is made under compulsion of law;

(2) the interests of the public require disclosure; or

(3) the personal interests of the Director, Supervisor, the president or other senior officer require disclosure.

The Directors, Supervisors, general manager and other senior management may not direct the following personnel or institutions ("related personnel") to do acts that the Directors, Supervisors, general manager and other senior management may not do:

(1) the spouse or minor child of such a Director, Supervisor, the president, or other senior officer;

(2) a trustee for such a Director, Supervisor, the president, or other senior officer or any person referred to in (1) above;

(3) a partner of such a Director, Supervisor, the president, or other senior officer or of any person referred to in (1) and (2);

(4) a company in which a Director, Supervisor, the president, or other senior officer, alone or jointly with one or more persons referred to in above (1), (2) and (3) or with any of other Directors, Supervisors, the president, or other senior officers of the Company, have de facto control; and

(5) a Director, Supervisor, the president, or other senior officer of the company controlled referred to in (4) above.

The fiduciary duties of a Director, Supervisor, the president, and other senior officer of the Company do not necessarily cease with the termination of his tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of his term of office. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of his term of office and the occurrence of the matter in question and the circumstances and the terms under which the relationships between him and the Company are terminated.

Except in circumstances referred to in the Articles of Association, liabilities of a Director, Supervisor, the president, or other senior officer arising from the violation of a specified duty may be released by informed shareholders in general meeting.

In addition to obligations imposed by relevant laws, administrative regulations or the listing rules of the securities exchange on which the Company's shares are listed, Directors, Supervisors, the president, and other senior officers in the exercise of their powers and the discharge of their duties shall owe the following obligations to the shareholders:

(i) They may not cause the Company to operate beyond the scope of business indicated on the business license;

(ii) They shall sincerely take the best interests of the Company as the starting point of any action;

(iii) They may not deprive the Company of our properties in any manner, including, but not limited to, opportunities beneficial to the Company;

(iv) They shall not to deprive shareholders of their personal rights and interests, including (but not limited to) rights to distributions and to vote, except in a Company reorganization submitted in accordance with the provisions of the Articles of Association and adopted at a shareholders' general meetings.

Directors, Supervisors, the president, and other senior officers of the Company owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under the similar circumstances.

Where the Company incurs losses as a result of a Director or senior officer having violated any provision of law, administrative regulation or the Articles of Association in the course of performing their duties with the Company, shareholders alone or in aggregate holding 1% or more of the Company's shares for one hundred and eighty (180) consecutive days or more shall be entitled to request in writing the Board of Supervisors to initiate proceedings in a court; where the Company incurs losses as a result of the Board of Supervisors having violated any provision of law, administrative regulation or the Articles of Association in the course of performing its duties with the Company, shareholders may request the Board in writing to initiate proceedings in a court.

If the Board of Supervisors or the Board refuses to initiate proceedings upon receipt of the written request of shareholders set forth in the preceding paragraph, or fails to initiate such proceedings within thirty (30) days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings will immediately result in irreparable damages to the Company's interests, shareholders described in the preceding paragraph shall have the right to initiate proceedings in a court directly in their own name in the interests of the Company.

In the event of infringement of our Company's legal rights and interests by a third party resulting in losses to our Company, the Shareholders mentioned in the Articles of Association may initiate court litigation in accordance with the preceding two paragraphs.

2. MODIFICATION OF THE ARTICLES OF ASSOCIATION

The Company may, in accordance with provisions contained in relevant laws, administrative regulations and the Articles of Association, amend the Articles of Association.

The amendments to the Articles of Association involving the contents of the Mandatory Provisions shall become effective upon approvals by the company approval authorities authorized by the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with law.

3. SPECIAL VOTING PROCEDURES OF CLASSIFIED SHAREHOLDERS

Any Shareholder who holds different types of Shares is a classified Shareholder. The Company may not vary or abrogate rights attached to any class of shares ("Class Rights") unless approved by a special resolution of shareholders in general meeting and by holders of shares of that class at a separate meeting conducted in accordance with the provisions of the Articles of Association.

The following circumstances shall be deemed to be a variation or abrogation of the Class Rights of a class:

(1) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of a class having voting or distribution rights or other privileges equal or superior to the shares of such class;

(2) to effect an exchange of all or part of the shares of such class into those of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;

(3) to remove or reduce rights to accrued dividends or rights to cumulative dividends of such class;

(4) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;

(5) to increase/cancel or reduce the right of the classified Shares to convert Share rights, options rights, voting rights, transfer rights, and prior allocation rights, or the right to obtain the securities of our Company;

(6) to remove or reduce rights of such class of shares to receive payments from the Company in any particular currency;

(7) to create a new class of shares having voting or distribution rights or privileges equal or superior to the shares of such class;

(8) to impose restrictions on the transfer or ownership of the classified Shares or increase such restrictions;

(9) to issue subscription or conversion rights for this or other classified Shares;

(10) to increase the rights or privileges of another class;

(11) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such restructuring; and

(12) to vary or abrogate the provisions in these Articles of Association.

Shareholders of the affected class, whether or not having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) above, but Interested Shareholder(s) shall not be entitled to vote at class meetings.

The resolution of the classified shareholders' meeting shall be passed by votes representing more than two thirds of Shareholders with voting rights attending the classified shareholders' meeting.

Written notice of a class meeting shall be given by the Company 45 days prior to the date of the meeting to notify all the registered shareholders holding shares of that class of the matters to be considered at the meeting and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver a written reply confirming his attendance at the class meeting to the Company 20 days prior to the date of the meeting. The Company can convene a class shareholders' meeting, if the number of shares of the class carrying voting rights represented by shareholders intending to attend represents more than one half of the total number of such shares of the Company. If not, the Company shall make an announcement, within five days, once again notifying the shareholders of the matters proposed to be considered and the date and place of the meeting. Once an announcement has been so made, the Company may convene the class shareholders' meeting.

Notice of class shareholders' meetings need only be served on shareholders entitled to vote thereat. Meetings of any class of shareholders shall be conducted in as a similar way as to the general meetings of shareholders. The provisions of the Articles of Association relating to the conduct of the general meeting shall apply to class shareholders' meeting.

Apart from the holders of other classified Shares, the holders of Domestic Shares and the holders of overseas listed foreign shares are considered as different classified Shareholders. The special procedures for voting by the classified Shareholders shall not apply under the following circumstances:

(1) where the Company issues, upon the approval by special resolution of its shareholders in general meeting, either separately or concurrently once every twelve months, not more than 20% of each of its existing issued Domestic Shares or Foreign Shares;

(2) where the Company completes, within 15 months from the date on which approval is given by the securities regulatory authorities of the State Council, its plan (made at the time of its establishment) to issue Domestic Shares and Foreign Shares; or

(3) where shares of our Company registered on our Domestic Share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, subject to the approval of the Securities Authority of the State Council.

4. SPECIAL RESOLUTIONS NEEDED TO BE ADOPTED BY MAJORITY VOTE

Resolutions of general meetings are divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, more than the one half votes represented by shareholders (including proxies) present at the meeting must be exercised in favor of the resolution.

To adopt a special resolution more than the two thirds votes represented by the shareholders (including proxies) present at the shareholders' general meeting must be exercised in favor of the resolution.

5. VOTING RIGHTS (GENERALLY ON A POLL AND RIGHT TO DEMAND A POLL)

Shareholders (including proxies) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

On a poll taken at a meeting, a shareholder (including his proxy) entitled to two or more votes need not cast all his votes in the same way.

In the case of an equality of votes, whether by a show of hands or on a poll, the chairman of the meeting shall be entitled to an additional vote.

6. REQUIREMENTS FOR ANNUAL GENERAL MEETINGS

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. The shareholders' general meeting shall be convened by the board of directors. Annual general meetings are held once every year within six months after the end of last financial year.

7. ACCOUNTS AND AUDIT

(a) Financial and accounting system

The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory authority of the State Council.

The board of Directors of the Company shall place before the shareholders at every annual general meeting such financial reports as are required by the laws, administrative regulations or directives promulgated by competent local governments and supervisory authorities to be prepared by the Company.

The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the place outside China where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the aforesaid accounting standards, such difference shall be stated and explained in the financial statements. For the purposes of distribution of the Company's after-tax profits in a financial year, the lower of the after-tax profits as shown in the different set of financial statements shall be adopted.

The financial reports of the Company shall be made available at the Company for inspection by shareholders 20 days before the annual general meeting. Every shareholder of the Company is entitled to a copy of the financial reports.

A copy of the above financial report together with the balance sheet (including each document to be appended to the balance sheet as required by applicable regulations) and the income statement or the statement of income and expenditure or summary financial report, shall at least 21 days before the date of the general meeting, be delivered or sent by pre-paid post to the registered address of every holders of Foreign Shares. Our Company can effect so via public announcements (including via the website of our Company) as pursuant to laws, administrative regulations and listing rules of the place where the Company's shares are listed.

The interim results or financial information that the Company announces or discloses shall be compiled according to both PRC accounting standards and regulations, and international accounting standards or accounting standards of the place at which shares of the Company are listed.

The Company shall disclose its financial reports two times in each financial year, that is, its interim financial reports within 60 days of the end of the first six months of a financial year and its annual financial reports within 120 days of its financial year end.

The Company shall not keep any accounting books other than those specified by law. The Company's assets shall not be deposited in the account opened in the name of any individual.

(b) Appointment and removal of accountants

The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the State to audit the Company's annual reports and review the Company's other financial reports.

The first accountants firm of the Company may be appointed by the inaugural meeting prior to the first annual general meeting and the accountants firm so appointed shall hold office until the conclusion of the first annual general meeting.

Where the inaugural meeting does not exercise the power provided for in the preceding paragraph, the board of Directors shall exercise such power.

The accountants firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholder until the conclusion of the next annual general meeting of shareholders.

The shareholders in general meeting may by ordinary resolution remove an accountants firm before the expiry of its term of office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

The remuneration of an accountants firm or the manner in which such remuneration is determined shall be decided by the shareholders in general meeting.

The remuneration of an accountants firm engaged by the board of Directors shall be determined by the board of Directors.

The Company's appointment of and removal an accountants firm shall be resolved upon by the shareholders in general meeting. Prior to the removal or the non-renewal of the appointment of the accountants firm, an advance notice of such removal or non-renewal shall be given to the accountants firm and such firm shall have the right to attend and to make representation to the shareholders' general meeting. Where the accountants firm resigns its post, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.

(1) The accountants firm may resign its office by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following statements:

   (i) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or

   (ii) a statement of any such circumstances.

(2) Where a notice is deposited under the preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the relevant governing authority. In the event that the leaving accounting firm that is proposed to leave its post makes written representations and request that the Company shall notify its shareholders of such representations (unless the representation are received within an unreasonable time), a copy of such representations shall be made available for inspection by shareholders at the Company's address. The Company shall also send a copy of such statement by prepaid mail to every shareholder entitled to receive financial position report of the Company at the address registered in the register of shareholders. The Company can effect so via public announcements (including via

the website of the Company) to the extent as pursuant to laws, administrative regulations and listing rules of the place where the Company's shares are listed.

(3) Where the accountants firm's notice of resignation contains a statement referred to in the above (ii), it may require the board of Directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

8. NOTICE OF MEETING AND BUSINESS TO BE CONDUCTED THEREAT

The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

The Company shall not enter into any contract with any person other than a Director, Supervisor, the president, or other senior officer whereby such person is entrusted with the management of the whole or a material part of any business of the Company without the prior approval of shareholders in general meeting.

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. The shareholders' general meeting shall be convened by the board of directors. Annual general meetings are held once every year within six months after the end of last financial year.

Under any of the following circumstances, the Board of Directors shall convene an extraordinary general meeting within two months:

(1) when the number of Directors is less than the number of Directors required by the Company Law or two-thirds of the number of Directors specified in the Articles of Association;

(2) the uncovered losses of our Company reach one-third of its total share capital;

(3) when shareholders individually or collectively holding 10% or more of the Company's issued and outstanding shares carrying voting rights requests in writing the convening of an extraordinary general meeting;

(4) when the board of Directors considers necessary or upon the request of the Board of Supervisors; or

(5) when one half or more independent non-executive Directors so request.

Written notice of a class meeting shall be given by the Company 45 days prior to the date of the meeting to notify all the registered shareholders holding shares of that class of the matters to be considered at the meeting and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver a written reply confirming his attendance at the class meeting to the Company 20 days prior to the date of the meeting.

In calculating the time period for notice, the date of meeting and the sending date of the notice shall be excluded.

When the Company is to convene an annual general meeting, shareholders individually or collectively holding 3 percent or more of shares in the Company shall have the right to put forward extraordinary proposals in writing to the Company. The Company shall include matters in the extraordinary proposal falling within the scope of the functions and powers of the general meeting in the agenda of the meeting.

An extraordinary proposal forwarded by shareholders shall meet the following conditions:

(1) its content shall not violate laws and regulations and fall within the scope of functions and powers of the general meeting;

(2) it shall contain explicit subjects for discussion and specific matters for resolution; and

(3) it shall be submitted or delivered to the board of Directors in writing ten days prior to the date on which the general meeting is convened.

A company's annual general meeting may be convened when replies to the notice of that meeting from shareholders holding shares representing 50% of the voting rights in the company have been received 20 days before the proposed date, or if that 50% level is not achieved, the company shall within five days of the last day for receipt of the replies notify shareholders again by public announcement of the matters to be considered at the meeting and the date and place of the meeting, and the annual general meeting may be held thereafter.

An extraordinary general meeting may not decide on matters not specified in the notice.

A notice of meeting of shareholders shall:

(i) be in writing;

(ii) specify the time, place, the date of the meeting;

(iii) state the matters and proposals to be discussed at the meeting;

(iv) specified date of equity registration of Shareholders entitled to attend and vote at our general shareholders' meeting;

(v) provide such information and explanation as are necessary for the shareholders to exercise an informed judgment on the proposals before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another company, to repurchase shares of the Company, to reorganize the share capital or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the reasons for and consequences of such proposal must be properly explained;

(vi) contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor, the president, or other senior officer in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;

(vii) contain the text of any special resolution proposed to be passed at the meeting;

(viii) contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy do not need be a shareholder;

(ix) specify the time and place for lodging proxy forms for the relevant meeting; and

(x) specify name and phone number of the permanent contact person for the meeting.

The notice of the general shareholders' meeting and circular of the Company shall be sent in person or by postage-paid mail, to the shareholders in accordance with the relevant provisions of the Listing Rules regardless of whether such Shareholders have the right to vote at the general shareholders' meeting, and each recipient's address shall be according to the address indicated on the register of Shareholders. The Company can effect so via public announcements (including via the website of the Company) to the extent as pursuant to laws, administrative regulations and listing rules of the place where the Company's shares are listed. For holders of Domestic Shares, notice of Shareholder's general meeting may be made by way of public announcement.

Public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council during 45 days to 50 days prior to the date of the meeting. Once the announcement is made, all holders of Domestic Shares shall be deemed to have received the notice of our general Shareholders' meeting.

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Shareholders or the Board of Supervisors requisitioning an extraordinary general meeting of shareholders or class meeting shall abide by the following procedures:

(I) The Board of Supervisors or two or more shareholders individually or collectively holding more than ten percent (including the ten percent) of the shares carrying voting rights at the meeting to be convened may, by signing one or more counterpart written requisition(s) stating the object of the meeting, require the board of Directors to convene an extraordinary general meeting or a class shareholders' meeting. The board of Directors shall as soon as possible after receipt of such written requisition(s) proceed to so convene the extraordinary general meeting or class shareholders' meeting. The shareholdings referred to above shall be calculated as of the date of the delivery of the written requisition(s).

(II) Where the board of Directors fails to issue notice of convening meeting within thirty days upon receipt of the above written request, shareholder(s) individually or collectively holding more than ten percent (including the ten percent) of the shares carrying voting rights at the meeting to be convened may request by written requisition(s) the Board of Supervisors to convene the extraordinary general meeting or class shareholders' meeting. The Board of Supervisors may convene the meeting on their own accord within four months upon the board of Directors having received such request. Where the Board of Supervisors fails to convene and hold the meeting, shareholder(s) individually or collectively holding ten percent or more shares carrying voting rights on such proposed meeting for over ninety consecutive days may convene meeting on their own accord. The convening procedures shall as much as possible be equivalent to those of for meeting convened by the board of Directors.

Where the shareholders or the board of Supervisors call and convene the meeting on their own accord because the board of Directors fails to convene the meeting in accordance with the foregoing requirements, expenses reasonably incurred by the shareholders or the board of Supervisors shall be borne by the Company and deducted from payments due from the Company to the Director in default.

Except for those matters in relation to commercial secrets of the Company which cannot be made public at the general meeting, the Board of Directors and the Board of Supervisors shall respond to and address the enquiries and suggestions of the shareholders.

The matters which require the sanction of an ordinary resolution at a shareholders' general meeting shall include:

(I) work reports of the Board and the Board of Supervisors;

(II) plans for the distribution of profits and for making up losses proposed by the Board;

(III) the election and removal of the members of the Board and Supervisors representing Shareholders, their remuneration and method of payment;

(IV) the annual budget and final account report, balance sheet, profit and loss statement and other financial statement of the Company; and

(V) save as required by laws and regulations or the listing rules of stock exchange where the shares in the Company are listed or by these Articles of Association, all other matters except those required to be adopted by special resolution.

Where any shareholder is, under laws and regulations and the listing rules of stock exchange where the shares in the Company are listed, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

If a resolution of a shareholders' general meeting or the Board of the Company is in breach of any law and administrative regulation, the shareholders shall have the right to petition to a court to render the same as invalid.

If the procedures for convening a meeting of, or the method of voting at, a general meeting or the Board are in breach of any law, administrative regulation or Articles of Association, or the content of a resolution is in breach of the Articles of Association, shareholders may petition to a court to rescind such resolutions within sixty (60) days from the date on which such resolution is passed.

9. TRANSFER OF SHARES

Where shares of our Company registered on our Domestic Share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, subject to the approval of the Securities Authority of the State Council. Any listing or trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange. The listing or trading of transferred shares on an overseas stock exchange is not subject to the resolution of the class meeting.

Shares held by the promoter(s) shall not be transferred within one (1) year from the date of incorporation of the company. Shares issued by a company prior to the public offer of its shares shall not be transferred within one (1) year from the date of its shares being listed on a stock exchange.

Directors, supervisors and senior executives of the company shall not transfer over 25% of the total shares they hold in the company each year during their term of office, and shall not transfer shares of the company held by each of them within one (1) year from the listing date. Such personnel shall not transfer the Company's shares in their possession within six (6) months after they have terminated their employment with the Company.

Any gains from the sale of shares of the Company by any Company's Director, Supervisor, senior officer or shareholders holding 5% or more of the shares in the Company within six (6) months after purchasing such shares, or thereafter any gains from repurchasing such shares in the Company within six (6) months after the sale thereof, shall be vested in by the Company. The Board of the Company shall forfeit such gains from the aforementioned parties. However, where the securities company purchases all the unsold stocks under the underwriting and therefore holds 5% or more of the shares in the Company, sale of such stocks is exempted from the six-month restriction.

If the Board of the Company fails to comply with the provision set forth in the preceding paragraph, a shareholder shall have the right to require the Board to effect the same within thirty (30) days. If the Board fails to do so within the said time limit, a shareholder shall have the right to initiate proceedings in a court directly in his own name in the interest of the Company.

If the Board of the Company fails to comply with the provision set forth in the fourth paragraph, the responsible Director(s) shall be jointly and severally liable therefor in accordance with the law.

All the fully paid-up overseas listed foreign shares listed in Hong Kong can be freely transferred in accordance with the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reason, unless:

(I) a fee (for each instrument of transfer) of HK$2.50 or any maximum fee as stipulated from time to time by the Hong Kong Stock Exchange has been paid to the Company for registration of any instrument of transfer or any other document which is related to or will affect ownership of the shares;

(II) the instrument of transfer only involves overseas listed foreign shares listed in Hong Kong;

(III) the stamp duty chargeable on the instrument of transfer has been paid;

(IV) the relevant share certificate and any evidence in relation to the right of the transferor to transfer the shares reasonably requested by the Board has been submitted;

(V) If the Shares are to be transferred to joint holders, the number of the joint holders shall not exceed four;

(VI) the Company does not have any lien on the relevant shares; and

(VII) no transfer shall be made to minors or persons of mental deficiency or under other legal disability.

If the Company refuses to register the share transfer, the Company shall, within two months from the date on which the transfer application is officially filed, send a notice of its refusal to register the share transfer to the transferor and the transferee.

No changes which are required by reason of a transfer of Shares may be made to the register of shareholders within 30 days prior to the date of a shareholders' general meeting or 5 days prior to the record date for the Company's distribution of dividends. This provision is not applicable to change in the shareholder's register due to the issuance of new share capital in accordance with the Articles of Association.

10. POWER OF THE COMPANY TO REPURCHASE ITS OWN SHARES

The Company may, with the approval in accordance with the procedures provided in the Articles of Association and subject to the approval of the relevant authorities, repurchase its outstanding shares in accordance with legal procedures under the following circumstances:

(I) cancellation of its shares for the purpose of reducing its share capital;

(II) merging with another company which holds its Shares;

(III) granting shares as incentive compensation to the staff of the Company;

(IV) acquiring the shares of shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company; and

(V) other circumstances permitted by laws and administrative regulations.

After purchasing shares as stipulated in the above item (I), (II) and (IV), the Company shall transfer or cancel such shares within the period prescribed by laws and administrative regulations. The Company shall cancel shares purchased under item (I) within ten days of the purchase and transfer or cancel shares purchased under item (II) and (IV) within six months, If the Company repurchases its own shares in accordance with item (III), the shares so repurchased shall not exceed five percent of total shares issued by the Company, and shall be transferred to the employees within one year. And the fund for repurchase shall be paid out of the after-tax profit of the Company.

Where the Company transfers or cancels such shares due to repurchase of shares, it shall make an application to its original registration authority to modify the registration on its registered capital and make a relevant announcement. The total of par value of canceled shares shall be deducted from the registered capital of the Company.

The Company may, upon the approval of the relevant authorities, repurchase its shares in one of the following ways:

(I) making a pro rata general offer of repurchase to all its shareholders;

(II) repurchasing Shares through public dealing on a stock exchange;

(III) buying back Shares by an agreement outside a stock exchange; or

(IV) other ways as approved by the relevant regulatory authority.

Where our Company buys back the Shares by an agreement outside a stock exchange, it shall obtain prior approval at the general shareholders' meeting pursuant to the Articles of Association. The Company may rescind or vary the contract or waive any or part of its rights under the contract so entered into by the Company with the prior approval of shareholders obtained at a shareholder's meeting in the same manner.

A contract to repurchase Shares as mentioned above includes but is not limited to an agreement to become obliged to repurchase and acquire rights to repurchase Shares.

Our Company shall not transfer any contract that buys back the Shares or any rights conferred under the contract.

Unless the Company is in the course of liquidation, it shall comply with the following provisions in relation to repurchase of its issued shares:

(I) Where the Company repurchases its shares at par value, payment shall be made out of the book surplus distributable profits of the Company and out of the proceeds from any issue of new shares made for the purpose of the repurchase;

(II) Where the Company repurchases its shares at a premium to the par value, payment up to their par value may be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase. Payment of the portion in excess of the par value shall be effected as follows:

(1) Where the Shares bought back were issued at book value, the funds shall be deducted from the book balance of our distributable profits;

(2) Where the Shares bought back were issued at a premium to the book value, the funds shall be deducted from the book balance of our distributable profits and the proceeds obtained from the issue of new Shares made for the purpose of buying back of Shares. However, the amount deducted from the proceeds obtained from the issue of new Shares shall not exceed the total premium amount obtained when the Shares bought back were issued or the amount (including the premium amount of the issue of new shares) in our premium account (or capital reserve account) when the Shares are bought back.

(III) Payment by the Company for the following purposes shall be made out of the Company's distributable profits:

(1) to obtain the right to buy back the Shares;

(2) variation of any contract to repurchase Shares;

(3) release of any of the Company's obligations under a contract to repurchase Shares.

(IV) After the total book value of the canceled Shares is deducted from our registered capital pursuant to the relevant provisions, the amount deducted from the distributable profits for paying up the book value portion of the Shares bought back shall be credited to our premium account (or capital reserve account).

11. POWER OF ANY SUBSIDIARY OF THE COMPANY TO OWN SHARES IN ITS PARENT COMPANY

The Articles of Association contains no restrictions preventing any subsidiary of the Company from holding Shares.

12. DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

The Company may distribute dividends by either (or both) of the following ways:

(I) Cash;

(II) Stock.

Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared.

The Company shall appoint receiving agents on behalf of holders of Foreign Shares. The receiving agent shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong. The receiving agent shall on behalf of holders of Foreign Shares, receive dividends and other monies payable by the Company in respect of their Shares.

Dividends and other payments payable by the Company to holders of Domestic Shares shall be denominated and declared in Renminbi, and payable in Renminbi within three months following the announcement of profit distribution. Dividends and other payments payable to holders of Foreign Shares shall be denominated and declared in Renminbi and payable in foreign currency within three months following the announcement of profit distribution. The conversion rate shall be the average closing price of relevant foreign currency against Renminbi announced by PBOC in the five working days prior to the declaration of dividends or other distributions, and the Company shall arrange the foreign currency for payment to holders of Foreign Shares in accordance with foreign exchange management related regulations of the State. The general meeting shall, by ordinary resolution, authorize the Board to implement the distribution of dividends of the Company.

13. SHAREHOLDER PROXIES

Any shareholder who is entitled to attend and vote at our general shareholders' meeting has the right to appoint one or more persons (who may not necessarily be shareholders) as his or her shareholder proxy to attend and vote at the meeting in his or her place. Pursuant to the authorization of the Shareholder, the proxy may exercise the following rights:

(I) the shareholder's right to speak at the meeting;

(II) the right to demand, whether on his own or together with others, a poll; and

(III) Without prejudice to other provisions provided by applicable securities listing rule or other securities law and regulations exercise the right to vote by a show of hands or a poll, but the shareholder proxy may only exercise the right to vote by a poll when more than one proxy is appointed.

The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a legal person or other organization either under seal of the legal person or other organization or under the hand of a Director or attorney duly authorized. Such instrument shall indicate the number of shares represented by the proxy and in case of more than one proxy, the number of shares represented by each proxy.

The instrument appointing a voting proxy shall be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting not less than 24 hours prior to the time for holding the meeting at which the proxy propose to vote or the time specified for the passing of the resolution. If such instrument is signed by another person under a power of attorney or other authorization documents given by the appointer, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting.

If the appointer is a legal person or other organization, its legal representative or any person authorized by resolutions of its board of Directors or other governing body shall attend the shareholders' meeting as the appointer's representative.

Any form issued to a shareholder by the Board for the purpose of appointing a proxy shall be such as to enable the shareholder, according to his free will, to instruct his proxy to vote in favor of or against the motions proposed or abstained from voting and in respect of each individual matters to be voted on at the meeting. Such a form shall contain a statement that in the absence of instructions from the appointer, the proxy may vote in his will.

A vote given in accordance with the terms of an instrument by proxy shall be valid notwithstanding the previous death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, loss of capacity, revocation or transfer as aforesaid shall have been received by the Company before the commencement of the meeting at which the proxy is used.

14. CAPITAL CALLS AND CONFISCATION OF SHARES

Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared.

Subject to compliance with the relevant laws and regulations of the PRC and rules of Hong Kong Stock Exchange, the Company may exercise its right to confiscate the dividends which are not claimed by anyone but such right can only be exercised after the expiry of the relevant time frame.

15. INSPECTION ON REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS

The Company may, in accordance with the understanding or agreements between the relevant authorities like securities regulatory authority of the State Council and the overseas securities regulatory organizations, maintain the register of shareholders of foreign shares overseas and appoint overseas agent(s) to manage such share register. The original register of overseas listed foreign invested shares listed in Hong Kong shall be maintained in Hong Kong.

Duplicates of the share register for holders of Foreign Shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the share register.

In case of inconsistency between the original and copy of the register of the holders of the overseas listed foreign Shares, the original shall prevail.

The Company shall keep a complete register of Shareholders.

The register of shareholders shall comprise of the following parts:

(I) register(s) of shareholders other than those specified in items (II) and (III) below kept at the domicile of the Company;

(II) register(s) of holders of the Company's overseas-listed foreign-investment shares kept in the place of the stock exchange(s) where those foreign-investment shares are traded; and

(III) register(s) of shareholders kept at other places as the board of Directors thinks necessary for the purpose of listing.

Different parts of the shareholders' register shall not overlap. The transfer of Shares registered in a certain part of the register of Shareholders shall not be registered elsewhere in the register of Shareholders as long as the Shares remain registered.

Any alteration or rectification to any part of the register of Shareholders shall be made in accordance with the laws in the place where such part of the register of Shareholders is maintained.

No changes which are required by reason of a transfer of Shares may be made to the register of shareholders within 30 days prior to the date of a shareholders' general meeting or 5 days prior to the record date for the Company's distribution of dividends. This provision is not applicable to change in the shareholder's register due to the issuance of new share capital in accordance with the Articles of Association.

When the Company decides to convene a shareholders' general meeting, distribute dividends, liquidate or carry out other activities which require the determination of shareholdings, the board of Directors shall fix a record date for the purpose of determining the shareholding. A person who is registered in the register as shareholders of the Company at the end of the record date shall be a shareholder of the Company.

Any person who objects to what is contained in the register of shareholders and wishes to register his name on, or delete his name from, the register may apply to the court with jurisdiction to amend the register.

The right of the Shareholders to information includes, without limitation, the following:

(I) the right to obtain a copy of the Articles of Association after payment of costs;

(II) the right to inspect and copy, subject to payment of a reasonable fee:

(1) register of all members;

(2) personal particulars of each of the Company's Directors, Supervisors, the president, and other senior officers, including:

(a) current and former name and by name;

(b) main address (domicile);

(c) nationality;

(d) full-time and all other part-time jobs and titles;

(e) identity certificate and its number.

(III) status of the Company's share capital;

(IV) the most updated audited financial statement and report of the Board of Directors, Auditors and Board of Supervisors of our Company;

(V) special resolutions of the company;

(VI) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;

(VII) copies of the latest annual inspection report which have been filed with the Industry and Commerce administration and other competent authority in the PRC; and

(VIII) for shareholders only, minutes of meetings of shareholders.

The Company shall, in accordance with the listing rules, keep the documents referred in the above (I) to (VIII) and any other applicable documents at the Company's Hong Kong address for inspection by the public and shareholders of overseas listed foreign shares free of charge.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding paragraph shall provide to the Company written documents indicating the class and number of shares they hold. After confirmation of the shareholder's identity, the Company shall provide such information based on the shareholder's request.

16. QUORUM FOR GENERAL MEETINGS

The Company can convene a shareholders' meeting if the number of Shares carrying voting rights represented by shareholders intending to attend comprises at least half of the total number of Shares carrying voting rights.

The Company can convene a class shareholders' meeting if the number of Shares carrying voting rights represented by shareholders intending to attend in the meeting comprises at least half of the total number of such class shares carrying voting rights.

17. RIGHTS OF MINORITY SHAREHOLDERS

In addition to the obligations imposed by laws and administrative regulations or the Listing Rules on which Shares are listed, a controlling shareholder, when exercising his rights as a shareholder, shall not exercise his voting rights to make a decision which is prejudicial to the interests of the shareholders generally or of some of the shareholders of the Company in respect of the following matters:

(I) to relieve a Director or Supervisor of his duty to act honestly in the best interests of the Company;

(II) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (without limitation) opportunities beneficial to the Company;

(III) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights, but not including a restructuring of the Company submitted to and approved by shareholders' general meeting in accordance with the Articles of Association.

18. PROCEDURE ON DISSOLUTION AND LIQUIDATION

The Company shall be dissolved and liquidated in accordance with law upon occurrence of any of the following events:

(I) its term of operation expires;

(II) a resolution for dissolution is passed by a shareholders' general meeting;

(III) the Company is dissolved by reason of its merger or demerger;

(IV) the Company is legally declared insolvent due to its failure to repay debts due;

(V) the Company is subject to the revocation of business license, a closure order or dismissal in accordance with laws;

(VI) in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss, in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the People's Court for the dissolution of the company; or

(VII) other circumstances where our Company is ought to be dissolved by laws and regulations.

Where the Company is dissolved by virtue of the reasons set out in items (I) and (II) in the preceding Article, the Company shall establish a liquidation committee within 15 days, and the members of the liquidation committee shall be selected at shareholders' general meeting in the form of ordinary resolution.

Where the Company is dissolved by virtue of the reasons set out in items (IV) and (VI) in the preceding Article, the People's Court shall in accordance with the requirements under the relevant laws, organize the shareholders, the relevant authorities and the professional bodies to establish a liquidation committee for the purpose of dissolution of the Company.

Where the Company is dissolved by virtue of the reasons set out in items (V) in the preceding Article, the relevant authorities shall organize the shareholders, the relevant authorities and the professional bodies to establish a liquidation committee for the purpose of dissolution of the Company.

If the Board of Directors decides to liquidate our Company (except where our Company is liquidated after declaring bankruptcy), the Board of Directors shall state in the notice of the general shareholders' meeting convened for this purpose that the Board of Directors has performed a comprehensive investigation of the status of our Company and believes that our Company is able to pay off all of our debts within 12 months of the start of liquidation.

After the resolution to liquidate our Company is approved by the general shareholders' meeting, the powers and duties of the Board of Directors shall terminate immediately.

In accordance with the instructions of the general shareholders' meeting, the liquidation team shall at least once a year report at the general shareholders' meeting on the income and expenditure of the liquidation team, progress of the business and liquidation of our Company, and submit a final report at the general shareholders' meeting upon completion of liquidation.

The liquidation committee shall notify the company's creditors within 10 days after its establishment, and issue a public notice in the newspapers within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. The liquidation committee shall carry out registration of such claims in accordance with law. During the claim reporting period, the liquidation committee shall not repay creditors.

The liquidation team shall exercise the following powers during the liquidation period:

(I) handle the company's assets and to prepare a balance sheet and an inventory of the assets;

(II) notify creditors or issue public notices;

(III) deal with and settle any outstanding business of the company;

(IV) pay any tax overdue;

(V) settle the company's financial claims and liabilities;

(VI) handle the surplus assets of the company after its debts have been paid off;

(VII) represent the company in civil lawsuits.

The liquidation committee shall thoroughly examine the assets of the Company, and prepare a balance sheet and an inventory of assets. Upon completion, the liquidation committee shall draw up a proposal for liquidation and submit the same to the shareholders' meeting or relevant governing authority for confirmation.

Following dissolution and liquidation of our Company, if the liquidation team finds that, after taking stock of our Company's assets and preparing the balance sheet and list of assets, that the assets are insufficient to pay the debts, it shall immediately apply to the court to declare bankruptcy.

After our Company is declared insolvent by ruling of the court, the liquidation team shall turn over matters regarding the liquidation to the court.

Upon completion of liquidation of our Company, the liquidation team shall prepare a liquidation report, income and expenditure report and financial record during the liquidation period, which, after being verified by a China-registered accountant, shall be submitted to our general Shareholders meeting or related competent agencies for approval.

Within 30 days of the date of approval by the shareholders' meeting or related competent agencies, the liquidation team shall submit the above-mentioned documents to the company registration authority and apply for cancellation of our registration and publish an announcement on our termination.

19. OTHER PROVISIONS MATERIAL TO THE COMPANY OR ITS SHAREHOLDERS

(a) General Provisions

The Company is a joint stock limited company of perpetual existence.

The Company may invest in other companies, unless otherwise stipulated by the law, the Company making such investment shall not bear joint and several liability for the debts of the enterprise in which the company invests.

The Articles of Association are binding on the Company and its shareholders, Directors, Supervisors, the president and other senior officers. The foregoing personnel can claim rights related to affairs of the Company in accordance with the Articles of Association.

Subject to relevant regulations of the Articles of Association, a shareholder may bring actions against the Company in accordance with the Articles of Association, the Company may bring actions against shareholders, Directors, Supervisors, the president and other senior officers in accordance with the Articles of Association, a shareholder may bring actions against other shareholders in accordance with the Articles of Association and shareholders may bring actions against Directors, Supervisors, the president and other senior officers of the Company.

For the purposes of the Articles of Association, actions aforementioned include court proceedings and arbitration proceedings.

Other senior officers mentioned in the preceding paragraph include the vice president, chief accountant, chief engineer, the Secretary of the Board and other persons engaged by the Board.

(b) Shares and transfers

Foreign investors mean those investors of foreign countries and regions of Hong Kong, Macau and Taiwan who subscribe for Shares issued by the Company; domestic investors mean those investors within the territory of the PRC (excluding investors of the regions referred to in the preceding sentence) who subscribe for Shares issued by the Company.

As required by its operation and development, the Company may approve increase in its capital in accordance with the Articles of Association.

The Company may increase its capital in the following ways:

(I) offer new shares to non-specially-designated investors;

(II) issue of new shares to specially-designated investors and/or existing shareholders;

(III) give new Shares to existing Shareholders;

(IV) convert the reserve funds into share capital; or

(V) any other ways permitted by laws and administrative regulations and approved by securities authority of the State Council.

The Company's increase of capital by issuing new Shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State.

After the increase in its capital, the Company shall complete procedures for modifying registration with the original Industry and Commerce administration and make an announcement.

The Company may reduce its registered capital. The Company may reduce its registered capital in accordance with the procedures stipulated by the Company Law (《公司法》) and other regulations and the provisions of the Articles of Association.

When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets.

The company shall inform its creditors of the reduction in capital within ten days and publish an announcement of the reduction in newspapers within 30 days of the resolution approving the reduction in capital being passed. A creditor is entitled to request the Company to repay debts or provide relevant guarantee within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification.

Where shares of our Company registered on our Domestic Share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, subject to the approval of the Securities Authority of the State Council. Any listing or trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange. The listing or trading of transferred shares on an overseas stock exchange is not subject to the resolution of the class meeting.

(c) Shareholder(s)

A shareholder of the Company is a person who lawfully holds Shares and has his name recorded on the register of shareholders.

A shareholder enjoys rights, and is subject to obligations, according to the class and number of Shares he holds. Holders of the same class of Shares enjoy the same rights and subject to the same obligations. Each class of shareholders of the Company is equally entitled to dividends or other distributions.

The ordinary shareholder of the Company shall enjoy the following rights:

(I) the right to dividends and other distributions in proportion to the number of Shares held by him;

(II) the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;

(III) to supervise and manage our business and operational activities, provide suggestions or submit queries;

(IV) the right to transfer Shares in accordance with the laws, administrative regulations and the Articles of Association;

(V) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:

(1) the right to obtain a copy of the Articles of Association after payment of costs;

(2) the right to inspect and copy, subject to payment of a reasonable fee:

1. register of all members;

2. personal particulars of each of the Company's Directors, Supervisors, the president, and other senior officers, including:

(a) current and former name and byname;

(b) main address (domicile);

(c) nationality;

(d) full-time and all other part-time jobs and titles; and

(e) identity certificate and its number.

(3) status of the Company's share capital;

(4) the most updated audited financial statement and report of the Board of Directors, Auditors and Board of Supervisors of our Company;

(5) special resolutions of the company;

(6) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;

(7) copies of the latest annual inspection report which have been filed with the Industry and Commerce administration and other competent authority in the PRC; and

(8) for shareholders only, minutes of meetings of shareholders.

The Company shall, in accordance with the listing rules, keep the documents referred in the above (I) to (VIII) and any other applicable documents at the Company's Hong Kong address for inspection by the public and shareholders of overseas listed foreign shares free of charge.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding paragraph shall provide to the Company written documents indicating the class and number of shares they hold. After confirmation of the shareholder's identity, the Company shall provide such information based on the shareholder's request;

(VI) the right to participate in the distribution of surplus assets of the Company according to the number of Shares held by him when the Company dissolves or liquidates; and

(VII) other rights conferred by laws, administrative regulations and the Articles of Association.

The Company shall not freeze or otherwise impair the rights attaching to any share by reason only that the person who is interested directly or indirectly therein has failed to disclose his interests to the Company.

Our Company shall adopt the registered method for the Shares.

Share certificates of the Company shall be signed by the Chairman of the Company. Where the stock exchanges on which Shares are listed require the share certificates to be signed by senior officers of the Company, the share certificates shall also be signed by such senior officers. The share certificates shall take effect after being affixed with the Company's seal or a machine-imprinted seal of the Company provided that such seal shall only be affixed with the authority of the Board of Directors. The signatures of the Chairman or other senior officers of the Company on the Share certificates may be printed in mechanical form.

If any person whose name appears in the register of Shareholders or requests to register his or her name (title) in the register of Shareholders loses his or her Share certificates (that is, "original Share certificates"), he or she may apply to our Company to reissue new Share certificates for those Shares ("Relevant Shares").

In the event holder of Domestic Shares applies to our Company for a reissue after losing the Share certificates, the matter shall be dealt with pursuant to related provisions of the PRC Company Law.

If a holder of Foreign Shares loses his share certificate and applies for a replacement of new share certificate, it shall be dealt with in accordance with laws, stock exchange rules or other regulations of the place where the original shareholder register for Foreign Shares is kept.

If a shareholder of Foreign Shares listed in Hong Kong loses his share certificate and applies for a replacement of new share certificate, the issue of such certificate shall comply with the following requirements:

(I) the applicant shall submit an application to the Company in the standard form prescribed by the Company accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss of the original certificate and declaring that no other person is entitled to be registered as a shareholder in respect of the Relevant Shares;

(II) before the Company decides to issue the replacement new share certificate, no statement made by any person other than the applicant declaring that he shall be registered as a shareholder in respect of the Relevant Shares has been received;

(III) If our Company decides to issue new Share certificates to the applicant, we shall publish an announcement in a newspaper designated by the Board of Directors indicating that we plan to re-issue new Share certificates. The announcement period shall be 90 days and the announcement shall be published at least once every 30 days;

(IV) Before publishing the announcement indicating that we plan to re-issue new Share certificates, our Company shall submit a copy of the announcement to be published to the securities exchange on which the Shares are listed and may publish the announcement after receiving a reply from the stock exchange confirming that the announcement has been displayed at the stock exchange. The period of displaying the announcement at the stock exchange is 90 days;

If the application for re-issue of new Share certificates is not approved by the registered Shareholders of the related Shares, our Company shall mail the copy of the announcement to be published to the Shareholders;

(V) In the event that nobody raises any objection to the re- issue of new Share certificates to our Company, upon expiration of the 90-day display period of the announcement specified in (III) and (IV) above, the new Share certificates may be re-issued according to the application;

(VI) where the Company issues a replacement new share certificate under the Articles of Association, it shall forthwith cancel the original share certificate and enter the cancellation and replacement issue in the register of shareholders accordingly;

(VII) All expenses incurred by our Company from the cancellation of the original Share certificates and replacement issue of the new Share certificates shall be borne by the applicant. The Company may refuse to take any action until reasonable security is provided by the applicant for such expenses.

(d) Untraceable members

The Company may exercise power to cease sending dividend warrants by post to a holder of foreign shares listed overseas when such warrants have not be cashed twice in a row. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

The Company is entitled to sell the foreign shares of shareholders who is untraceable in a manner as the Board deems appropriate, provided that:

(I) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and

(II) on expiry of the 12 years the Company, gives notice of its intention to sell the shares by way of an advertisement published in one or more newspapers of the place where the Company is listed and notifies the Stock Exchange of such intention.

(e) Board of Directors

The Board of Directors is responsible to the general shareholders' meeting and exercises the following powers:

(i) to convene the general shareholders' meeting and report on work to the general shareholders' meeting;

(ii) implement the resolutions of the general shareholders' meeting;

(iii) set our business and investment plans; annual detailed operating goal, financing plan other than issuing of company bond or other security and listing;

(iv) to formulate the Company's proposed annual financial budget and final accounts;

(v) to formulate the Company's profit distribution plan and plan for making up for losses;

(vi) to formulate proposals for the increase or reduction of the Company's registered capital, and plans for the issue of corporate bonds or other securities and the listing plan;

(vii) to prepare plans for material acquisition, purchase of the Company's shares, or merger, demerger, dissolution or change of the form of the Company;

(viii) decide on the setup of our internal management organization, decide the establishment or revocation of the branch of our Company or other subsidiaries;

(ix) elect chairman of the Board of Directors, appoint or dismiss general manager of our Company;

(x) upon the nomination of the chairman of the Board of Directors, appoint or dismiss the secretary of the Board of Directors, appoint or dismiss the member of each special committee of the Board of Directors;

(xi) upon the nomination of the general manager, appoint or dismiss vice manager of our Company, the general auditor, the general engineer, and decide their emolument;

(xii) formulate the basic administration system of the Company;

(xiii) to propose plans for the amendment to these Articles of Association;

(xiv) formulate our stock option incentive plan;

(xv) to deal with disclosures of information on our Company;

(xvi) decide the structure of the special committee;

(xvii) decide the risk management system of our Company, including the risk assessment, financial control, internal audit, legal risk control, and supervise its enforcement;

(xviii) propose to the general meeting of shareholders to appoint or change accounting firm in charge of the audition of our Company;

(xix) listen to and approve the report on work by the general manager or senior management appointed by him from time to time;

(xx) to approve corporate guarantees, which does not require the approval of shareholders at a shareholders' general meeting in accordance with the Articles of Association;

(xxi) determine such matters as our external investment, purchase/sale of assets, asset pledge, entrusting wealth management and connected transaction within the scope authorized by the general Shareholders' meeting;

(xxii) other authorities provided by laws and regulations, and listing rules of the Stock Exchange where the stock of our Company is listed, and by general meeting of the shareholder and the Articles of Association.

Resolutions relating to the above, with the exception of items (6), (7) and (13) above which shall require the consent of more than two thirds of the Directors, shall require the consent of more than half of the attended Directors. The Board shall carry out its duties in accordance with laws and administrative regulations of the State, these Articles of Association and resolutions of the shareholders.

The Board of the Company shall make explanation to the general meeting in respect of non-standard Auditors' Report issued by CPA on financial report of the Company.

Meetings of the Board of Directors shall be convened at least four times a year and be called by the chairman of the Board of Directors, and a notice of at least 14 days shall be sent to all Directors before the meeting is convened.

Meetings of the Board of Directors shall be attended by more than one-half of the Directors (including Directors that are commissioned by other Directors to attend the Board of Directors in their place).

The director shall attend the board meeting in person. When the Director cannot attend the Board Meeting for some reason, he may appoint another Director by a written power of attorney to attend on his behalf. Such a power of attorney shall specify the attorney's name, matters of authorization, the scope of authorization and the validity term, and shall be signed or stamped by the appointer.

A non-independent Director shall be deemed to be unable to carry out his duties if he fails to attend two consecutive Board meetings in person and fails to appoint another Director to attend Board meetings on his behalf. The Board shall propose at the shareholders' general meeting for the removal of such Director.

The director who attends the meeting on behalf of another director shall exercise the right of the director within the scope of authorization. If a Director fails to attend a board meeting and does not appoint an attorney to attend, the Director is deemed to have relinquished his rights to vote at that meeting.

Each Director shall have one vote. Unless otherwise specified for connected transactions in the Articles of Association, resolutions of the board of Directors must be passed by more than half of all the Directors.

In the event that a Director is connected to companies associated with matters to be resolved at the Board meeting (it means that the Director acts as a Director or senior officers of the counter party, or can exercise direct or indirect control over a legal person entity of the counter party, or acts as a Director or senior officers in a legal person entity under direct or indirect control of the counter party), such Director shall not exercise his/her voting rights on such resolution, nor shall he/she votes on behalf of other Directors. Meetings of the board of directors shall be held only if more than half of independent directors are present. Resolutions of the board of directors require the approval of more than half of independent directors. When there are less than three independent Directors present at the Board meeting, such matters shall be submitted to the shareholders' general meeting for consideration.

(f) Board Secretary

The secretary of the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed or dismissed by the Board.

(g) Supervisory Committee

The Company shall have a Board of Supervisors.

The Board of Supervisors shall be composed of three members. Each term of office of a supervisor is three years, and the supervisors may hold consecutive terms upon re-election.

The board of Supervisors shall have a chairman. The election or removal of the chairman of the Board of Supervisors shall be approved by two-thirds or more of the Supervisors by voting.

The Directors, the president and other senior officers shall not also serve as Supervisors.

The board of Supervisors shall be accountable to the general meeting of the shareholders, and shall exercise the following functions and powers:

(i) To examine financial affairs of the Company;

(ii) To supervise the Directors and senior officers in their performance of duties and to propose the removal of Directors and senior officers who have contravened any law, administrative regulations, Articles of Association or shareholders' resolutions;

(iii) To demand any Director, the president and other senior officer of the Company who acts in a manner which is harmful to the Company's interests to rectify such behavior;

(iv) Verify the financial information such as the financial reports, business reports and profit distribution plans to be submitted by the Board to the general Shareholders' meetings and, should any queries arise, to authorize, in the name of our Company, a re-examination by the certified public accountants and practicing auditors;

(v) Propose to convene an extraordinary general meeting, convene and preside over our general Shareholders' meeting when the Board of Directors does not perform the responsibilities for convening and presiding over the Shareholders' meeting;

(vi) Submit proposals at the general Shareholders' meetings;

(vii) To negotiate with or bring suit against Directors and senior officers on behalf of the Company;

(viii) To propose to convene an extraordinary meeting of the board of Directors;

(ix) Other functions and powers conferred by the Articles of Association.

Supervisors shall be present at meetings of the Board.

(h) General Manager

The Company shall have one president and some vice presidents to assist the president in his/her work, and shall have one chief accountant and one chief engineer. The presidents and vice presidents, the chief accountants and chief engineers shall be appointed and dismissed by the Board.

The term of office of the president and other senior officers is three years, renewable upon re-election.

The president shall be accountable to the Board and exercise the following functions and powers:

(i) to be responsible for producing and operational management and reports to the Board of Directors on work;

(ii) to organize the implementation of the resolutions of the Board;

(iii) to organize the implementation of the annual operation, investment and funding scheme of our Company;

(iv) to formulate the structure scheme of the internal management agency;

(v) to formulate the structure scheme of the branch of our Company or of other subsidiaries;

(vi) to formulate the basic administration system of the Company;

(vii) to formulate the detailed rules of our Company;

(viii) to propose to the Board of Directors for the appointment or dismissal of the vice manager, general auditor, general engineer, and advice on their emolument;

(ix) to appoint or dismiss senior officers other than those who shall be appointed or dismissed by the Board of Directors, and decide on their assessment, remuneration, incentive and punishment;

(x) other functions and powers conferred by these Articles of Association and the Board.

(i) Common Reserve Fund

When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits into its statutory common reserve fund. When the cumulated amount of the statutory common reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory common reserve fund of the Company is insufficient to make up for the losses of the Company incurred during the previous years, before making allocation to the statutory common reserve fund in accordance with the preceding paragraph, the profits generated during the current year shall be used to make up for such losses.

After making allocation to the statutory common reserve fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, also allocate funds from the after-tax profits to the discretionary common reserve fund.

After making up for the losses and making contributions to the common reserve fund, any remaining profits shall be distributed to the shareholders in proportion to their respective shareholdings, except when it is stipulated in the Articles of Association that profit distributions shall not be made in accordance with the shareholding proportion.

If the shareholders' general meeting has, in violation of the provisions of the preceding paragraphs, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory common reserve fund, the shareholders must return the profits distributed in violation of the provision to the Company.

No profits shall be distributed in respect of the shares held by the Company.

(j) Settlement of Disputes

Our Company shall comply with the following rules governing the settlement of disputes:

(i) For any disputes or claims related to matters of the Company (i) between the Company and its Directors or senior officers; and (ii) between shareholders of overseas listed foreign shares and the Company; between shareholders of overseas listed foreign shares and the Directors, Supervisors, the president or other senior managers of the Company; between shareholders of overseas listed foreign shares and shareholders of domestic invested shares, that arise based on the rights and obligations stipulated in these agreements of the Directors/Supervisors/senior managers, Articles of Association, the Company Law (《公司法》) and other relevant laws and administrative regulations, any such disputes or claims shall be referred by the relevant parties to arbitration.

Where such a dispute or claim is referred to arbitration, it shall be for the entire claim or dispute. For any person who has cause for action for the same reason or whose participation is needed for settling the dispute or claim, if his or her or its identity is a company, a Shareholder, Director, Supervisor, general manager or other senior management of our Company, that person shall submit to the arbitration.

Disputes associated with the definition of Shareholders and the register of the Shareholders might not be resolved through arbitration.

(ii) A claimant may elect for arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body so elected by the claimant.

If the arbitration applicant chooses the HKIAC for arbitration, either party may request the arbitration to be done in Shenzhen pursuant to the requirements of the securities arbitration rules of the HKIAC.

(iii) The laws of the PRC are applicable to the arbitration for the disputes or claims of rights referred to in paragraph (i), unless otherwise provided in the laws and administrative regulations.

(iv) The award of an arbitration body shall be final and binding on all parties.

(v) This rule governing the settlement of disputes is agreed between the Directors, Supervisors or senior officers and the Company, which is that the Company represents not only itself but also every shareholder.

(vi) Any reference to arbitration shall be deemed to authorize the arbitral tribunal to conduct hearings in open session and to publish its award.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Establishment of our Company

The predecessor of our Company, China Datang Group Environment Technology Co., Ltd. (中國大唐集團環境技術有限公司), was established as a limited liability company in the PRC on July 25, 2011 and was renamed as Datang Technology Industry Co., Ltd. (大唐科技產業有限公司) on September 12, 2013 and further renamed as Datang Technology Industry Group Co., Ltd. (大唐科技產業集團有限公司) on December 26, 2013. On May 28, 2015, Datang Technologies Industry Group Co., Ltd. was converted to a joint stock limited company upon the approval by its then shareholder. The relevant proposal for the conversion was approved by the SASAC on June 17, 2015. Our Company was incorporated as a joint stock limited company upon completion of the conversion on June 26, 2015, when our Company was renamed as Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司). Our registered address is No. 120 Zizhuyuan Road, Haidian District, Beijing, PRC. We were registered as a non-Hong Kong company pursuant to Part XVI of the Companies Ordinance on August 28, 2015. Ms. Wong Sau Ping has been appointed as the authorized representative of our Company for the acceptance and delivery of service of process and notices in Hong Kong.

As our Company was established in the PRC, its corporate structure and the Articles of Association are subject to the relevant PRC laws and regulations. A summary of relevant PRC laws and regulations and a summary of certain provisions of our Articles of Association are set out in Appendix IV and Appendix V in this prospectus, respectively.

2. Our subsidiaries

Details of our subsidiaries are set out in Note 1 to the Accountants' Report, the full text of which is set forth in Appendix I to this prospectus.

3. Changes in the share capital of our Company

The predecessor of our Company, China Datang Group Environment Technology Co., Ltd. was established on July 25, 2011 with an initial registered capital of RMB500,000,000, which has been fully paid up. The following sets out the changes of our share capital since the date of our incorporation:

(a) On April 28, 2014, China Datang, the then Shareholder of the predecessor of our Company, Datang Technology Industry Group Co., Ltd., determined to increase the registered capital of Datang Technology Industry Group Co., Ltd. by contributing RMB50,000,000 by way of cash, upon completion of which the registered capital of Datang Technology Industry Group Co., Ltd. was increased from RMB500,000,000 to RMB550,000,000;

(b) On December 24, 2014, China Datang, the then Shareholder of the predecessor of our Company, Datang Technology Industry Group Co., Ltd., entered into an equity transfer agreement with Capital Holding, pursuant to which China Datang agreed to transfer 1% equity interest of Datang Technology Industry Group Co., Ltd. to Capital Holding at a consideration of RMB11,899,800. Upon the completion of the equity transfer, Datang Technology Industry Group Co., Ltd. was held by China Datang as to 99% and Capital Holding as to 1%;

(c) Pursuant to the promoters agreement dated May 28, 2015 and entered into between China Datang and Capital Holding in relation to the conversion of the predecessor of our Company, Datang Technology Industry Group Co., Ltd., from a limited liability company into a joint stock limited company, the audited net assets of Datang Technology Industry Group Co., Ltd. (as of December 31, 2014) were converted into share capital of the Company in the proportion of 1:0.9602, upon the completion of which, the total share capital of the Company was 1,200,000,000 Shares and held by China Datang and Capital Holding in proportion to the equity interest originally held by them. Accordingly, upon completion of the conversion, the registered capital of our Company was changed to RMB1,200,000,000 divided into 1,200,000,000 ordinary Shares, with the par value of RMB1 each; and

(d) Pursuant to the resolution passed at the Shareholders' extraordinary general meeting on June 29, 2015, the Shareholders of our Company, China Datang and Capital Holding, made capital contributions in proportion to the equity interest originally held by them, of which China Datang contributed RMB1,188,000,000 and Capital Holding contributed RMB12,000,000. Upon completion of the capital increase, the total share capital of the Company was increased from 1,200,000,000 shares to 2,400,000,000 Shares and the registered capital was increased from RMB1,200,000,000 to RMB2,400,000,000.

Upon completion of the Global Offering and assuming no exercise of the Over-allotment Option, our registered capital will be increased to RMB2,940,000,000, including 2,346,000,000 Domestic Shares and 594,000,000 H Shares (including 54,000,000 H Shares to be converted from Domestic Shares and held by the NSSF), representing approximately 79.80% and 20.20% of our registered share capital, respectively.

Upon completion of the Global Offering and assuming full exercise of the Over-allotment Option, our registered capital will increase to RMB3,021,000,000, including 2,337,900,000 Domestic Shares and 683,100,000 H Shares (including 62,100,000 H Shares to be converted from Domestic Shares and held by the NSSF), representing approximately 77.39% and 22.61% of our registered capital, respectively.

Save as disclosed above and in this prospectus, there has been no alteration in the share capital of our Company since its establishment up to the Latest Practicable Date.

4. Changes in the share capital of our subsidiaries

The following alterations in the share capital or registered capital (as the case may be) of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

(a) On April 16, 2015, Energy Saving Technology Company was established under the PRC Laws with a registered share capital of RMB10,000,000 and was held by the Company as to 65%;

(b) On June 11, 2015, Water Engineering & Technology Company was established under the PRC Laws with a registered share capital of RMB10,000,000, with its 100% equity interest held by the Company;

(c) On September 17, 2015, Tiandi Environmental Protection was established under the PRC Laws with a registered share capital of RMB60,000,000 and was held by the Company as to 65%; and

(d) On April 11, 2016, the registered capital of Energy Management Company was increased from RMB10,000,000 to RMB50,000,000.

5. Shareholder Resolutions of the Company

The Shareholders passed, among other things, the following resolutions at the general meeting of the Company on July 10, 2015, and the term of authorization to the Board to deal with relevant matters of issue and listing of H Shares on the Stock Exchange at their full discretion in such resolutions was extended at the general meeting held on August 5, 2016:

(a) approving the issue of H Shares by our Company, which will not exceed 30% of the total issued share capital;

(b) the granting of the Over-allotment Option in respect of no more than 15% of the number of H Shares issued as set forth in paragraph (a);

(c) upon the approval of the relevant PRC regulatory authorities and the issue of H Shares, the state-owned Shareholders will transfer to the NSSF such number of Domestic Shares as in aggregate would be equivalent to 10% of the number of the Offer Shares (such number of Domestic Shares will be increased if the Over-allotment Option is exercised); and

(d) approving the Board to handle all matters relating to, among other things, the issue and listing of H Shares on the Stock Exchange and the decrease in Domestic Shares by the state-owned Shareholders.

6. Reorganization

For the purposes of the overall conversion and the Listing, we underwent the Reorganization, details of which are set out in the section headed "History, Reorganization and Corporate Structure" in this prospectus. As confirmed by our PRC legal advisor, we have obtained all necessary approvals required for the implementation of the Reorganization. These approvals include:

(a) on December 24, 2014, China Datang issued an approval (Da Tang Ji Tuan Zi [2014] 1103), pursuant to which China Datang approved and agreed to transfer 1% equity interest of Datang Technology Industry Group Co., Ltd., the predecessor of the Company, held by China Datang to Capital Holding in audited carrying amount pursuant to the audit report with the benchmark date on December 31, 2013;

(b) on April 23, 2015, China Datang issued an approval (Da Tang Ji Tuan Zi [2015] 340), pursuant to which China Datang principally agreed to convert Datang Technology Industry Group Co., Ltd. into a joint stock company;

(c) on June 9, 2015, SASAC issued the Registration Table for Valuation of State-owned Assets (Registration No.: 20150031) regarding the asset valuation report of Datang Technology Industry Group Co., Ltd. issued by Beijing Pan-China Assets Appraisal Co., Ltd. with a valuation benchmark date of December 31, 2014;

(d) on June 17, 2015, SASAC issued an approval (Guo Zi Chan Quan [2015] 465), pursuant to which SASAC principally agreed the state-owned equity management proposal of overall conversion to a joint stock limited company; and

(e) on June 26, 2015, a new business license was issued by the Beijing Administration for Industry and Commerce (北京市工商局), whereupon our Company was formally established as a joint stock limited company.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Our Material Contracts

The following contracts (excluding those entered into in the ordinary course of our business) have been entered into by our Company or our subsidiaries within the two years preceding the date of this prospectus, which are or may be material:

(a) the equity transfer agreement entered into between Datang Technology Industry Group Co., Ltd., the predecessor of the Company, and China Datang Corporation on December 30, 2014, pursuant to which, Datang Technology Industry Group Co., Ltd. transferred 70% equity interest in China Creative Wind Energy Co., Ltd. to China Datang Corporation at nil consideration;

(b) the equity transfer agreement entered into between Datang Technology Industry Group Co., Ltd., the predecessor of the Company, and China Datang Corporation on December 30, 2014, pursuant to which, Datang Technology Industry Group Co., Ltd. transferred 100% equity interest in Datang (Beijing) Information Technology Co., Ltd. to China Datang Corporation at nil consideration;

(c) the equity transfer agreement dated February 2, 2015 and entered into among Beijing Boyuanshengtang Energy Technology Co., Ltd. and Beijing Fengjingshengbao Property Management Co., Ltd. and Sanhe Fusheng Investment Co., Ltd. (三河福生投資有限公司), pursuant to which, Beijing Boyuanshengtang Energy Technology Co., Ltd. and Beijing Fengjingshengbao Property Management Co., Ltd. agreed to transfer 100% of the equity interest and its creditor's rights in Hebei Shengtang Machinery Manufacturing Co., Ltd. at a consideration of RMB25.18 million to Sanhe Fusheng Investment Co., Ltd.;

(d) the equity transfer agreement dated April 1, 2015 and entered into between China Datang Technologies & Engineering Co., Ltd. and Beijing Beike Huadian Technological Co., Ltd. (北京北科華電科技股份有限公司), pursuant to which, China Datang Technologies & Engineering Co., Ltd. agreed to transfer 40% of the equity interest in Hangzhou Ruitang Environmental Protection System Engineering Co., Ltd. to Beijing Beike Huadian Technological Co., Ltd. at a consideration of RMB1;

(e) the equity transfer agreement dated April 1, 2015 and entered into between Beijing Boyuanshengtang Energy Technology Co., Ltd. and Beijing Beike Huadian Technological Co., Ltd., pursuant to which, Beijing Boyuanshengtang Energy Technology Co., Ltd. agreed to transfer 25% of the equity interest in Hangzhou Ruitang Environmental Protection System Engineering Co., Ltd. to Beijing Beike Huadian Technological Co., Ltd. at a consideration of RMB1;

(f) the equity transfer agreement dated May 27, 2015 and entered into between Beijing Boyuanshengtang Energy Technology Co., Ltd. and Datang (Beijing) Information Technology Co., Ltd. (the "Nanjing Automation Equity Transfer Agreement"), pursuant to which, Beijing Boyuanshengtang Energy Technology Co., Ltd. agreed to transfer 60% of the equity interest in Datang Nanjing Automation Co., Ltd. to Datang (Beijing) Information Technology Co., Ltd. at a consideration of RMB28,638,100;

(g) the supplemental agreement dated July 31, 2015 to the Nanjing Automation Equity Transfer Agreement entered into between Beijing Boyuanshengtang Energy Technology Co., Ltd. and Datang (Beijing) Information Technology Co., Ltd., pursuant to which, Datang (Beijing) Information Technology Co., Ltd. undertakes to compensate or indemnify Beijing Boyuanshengtang Energy Technology Co., Ltd. and the direct/indirect shareholders and subsidiaries of Beijing Boyuanshengtang Energy Technology Co., Ltd. for all losses and damages that may incur in connection with the liabilities and obligations in relation to the establishment, existence, production, operation, assets and liabilities of Datang Nanjing Automation Co., Ltd.;

(h) the Non-competition Agreement dated December 1, 2015 and entered into between the Company and China Datang Corporation in respect of the non-competition undertakings, details of which are set out in the section headed "Relationship with Our Controlling Shareholder" in this prospectus;

(i) the undertaking dated August 21, 2015 from China Datang Corporation, pursuant to which, China Datang Corporation undertook to us, among other things, to hold the Company and/or its subsidiaries harmless from and compensate or indemnify the Company and/or its subsidiaries all losses, damages and penalties that may incur in connection with the business qualification non-compliance issues of the Company and/or its subsidiaries;

(j) the undertaking dated August 21, 2015 from China Datang Corporation, pursuant to which, China Datang Corporation undertook to us, among other things, to hold the Company and/or its subsidiaries harmless from and compensate or indemnify the Company and/or its subsidiaries for all losses, damages and penalties that may incur in connection with the defective land use rights and building ownerships of the Company and/or its subsidiaries;

(k) the equity transfer agreement dated April 7, 2016 and entered into between China Datang Technologies & Engineering Co., Ltd. and our Company, pursuant to which China Datang Technologies & Engineering Co., Ltd. agreed to transfer its 100% equity interest in Jiangsu Nanjing Thermal Electricity Engineering Design Institute Co., Ltd. to our Company at a consideration of RMB672,200;

(l) the equity transfer agreement dated May 29, 2016 and entered into between Beijing Hengtong Huanke Material Conveying Technologies Co., Ltd. (北京恒通環科物料輸送技術有限公司) and the Company, pursuant to which Beijing Hengtong Huanke Material Conveying Technologies Co., Ltd. agreed to transfer its 20% equity interest in Beijing Datang Hengtong Mechanical Transport Co., Ltd. to the Company at a consideration of RMB3,192,889.33;

(m) the cornerstone investment agreement dated October 28, 2016 and entered into between the Company, China Life Insurance Company Limited, the Sole Sponsor and China Merchants Securities (HK) Co., Limited, pursuant to which China Life Insurance Company Limited has agreed to acquire at the Offer Price the number of H Shares that may be purchased with US$10 million;

(n) the cornerstone investment agreement dated October 28, 2016 and entered into between the Company, China Life Insurance (Group) Company, the Sole Sponsor and China Merchants Securities (HK) Co., Limited, pursuant to which China Life Insurance (Group) Company has agreed to acquire at the Offer Price the number of H Shares that may be purchased with US$20 million;

(o) the cornerstone investment agreement dated October 28, 2016 and entered into between the Company, China Life Franklin Asset Management Co., Limited, the Sole Sponsor and China Merchants Securities (HK) Co., Limited, pursuant to which

China Life Franklin Asset Management Co., Limited has agreed to acquire at the Offer Price the number of H Shares that may be purchased with US$20 million;

(p) the cornerstone investment agreement dated October 28, 2016 and entered into between the Company, Anbang Investment Holdings Co. Limited, the Sole Sponsor and Deutsche Bank AG, Hong Kong Branch, pursuant to which Anbang Investment Holdings Co. Limited has agreed to acquire at the Offer Price 120,540,000 H Shares with certain conditions, details of which are set out in the section headed "Cornerstone Investors" in this prospectus;

(q) the cornerstone investment agreement dated October 28, 2016 and entered into between the Company, China Chengtong Holdings Group Ltd. (中國誠通控股集團有限公司), the Sole Sponsor and CLSA Limited, pursuant to which China Chengtong Holdings Group Ltd. has agreed to acquire at the Offer Price the number of H Shares that may be purchased with US$30 million;

(r) the cornerstone investment agreement dated October 28, 2016 and entered into between the Company, Three Gorges Capital Holdings Co., Ltd. (三峽資本控股有限責任公司), the Sole Sponsor and CLSA Limited, pursuant to which Three Gorges Capital Holdings Co., Ltd. has agreed to acquire at the Offer Price the number of H Shares that may be purchased with US$29 million; and

(s) The Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

As of the Latest Practicable Date, we had registered or applied for registration of the following intellectual property rights which we consider to be material to our business.

(a) Trademark

As of the Latest Practicable Date, the Group has not registered or applied for registration of any trademarks which are material to our business.

(b) Patents

As of the Latest Practicable Date, the Group has registered the following patents which we consider to be material to our business.

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
1.	Desulfurization absorption tower	201320875431.3	Utility model	The Company	PRC	August 13, 2014
2.	Device for catalytic hydrolysis of urea	201320483963.2	Utility model	The Company; Technologies & Engineering Company	PRC	May 28, 2014
3.	Flue gas sampling device for SCR denitrification reactor	201320484067.8	Utility model	The Company	PRC	February 12, 2014
4.	Ammonia gas and air mixer in ammonia-spraying denitrification system of thermal power plant	201320467680.9	Utility model	Technologies & Engineering Company	PRC	February 12, 2014
5.	Non-condensable gas measuring device of condenser	201320483928.0	Utility model	The Company; Energy Management Company	PRC	December 25, 2013
6.	Novel wet flue gas desulfurization sewage treatment system	201320436964.1	Utility model	The Company	PRC	December 25, 2013
7.	Flue gas humidifying and dust removal system	201220587656.4	Utility model	The Company	PRC	June 5, 2013
8.	Flue-type denitrification reactor	201220402754.6	Utility model	The Company	PRC	February 27, 2013
9.	The new truss - flue denitrification reactor	201220403215.4	Utility model	The Company	PRC	February 27, 2013
10.	Denitrification steel bracket	201220411734.5	Utility model	The Company	PRC	March 6, 2013

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
11.	Double steel housing denitrification reactor	201220410885.9	Utility model	The Company	PRC	March 6, 2013
12.	Combined stress foundation-less steel concrete retaining wall	201220402709.0	Utility model	The Company	PRC	March 27, 2013
13.	Novel ammonia-air mixture spraying grating	201220572353.5	Utility model	The Company	PRC	August 7, 2013
14.	Denitrification reactor	201220353058.0	Utility model	The Company	PRC	February 27, 2013
15.	Electrostatic demisting device	201220313358.6	Utility model	The Company	PRC	February 20, 2013
16.	A wet flue gas desulfurization device	201220261590.X	Utility model	The Company	PRC	February 20, 2013
17.	System for recycling demercuration adsorbent of flue gas	201220153221.9	Utility model	The Company	PRC	October 31, 2012
18.	Body drain pipeline outlet drainage deoxidization device in condenser thermal well of turbine	201320012752.0	Utility model	The Company	PRC	June 19, 2013
19.	Coal-fired thermal power unit desulfurization system	201320012721.5	Utility model	The Company	PRC	July 3, 2013
20.	Turbine condenser thermal well flow-blocking deoxidization device	201320012645.8	Utility model	The Company	PRC	June 19, 2013
21.	Turbine condenser thermal well deoxidization device	201320012037.7	Utility model	The Company	PRC	June 19, 2013

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
22.	Anti-corrosion temperature measurement device for turbine high pressure cylinder	201320011439.5	Utility model	The Company	PRC	August 7, 2013
23.	Corrosion resisting armored thermocouple	201320011442.7	Utility model	The Company	PRC	August 7, 2013
24.	Device for preparing ammonia through pyrolysis of urea	201320068860.X	Utility model	The Company; Technologies & Engineering Company	PRC	August 7, 2013
25.	Waste-heat utilization device in electric power plant	201320108480.4	Utility model	The Company	PRC	August 7, 2013
26.	Cleaning device of a flue gas heat exchanging chamber in electric power plant	201320108479.1	Utility model	The Company	PRC	August 7, 2013
27.	Flue gas treatment apparatus performing desulfurization and denitrification simultaneously	201320108476.8	Utility model	The Company	PRC	August 7, 2013
28.	Flue gas treatment device in power plant	201320109697.7	Utility model	The Company	PRC	August 7, 2013
29.	Two-stage flue gas desulfurization absorption tower	201320140130.6	Utility model	The Company	PRC	August 7, 2013
30.	Damping mechanism of coal mill	201320140551.9	Utility model	The Company	PRC	August 7, 2013
31.	SCR flue gas denitrification equipment by utilization of urea	201320222080.6	Utility model	The Company	PRC	September 18, 2013

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
32.	Desulfurized flue gas waste heat utilization system	201320224206.3	Utility model	The Company	PRC	September 18, 2013
33.	Group-wide inspection control system	201320316355.2	Utility model	The Company	PRC	November 6, 2013
34.	Vacuum dehydrator fixing rack	201220320646.4	Utility model	The Company	PRC	March 13, 2013
35.	U-bar connecting device for exhaust gas wet desulfurization gypsum dehydrator	201220320727.4	Utility model	The Company	PRC	January 16, 2013
36.	Gypsum dewatering machine	201220320638.X	Utility model	The Company	PRC	May 1, 2013
37.	Lime silo device	201220320485.9	Utility model	The Company	PRC	February 20, 2013
38.	Lime feeding	201220320640.7	Utility model	The Company	PRC	December 26, 2012
39.	Bulk flow lime silo	201220320726.X	Utility model	The Company	PRC	January 23, 2013
40.	High-accuracy lime adding device	201220320728.9	Utility model	The Company	PRC	December 26, 2012
41.	Continuous on-line measurement device for Potential of Hydrogen (pH) value and density of exhaust gas wet desulfurization parget slurry fluid	201220383570.X	Utility model	The Company	PRC	January 23, 2013
42.	Seriflux potential of hydrogen (pH) value and density combined online measurement device	201220384323.1	Utility model	The Company	PRC	January 23, 2013

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
43.	PH value and density measuring device for slurry in desulfurization absorption tower	201220383568.2	Utility model	The Company	PRC	January 23, 2013
44.	Horizontal type ammonia-air mixing device	201220391481.X	Utility model	The Company	PRC	January 23, 2013
45.	Ammonia and air mixing, distributing and spraying device	201220391535.2	Utility model	The Company	PRC	January 30, 2013
46.	Desulfurization liquid circulating pipe spacing device	201220391682.X	Utility model	The Company	PRC	January 23, 2013
47.	Water-spraying dust-falling device	201220391473.5	Utility model	The Company	PRC	January 30, 2013
48.	Upright ammonia gas and air mixing device	201220391525.9	Utility model	The Company	PRC	January 30, 2013
49.	Gypsum distribution header device	201220392027.6	Utility model	The Company	PRC	February 6, 2013
50.	Corrosion resistant seawater sluice valve	201220393508.9	Utility model	The Company	PRC	March 13, 2013
51.	Support and hanging bracket device	201220394762.0	Utility model	The Company	PRC	February 6, 2013
52.	Air and water distribution device of denitrification deep bed filtering tank	201220396866.5	Utility model	The Company	PRC	January 23, 2013
53.	Dewatering tank device	201220400336.3	Utility model	The Company	PRC	February 6, 2013
54.	Adjustable support device	201220400598.X	Utility model	The Company	PRC	January 23, 2013
55.	Tank water discharge device	201220400688.9	Utility model	The Company	PRC	January 23, 2013

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
56.	Limestone loading system	201220394822.9	Utility model	The Company	PRC	April 10, 2013
57.	Steam soot-blower intelligent control device	201220413220.3	Utility model	The Company	PRC	January 30, 2013
58.	Novel spray gun applied to urea pyrolysis ammonia production system	201220487889.7	Utility model	The Company	PRC	April 3, 2013
59.	Urea pyrolysis reactor applied to SCR denitrification	201220491110.9	Utility model	The Company	PRC	April 3, 2013
60.	Slurry stirring device	201220628468.1	Utility model	The Company	PRC	May 1, 2013
61.	Slurry stirring device	201220627434.0	Utility model	The Company	PRC	May 1, 2013
62.	Slurry stirring device	201220627920.2	Utility model	The Company	PRC	May 1, 2013
63.	Desulfurization plant	201120096670.X	Utility model	The Company	PRC	February 8, 2012
64.	Gas injection grill and flue gas denitrification device	201020129793.4	Utility model	The Company	PRC	November 24, 2010
65.	Static mixer and flue gas denitrification device	201020118776.0	Utility model	The Company	PRC	December 15, 2010
66.	A nozzle	200820080150.8	Utility model	The Company	PRC	February 18, 2009
67.	Urea hydrolysis test system	201320467637.2	Utility model	The Company; Technologies & Engineering Company	PRC	December 25, 2013
68.	On-line measuring device for dilution concentration of high- concentration ammonia gas	201320467713.X	Utility model	The Company; Technologies & Engineering Company	PRC	December 25, 2013

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
69.	Volute-gas-inlet spiral-flow type urea-pyrolysis ammonia preparing device	201320203728.5	Utility model	The Company; Technologies & Engineering Company	PRC	September 18, 2013
70.	Double steel housing denitrification reactor	201210295836.X	Invention	The Company	PRC	October 1, 2014
71.	The new truss - flue denitrification reactor	201210289584.X	Invention	The Company	PRC	May 20, 2015
72.	Urea pyrolysis reactor	201310047260.X	Invention	The Company; Technologies & Engineering Company	PRC	March 4, 2015
73.	Air flow guiding method for urea pyrolytic reaction	201310046726.4	Invention	The Company; Technologies & Engineering Company	PRC	December 24, 2014
74.	Crystal cleaning device for pyrolysis chamber of selective catalytic reduction (SCR) urea denitrification equipment	201310399767.1	Invention	The Company	PRC	February 11, 2015
75.	Denitrification steel bracket	201210295838.9	Invention	The Company	PRC	May 27, 2015
76.	A flue gas denitrification equipment SCR urea removal of ash means clear Holder	201310398125.X	Invention	The Company	PRC	May 13, 2015
77.	Method and cooling system for improving cooling capacity of power station direct air cooling system	200810227678.8	Invention	The Company	PRC	August 11, 2010

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
78.	Denitrification device for flue gas purification of steel sintering machine	201420013288.1	Utility model	The Company	PRC	August 20, 2014
79.	Device for improving desulfurization efficiency	201420007450.9	Utility model	The Company	PRC	August 20, 2014
80.	Coal-fired flue gas synergistic oxidation demercuration device	201320822909.6	Utility model	The Company	PRC	July 16, 2014
81.	Novel system for improving desulfurization spray gun type oxidation air utilization rate	201320843316.8	Utility model	The Company	PRC	August 20, 2014
82.	Boiler tail flue gas compressing and centralized treating system	201320842937.4	Utility model	The Company	PRC	July 30, 2014
83.	Solar water purification device	201320822927.4	Utility model	The Company; Technologies & Engineering Company	Chinese	August 6, 2014
84.	Desulfurization system of coal power generating unit	201320865266.3	Utility model	The Company	PRC	May 28, 2014
85.	Movable disassembly and assembly type overhaul platform	201320864056.2	Utility model	The Company	PRC	June 18, 2014
86.	Horizontal soot blowing device for denitrification catalyst	201320863823.8	Utility model	The Company	PRC	June 18, 2014
87.	Pre-dust-removal device for conversion from static dust remover to bag dust remover	201320883446.4	Utility model	The Company	PRC	June 18, 2014

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
88.	Wet-process flue gas desulfurization system	201420412204.1	Utility model	The Company	PRC	January 21, 2015
89.	Sulfur-containing flue gas pre-washing device	201420412606.1	Utility model	The Company	PRC	January 28, 2015
90.	Desulfurization absorption tower	201420411946.2	Utility model	The Company	PRC	January 21, 2015
91.	Wet process desulfurization system for zoned control of pH value	201420337253.3	Utility model	The Company	PRC	December 31, 2014
92.	Turbulence apparatus for wet desulfurization Increasing Efficiency	201420538554.2	Utility model	The Company	PRC	March 4, 2015
93.	Turbulence apparatus for wet desulfurization Increasing Efficiency	201420330458.9	Utility model	The Company	PRC	December 17, 2014
94.	Device for improving mass transfer efficiency of wet desulfurization system	201420337105.1	Utility model	The Company	PRC	February 11, 2015
95.	Fire fighting sprinkler for protecting inner barrel of chimney	201420290702.3	Utility model	The Company	PRC	December 3, 2014
96.	Device for improving mass transfer efficiency of wet desulfurization system	201420249331.4	Utility model	The Company	PRC	October 15, 2014
97.	Filter head device of denitrification filter pond	201420074214.9	Utility model	The Company	PRC	July 9, 2014
98.	Anti-blocking filter head device for denitrification filter tank	201420074298.6	Utility model	The Company	PRC	July 9, 2014

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
99.	Anti-blocking filter head device for denitrification filter tank	201420074448.3	Utility model	The Company	PRC	July 9, 2014
100.	Detachable filtering head device of denitrification filtering basin	201420109114.5	Utility model	The Company	PRC	July 30, 2014
101.	Filter head device of denitrification filter pond	201420109268.4	Utility model	The Company	PRC	November 5, 2014
102.	Urea solution back pressure valve group module for SNCR flue gas denitrification system	201420165060.4	Utility model	The Company	PRC	August 13, 2014
103.	Urea solution back pressure valve group module for SNCR flue gas denitrification system	201420165058.7	Utility model	The Company	PRC	July 30, 2014
104.	Urea solution back pressure valve group module for SNCR flue gas denitrification system	201420164731.5	Utility model	The Company	PRC	August 13, 2014
105.	Urea solution back pressure valve group module for SNCR flue gas denitrification system	201420164717.5	Utility model	The Company	PRC	August 13, 2014
106.	Urea solution back pressure valve group module for SNCR flue gas denitrification system	201420164901.X	Utility model	The Company	PRC	September 10, 2014

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
107.	Filter head device for biological aerated filter	201420074366.9	Utility model	The Company	PRC	July 9, 2014
108.	Novel hot air flow guide device of urea pyrolyzing furnace	201420215365.1	Utility model	The Company	PRC	August 27, 2014
109.	Urea pyrolysis furnace and spray gun transition connecting device thereof	201420324512.9	Utility model	The Company	PRC	October 15, 2014
110.	Base of absorption tower	201420394722.5	Utility model	The Company	PRC	December 17, 2014
111.	A monolithic suspended SCR denitrification reactor	201420415728.6	Utility model	The Company	PRC	December 24, 2014
112.	Catalyst loading and transporting device inside reactor	201420465784.0	Utility model	The Company	PRC	January 14, 2015
113.	Plugging device used for maintaining desulfurization slurry circulating pump of desulfurizing tower	201420463366.8	Utility model	The Company	PRC	December 3, 2014
114.	A cost-efficient SCR denitrification reactor	201420463364.9	Utility model	The Company	PRC	December 17, 2014
115.	A novel denitrification reactor	201420462665.X	Utility model	The Company	PRC	December 17, 2014
116.	Buoyancy-pressure -resisting pool	201420456391.3	Utility model	The Company	PRC	December 17, 2014
117.	A absorber pile foundation	201420455898.7	Utility model	The Company	PRC	December 17, 2014
118.	Desulfurization industrial water system	201420761394.8	Utility model	The Company	PRC	June 24, 2015

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
119.	String tower wet flue gas desulfurization system having a bypass flue	201420765653.4	Utility model	The Company	PRC	July 8, 2015
120.	Demister washing pipelines leak detection system	201420838750.1	Utility model	The Company	PRC	July 29, 2015
121.	Desulfurization absorption tower	201520499412.4	Utility model	The Company	PRC	January 20, 2016
122.	PH meter cleaning device of desulfurization system	201520499452.9	Utility model	The Company	PRC	December 23, 2015
123.	Wiring circuit with dual high-voltage power supplies	201520499473.0	Utility model	The Company	PRC	December 16, 2015
124.	Bulk feed tank	201520504844.X	Utility model	The Company	PRC	December 2, 2015
125.	Electric window cleaner for outdoor windows of buildings	201520504864.7	Utility model	The Company	PRC	December 9, 2015
126.	Shock absorber for silos	201520505098.6	Utility model	The Company	PRC	December 9, 2015
127.	Pipeline device	201520506075.7	Utility model	The Company	PRC	December 9, 2015
128.	differential pressure meter for the demister of a desulfurization absorption tower	201520507913.2	Utility Model	The Company	PRC	December 2, 2015
129.	Electric circuit with a wet electric dust removal	201520507966.4	Utility Model	The Company	PRC	January 20, 2016
130.	Combined stress foundation-less steel concrete retaining wall	201210289199.5	Invention	The Company	PRC	October 7, 2015

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
131.	Regional safety management system for heavy equipment	201520256909.3	Utility Model	The Company	PRC	October 7, 2015
132.	Boiler exhaust smoke waste heat recovery system	201420597117.8	Utility model	The Company; Energy Management Company	PRC	March 11, 2015
133.	Boiler exhaust smoke waste heat recovery system	201420597100.2	Utility model	The Company; Energy Management Company	PRC	March 11, 2015
134.	Tray-free plate-type denitrification catalyst module framework	201220397735.9	Utility model	Nanjing Environmental Protection	PRC	February 20, 2013
135.	Mixed denitrification catalyst activity detection device	201420493087.6	Utility model	Nanjing Environmental Protection	PRC	January 14, 2015
136.	Thermocouple fixing die used for plate-type denitrification catalyst unit body	201420455091.3	Utility model	Nanjing Environmental Protection	PRC	January 14, 2015
137.	Temperature measuring device for flat plate-type denitrification catalyst stainless steel mesh deoiling furnace	201420393224.9	Utility model	Nanjing Environmental Protection	PRC	December 10, 2014
138.	Economizer for improving denitrification capacity of SCR system during low-load operation	201420097167.X	Utility model	Southeast University; Nanjing Environmental Protection	PRC	November 5, 2014
139.	Gas mixer arranged in gas channel and gas mixing device composed of gas mixer	201420093286.8	Utility model	Southeast University; Nanjing Environmental Protection	PRC	November 5, 2014

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
140.	Crushing and separating device for waste plate-type denitrification catalyst	201420018355.9	Utility model	Nanjing Environmental Protection	PRC	August 13, 2014
141.	Real-time detection device of quality of plate-type denitrification catalyst steel mesh	201320758208.0	Utility model	Nanjing Environmental Protection	PRC	December 10, 2014
142.	Device for testing temperature of plate-type denitrification catalyst unit bodies	201320758700.8	Utility model	Nanjing Environmental Protection	PRC	June 4, 2014
143.	Adjustable-size wire coil with swallow tail plates	201320638244.3	Utility model	Nanjing Environmental Protection	PRC	April 9, 2014
144.	Size-adjustable wire coil with movable disc at one end	201320638192.X	Utility model	Nanjing Environmental Protection	PRC	April 9, 2014
145.	Adjustable-size wire coil with baffles	201320638187.9	Utility model	Nanjing Environmental Protection	PRC	April 9, 2014
146.	SCR plate-type denitrification catalyst testing device	201320648861.1	Utility model	Nanjing Environmental Protection	PRC	April 9, 2014
147.	Portable plate-type denitrification catalyst module frame	201220397576.2	Utility model	Nanjing Environmental Protection	PRC	February 20, 2013
148.	Portable denitrification catalyst module	201220387931.8	Utility model	Nanjing Environmental Protection	PRC	January 23, 2013
149.	Lifting device with spring inserted pin	201220386408.3	Utility model	Nanjing Environmental Protection	PRC	January 23, 2013

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
150.	Lifting device with positioning devices	201220396301.7	Utility model	Nanjing Environmental Protection	PRC	March 6, 2013
151.	Denitrification catalyst module lifting device with positioning devices	201220391177.5	Utility model	Nanjing Environmental Protection	PRC	January 23, 2013
152.	Lifting device for flue gas denitrification catalyst module of coal-fired plants	201220320484.4	Utility model	Nanjing Environmental Protection	PRC	February 13, 2013
153.	Plate-type denitrification catalyst module frame	201220397767.9	Utility model	Nanjing Environmental Protection	PRC	February 13, 2013
154.	Lifting device used for lifting denitrification catalyst module	201220386406.4	Utility model	Nanjing Environmental Protection	PRC	January 23, 2013
155.	Lifting device used for lifting denitrification catalyst module	201220320639.4	Utility model	Nanjing Environmental Protection	PRC	February 13, 2013
156.	Catalyst module lifting device with spring slip bolts	201220386407.9	Utility model	Nanjing Environmental Protection	PRC	January 23, 2013
157.	Lifting device and lifting method for denitrification catalyst module	201210281559.7	Invention	Nanjing Environmental Protection	PRC	November 19, 2014
158.	Denitrification catalyst module lifting device and lifting method with positioning devices	201210280487.4	Invention	Nanjing Environmental Protection	PRC	October 15, 2014
159.	Steel truss node and steel truss	201320161846.4	Utility model	Energy Management Company	PRC	October 16, 2013

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
160.	Burning-out air and secondary air adjusting device of pulverized coal boiler	201420220986.9	Utility model	Energy Management Company	PRC	September 3, 2014
161.	Thermal power plant wet chimney winding machine of a flame-retardant and anti-corrosive glass fiber reinforced plastic structure	201420177333.7	Utility model	Hengtong Mechanical	PRC	August 27, 2014
162.	Dry slag extracting system	200920351996.5	Utility model	Hengtong Mechanical	PRC	August 25, 2010
163.	Dry slag extractor head slag crushing device	200920351997.X	Utility model	Hengtong Mechanical	PRC	September 29, 2010
164.	Slag overturning machine device	200920351998.4	Utility model	Hengtong Mechanical	PRC	August 25, 2010
165.	Hydraulic shut-off door device	200920351999.9	Utility model	Hengtong Mechanical	PRC	August 25, 2010
166.	Chimney part of a flame-retardant and anti-corrosive glass fiber reinforced plastic structure	201420177222.6	Utility model	Hengtong Mechanical	PRC	October 8, 2014
167.	Structure of support nodes of bearing platform for wet chimney with flame-retardant and anti-corrosive glass fiber reinforced plastic structure of thermal power plant	201420159661.4	Utility model	Hengtong Mechanical	PRC	August 20, 2014

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
168.	Structure of nonmetal expansion joint for wet chimney with flame-retardant and anti-corrosive glass fiber reinforced plastic structure of thermal power plant	201420158725.9	Utility model	Hengtong Mechanical	PRC	August 20, 2014
169.	A nozzle	200820080151.2	Utility model	Technologies & Engineering Company	PRC	February 18, 2009
170.	A demister	200820080149.5	Utility model	Technologies & Engineering Company	PRC	February 18, 2009
171.	Powdered resin covered filter	200720143441.2	Utility model	Technologies & Engineering Company	PRC	March 19, 2008
172.	Condensation water refined processing high-speed mixing bed	200720143923.8	Utility model	Technologies & Engineering Company	PRC	March 19, 2008
173.	Method and system for improving electric motor output transfer efficiency of direct air cooling system	200810227677.3	Invention	Technologies & Engineering Company	PRC	April 13, 2011
174.	Preparation method of structured flue gas denitrification catalyst, prepared catalyst and application of catalyst	201010115268.1	Invention	Technologies & Engineering Company	PRC	July 3, 2013
175.	Condensed water and oil recycling device	201520524739.2	Utility Model	Technologies & Engineering Company	PRC	December 2, 2015
176.	A desulfurization emission reduction device for absorption towers	201520499383.1	Utility model	The Company	PRC	January 13, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
177.	An electricity supply equipment for three-phase three-wire systems	201520849287.5	Utility model	The Company	PRC	March 2, 2016
178.	A fieldbus controlling device for fully distributed bulk transportation	201520802714.4	Utility model	The Company； Hunan Super Information Co., Ltd. (湖南先步信息股份有限公司)	PRC	February 10, 2016
179.	A desulfurization absorption tower	201520797323.8	Utility model	The Company	PRC	February 10, 2016
180.	A desulfurization absorption tower with adjustable slurry tank	201520797322.3	Utility model	The Company	PRC	March 9, 2016
181.	A desulfurization absorption tower with adjustable dust removing and mist-eliminating	201520797321.9	Utility model	The Company	PRC	March 9, 2016
182.	An infrared temperature measuring device without blind spot used at circular coal yard	201520797174.5	Utility model	The Company； Hunan Super Information Co., Ltd. (湖南先步信息股份有限公司)	PRC	January 20, 2016
183.	An energy-saving process water device	201520796443.6	Utility model	The Company	PRC	March 2, 2016
184.	A temperature measuring device used at closed coal bin	201520786187.2	Utility model	The Company； Hunan Super Information Co., Ltd. (湖南先步信息股份有限公司)	PRC	January 20, 2013
185.	A DP bus controlling device for spraying at coal yard	201520786012.1	Utility model	The Company； Hunan Super Information Co., Ltd. (湖南先步信息股份有限公司)	PRC	March 2, 2016
186.	A desulfurization tower with multi-spraying layers	201520744537.9	Utility model	The Company	PRC	January 13, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
187.	An adjustable desulfurization spraying tower	201520739704.0	Utility model	The Company	PRC	January 20, 2016
188.	A desulfurization tower with spoiling nets	201520739703.6	Utility model	The Company	PRC	March 2, 2016
189.	A desulfurization device	201520739198.5	Utility model	The Company	PRC	January 20, 2016
190.	A desulfurization absorption tower with new spoiler	201520733278.X	Utility model	The Company	PRC	April 27, 2016
191.	A spiral discharge equipment used at circular silo	201520667301.X	Utility model	The Company	PRC	December 23, 2015
192.	A flow measuring device for denitrification system using urea method	201520655897.1	Utility model	The Company	PRC	December 16, 2015
193.	A desulfurization 6kV switchgear	201520564397.7	Utility model	The Company	PRC	December 16, 2015
194.	A structure connecting slurry sprinkler pipes and spray nozzles for desulfurization absorption tower	201520549297.7	Utility model	The Company	PRC	January 13, 2016
195.	A flue gas deep cooling device	201520523986.0	Utility model	Technologies & Engineering Company	PRC	December 2, 2015
196.	A desulfurization efficient-enhancing device	201520504920.7	Utility model	The Company	PRC	December 16, 2015
197.	A device connecting container and pump	201520499279.2	Utility model	The Company	PRC	March 23, 2016
198.	A desulfurization demister flushing water device	201520499274.X	Utility model	The Company	PRC	December 30, 2015

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
199.	A bypass controlling device for desulfurization booster fan	201520499265.0	Utility model	The Company	PRC	March 23, 2016
200.	A desulfurization emission-reduction device for absorption tower and ancillary tower	201520499261.2	Utility model	The Company	PRC	January 20, 2016
201.	A wet-process desulfurization efficient-enhancing turbulent flow pipe gate device and desulfurization absorption tower	201520398519.X	Utility model	The Company	PRC	December 9, 2015
202.	Urea Pyrolysis for ammonia-preparing device	201310047259.7	Invention	The Company ; Technologies & Engineering Company	PRC	February 10, 2016
203.	A slurry stirring device	201210482681.0	Invention	The Company	PRC	January 13, 2016
204.	A highly efficient desulfurization absorption tower	201520733200.8	Utility model	The Company	PRC	April 6, 2016
205.	Sampling pre-treatment device	201520532272.6	Utility model	The Company	PRC	January 27, 2016
206.	An Integrated heat transfer device for wet-process desulfurization systems	201520484406.1	Utility model	The Company	PRC	December 23, 2015
207.	A heat transfer device for wet-process desulfurization systems	201520484389.1	Utility model	The Company	PRC	December 23, 2015
208.	A graded heat transfer device for wet-process desulfurization systems	201520484333.6	Utility model	The Company	PRC	December 16, 2015

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
209.	A wet-process desulfurization efficient-enhancing turbulent flow pipe gate device and desulfurization absorption tower	201520398492.4	Utility model	The Company	PRC	December 16, 2015
210.	A denitrification urea pyrolysis device with heat source switching function	201520388878.7	Utility model	The Company	PRC	December 16, 2015
211.	An airbrush structure used for SNCR denitrification system	201520385787.8	Utility model	The Company	PRC	December 16, 2015
212.	An additive device used for SNCR flue gas denitrification system	201520382419.8	Utility model	The Company	PRC	December 9, 2015
213.	Aqueous ammonia solution used for flue gas denitrification system	201520329008.2	Utility model	The Company	PRC	December 2, 2015
214.	A flue gas sampling device and method used for SCR denitrification reactor	201310344287.5	Invention	The Company	PRC	March 22, 2016
215.	Flue denitrification reactor	201210289197.6	Invention	The Company	PRC	December 9, 2015
216.	Heating coal monitoring device	201520833112.5	Utility model	The Company ; Hunan Super Information Co., Ltd. (湖南先步信息股份有限公司)	PRC	April 20, 2016
217.	A highly efficient desulfurization absorption tower with ancillary tower	201520733268.6	Utility model	The Company	PRC	April 6, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
218.	A twin- tower two-way spraying multi-cycle desulfurization absorption tower	201520732885.4	Utility model	The Company	PRC	April 6, 2016
219.	A multi-cycle highly efficient desulfurization absorption tower	201520732828.6	Utility model	The Company	PRC	May 4, 2016
220.	A desulfurization absorption tower with adjustable fan section with diffuser	201520696594.4	Utility model	The Company	PRC	March 2, 2016
221.	A new adjustable desulfurization absorption tower	201520695359.5	Utility model	The Company	PRC	April 6, 2016
222.	Sulfur-inclusive flue gas prewash sprinkler device	201520694832.8	Utility model	The Company	PRC	March 2, 2016
223.	Four-leg and three-pivot balanced wheel structure for new model shunting locomotive	201520694658.7	Utility model	The Company	PRC	April 20, 2016
224.	A frozen-coal crushing device for hydro-mechanical tipper	201520692223.9	Utility model	The Company； Dalian Sanfeng Port Machinery Co., Ltd.; China Datang Corporation Science and Technology Research Institute Co., Ltd.	PRC	January 13, 2016
225.	A new closed-cycle water device	201520619662.7	Utility model	The Company	PRC	April 20, 2016
226.	A highly efficient apparatus for membrane distillation	201520610335.5	Utility model	The Company	PRC	March 2, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
227.	A hydrolysis reactor with two-chamber urea catalytic heating	201520598868.6	Utility model	The Company	PRC	March 2, 2016
228.	An ammonia absorption treatment device	201520598867.1	Utility model	The Company	PRC	February 24, 2016
229.	A Flue gas SCR denitrification urea catalytic hydrolysis ammonia preparation system and method	201520598863.3	Utility model	The Company	PRC	March 2, 2016
230.	Active cutting system	201520378534.8	Utility model	The Company	PRC	December 9, 2015
231.	Coal-fired flue gas synergistic oxidation and mercury removal device and mercury removal method	201310681823.0	Invention	The Company	PRC	April 27, 2016
232.	Hot gas high-pressure oil removal device	201310395194.5	Invention	The Company	PRC	April 6, 2016
233.	Urea catalyzed hydrolysis method and device	201310344322.3	Invention	The Company	PRC	March 9, 2016
234.	A wet-process flue gas desulfurization sewage treatment method	201310308360.3	Invention	The Company	PRC	April 6, 2016
235.	A counter-flow urea hydrolysis ammonia preparation device and method	201310139418.6	Invention	The Company ; Technologies & Engineering Company	PRC	March 30, 2016
236.	A boiler with high-temperature and gas-proof door and high-temperature gas- line switching apparatus	201420843068.1	Utility model	The Company	PRC	July 29, 2015

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
237.	A differential automatic reversed blowing device of sample pipeline for desulfurization demister	201420838766.2	Utility model	The Company	PRC	August 26, 2015
238.	A device of soot exhausting for the bottom of boiler tail flue and boiler system	201420836159.2	Utility model	The Company	PRC	August 19, 2015
239.	Preventative new deflector of catalyst worn and reduction device and SCR device	201520035917.5	Utility model	The Company	PRC	September 16, 2015
240.	Urea pyrolysis reactor applied to SCR denitrification	201210359319.4	Invention	The Company	PRC	September 9, 2015
241.	High-temperature de-oiling device under pressure	201310395365.4	Invention	The Company	PRC	November 18, 2015
242.	Volute-gas-inlet spiral-flow type urea-pyrolysis ammonia preparing device and method	201310139362.4	Invention	The Company/ Technologies & Engineering Company	PRC	September 30, 2015
243.	Apparatus for preparing ammonia through urea pyrolysis	201520421187.2	Utility model	The Company	PRC	November 18, 2015
244.	New reinforcing ribs for glass fiber reinforced plastic chimneys	201520500407.0	Utility model	The Company	PRC	November 18, 2015
245.	Windproof ring structure for glass fiber reinforced plastic chimneys	201520500406.6	Utility model	The Company	PRC	November 18, 2015

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
246.	Flange and the glass fiber reinforced plastic chimneys assembled using the aforesaid flange	201520500388.1	Utility model	The Company	PRC	November 18, 2015
247.	Supporting structure for glass fiber reinforced plastic chimneys	201520500359.5	Utility model	The Company	PRC	November 18, 2015
248.	Anti-sloshing structure for glass fiber reinforced plastic chimneys	201520500279.X	Utility model	The Company	PRC	November 18, 2015
249.	Collection device for condensed acid droplets from flue gas for glass fiber reinforced plastic inner chimneys	201520500244.6	Utility model	The Company	PRC	November 18, 2015
250.	Collection device for condensed acid droplets from flue gas for glass fiber reinforced plastic inner chimneys	201520500242.7	Utility model	The Company	PRC	November 25, 2015
251.	Quick-connecting structure for glass fiber reinforced plastic chimneys	201520500195.6	Utility model	The Company	PRC	November 18, 2015
252.	A desulfurization and oxidation air pipe device	201520499504.2	Utility model	The Company	PRC	December 2, 2015
253.	A supporting device of spraying pipeline for the desulfurization tower	201520499502.3	Utility model	The Company	PRC	December 2, 2015
254.	A new closed-cycle water device	201520499494.2	Utility model	The Company	PRC	December 2, 2015

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
255.	A preventative air curtain device of dust leakage for desulfurization rotary feeder	201520499469.4	Utility model	The Company	PRC	December 2, 2015
256.	A round shape flue stand	201520499428.5	Utility model	The Company	PRC	December 2, 2015
257.	An emission-reduction device for desulfurization absorption tower and ancillary tower	201520499426.6	Utility model	The Company	PRC	December 9, 2015
258.	A preventative device of gas-liquid leakage	201520505359.4	Utility model	The Company	PRC	December 2, 2015
259.	A busbar transit box	201520499252.3	Utility model	The Company	PRC	December 2, 2015
260.	An ammonia/air mixers	201520504916.0	Utility model	The Company	PRC	December 2, 2015
261.	A spectacle blind disk use for desulfurization circulating pipe	201520504882.5	Utility model	The Company	PRC	December 2, 2015
262.	A flue gas deflector for desulfurization absorption tower	201520504789.4	Utility model	The Company	PRC	December 2, 2015
263.	A two-way sprinkler desulfurization absorption tower	201520733280.7	Utility model	The Company	PRC	May 11, 2016
264.	A flue gas leakage prevention desulfurization absorption tower	201520839580.3	Utility model	The Company	PRC	May 11, 2016
265.	A gypsum belt dehydrator	201520863244.2	Utility model	The Company	PRC	May 18, 2016
266.	An advanced wastewater system	201520863051.7	Utility model	The Company	PRC	June 8, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
267.	A coagulant aid dosing device for desulfurization wastewater purification	201620239215.3	Utility model	The Company	PRC	August 3, 2016
268.	A self-supporting and Modularized inflatable membrane structured fully-sealed silo	201620201903.0	Utility model	The Company	PRC	August 3, 2016
269.	A dustless and modularized belt conveyors	201620119749.2	Utility model	The Company/ Jiaozuo Sandao Shusong Machinery Co., Ltd. (焦作三島輸送機械有限公司)	PRC	July 20, 2016
270.	A highly efficient desulfurization wastewater softening treatment device	201620108176.3	Utility model	The Company	PRC	August 3, 2016
271.	A gypsum dehydrating system	201521042849.1	Utility model	The Company	PRC	August 3, 2016
272.	A desulfurization process water replenishing device	201520973125.2	Utility model	The Company	PRC	June 15, 2016
273.	Mechanical sealing portable device for stirring shafts of side-feeding stirrers	201520939588.7	Utility model	The Company	PRC	June 8, 2016
274.	Mechanical sealing for desulfurization slurry pumps	201520924972.X	Utility model	The Company	PRC	June 1, 2016
275.	Desulfurization slurry pipe impurity removing device	201520886847.4	Utility model	The Company	PRC	May 18, 2016
276.	An anti-precipitation and anti-overflow wastewater trilogy header	201520890246.0	Utility model	The Company	PRC	May 18, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
277.	A desulfurization sewage treatment system	201520872707.1	Utility model	The Company	PRC	June 1, 2016
278.	A gas-liquid separation recycling device gypsum dehydrating systems	201520972019.2	Utility model	The Company	PRC	June 7, 2016
279.	A flue gas desulfurization water supply system	201521028425.X	Utility model	The Company	PRC	June 29, 2016
280.	Integrated device of closed coal yard infrared thermometer and water cannon control	201520788591.3	Utility model	The Company/ Hunan Super Information Co., Ltd. (湖南先步信息股份有限公司)	PRC	June 15, 2016
281.	A desulfurization seawater quality recovery device	201521013058.6	Utility model	The Company	PRC	June 15, 2016
282.	A desulfurization seawater recovery device based on pure oxygen aeration	201521013117.X	Utility model	The Company	PRC	June 15, 2016
283.	A desulfurization seawater quality recovery device without secondary pollution	201521013145.1	Utility model	The Company	PRC	June 15, 2016
284.	An integrated dustless sieving and crushing machine	201620087898.5	Utility model	The Company/ Guangxi Yilongsheng Technology Co., Ltd. (廣西益隆盛科技有限公司)	PRC	June 29, 2016
285.	A coal field gas monitoring device with PROFIBUS DP bus	201620078023.9	Utility model	The Company/ Hunan Super Information Co., Ltd. (湖南先步信息股份有限公司)	PRC	June 29, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
286.	A Zigbee-based coal monitoring device	201620081724.8	Utility model	The Company/ Hunan Super Information Co., Ltd. (湖南先步信息股份有限公司)	PRC	June 29, 2016
287.	A side outflow desulfurization tower	201620095441.9	Utility model	The Company	PRC	June 29, 2016
288.	A desulfurization prewash reaction device	201620095392.9	Utility model	The Company	PRC	June 29, 2016
289.	An ejection desulfurization reaction device	201620094683.6	Utility model	The Company	PRC	June 29, 2016
290.	A desulfurization dust removal device	201620096845.X	Utility model	The Company	PRC	July 6, 2016
291.	A highly efficient multi-functional flue gas emission device for absorption towers	201620121244.X	Utility model	The Company	PRC	June 29, 2016
292.	A highly efficient spoiling stirring device for slurry tanks	201620121013.9	Utility model	The Company	PRC	June 29, 2016
293.	A bipolar stirring device for absorption towers	201620120985.6	Utility model	The Company	PRC	June 29, 2016
294.	An integrated device for bucket-wheel machines and crushers	201620153706.6	Utility model	The Company/ Guangxi Yilongsheng Technology Co., Ltd. (廣西益隆盛科技有限公司)	PRC	July 27, 2016
295.	A belt tensioning device for crushers	201620153723.X	Utility model	The Company/ Guangxi Yilongsheng Technology Co., Ltd. (廣西益隆盛科技有限公司)	PRC	July 27, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
296.	A bearing seat for crushers	201620153630.7	Utility model	The Company/ Guangxi Yilongsheng Technology Co., Ltd. (廣西益隆盛科技有限公司)	PRC	July 27, 2016
297.	A fastening device for the ends of roller screens	201620153464.0	Utility model	The Company/ Guangxi Yilongsheng Technology Co., Ltd. (廣西益隆盛科技有限公司)	PRC	July 27, 2016
298.	Method for recovering Ti, V, Mo and Si in SCR waste catalyst by combination of activation calcination and acid leaching	201410437703.0	Invention	Nanjing Environmental Protection	PRC	May 25, 2016
299.	Lifting device of reactor system for denitrification catalyst activity detection	201520102191.2	Utility model	Nanjing Environmental Protection	PRC	October 21, 2015
300.	Sealing device for weighing of denitrification catalysts	201520280815.X	Utility model	Nanjing Environmental Protection	PRC	December 30, 2015
301.	A miniature coating device for plate-type denitrification catalyst	201520439311.8	Utility model	Nanjing Environmental Protection	PRC	December 30, 2015
302.	A device for testing intensity of flat plate-type catalyst worn	201520131470.1	Utility model	Nanjing Environmental Protection	PRC	August 12, 2015
303.	Movable type crushing and separating device for waste plate-type denitrification catalyst	201520240959.2	Utility model	Nanjing Environmental Protection	PRC	October 21, 2015

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
304.	Dust removal device for scrap honey-comb type denitrification catalysts	201520465373.6	Utility model	Nanjing Environmental Protection	PRC	December 30, 2015
305.	Advanced device for testing temperature of plate-type denitrification catalyst unit bodies	201520492249.9	Utility model	Nanjing Environmental Protection	PRC	December 30, 2015
306.	Dust removal device using the dry method for scrap plate-type denitrification catalysts	201520559823.8	Utility model	Nanjing Environmental Protection	PRC	December 30, 2015
307.	A sampling device for nanometer titanium dioxide powder	201520930507.7	Utility model	Nanjing Environmental Protection	PRC	May 25, 2016
308.	Spraying device for plate-type denitrification catalysts	201520639746.7	Utility model	Nanjing Environmental Protection	PRC	December 30, 2015
309.	Method for structural analysis of indirect dry cooling tower	201310113715.3	Invention	Energy Management Company	PRC	January 20, 2016
310.	Feed-water heating system for improved denitrification	201520425660.4	Utility model	Energy Management Company	PRC	December 16, 2015
311.	Exhaust smoke waste heat recovery system for boilers of coal-fired power plants using the heater drain system	201520425592.1	Utility model	Energy Management Company/ The Company	PRC	December 23, 2015
312.	Exhaust smoke waste heat recovery system for boilers with the addition of heat exchanger(s)	201520425485.9	Utility model	Energy Management Company/ The Company	PRC	December 23, 2015

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
313.	Protective net for air-cooling machines	201520334261.7	Utility model	Technologies & Engineering Company	PRC	September 16, 2015
314.	Auxiliary water cooling system for high-pressure variable-frequency drive	201520382308.7	Utility model	Technologies & Engineering Company	PRC	September 2, 2015
315.	A electric field grounding grid of soil and wind with high resistivity	201520524766.X	Utility model	Technologies & Engineering Company	PRC	November 11, 2015
316.	A slurry spraying installation for the desulfurization adsorption tower	201520872744.2	Utility model	The Company	PRC	May 18, 2016
317.	A two-way pH value measuring system	201520867844.6	Utility model	The Company	PRC	May 11, 2016
318.	A integrated dustless sieving and crushing machinery equipment	201620088622.9	Utility model	The Company; Guangxi Yilongsheng Technology Co., Ltd. (廣西益隆盛科技有限公司)	PRC	August 17, 2016
319.	A desulfurization wastewater and flue gas softening pre-treatment device	201620107516.0	Utility model	The Company	PRC	August 31, 2016
320.	A desulfurization wastewater softening treatment device	201620108179.7	Utility model	The Company	PRC	August 31, 2016
321.	An integrated variable-frequency dustless sieving and crushing machine	201620088094.7	Utility model	The Company; Guangxi Yilongsheng Technology Co., Ltd. (廣西益隆盛科技有限公司)	PRC	August 31, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
322.	A laser coal stocktaking device	201620238312.0	Utility model	The Company; Hunan Super Information Co., Ltd. (湖南先步信息股份有限公司)	PRC	August 31, 2016
323.	A desulfurization wastewater softening treatment device	201620109842.5	Utility model	The Company	PRC	August 31, 2016
324.	A desulfurization wastewater softening pre-treatment device	201620109799.2	Utility model	The Company	PRC	August 31, 2016
325.	A measuring device for electromagnetic flowmeters of desulfurization pipelines	201620239567.9	Utility model	The Company	PRC	August 31, 2016
326.	A measuring device for local pressure gauges of desulfurization pipelines	201620240350.X	Utility model	The Company	PRC	August 31, 2016
327.	A densitometer measuring device for desulfurization pipelines	201620239525.5	Utility model	The Company	PRC	August 31, 2016
328.	A differential pressure measuring device for demisters of absorption towers	201620239233.1	Utility model	The Company	PRC	August 31, 2016
329.	A highly efficient dust removal equalizing device for box-type desulfurization tower	201620238073.9	Utility model	The Company	PRC	August 31, 2016
330.	A desulfurization tower with airflow uniform-distributing plates	201620240485.6	Utility model	The Company	PRC	September 21, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
331.	A measuring device for pH transmitters with airflow	201620240483.7	Utility model	The Company	PRC	September 21, 2016
332.	A liquid level measuring device for slurry tanks	201620240460.6	Utility model	The Company	PRC	September 21, 2016
333.	A pH value measuring device for slurry of desulfurization pipeline	201620239615.4	Utility model	The Company	PRC	September 21, 2016
334.	A pressure measuring device for slurry of desulfurization pipelines	201620239273.6	Utility model	The Company	PRC	September 21, 2016
335.	A liquid level measuring device for desulfurization slurry tanks based on radar liquid level meters	201620239380.9	Utility model	The Company	PRC	September 21, 2016
336.	A liquid level measuring device for desulfurization absorption tower	201620239468.0	Utility model	The Company	PRC	September 21, 2016
337.	A liquid level measuring device for water tanks	201620239248.8	Utility model	The Company	PRC	September 21, 2016
338.	A measuring device for desulfurization limestone powder material bins	201620239247.3	Utility model	The Company	PRC	September 21, 2016
339.	A tier-two highly efficient arc-shaped dust removal equalizing device for box-type desulfurization towers	201620238078.1	Utility model	The Company	PRC	September 21, 2016
340.	A tier-two gas-liquid equalizing device for box-type desulfurization towers	201620238077.7	Utility model	The Company	PRC	September 21, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
341.	A highly efficient gas-liquid equalizing device for box-type desulfurization towers	201620238071.X	Utility model	The Company	PRC	September 21, 2016
342.	A box-type desulfurization tower	201620238065.4	Utility model	The Company	PRC	September 21, 2016
343.	A stirring device for box-type absorption towers	201620238061.6	Utility model	The Company	PRC	September 21, 2016
344.	A calcium hydroxide dosing device for desulfurization wastewater purification	201620238976.7	Utility model	The Company	PRC	September 21, 2016
345.	A hydrochloric acid dosing device for desulfurization wastewater purification	201620239466.1	Utility model	The Company	PRC	September 21, 2016
346.	An organic sulfur dosing device for desulfurization wastewater purification	201620239021.3	Utility model	The Company	PRC	September 21, 2016
347.	A neutralizing reaction device for desulfurization wastewater purification	201620240262.X	Utility model	The Company	PRC	September 21, 2016
348.	A denitrification reaction device	201620262612.2	Utility model	The Company	PRC	September 21, 2016
349.	A high-temperature bypass device for denitrification economizers	201620268362.3	Utility model	The Company	PRC	September 21, 2016
350.	A pH transmission measuring device	201620238991.1	Utility model	The Company	PRC	September 21, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
351.	A differential pressure measuring device	201620238982.2	Utility model	The Company	PRC	September 21, 2016
352.	A hopper device for the inlet of denitrification reactors	201620268365.7	Utility model	The Company	PRC	September 21, 2016
353.	A hopper device for denitrification economizers	201620261463.8	Utility model	The Company	PRC	September 21, 2016
354.	A measuring device for anti-blocking electromagnetic flow meters with flushing function	201620240245.6	Utility model	The Company	PRC	September 21, 2016
355.	A denitrification sonic wave dust blower system	201620262509.8	Utility model	The Company	PRC	September 21, 2016
356.	An integrated system for denitrification sonic wave and steam dust blowers	201620262600.X	Utility model	The Company	PRC	September 21, 2016
357.	A denitrification steam dust blower system	201620262508.3	Utility model	The Company	PRC	September 21, 2016
358.	A combined material level measuring device	201620384394.X	Utility model	The Company	PRC	September 21, 2016
359.	An anti-blocking two-stage material level measuring device	201620384388.4	Utility model	The Company	PRC	September 21, 2016
360.	An anti-blocking differential pressure measuring device for spraying layers	201620387234.0	Utility model	The Company	PRC	September 21, 2016
361.	A multi-stage liquid level measuring device for slurry tanks	201620389206.2	Utility model	The Company	PRC	September 21, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
362.	A multi-stage differential pressure measuring device for desulfurization towers	201620384365.3	Utility model	The Company	PRC	September 21, 2016
363.	A two-stage flowmeter measuring device for slurry tanks	201620385204.6	Utility model	The Company	PRC	September 21, 2016
364.	A two-stage material level measuring device	201620384361.5	Utility model	The Company	PRC	September 21, 2016
365.	A differential pressure measuring device for desulfurization spraying layers	201620385205.0	Utility model	The Company	PRC	September 21, 2016
366.	Urea pyrolysis furnace for flue gas denitrification	201410177816.1	Invention	The Company	PRC	September 21, 2016
367.	A rod temperature measuring device with high-temperature resistant cascade structure	201620206006.9	Utility model	The Company; Hunan Super Information Co., Ltd. (湖南先步信息股份有限公司)	PRC	September 21, 2016
368.	A fieldbus-based silo monitoring device	201620096325.9	Utility model	The Company; Hunan Super Information Co., Ltd. (湖南先步信息股份有限公司)	PRC	September 21, 2016
369.	A safe operations monitoring device for crushers	201620153724.4	Utility model	The Company; Guangxi Yilongsheng Technology Co., Ltd. (廣西益隆盛科技有限公司)	PRC	September 21, 2016
370.	A seal assembly for crushers	201620153683.9	Utility model	The Company; Guangxi Yilongsheng Technology Co., Ltd. (廣西益隆盛科技有限公司)	PRC	September 21, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
371.	A controlling device for crushers	201620153662.7	Utility model	The Company; Guangxi Yilongsheng Technology Co., Ltd. (廣西益隆盛科技有限公司)	PRC	September 21, 2016
372.	A desulfurization wastewater flue gas softening pre-treatment device	201620108172.5	Utility model	The Company	PRC	September 21, 2016
373.	A flue multi-stage evaporation treatment device for desulfurization wastewater	201620313767.4	Utility model	The Company	PRC	September 21, 2016
374.	A horizontal SCR denitrification reactor	201620385118.5	Utility model	The Company	PRC	September 21, 2016
375.	A double-chamber reactor for SCR denitrification	201620387233.6	Utility model	The Company	PRC	September 21, 2016
376.	A differentiated ammonia-spraying reactor for SCR denitrification	201620385318.0	Utility model	The Company	PRC	September 21, 2016
377.	An anti-blocking desulfurization limestone powder material bin measuring device with compressed air	201620385140.X	Utility model	The Company	PRC	September 21, 2016
378.	An anti-blocking flue gas pressure measuring device with compressed air	201620387402.6	Utility model	The Company	PRC	September 21, 2016
379.	A tape storage silos bulk material feeding device	201620502394.5	Utility model	The Company	PRC	October 12, 2016
380.	A silo blanking dispersal device	201620502681.6	Utility model	The Company	PRC	October 12, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
381.	A new denitrification dilution system	201620474380.7	Utility model	The Company	PRC	October 19, 2016
382.	A new desulfurization fluidized wind system	201620474393.4	Utility model	The Company	PRC	October 19, 2016
383.	A filtration cloth program controlled flushing device for vacuum leather belt conveyor	201620475276.X	Utility model	The Company	PRC	October 19, 2016
384.	A cylindrical attempts to prevent the coal storage	201620449375.0	Utility model	The Company	PRC	October 12, 2016
385.	One kind of rectangular storage bunker means	201620449573.7	Utility model	The Company	PRC	October 12, 2016
386.	A cylindrical attempts to prevent the coal storage	201620449575.6	Utility model	The Company	PRC	October 12, 2016
387.	A two flue gas cleaning apparatus and method for removing sulfur trioxide	201620429006.5	Utility model	The Company	PRC	October 19, 2016
388.	A two-stage double-cycle desulfurization and denitrification device achieving near-zero emission	201620436229.4	Utility model	The Company	PRC	October 19, 2016
389.	A deflector inside beveled flues in the upper part of SCR reactors	201620407676.7	Utility model	The Company/ Southeast University	PRC	October 19, 2016
390.	A double-chamber two-stage ammonia-spraying reactor for SCR denitrification	201620385117.0	Utility model	The Company	PRC	October 12, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
391.	A seamless protective device for rotating machines	201620385187.6	Utility model	The Company	PRC	October 19, 2016
392.	A slurry density measuring device for absorption towers	201620385203.1	Utility model	The Company	PRC	October 12, 2016
393.	An anti-blocking multi-stage combined material level measuring device	201620389204.3	Utility model	The Company	PRC	October 12, 2016
394.	Flue gas warming-up device for water-side bypass pipes of SCR economizers	201620366180.X	Utility model	The Company	PRC	September 28, 2016
395.	A conduction device for the material bin of calcium hydroxide powder	201620366186.7	Utility model	The Company	PRC	October 19, 2016
396.	A desulfurization sewage treatment device for coal-fired power plants	201620366708.3	Utility model	The Company	PRC	October 19, 2016
397.	A vacuum plastic belt dehydrator	201620284056.9	Utility model	The Company	PRC	October 19, 2016
398.	A PH value and density measuring device for slurry in absorption tower	201620284179.2	Utility model	The Company	PRC	October 19, 2016
399.	A PH value monitoring system wet-process for desulfurization	201620269777.2	Utility model	The Company	PRC	October 19, 2016
400.	A flue gas measuring device	201620257388.8	Utility model	The Company	PRC	October 19, 2016
401.	A equalizing device for flue conversion system	201620250263.2	Utility model	The Company	PRC	October 19, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
402.	A flue-type denitrification device equipped with an equalizing device	201620250279.3	Utility model	The Company	PRC	October 19, 2016
403.	A coagulant dosing device for desulfurization wastewater purification	201620239212.X	Utility model	The Company	PRC	October 12, 2016
404.	A liquid level measuring device for the radar level gauge of slurry tanks with flushing functions	201620179774.X	Utility model	The Company	PRC	September 28, 2016
405.	A measuring device for the densitometer of anti-blocking desulfurization pipelines with flushing functions	201620179811.7	Utility model	The Company	PRC	September 28, 2016
406.	An PH measuring device for ventilation slots of anti-blocking desulfurization pipeline zones with flushing functions	201620179812.1	Utility model	The Company	PRC	September 21, 2016
407.	An measuring device for electromagnetic flowmeters of anti-blocking desulfurization pipelines with flushing functions	201620180066.8	Utility model	The Company	PRC	September 21, 2016
408.	An measuring device for pH analyzers of slurry of anti-blocking desulfurization pipeline with flushing functions	201620180198.0	Utility model	The Company	PRC	September 21, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
409.	A measuring device for pressure transmitters of anti-blocking desulfurization pipelines with flushing functions	201620180226.9	Utility model	The Company	PRC	September 28, 2016
410.	A differential pressure measuring device for the defroster of anti-blocking absorption towers with flushing functions	201620180241.3	Utility model	The Company	PRC	September 28, 2016
411.	A liquid level measuring device for slurry tanks with flushing functions	201620181304.7	Utility model	The Company	PRC	September 28, 2016
412.	A measuring device for local pressure gauge for anti-blocking desulfurization pipelines with flushing functions	201620181312.1	Utility model	The Company	PRC	September 21, 2016
413.	A liquid level measuring device for absorption towers with flushing functions	201620181314.0	Utility model	The Company	PRC	September 28, 2016
414.	A desulfurization sewage treatment device with low-sludge discharge	201620156363.9	Utility model	The Company	PRC	September 21, 2016
415.	A gear ring for screening material distributors	201620153649.1	Utility model	The Company / Guangxi Yilongsheng Technology Co., Ltd. (廣西益隆盛科技有限公司)	PRC	September 28, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
416.	An additive allocation and injection device for SNCR flue gas denitrification systems	201620135910.5	Utility model	The Company	PRC	September 7, 2016
417.	An alkaline solution transmitting and measuring device for sulphur trioxide removal	201620135922.8	Utility model	The Company	PRC	October 12, 2016
418.	An alkaline solution allocation and injection module for SO_3 removal	201620123954.6	Utility model	The Company	PRC	September 7, 2016
419.	A desulfurization wastewater condensed treatment device	201620115714.1	Utility model	The Company	PRC	October 12, 2016
420.	A desulfurization wastewater zero-discharge treatment device	201620115899.6	Utility model	The Company	PRC	September 7, 2016
421.	A new desulfurization wastewater zero-discharge treatment device	201620115965.X	Utility model	The Company	PRC	September 7, 2016
422.	Desulfurization wastewater softening treatment device	201620116138.2	Utility model	The Company	PRC	September 7, 2016
423.	A desulfurization wastewater softening treatment device	201620116413.0	Utility model	The Company	PRC	September 7, 2016
424.	Desulfurization wastewater zero-discharge treatment device	201620117099.8	Utility model	The Company	PRC	October 19, 2016
425.	A desulfurization wastewater zero-discharge treatment system	201620117101.1	Utility model	The Company	PRC	September 7, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
426.	A new desulfurization wastewater zero-discharge treatment system	201620117277.7	Utility model	The Company	PRC	September 7, 2016
427.	Desulfurization wastewater zero-discharge treatment system	201620117279.6	Utility model	The Company	PRC	October 5, 2016
428.	A flue gas composition measuring system	201620114717.3	Utility model	The Company	PRC	September 7, 2016
429.	A performance testing device for flue gas pollution treatment equipment	201620115445.9	Utility model	The Company	PRC	September 7, 2016
430.	Performance testing device for flue gas pollution treatment equipment	201620115678.9	Utility model	The Company	PRC	October 12, 2016
431.	A flue gas composition measuring device for large flues of all sizes	201620115762.0	Utility model	The Company	PRC	October 12, 2016
432.	A flue gas composition measuring device for non-uniform flow fields	201620115796.X	Utility model	The Company	PRC	September 7, 2016
433.	A protection device for prevention of motor reversal	201620095230.5	Utility model	The Company	PRC	September 7, 2016
434.	A slurry supplying system	201620065227.9	Utility model	The Company	PRC	September 7, 2016
435.	A gypsum rain monitoring system	201620066816.9	Utility model	The Company	PRC	August 17, 2016
436.	A desulfurization demister flushing water system	201620026132.6	Utility model	The Company	PRC	August 17, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
437.	A water supply system for grinding machine cooling	201520997014.5	Utility model	The Company	PRC	October 19, 2016
438.	Automatic rotary flushing device for wet desulfurization demister	201010153855.X	Invention	The Company	PRC	June 6, 2012
439.	A power supply system for shutter switch cabinet of indirect air-cooling system	201620486118.4	Utility model	Technologies & Engineering Company	PRC	October 12, 2016
440.	A recycling cooling water system based on the indirect air-cooling system	201620290273.9	Utility model	Technologies & Engineering Company	PRC	September 21, 2016
441.	Thermal power plant wet chimney of a flame-retardant and anti-corrosive glass fiber reinforced plastic structure	201410131582.7	Invention	Hengtong Mechanical	PRC	March 30, 2016
442.	Installation method of thermal power plant wet chimney of a flame-retardant and anti-corrosive glass fiber reinforced plastic structure	201410133424.5	Invention	Hengtong Mechanical	PRC	May 25, 2016
443.	A combustion device for corner-tangential pulverized coal heating boiler	201620121353.1	Utility model	Energy Management Company / Beijing LGK Environmental Co., Ltd. (北京國電龍高科環境工程技術有限公司)	PRC	August 31, 2016
444.	An air-emission connection system for small turbine	201620052380.8	Utility model	Energy Management Company	PRC	September 7, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
445.	A heat supply system for cold-end waste heat cascade utilization	201620052417.7	Utility model	Energy Management Company	PRC	September 7, 2016
446.	A large thin-walled interface butt welding structure	201620054277.7	Utility model	Energy Management Company	PRC	September 14, 2016
447.	A heat exchange system for dual-function of heating and cooling of air cooling power plant	201620054278.1	Utility model	Energy Management Company	PRC	September 14, 2016
448.	A condenser force and displacement adjustment structure	201620054279.6	Utility model	Energy Management Company	PRC	September 7, 2016
449.	A turbine protection system for operation of power plant	201620054361.9	Utility model	Energy Management Company	PRC	September 7, 2016
450.	A denitrification catalyst based on aluminum foam	201620310024.1	Utility model	Nanjing Environmental Protection	PRC	September 7, 2016
451.	A stripping machine for plate-type denitrification catalyst	201620199556.2	Utility model	Nanjing Environmental Protection	PRC	August 10, 2016
452.	An miniature extrusion coating device of laboratory for plate-type denitrification catalyst	201620104312.1	Utility model	Nanjing Environmental Protection	PRC	February 2, 2016
453.	A testing device for wear performance of SCR denitrification catalyst	201620058417.8	Utility model	Nanjing Environmental Protection	PRC	August 31, 2016

No.	Patent Name	Patent No.	Category	Patent Holder	Patents Registration Place	Date of Authorization
454.	Continuous recovery and recycling process of SCR waste catalyst of vanadium, molybdenum, titanium	201410623778.8	Invention	Nanjing Environmental Protection	PRC	August 24, 2016
455.	Harmless treatment method of waste plate-type denitrification catalyst and its treatment system	201410013459.5	Invention	Nanjing Environmental Protection	PRC	September 7, 2016
456.	Plate-type catalyst capable of simultaneous denitrification and demercuration and preparation method thereof	201310586545.0	Invention	Nanjing Environmental Protection	PRC	August 17, 2016
457.	A water treatment system of thermal power plant	201620517842.9	Utility model	Water Engineering & Technology Company / The Company	PRC	October 12, 2016

As of the Latest Practicable Date, the Company had applied for the registration of the following patents which we consider to be material to our business in the PRC, the registration of which has not yet been granted:

No.	Patent Name	Application No.	Category	Patent Applicant	Application Date
1.	Equal temperature difference principle-based boiler exhaust smoke waste heat recovery system	201410541947.3	Invention	The Company; Energy Management Company	October 2, 2014
2.	A boiler high-temperature gas- line switching apparatus and method	201410820553.1	Invention	The Company	December 25, 2014
3.	Prevent new deflector wall of denitrification catalyst reactor worn	201510026053.5	Invention	The Company	January 19, 2015

No.	Patent Name	Application No.	Category	Patent Applicant	Application Date
4.	Coal economizer capable of improving low-load operation University, denitrification capability of SCR system	201410079471.6	Invention	Southeast University; Nanjing Environmental Protection	March 5, 2014
5.	Gas mixer arranged in gas channel and gas mixing device composed of gas mixer	201410075112.3	Invention	Southeast University; Nanjing Environmental Protection	March 3, 2014
6.	Lifting device of reactor system for denitrification catalyst activity detection	201510072449.3	Invention	Nanjing Environmental Protection	February 12, 2015
7.	Burning-out air and secondary air adjusting device of pulverized coal boiler	201410182923.3	Invention	Energy Management Company	April 27, 2014
8.	Material of chimney with flame-retardant and anti-corrosive glass fiber reinforced plastic structure	201410149402.8	Invention	Hengtong Mechanical	April 12, 2014
9.	Closed circulating water device	201510405090.7	Invention	The Company	July 10, 2015
10.	Control methods and control system for the automatic circuit for denitrification and supply of ammonia of coal-fired power plants	201510459723.2	Invention	The Company	July 30, 2015
11.	Pre-dust removal device for the cloth bag dust remover	201510542500.2	Invention	The Company	August 28, 2015
12.	Pre-dust removal device for the cloth bag dust remover	201520664235.0	Utility model	The Company	August 28, 2015
13.	Spiral discharging equipment for spherical storage tanks	201510546428.0	Invention	The Company	August 31, 2015

No.	Patent Name	Application No.	Category	Patent Applicant	Application Date
14.	Desulfurization spraying tower	201510595863.2	Invention	The Company	September 17, 2015
15.	Diameter-variable desulfurization tower	201510595909.0	Invention	The Company	September 17, 2015
16.	Desulfurization absorption tower	201510661353.0	Invention	The Company	October 12, 2015
17.	Twin towers two-way sprinkling multi-cycle desulfurization absorption tower	201510604107.1	Invention	The Company	September 21, 2015
18.	Highly efficient desulfurization absorption tower	201510604136.8	Invention	The Company	September 21, 2015
19.	Highly efficient membrane distillation method and device	201510497287.8	Invention	The Company	August 13, 2015
20.	Integrated heat transfer device for wet-process desulfurization system application	201510393952.9	Invention	The Company	July 7, 2015
21.	Heat transfer device for wet-process desulfurization system application	201510394054.5	Invention	The Company	July 7, 2015
22.	Desulfurization efficiency enhancement in turbulent flow pipe gate tower	201510316288.8	Invention	The Company	June 10, 2015
23.	Highly efficient desulfurization of sea water quality recovery method and system	201510393928.5	Invention	The Company	July 7, 2015
24.	Flue gas SCR denitrification of urea catalytic hydrolysis of ammonia system and method	201510487520.4	Invention	The Company; Tsinghua University	August 10, 2015

No.	Patent Name	Application No.	Category	Patent Applicant	Application Date
25.	Hydrolysis reactor and method with two-chamber urea catalytic heating	201510487560.9	Invention	The Company; Tsinghua University	August 10, 2015
26.	Ammonia absorption treatment device and method	201510487875.3	Invention	The Company; Tsinghua University	August 10, 2015
27.	Hydraulic dumper with frozen coal crushing device	201510567508.4	Invention	The Company; Dalian Sanfeng Port Machinery Co., Ltd.; China Datang Corporation Science and Technology Research Institute Co., Ltd.	September 8, 2015
28.	Exhaust smoke waste heat recovery system for boilers of coal-fired power plants	201410541943.5	Invention	The Company; Energy Management Company	October 2, 2014
29.	Exhaust smoke waste heat recovery system for boilers of coal-fired power plants using the heater drain system	201510344982.0	Invention	The Company; Energy Management Company	June 17, 2015
30.	Feed-water heating system for improved denitrification	201510344983.5	Invention	The Company; Energy Management Company	June 17, 2015
31.	Exhaust smoke waste heat recovery system for boilers with the addition of heat exchanger(s)	201510344984.X	Invention	The Company; Energy Management Company	June 17, 2015
32.	A new and efficient method and apparatus for membrane distillation	201510230475.4	Invention	The Company	May 7, 2015
33.	Apparatus and method for preparing ammonia through urea pyrolysis	201510338332.5	Invention	The Company	June 17, 2015

No.	Patent Name	Application No.	Category	Patent Applicant	Application Date
34.	Collection device for condensed acid droplets from flue gas for glass fiber reinforced plastic inner chimneys	201510405521.X	Invention	The Company	July 10, 2015
35.	Collection device for condensed acid droplets from flue gas for glass fiber reinforced plastic inner chimneys	201510405739.5	Invention	The Company	July 10, 2015
36.	Quick-connecting structure for glass fiber reinforced plastic chimneys	201510405598.7	Invention	The Company	July 10, 2015
37.	Desulfurization wastewater zero-discharge treatment device and method	201610082163.8	Invention	The Company	February 5, 2016
38.	Desulfurization wastewater softening treatment device and method	201610080961.7	Invention	The Company	February 5 2016
39.	A new desulfurization wastewater zero-discharge treatment device and method	201610081217.9	Invention	The Company	February 5, 2016
40.	A desulfurization wastewater zero-discharge treatment device and method	201610081218.3	Invention	The Company	February 5, 2016
41.	A desulfurization wastewater condensed treatment device and method	201610081302.5	Invention	The Company	February 5, 2016
42.	A desulfurization wastewater softening treatment device and method	201610081294.4	Invention	The Company	February 5, 2016
43.	A flue gas composition measuring device for large flues of all sizes	201610080879.4	Invention	The Company	February 4, 2016

No.	Patent Name	Application No.	Category	Patent Applicant	Application Date
44.	Performance testing device for flue gas pollution treatment equipment	201610080486.3	Invention	The Company	February 4, 2016
45.	A performance testing device for flue gas pollution treatment equipment	201610080508.6	Invention	The Company	February 4, 2016
46.	A flue gas composition measuring device for non-uniform flow fields	201610079912.1	Invention	The Company	February 4, 2016
47.	A flue gas composition measuring method and system	201610080482.5	Invention	The Company	February 4, 2016
48.	A deflector inside AIG downstream turning flues	201620406566.9	Utility model	The Company	May 6, 2016
49.	A filtration cloth automatic tensioning device for vacuum leather belt dehydrator	201620313300.X	Utility model	The Company	April 14, 2016
50.	A desulfurization sewage treatment device and method with low-sludge discharge	201610115871.7	Invention	The Company	March 1, 2016
51.	A flue gas measuring device	201610191655.0	Invention	The Company	March 30, 2016
52.	A flue-type denitrification device	201620249816.2	Utility model	The Company	March 29, 2016
53.	A connecting structure between the slurry spraying pipeline and the nozzle for the desulfurization absorption tower	201510444733.9	Invention	The Company	July 27, 2017
54.	A desulfurization spraying tower	201510983279.4	Invention	The Company	September 17, 2015
55.	A desulfurization sea water quality recovery device and method	201510900349.5	Invention	The Company	December 10, 2015

No.	Patent Name	Application No.	Category	Patent Applicant	Application Date
56.	A desulfurization seawater recovery device and recovery method based on pure oxygen aeration	201510900228.0	Invention	The Company	December 10, 2015
57.	A desulfurization sea water quality recovery device and method without secondary pollution	201510900348.0	Invention	The Company	December 10, 2015
58.	A water treatment dosing digital online control system	201610007060.5	Invention	The Company	January 5, 2016
59.	SFLA-SVM-based online dosing control method for digital water treatment islands	201610015833.4	Invention	The Company	January 11, 2016
60.	An integrated dustless sieving and crushing machine	201610060530.4	Invention	The Company; Guangxi Yilongsheng Technology Co., Ltd. (廣西益隆盛科技有限公司)	January 28, 2016
61.	A desulfurization wastewater softening treatment device method	201610076010.2	Invention	The Company	February 3, 2016
62.	A desulfurization wastewater flue gas softening pre-treatment device and pre-treatment method	201610074637.4	Invention	The Company	February 3, 2016
63.	An integrated dustless sieving and crushing machinery equipment	201610061098.0	Invention	The Company; Guangxi Yilongsheng Technology Co., Ltd. (廣西益隆盛科技有限公司)	January 28, 2016

No.	Patent Name	Application No.	Category	Patent Applicant	Application Date
64.	An integrated variable-frequency machine for dustless sieving and crushing	201610061534.4	Invention	The Company；Guangxi Yilongsheng Technology Co., Ltd. (廣西益隆盛科技有限公司)	January 28, 2016
65.	A side outflow desulfurization tower	201610066953.7	Invention	The Company	January 29, 2016
66.	A desulfurization prewash reaction device	201610065153.3	Invention	The Company	January 29, 2016
67.	An ejection desulfurization reaction device	201610066915.1	Invention	The Company	January 29, 2016
68.	A desulfurization dust removal device	201610065456.5	Invention	The Company	January 29, 2016
69.	A highly efficient multi-functional flue gas emission device for absorption towers	201610086294.3	Invention	The Company	February 15, 2016
70.	A highly efficient spoiling stirring device for slurry tanks	201610086647.X	Invention	The Company	February 15, 2016
71.	A two-stage stirring device for absorption towers	201610086160.1	Invention	The Company	February 15, 2016
72.	A highly efficient desulfurization wastewater softening treatment device and method	201610075958.6	Invention	The Company	February 3, 2016
73.	A desulfurization wastewater softening treatment device and method	201610075040.1	Invention	The Company	February 3, 2016
74.	A desulfurization wastewater softening pre-treatment device and method	201610076008.5	Invention	The Company	February 3, 2016

No.	Patent Name	Application No.	Category	Patent Applicant	Application Date
75.	A desulfurization wastewater flue gas softening pre-treatment device and pre-treatment method	201610075039.9	Invention	The Company	February 3, 2016
76.	An airflow uniform-distributing plate desulfurization tower	201610178749.4	Invention	The Company	March 25, 2016
77.	A laser coal stocktaking device coal stocktaking method	201610177131.6	Invention	The Company；Hunan Super Information Co., Ltd. (湖南先步信息股份有限公司)	March 24, 2016
78.	A tier-two highly efficient arc-shaped dust removal equalizing device for box-type desulfurization towers	201610176960.2	Invention	The Company	March 24, 2016
79.	A tier-two gas-liquid equalizing device for box-type desulfurization towers	201610176938.8	Invention	The Company	March 24, 2016
80.	A highly efficient dust removal equalizing device for box-type desulfurization towers	201610176929.9	Invention	The Company	March 24, 2016
81.	A highly efficient gas-liquid equalizing device for box-type desulfurization towers	201610176936.9	Invention	The Company	March 24, 2016
82.	A denitrification reaction device	201610197170.2	Invention	The Company	March 31, 2016
83.	A high-temperature bypass device for denitrification economizers	201610201281.6	Invention	The Company	March 31, 2016

No.	Patent Name	Application No.	Category	Patent Applicant	Application Date
84.	A flue multi-stage evaporation treatment device and method for desulfurization wastewater	201610232671.X	Invention	The Company	April 14, 2016
85.	A combined material level measuring device	201610282408.1	Invention	The Company	April 29, 2016
86.	An anti-blocking multi-stage combined material level measuring device	201610281599.X	Invention	The Company	April 29, 2016
87.	An anti-blocking two-stage material level measuring device	201610282407.7	Invention	The Company	April 29, 2016
88.	An anti-blocking differential pressure measuring device for spraying layers	201610281565.0	Invention	The Company	April 29, 2016
89.	A horizontal SCR denitrification reactor	201610282627.X	Invention	The Company	April 29, 2016
90.	A double-chamber reactor for SCR denitrification	201610284217.9	Invention	The Company	April 29, 2016
91.	A differentiated ammonia-spraying reactor and ammonia-spraying method for SCR denitrification	201610284211.1	Invention	The Company	April 29, 2016
92.	A fire safety device for circular coal yards	201620238249.0	Utility model	The Company； Hunan Super Information Co., Ltd. (湖南先步信息股份有限公司)	March 24, 2016
93.	A sodium hypochlorite dosing device for desulfurization wastewater purification	201620240297.3	Utility model	The Company	March 25, 2016
94.	A waste liquid collection system for SO_3 removal	201621112337.2	Utility model	The Company	October 11, 2016

No.	Patent Name	Application No.	Category	Patent Applicant	Application Date
95.	Absorbent solution back pressure reflux transportation system for furnace flue gas wet denitrification	201621116704.6	Utility model	The Company	October 12, 2016
96.	An absorbent solution transportation system for furnace flue gas wet denitrification	201621116703.1	Utility model	The Company	October 12, 2016
97.	An auxiliary equipment for spiral reclamation and a spiral reclaimer	201621100349.3	Utility model	The Company	September 30, 2016
98.	A new tail vehicle coupling system	201621063799.X	Utility model	The Company	September 19, 2016
99.	A variable-frequency control system for low-voltage electric motor	201621054198.2	Utility model	The Company	September 13, 2016
100.	A pallet device for desulfurization absorption tower and a desulfurization absorption tower	201610814058.9	Invention	The Company	September 9, 2016
101.	A desulfurization absorption tower	201621066604.7	Utility model	The Company	September 20, 2016
102.	A guide trough for reclaimers	201621110114.2	Utility model	The Company	October 10, 2016
103.	A pitch angle detecting device	201621110713.4	Utility model	The Company	October 10, 2016
104.	A switchback tail vehicle power supply device	201621110362.7	Utility model	The Company	October 10, 2016
105.	Crane anti-collision device for shiploaders	201621110711.5	Utility model	The Company	October 10, 2016
106.	An bubbling analog device for limestone-wet gypsum desulfurization	201621044838.1	Utility model	The Company	September 8, 2016

No.	Patent Name	Application No.	Category	Patent Applicant	Application Date
107.	A heat resistant device for high-pressure steam pipeline in power plants	201621037693.2	Utility model	The Company	September 5, 2016
108.	A new recycling system for working medium in urea area	201621038863.9	Utility model	The Company	September 5, 2016
109.	A new waste heat recycling system for heat source from urea hydrolysis	201621038996.6	Utility model	The Company	September 5, 2016
110.	A pallet device for desulfurization absorption tower and a desulfurization absorption tower	201621047022.4	Utility model	The Company	September 9, 2016
111.	A new integrated pipe rack	201620944747.7	Utility model	The Company	August 25, 2016
112.	A new wall-mounted pipe rack	201620947561.7	Utility model	The Company	August 25, 2016
113.	A sampling device for liquid drops in flue gas for coal-fired power plants	201621111144.5	Utility model	The Company	October 10, 2016
114.	Automatic transformation system for bucket-wheel reclaimers and switchback tail vehicles	201620947605.6	Utility model	The Company	August 25, 2016
115.	A new pressure monitoring system for wagon-pressing mechanism and wagon-closing mechanism of car dumpers	201620999386.6	Utility model	The Company	August 30, 2016
116.	A new pitch angle monitoring system for cylinder pressure	201620998569.6	Utility model	The Company	August 30, 2016
117.	A new on-track detection system for drifting platform of car dumpers	201621026189.2	Utility model	The Company	August 31, 2016

No.	Patent Name	Application No.	Category	Patent Applicant	Application Date
118.	A wet desulfurization tower	201621031873.X	Utility model	The Company	August 31, 2016
119.	Push-in type roller bearing grease lubrication system	201621030470.3	Utility model	The Company	August 31, 2016
120.	A fixed structure of high-temperature flue rod for denitrification	201621066605.1	Utility model	The Company	September 20, 2016
121.	A fixed structure of high-temperature flue rod for denitrification	201610833921.5	Invention	The Company	September 20, 2016
122.	New PH measuring system for absorption towers	201621047000.8	Utility model	The Company	September 9, 2016
123.	Oxidation air spray gun for desulfurization absorption towers	201621066647.5	Utility model	The Company	September 20, 2016
124.	Oxidation air spray gun for desulfurization absorption towers	201610833923.4	Invention	The Company	September 20, 2016
125.	A highly efficient oxidation air spray gun	201621066603.2	Utility model	The Company	September 20, 2016
126.	A new lubricating oil cooling device for reducers	201621032441.0	Utility model	The Company	August 31, 2016
127.	A anti-backwash device for oxidation ducts for wet-process flue gas desulfurization	201621038997.0	Utility model	The Company	September 5, 2016
128.	Online external flushing system for absorption tower demisters	201620936855.X	Utility model	The Company	August 24, 2016
129.	A mud level meter for clarifiers	201620977983.9	Utility model	The Company	August 29, 2016
130.	A ultrasonic level meter measuring system for high-temperature liquid measurement	201620936459.7	Utility model	The Company	August 24, 2016

No.	Patent Name	Application No.	Category	Patent Applicant	Application Date
131.	Cu/SAPO-34 molecular sieve catalyst and the preparation method and application thereof	201610741146.0	Invention	The Company	August 26, 2016

(c) Software Copyrights

As of the Latest Practicable Date, the Company had obtained the following key software copyrights in the PRC:

No.	Name of Copyright	Copyright Certificate No.	Licensee	Date of Initial Publication
1.	Energy-saving diagnosis of typical 600 MW air-cooled unit V1.0	R.Z.D.Z. No. 0646687	The Company; Energy Management Company	August 8, 2013
2.	Typical 300MW heat supply unit energy conservation diagnosis software V1.0	R.Z.D.Z. No. 0644455	The Company; Energy Management Company	August 8, 2013
3.	Datang wet desulfurization software for exhaust gas of thermal power plant V1.0	R.Z.D.Z. No. 0423724	The Company	April 6, 2012
4.	Datang intelligent water condensate polishing software for thermal power plant V1.0	R.Z.D.Z. No. 0422095	The Company	April 15, 2012
5.	Datang desulfurization simulation processing software set V1.0	R.Z.D.Z. No. 0423095	The Company	April 12, 2012
6.	Datang denitrification software for thermal power plant V1.0	R.Z.D.Z. No. 0423863	The Company	April 23, 2012

No.	Name of Copyright	Copyright Certificate No.	Licensee	Date of Initial Publication
7.	Datang intelligent control software for coal transfer of thermal power plant V1.0	R.Z.D.Z. No. 0423607	The Company	April 14, 2012
8.	Datang waste gas quality real-time measurement and control software V1.0	R.Z.D.Z. No. 0423580	The Company	April 18, 2012
9.	Datang lime stone slurry desulfurization software V1.0	R.Z.D.Z. No. 0423728	The Company	April 10, 2012
10.	Datang intelligent wet desulfurization controlling software V1.0	R.Z.D.Z. No. 0423599	The Company	April 4, 2012
11.	Unrolled lime stone (powder) taper hopper calculating and graphic software V1.0	R.Z.D.Z. No. 0432411	The Company	April 30, 2012
12.	Fixed pulse-jet cloth bag dust remover calculation software V1.0	R.Z.D.Z. No. 0443870	The Company	May 30, 2012
13.	SCR denitrification reactor steel quantity calculation software V1.0	R.Z.D.Z. No. 0622690	The Company	April 30, 2013
14.	DE-PSIWM Multi-projects security intelligent alarm platform software (DE-PSIWM) V2.0	R.Z.D.Z. No. 0651471	The Company	July 25, 2013

No.	Name of Copyright	Copyright Certificate No.	Licensee	Date of Initial Publication
15.	DE-AID Interface drive software set for continuous monitoring adapter of flue gas (DE- AID for CEMS) V2.0	R.Z.D.Z. No. 0652855	The Company	March 1, 2013
16.	DE-PSM Digital environmental protection multi-projects coordination management software (DE-PSM) V2.0	R.Z.D.Z. No. 0652218	The Company	June 27, 2013
17.	DE-LPM Large-scale project engineering management platform software (DE-LPM) V2.0	R.Z.D.Z. No. 0652848	The Company	August 23, 2013
18.	SCR Flue Gas Denitrification Simulation Platform Software Based on MATLAB [Abbrev: SCR Simulation Platform Software] V1.0	R.Z.D.Z. No. 0791021	Nanjing Environmental Protection; Southeast University	\(1)
19.	SCR Denitrification System Design Computing Software V1.0	R.Z.D.Z. No. BJ28445	Technologies & Engineering Company	April 23, 2010
20.	Limestone-wet Gypsum Desulfurization System Material Balance Computing Software V1.0 [Abbrev: Material Balance Computing Software]	R.Z.D.Z. No. BJ14271	Technologies & Engineering Company	February 20, 2008

No.	Name of Copyright	Copyright Certificate No.	Licensee	Date of Initial Publication
21.	Dry Slag and Slag Removal Circuit Design Simulation Software V1.0	R.Z.D.Z. No. BJ26749	Hengtong Mechanical	November 25, 2009
22.	Dry Slag and Slag Removal Alarming Historical Information Record Software V1.0	R.Z.D.Z. No. BJ26748	Hengtong Mechanical	November 17, 2009
23.	Dry Slag and Slag Removal PLC Programming Software V1.0	R.Z.D.Z. No. BJ26747	Hengtong Mechanical	July 21, 2009
24.	Dry Slag and Slag Removal Monitoring System Software V1.0	R.Z.D.Z. No. BJ26746	Hengtong Mechanical	July 21, 2009
25.	Wet Slag and Slag Removal PLC Programming Software V1.0	R.Z.D.Z. No. BJ26745	Hengtong Mechanical	May 12, 2009
26.	Wet Slag and Slag Removal Monitoring System Software V1.0	R.Z.D.Z. No. BJ26744	Hengtong Mechanical	May 8, 2009
27.	Power Automation System V1.0	R.Z.D.Z. No. 0488322	Hengtong Mechanical	November 16, 2011
28.	Dry Slag Removal Machine Program Control System V1.0	R.Z.D.Z. No. 0488083	Hengtong Mechanical	March 2, 2012
29.	Pipe Conveyor Power Control System V1.0	R.Z.D.Z. No. 0488129	Hengtong Mechanical	May 6, 2010
30.	Material Transportation Control System V1.0	R.Z.D.Z. No. 0488081	Hengtong Mechanical	September 11, 2012
31.	Pipe Conveyor Sampling System V1.0	R.Z.D.Z. No. 0488297	Hengtong Mechanical	December 7, 2010

No.	Name of Copyright	Copyright Certificate No.	Licensee	Date of Initial Publication
32.	Conveyor Belt Centralized Control System V1.0	R.Z.D.Z. No. 0488119	Hengtong Mechanical	April 4, 2011
33.	A computing process software of qualified Green's function for seepage and heat transfer in the fractured rock under the condition of partial heat source	R.Z.D.Z. No. 1378959	The Company	March 31, 2015
34.	T-PCC Datang Engineering Project Comprehensive Management and Control Platform [T-PCC] V1.0	R.Z.D.Z. No. 1227199	The Company; Beijing Hailanchao Culture Media Company Ltd. (北京海藍潮文化傳媒有限公司)	October 20, 2015
35.	Elliptical Stress Path Expansion Automatic Drawing Software V1.0	R.Z.D.Z. No. 1139669	The Company	November 30, 2014
36.	Plate-type Flue Gas Denitrification Catalysts Product Design Computing Software V1.0	R.Z.D.Z. No. 1199606	Nanjing Environmental Protection	November 20, 2015
37.	Pipe Conveyor Remote Monitoring System V1.0	R.Z.D.Z. No. 1169448	Hengtong Mechanical; Shandong Sino-Swisstrical Electrical Co., Ltd	August 14, 2015

No.	Name of Copyright	Copyright Certificate No.	Licensee	Date of Initial Publication
38.	Dry Slag Extractor Remote Supervisory System V1.0	R.Z.D.Z. No. 1169275	Hengtong Mechanical; Shandong Sino-Swisstrical Electrical Co., Ltd	September 25, 2015
39.	Chimney Anti-Corrosion Construction On-site Management System V1.0	R.Z.D.Z. No. 1169144	Hengtong Mechanical; Shandong Sino-Swisstrical Electrical Co., Ltd	November 20, 2015
40.	Computing Program Software V1.0 For Seepage Flow Under Heat Source Distribution - Heat Transfer Coupling Under Green'S Function	R.Z.D.Z. No. 1378969	The Company	March 31, 2015
41.	Pipe Orifice Automatic Position Drawing Software For Expanded View Of Side Wall Panels Of Absorption Tower V1.0	R.Z.D.Z. No. 1443626	Technologies & Engineering Company	July 15, 2016
42.	Chimney Anti-Corrosion Construction On-site Management System (Abbrev:JC1100) V1.0	R.Z.D.Z. No. 1425250	Hengtong Mechanical/ Zibo Zhongrui Automatic Control System Engineering Co., Ltd. (淄博中瑞自動化控制系統工程有限公司)	May 10, 2016

No.	Name of Copyright	Copyright Certificate No.	Licensee	Date of Initial Publication
43.	On-Line Monitoring Systems For Equipment (abbrev:JC1300) V1.0	R.Z.D.Z. No. 1425209	Hengtong Mechanical/ Zibo Zhongrui Automatic Control System Engineering Co., Ltd. (淄博中瑞自動化控制系統工程有限公司)	May 10, 2016
44.	Video Monitoring Management Platform (Abbrev:JC1200) V1.0	R.Z.D.Z. No. 1422754	Hengtong Mechanical/ Zibo Zhongrui Automatic Control System Engineering Co., Ltd. (淄博中瑞自動化控制系統工程有限公司)	May 10, 2016

Note:

(1) The software copyright was completed on April 12, 2014; as of the Latest Practicable Date, the patent was not yet published.

(d) Domain Name

As of the Latest Practicable Date, the Group had registered the following domain names:

No.	Domain Name	Holder of Registration	Expiry Date
1.	dteg.cn	The Company	May 8, 2021
2.	dteg.com.cn	The Company	May 8, 2021
3.	dthj.com.cn	The Company	April 25, 2021
4.	dete.com.cn	The Company	March 10, 2022
5.	dtig.com.cn	The Company	September 26, 2017
6.	dtti.com.cn	The Company	January 2, 2017

No.	Domain Name	Holder of Registration	Expiry Date
7.	大唐科技.cn	The Company	June 4, 2023
8.	cdte.com.cn	Technologies & Engineering Company	September 3, 2017
9.	cdt-kjcy.com	The Company	March 12, 2017
10.	dteg.cloud	The Company	April 29, 2021
11.	dthj.cloud	The Company	April 29, 2021
12.	大唐科技 (Wireless)	The Company	January 23, 2024
13.	大唐科技.cc	The Company	October 29, 2024
14.	大唐科技.tm	The Company	January 23, 2024
15.	大唐科技產業 (Wireless)	The Company	October 27, 2024
16.	大唐科技產業.cc	The Company	October 29, 2024
17.	大唐科技產業.cn	The Company	October 29, 2024
18.	大唐科技產業.com	The Company	October 29, 2024
19.	大唐科技產業.net	The Company	October 29, 2024
20.	大唐科技產業.tm	The Company	January 23, 2024
21.	大唐科技產業.PRC	The Company	October 29, 2024
22.	大唐科技工程.cc	The Company	October 29, 2024
23.	大唐科技工程.cn	The Company	October 29, 2024
24.	大唐科技工程.com	The Company	October 29, 2024
25.	大唐科技工程.net	The Company	October 29, 2024
26.	大唐科技工程.PRC	The Company	October 29, 2024

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Disclosure of interests and short positions of the Directors, Supervisors and chief executives of our Company in the issued Shares of our Company and its associated corporations

To the best knowledge of our Directors, immediately following completion of the Global Offering (regardless of the exercise of the Over-allotment Option or not), none of the Directors, Supervisors and chief executives of our Company has any interest and/or short position in the shares, underlying shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix X to the Listing Rules to be notified to our Company and the Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors and chief executives).

(b) Interests and short positions of substantial Shareholders in the Shares and underlying Shares

To the best of the knowledge of our Directors, the following person(s) will, immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have an interest or short position in the Shares or underlying shares which are required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of the Company:

			Immediately after the Global Offering (assuming the Over-allotment Option is not exercised)			Immediately after the Global Offering (assuming the Over-allotment Option is fully exercised)		
Shareholder(s)	Nature of interest	Class	Number of shares held directly or indirectly	Approximate percentage of shareholding in the relevant class of Shares of the Company(1)	Approximate percentage of total interest of the Company(2)	Number of shares held directly or indirectly	Approximate percentage of shareholding in the relevant class of Shares of the Company(1)	Approximate percentage of total interest of the Company(3)
China Datang(4)	Beneficial owner	Domestic shares	2,346,000,000	100%	79.80%	2,337,900,000	100%	77.39%
NSSF	Beneficial owner	H Shares	54,000,000	9.1%	1.84%	62,100,000	9.1%	2.06%

Notes:

(1) The calculation is based on the percentage of shareholding in Domestic Shares (excluding 54,000,000 H Shares (assuming the Over-allotment Option is not exercised) or 62,100,000 H Shares (assuming the Over-allotment Option is fully exercised) to be converted from Domestic Shares and held by the NSSF) (as applicable) of the Company after the Global Offering.

(2) The calculation is based on the total number of 2,940,000,000 Shares in issue immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

(3) The calculation is based on the total number of 3,021,000,000 Shares in issue immediately after the Global Offering (assuming the Over-allotment Option is fully exercised).

(4) As of the Latest Practicable Date, China Datang holds beneficial interests of 2,400,000,000 Domestic Shares. China Datang directly holds 2,376,000,000 Domestic Shares. Meanwhile, China Datang holds 100% equity interest in Capital Holdings. China Datang is therefore deemed to be interested in the 24,000,000 Domestic Shares held by Capital Holdings.

(c) Equity interests in other subsidiaries of our Company

So far as the Directors, Supervisors or chief executives are aware, as of the date of this prospectus, the following persons (other than our Company) directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Subsidiaries	Name of Shareholder	Approximate Percentage of Equity Interest
Technologies & Engineering Company	China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd. (中國水利電力物資集團有限公司)	23%
Technologies & Engineering Company	Centre Industrial Development Corporation (欣正實業發展總公司)	10%
Energy Saving Technology Company	Beijing Mingwa Energy Saving & Environmental Protection Technologies Co., Ltd. (北京明娃節能環保科技有限公司)	35%
Hengtong Mechanical(1)	Beijing Henghong Huanke Material Conveying Technologies Co., Ltd. (北京恒通環科物料輸送技術有限公司)	20%
Tiandi Environmental Protection	Zhejiang Tiandi Environmental Protection Engineering Co., Ltd. (浙江天地環保工程有限公司)	35%

Note:

(1) As of the Latest Practicable Date, registration of transfer of 20% equity interest in Hengtong Mechanical from Beijing Hengtong to our Company with competent PRC authorities had not been completed.

2. Directors' and Supervisors' Service Contracts

Except Mr. Liu Guangming, Mr. Liang Yongpan and Mr. Gao Jiaxiang, each of the Directors entered into a service contract with our Company on August 31, 2015. Each of Mr. Liu Guangming, Mr. Liang Yongpan and Mr. Gao Jiaxiang entered into a service contract with our Company on April 29, 2016. According to the Articles of Association, the term of office is three years. The principal particulars of these service contracts comprise (a) the term of office commencing from the effective date of their appointments to the date of the next Shareholder's general meeting for the re-election of Directors, and (b) termination provisions in accordance with their respective terms. Service contracts can be renewed in accordance with the Articles of Association and applicable regulations.

Each of the Supervisors entered into a contract with our Company in respect of (among other things) of compliance with the relevant laws, regulations, the Articles of Association and relevant provisions applicable to arbitrations on August 31, 2015.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without any payment of compensation (other than statutory compensation)).

3. Remuneration of Directors and Supervisors

The aggregate amounts of remuneration (including fees, salaries, pension-defined contribution, discretionary bonuses, housing allowances and other allowances and benefits in kind) paid to the Directors and Supervisors for the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016 were approximately RMB0.58 million, RMB0.69 million, RMB2.02 million and RMB1.33 million, respectively.

Save as disclosed in this prospectus, no other payments have been paid or are payable by any member of our Group to the Directors and Supervisors for the three years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016.

Under arrangements in force as of the date of this prospectus, the aggregate remuneration (including benefits in kind and discretionary bonuses) payable to the Directors and Supervisors for the year ending December 31, 2016 are estimated to be approximately RMB2.25 million.

4. Directors' Competitive Interests

Save as disclosed in the sections headed "Directors, Supervisors and Senior Management" and "Relationship with Our Controlling Shareholder" in this prospectus, none of the Directors is interested in any business which competes or may compete directly or indirectly with our business.

5. Personal Guarantee

None of the Directors and Supervisors provides personal guarantee in favor of the lender in respect of any bank financing granted to us.

6. Agency Fees or Commissions Received

Save in connection with the Underwriting Agreements, no commissions, discounts, agency fees, brokerages or other special terms were granted in connection with the issue or sale of any share or lending capital of our Company or any of its subsidiaries within the two years preceding the date of this prospectus.

7. Related Party Transactions

The material related party transactions we entered into within the two years preceding the date of this prospectus are detailed in note 37 of the financial information in the Accountants' Report set out in Appendix I in this prospectus.

8. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors, Supervisors and chief executives of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO upon the listing of H Shares on the Stock Exchange (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors;

(b) our Directors and chief executive of our Company are not aware of any person who has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO upon the listing of H Shares on the Stock Exchange, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of the Directors, Supervisors or parties referred to under the section headed "D. Other Information — 6. Qualification of Experts" in this Appendix is interested in the promotion of our Company, or has any interest in any assets which have been, within the two years preceding the date of this prospectus, acquired or disposed of by or leased to, our Company, or are proposed to be acquired or disposed of by or leased to our Company;

(d) save as disclosed in this prospectus or the Underwriting Agreement, none of the Directors, Supervisors or parties referred to under the section headed "D. Other Information — 6. Qualification of Experts" in this Appendix is materially interested in any contract or arrangement at the date of this prospectus which is significant to the business of our Group;

(e) save in connection with the Underwriting Agreement, none of the parties referred to under the section headed "D. Other Information — 6. Qualification of Experts" in this Appendix (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for the securities of any member of our Group;

(f) as of the Latest Practicable Date, none of the Directors, Supervisors, their respective close associates (within the meaning of the Listing Rule), or any of the Shareholders who, to the knowledge of our Directors, owns more than 5% of our issued share capital, had any interest in any of our top five suppliers and top five customers; and

(g) for the three years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, none of the Directors or Supervisors has been paid in cash or shares or otherwise by any person as an inducement to join or upon joining the Company, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that material liability for estate duty is not likely to fall upon our Company or any of its subsidiaries.

2. Litigation

During the Track Record Period and as of the Latest Practicable Date, Save as disclosed in this prospectus, no member of our Group is involved in any material litigation, arbitration or claim, and so far as the Directors are aware, no such material litigation, arbitration, or claim is pending or threatened against our Group which will have a material adverse effect on our business, financial position and operating result.

3. Restriction on Share Repurchase

For details, please refer to the section headed Appendix V "Summary of Articles of Association — 10. Power of the Company to Repurchase its Own Shares."

4. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, our H Shares (including any Offer Shares which may be issued upon the exercise of the Over-allotment Option). All necessary arrangements have been made to enable the H Shares to be admitted into CCASS. Sole Sponsor is entitled to receive a total amount of USD0.4 million as sponsor fees to act as the Sole Sponsor in the Global Offering.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

5. Preliminary Expenses

Our preliminary expenses are approximately RMB2,467,000 and are payable by our Company.

6. Qualification of Experts

The qualifications of the experts (for definitions, please see the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) which have given their opinions or advice in this prospectus are as follows:

Name	Qualification
CITIC CLSA Capital Markets Limited	Licensed to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants
Zhong Lun Law Firm	PRC legal advisor
Frost & Sullivan (Beijing) Inc. Shanghai Branch Co.	Industry consultant
Beijing Jingdu Management Consultants Co., Ltd.	Internal control consultant

7. Consents of Experts

Each of the experts mentioned in the section headed "D. Other Information — 6. Qualification of Experts" in this Appendix has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of any of its reports and/or letters and/or legal opinions (as the case may be) and the references to its name included herein in the form and context in which it is included.

None of the experts listed above has any equity interests in our Company or any of its subsidiaries or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for the securities of our Company or any of its subsidiaries.

8. Promoters

The Promoters of our Company is China Datang and Capital Holding. Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no cash, security or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospect of our Group since June 30, 2016 (being the date on which the latest audited financial statements of the Group was prepared).

11. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32 of the Laws of Hong Kong).

12. Miscellaneous

(a) Save as disclosed in this prospectus:

(i) within the two years preceding the date of this prospectus, we have not issued or agreed to issue any share or loan capital of our Company or its subsidiaries fully or partly paid either for cash or for a consideration other than cash;

(ii) within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of its subsidiaries, is under option or is agreed conditionally or unconditionally to be put under option;

(iii) within the two years preceding the date of this prospectus, no commission has been paid or payable for subscribing, agreeing to subscribe, procuring to subscribe or agreeing to procure to subscribe for any shares in our Company or any of its subsidiaries;

(iv) none of our Company or any of its subsidiaries has issued or agreed to issue any founder or management or deferred shares;

(v) the Company has no outstanding convertible debt securities or debentures; and

(vi) there is no arrangement under which future dividends are waived or agreed to be waived.

(b) Our Directors confirm that there has been no interruption in our business which may have or have had a material adverse effect on the financial position of our Company within the 12 months preceding the date of this prospectus.

(c) No part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any other stock exchange, and no such listing or permission to deal in is currently being or proposed to be sought.

(d) The Company currently does not intend to apply for the status of a sino-foreign investment joint stock limited liability company and does not expect to be subject to the Law of the PRC on sino-foreign equity joint ventures.

(e) All necessary arrangements have been made to enable the H Shares to be admitted into CCASS for clearing and settlement.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms, (ii) the written consents referred to in the section headed "Statutory and General Information — D. Other Information — 7. Consents of Experts" in Appendix VI to this prospectus and (iii) copies of the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Our Material Contracts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Kirkland & Ellis at 26/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) Articles of Association;

(b) the Accountants' Report from Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the consolidated audited financial statements of our Group for the three years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016;

(d) the report from Ernst & Young relating to the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(e) the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Our Material Contracts" in Appendix VI to this prospectus;

(f) the written consents referred to in the section headed "Statutory and General Information — D. Other Information — 7. Consents of Experts" in Appendix VI to this prospectus;

(g) the service contracts referred to in the section headed "Statutory and General Information — C. Further Information about Our Directors, Supervisors and Substantial Shareholders — 2. Directors' and Supervisors' Service Contracts" in Appendix VI to this prospectus;

(h) the legal opinions issued by Zhong Lun Law Firm, our legal advisor as to PRC law, in respect of our general matters and property interests of the Group;

(i) the PRC Company Law, the Mandatory Provisions and the Special Regulations together with their unofficial translation;

(j) the Frost & Sullivan Report referred to in the "Industry Overview" section in this prospectus; and

(k) the internal control report from our Internal Control Consultant, Beijing Jingdu Management Consultants Co., Ltd.

大唐環境產業集團股份有限公司
Datang Environment Industry Group Co., Ltd.*