綠色動力環保集團股份有限公司

Dynagreen Environmental Protection Group Co., Ltd.

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

Stock Code : 1330

INTERIM REPORT 2017

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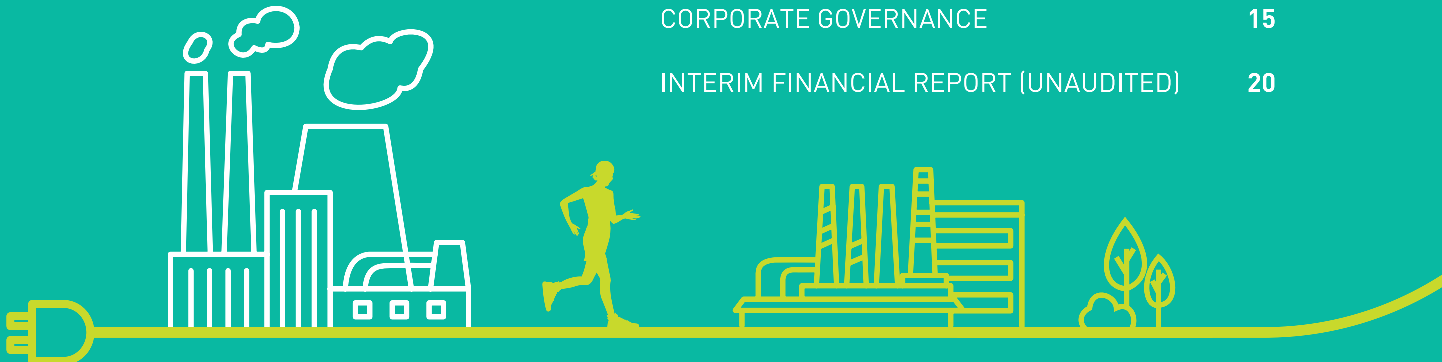

CORPORATE INFORMATION

Board of Directors

Non-executive Directors

Mr. ZHI Jun *(Chairman)*
Mr. GUO Yitao
Mr. LIU Shuguang
Mr. FENG Changzheng

Executive Directors

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

Independent non-executive Directors

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

Audit Committee

Mr. KWAN Kai Cheong *(Chairman)*
Ms. CHEN Xin
Mr. FENG Changzheng

Remuneration and Appraisal Committee

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

Nomination Committee

Mr. OU Yuezhou *(Chairman)*
Mr. FENG Changzheng
Mr. KWAN Kai Cheong

Strategy Committee

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

Supervisory Committee

Mr. LUO Zhaoguo *(Chairman)*
Mr. CAI Binquan
Ms. WANG Meilin

Joint Company Secretaries

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

Authorized Representatives

Mr. QIAO Dewei
Mr. ZHU Shuguang

Legal Advisor as to Hong Kong Law

Morrison & Foerster

Auditor

KPMG

Principal Bankers

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

Share Registrar

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

Company's Website

www.dynagreen.com.cn

Registered Office (Principal Place of Business in the PRC)

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

Principal Place of Business in Hong Kong

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

Stock Code

1330

PROJECT LAYOUT OF THE COMPANY

Boasting one of the most extensive layouts among Chinese waste-to-energy businesses, Dynagreen Environmental Protection Group Co., Ltd. focuses its waste-to-energy projects on economically developed regions in the Pearl River Delta, Yangtze River Delta and the Beijing-Tianjin-Hebei region, with coverage in central and western China as well.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Protecting the ecological environment and building a "Beautiful China" fits into the orientation of national policies and is widely advocated among members of the public. Recent years has seen a growing emphasis on environmental protection, in terms of legislation, planning and policy. Such efforts include the revision of the "Environmental Protection Law" (《環境保護法》), the formulation of the "13th Five-Year" Eco-Environmental Protection Plan (《「十三五」生態環境保護規劃》), and the rolling out of an action plan to prevent and treat air, water and soil pollution. In the face of the severe situation of environmental protection, the central government has established an inspection system for environmental protection to enforce local environmental inspection, in a bid to ensure the effective implementation of environmental laws and regulations, plans and policies. Since last year, the central environmental protection inspection team has successively inspected 23 provinces and municipalities, with a series of environmental breaches identified. The team also announced the inspection results to the public, named and reprimanded the parties concerned, and imposed punishments according to law. The inspection has served to effectively deter environmental breaches and enhance the sense of urgency for local governments to treat environmental pollution. The action has also provided fresh opportunities for the development of the environmental protection industry.

As an important part of the environmental protection industry, the waste-to-energy sector maintained its momentum in the PRC in 2017. Also in the year, the country started carrying out the "13th Five-Year Plan" for Nationwide Municipal Waste Detoxification Treatment Facilities Construction (《「十三五」全國城鎮生活垃圾無害化處理設施建設規劃》), under which a number of new projects started their tendering and construction, pushing the sector's treatment capacity to a new level. At the same time, NIMBY (Not In My Back Yard) reactions led to frequent incidents of collective actions against waste-to-energy plants, which increased the difficulty of site selection and operation of waste-to-energy plants.

Business Review

In 2017, the Group overcame difficulties with collaborative efforts, delivering fresh achievements in all aspects. In addition to Jurong Project going on-grid, the Group operated eleven projects, placing the Group in a leading position in the industry. The projects that had been put into operation "maintained stable operation and met emission standards", while the volume of waste treatment and on-grid electricity achieved new highs. On-going projects were progressing smoothly, with Miyun Project commencing construction and braving difficulties in project preparation. Fresh achievements were also seen in technological innovation, with optimized internal management.

In the first half of 2017, the Group achieved a revenue of approximately RMB985,014,000, representing an increase of 18.40% as compared to the same period last year. Specifically, construction income amounted to RMB566,787,000, representing an increase of 2.94% as compared to the same period last year; operation income amounted to RMB331,300,000, representing an increase of 57.02% as compared to the same period last year; profit before taxation was approximately RMB230,621,000, representing an increase of 14.69% as compared to the same period last year; and profit for the period was approximately RMB192,854,000, representing an increase of 16.45% as compared to the same period last year. As at 30 June 2017, the total assets and total equity of the Group amounted to approximately RMB7,061,395,000 and approximately RMB2,872,874,000, respectively.

(1) Steady and safe operation of projects under operation, meeting environmental standards, treating an aggregate of 1.75 million tons of municipal solid waste and realizing 470 million kWh of on-grid electricity

The Group constantly attaches great importance to operations management. In 2017, the Group continued its operation under the concepts of being "safe, environmental friendly, civilized and effective", while consistently raising the awareness of standardized and refined management of each operation project. This has led to outstanding results in operations management, maintaining continuous and stable production and meeting emission standards. In particular, China Association of Urban Environmental Sanitation (中國城市環境衛生協會) conferred the title "AAA Waste-to-energy Project" to our Wuhan Project and Huizhou Project, and "AA Project" to our Pingyang Project and Yongjia Project, while our Huizhou Project was awarded the "Quality Chinese Project for Electricity Engineering Award" (中國電力優質工程獎).

In the first half of 2017, the Group treated 1.75 million tons of municipal waste, representing an increase of 15% as compared to the same period in 2016. In the first half of 2017, the Group generated on-grid electricity of 470 million kWh, representing a growth of 36% as compared to the same period in 2016. As at 30 June 2017, the daily processing capacity of the Group's waste incineration was 8,550 tons.

(2) Smooth progress in project construction, with Jurong Project put into operation, Miyun Project commencing construction and Shantou Project starting pile-foundation construction

In the first half of 2017, the Group had five projects under construction, which progressed smoothly. With its construction completed, Jurong Project was put to trial operation in April 2017, while more than 90%, 70% and 45% of construction works were completed in Ninghe Straw-fed Project, Bengbu Project and Tongzhou Project, respectively. Miyun Project commenced construction in full swing, while Shantou Project commenced its pile-foundation construction. The Group also overcame difficulties during the project preparation in Bobai, Zhangqiu, Hong'an and Longhui, making new progress.

(3) Reaching new horizons in market development, attaining outstanding achievements in financing activities, and entering a new stage in technology research and development

The Group attached great importance to project development, expanded its project development team, and worked on project development with extra effort. While actively developing new projects, the Group sought to expand its existing projects or to start their second phases, as a way of project development. On 1 August, the Group formally entered into a contract for the second phase of Tongzhou Project, with a daily processing capacity of 1,700 tons. Other phase-two projects are under active negotiation.

With regard to financing, the Group strengthened its cooperation with various financial institutions, and continued to actively obtain credit facilities from banks. For the first half of 2017, the Group secured an extra RMB1.3 billion of credit facilities, including Class-B RMB loans from Asian Development Bank in an amount equivalent to US$100 million. In addition, the Group, actively expanding its financing channels, started to consider financing programs through private bonds and asset-backed securitization.

With regard to technology research and development, work has begun to research into and develop 600-ton grate incinerators to meet the demand of the Group's large-scale projects. Furthermore, the Group was engaged in industry-university research collaborations with Huazhong University of Science and Technology (HUST) and Hubei University of Technology, in respect of treating solid waste. In particular, a technical R&D center was founded together with HUST National Laboratory for Coal Combustion (華中科技大學煤燃燒國家試驗室).

(4) A bigger talent pool, a more robust incentive mechanism and refined internal management

In respect of human resources, the Group continued to strengthen external recruitment and internal training for the first half of 2017, with 278 employees recruited (including 6 individuals for mid-level management) and multiple back-up talents trained and selected. To enhance its training efforts, the Group provided special training that targeted R&D and market development staff. In addition, the Group continued to improve its performance appraisal system, optimize its appraisal measures on project companies, and introduced an incentive scheme on the second-phase works of projects in operation.

As at 30 June 2017, the Group had a total of 1,363 staff members.

In respect of internal control, the Group continued to improve the internal control system to facilitate its rapid development. According to the "Management Measures on Internal Control Evaluation", the Group carried out a self-appraisal system on internal control; strengthened its management on legal affairs to allow more participation of legal professionals in the Group's operation and management to minimize legal risks; and formulated its annual internal audit plan and conducted internal audits, with specific audits carried on its subsidiaries, key departments and key posts pursuant to the audit plan.

In respect of intellectual property rights, the Group continued to strengthen the protection of its intellectual property rights. As at 30 June 2017, 22 new patent applications were made.

Business Outlook

Industry Development Prospects

According to the "13th Five-Year Plan" for Nationwide Municipal Waste Detoxification Treatment Facilities Construction, the percentage should be lifted from 31% in 2015 to 50% in 2020, in respect of the proportion of municipal solid waste processed through incineration to such waste under detoxification treatment nationwide. As for Central and Eastern China, such percentage should exceed 60%. As for municipalities, the five cities with independent-planning status and provincial capitals, efforts should be made to achieve "zero" landfilling of raw garbage.

According to the "13th Five-Year Plan" for Nationwide Integrated Treatment of Rural Environment (《全國農村環境綜合整治「十三五」規劃》) promulgated in February 2017, there exists a serious shortage of environmental-protection infrastructure in rural areas of China, as 40% of administrative villages are still without garbage collection and treatment facilities, 78% of administrative villages have yet to establish sewage treatment facilities. Hence, the issue remains prominent when it comes to the "dirtiness, disorderliness and deficiency" of rural environment. The plan has put forward that during the 13th Five-Year Plan period, the emphasis will be on treating the pollution caused by rural domestic waste and sewage in the regions with high concentration of villages and large populations. The plan also points out that each administrative county should enforce unified management, construction and management for rural domestic waste and sewage, and areas with better resources should take the initiative to extend the facilities and services of municipal waste and sewage treatment to the rural area. Furthermore, the plan has indicated a clear direction of development for domestic waste treatment in rural areas of China, thus opening up new markets for waste treatment businesses.

In July 2017, the Ministries of Finance, Housing and Urban-Rural Development, Agriculture, and Environmental Protection jointly issued the "Circular on Fully Implementing the PPP Model in the Sewage and Waste Treatment Projects Participated by the Government" (《關於政府參與的污水、垃圾處理項目全面實施PPP模式的通知》). The Circular sets forth the full implementation of the PPP (public-private partnership) model in the new projects for sewage and waste treatment that are participated by the government, with the existing projects to be transformed into PPP-model management in an orderly manner.

As such, Chinese waste-to-energy businesses will continue to enjoy a period of great opportunities in the years to come.

Prospects of the Company's Development

The waste treatment industry still enjoys a huge market with increasingly stiff competition, while NIMBY delays the progress of project construction. By fully leveraging its advantages in talent, branding, technology and economies of scale, the Group will continue to penetrate into the waste-to-energy sector, develop new projects in multiple ways, and make every attempt to accelerate project preparation, so as to consolidate the Group's leading position in the waste-to-energy sector. In addition, the Group will steadily proceed with its A-share IPO to enter the Mainland capital market and inject new momentum into the Group's development. Meanwhile, the Group will deliver effective corporate governance, better internal control, higher efficiency and a greater foundation, to attain excellent result for the shareholders' support and trust.

As a leader in the environmental protection industry, the Group will continue to uphold its core philosophy of "generating social benefits as the primary goal and economic efficiency as the basis", work together with customers, suppliers, employees, community residents and other stakeholders to achieve a win-win outcome, and contribute its fair share to social progress, economic growth and environmental treatment.

Financial Review

Financial Position

For the first half of 2017, the Group achieved a revenue of approximately RMB985,014,000 and profit before taxation for the period of approximately RMB230,621,000. As at 30 June 2017, the Group's total assets and total liabilities amounted to approximately RMB7,061,395,000 and RMB4,188,521,000, respectively. The total equity amounted to approximately RMB2,872,874,000 and the gearing ratio (calculated as total liabilities over total assets) was approximately 59.32%, and the net asset value per share attributable to equity shareholders of the Company was approximately RMB2.75.

Administrative Expenses

For the first half of 2017, the administrative expenses of the Group amounted to approximately RMB55,294,000 (the same period in 2016: RMB44,351,000), which accounted for approximately 5.61% (the same period in 2016: 5.33%) of the turnover of Group. The year-on-year increase in administrative expenses was mainly attributable to 1) more operating companies during the period increased, which led to higher fees for external engagement services, property tax, tax on land use and surcharges compared to the same period last year; and 2) the number of management staff of the Group increasing from 227 to 265, which resulted in higher staff cost compare to the same period last year.

Finance Costs

For the first half of 2017, the finance costs for the current-period amounted to approximately RMB69,355,000, representing an increase of approximately RMB16,847,000 over the same period of the previous year. This was mainly because 2017 saw a further increase in the Company's balance of loans compared with 2016.

Income Tax

For the first half of 2017, the Group's income tax amounted to approximately RMB37,767,000 (the same period in 2016: approximately RMB35,473,000), accounting for approximately 16.38% (the same period in 2016: 17.64%) of the Group's profit before taxation. The ratio of income tax to profit before taxation declined, mainly because our Jixian Project, still in its construction period during the first half of 2016, created a considerable amount of construction profit but no such profit as at the end of the current period, which resulted in less provisioning for PRC withholding tax in this regard.

Financial Resources and Liquidity

The Group adopts prudent principles in cash and financial management to ensure proper risk management and reduction in costs of fund. It finances its operations primarily from cash flow generated internally and loans from principal bankers. As at 30 June 2017, the Group's cash balance amounted to approximately RMB679,642,000, representing an increase of RMB98,037,000 as compared to RMB581,605,000 as at the end of 2016. The increase in cash balance was mainly attributable to the large amount of cash inflows arising from financing activities and cash outflows in project construction activities.

Loans and Borrowings and Pledge of Assets

As at 30 June 2017, the Group had total outstanding borrowings of approximately RMB3,127,318,000, representing an increase of RMB504,773,000 compared with RMB2,622,545,000 as at the end of 2016. The borrowings included secured loans of RMB1,262,675,000 and unsecured loans of RMB1,864,643,000. The Group's borrowings were denominated in Renminbi and Hong Kong dollars. Most of the Group's borrowings were at floating rates. As at 30 June 2017, the Group had banking facilities in the amount of RMB6,303,155,000, of which RMB2,750,601,000 had not been utilized. Such facilities had terms ranging from 1 year to 15 years. The Group currently does not have any interest rate hedging policies. However, the management keeps monitoring the Group's interest rate risks and would consider other necessary actions when significant interest rate risks are anticipated.

Certain receivables and operating rights in connection with the Group's service concession arrangements (including intangible assets, gross amounts due from customers for contract work, and trade and other receivables) were pledged under the banking facilities. As at 30 June 2017, the book value of the pledged receivables and operating rights amounted to approximately RMB3,273,688,000.

Contingent Liabilities

The Company has issued financial guarantees in respect of the banking facilities granted to certain subsidiaries. The directors of the Company (the "Directors") do not consider it probable that a claim will be made against the Company under the guarantees. As at 31 December 2016 and 30 June 2017, the Company's maximum liability under the guarantees was the facility drawn down by the subsidiaries that amounted to RMB1,538,446,000 and RMB1,989,215,000, respectively.

Commitments

As at 31 December 2016 and 30 June 2017, the Group's outstanding purchase commitments in relation to construction contracts which had not been provided for in the Group's interim financial statements were RMB683,500,000 and RMB369,840,000, respectively.

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

	As at 30 June 2017 RMB'000	As at 31 December 2016 RMB'000
Within 1 year	**1,194**	530

Foreign Exchange Risks

The functional currency of the Group is Renminbi while a portion of funds to be remitted by the Group for the payment of overseas purchases is in the form of bank deposits denominated in Hong Kong dollars and US dollars. Therefore, it may be subject to the risks of exchange rate fluctuations of Renminbi, Hong Kong dollars and US dollars. Apart from the above, most of the assets and transactions of the Group are denominated in Renminbi, and the Group mainly settles the expenses of its domestic business with income generated in Renminbi. Thus, the Group is not exposed to any significant foreign exchange risks. The Group currently has no hedging policy with respect to foreign exchange risks.

Significant Investments, Acquisitions and Disposals

For the six months ended 30 June 2017, the Group did not make any significant investments, acquisitions or disposals in relation to its subsidiaries and associated companies.

Details of Future Material Investment and Capital Assets Planning

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

Human Resources and Remuneration Policies

As at 30 June 2017, the Group had a total of 1,363 staff members.

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

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

Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2017.

DISCLOSURE OF INTERESTS

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

As at 30 June 2017, the interests or short positions of the Directors, supervisors (the "Supervisors") and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which were taken or deemed to have under such provisions of the SFO; or (ii) which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

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

Notes:

(1) The calculation is based on the number of shares in the relevant class of shares of the Company as at 30 June 2017.

(2) The calculation is based on the total number of 1,045,000,000 shares in issue as at 30 June 2017.

(3) Gongqingcheng Jingxiu Investment Partnership (Limited Partnership) (共青城景秀投資合夥企業(有限合夥)) ("Jingxiu Investment", formerly known as Shenzhen Jingxiu Investment Partnership (Limited Partnership)) held 20,918,478 unlisted shares, representing approximately 3.27% of the unlisted share capital and approximately 2.00% of the total share capital of the Company, respectively. As Mr. Qiao Dewei is a general partner of Jingxiu Investment according to the partnership agreement of Jingxiu Investment, Mr. Qiao Dewei is deemed to be interested in the unlisted shares held by Jingxiu Investment pursuant to the SFO.

Apart from the above, none of the Directors, Supervisors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2017, as recorded in the register required to be kept under Section 352 of the SFO or as required to be notified to the Company or the Hong Kong Stock Exchange pursuant to the Model Code.

Apart from the above, at no time during the period from 1 January 2017 to 30 June 2017 was the Company or its associated corporations (within the meaning of Part XV of the SFO) a party to any arrangement to enable the Directors, Supervisors or chief executives of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of acquiring the shares in or debentures of the Company or any other body corporate.

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

Save as disclosed in the section headed "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures", as at 30 June 2017, the following shareholders had 5% or more interests or short positions in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register kept under Section 336 of the SFO:

Shareholders	Number of shares held	Capacity	Approximate percentage of shareholding in the relevant class of shares[1]	Approximate percentage of shareholding in the total share capital of the Company[2]
Beijing State-owned Assets Management Co., Ltd. ("**BSAM**")	501,189,618 unlisted shares (long position)	Beneficial owner	78.23%	47.96%
Beijing State-owned Assets Management (Hong Kong) Company Limited ("**BSAM (HK)**")[3]	24,859,792 H shares (long position)	Beneficial owner	6.15%	2.38%
BSAM[3]	24,859,792 H shares (long position)	Interest in controlled corporation	6.15%	2.38%
National Council for Social Security Fund	34,813,000 H shares (long position)	Beneficial owner	8.61%	3.33%
Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership)[4]	49,725,295 unlisted shares (long position)	Beneficial owner	7.76%	4.75%
Beijing Green Innovation Investment Company Limited[4]	49,725,295 unlisted shares (long position)	Interest in controlled corporation	7.76%	4.75%
Beijing Zhixinheng Jin Investment Co., Ltd.[4]	49,725,295 unlisted shares (long position)	Interest in controlled corporation	7.76%	4.75%
Bai Hongtao[4]	49,725,295 unlisted shares (long position)	Interest in controlled corporation	7.76%	4.75%

Shareholders	Number of shares held	Capacity	Approximate percentage of shareholding in the relevant class of shares[1]	Approximate percentage of shareholding in the total share capital of the Company[2]
Pan Ling[4]	49,725,295 unlisted shares (long position)	Interest in controlled corporation	7.76%	4.75%
Mondrian Investment Partners Limited	24,103,000 H shares (long position)	Investment manager	5.96%	2.30%

Notes:

(1) The calculation is based on the number of shares in the relevant class of shares of the Company as at 30 June 2017.

(2) The calculation is based on the total number of 1,045,000,000 shares in issue as at 30 June 2017.

(3) BSAM (HK) is a wholly-owned subsidiary of BSAM. Pursuant to the SFO, BSAM is deemed to be interested in the H shares held by BSAM (HK) and hold 24,859,792 H shares, representing approximately 6.15% of the total H shares of the Company and approximately 2.38% of the total share capital of the Company.

(4) 53.33% of the equity interest in Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership) are held by Beijing Green Innovation Investment Company Limited. 45.78% equity interest of Beijing Green Innovation Investment Company Limited are held by Beijing Zhixinheng Jin Investment Co., Ltd. The equity interest of Beijing Zhixinheng Jin Investment Co., Ltd. are held as to 50% by each of Bai Hongtao and Pan Ling. Based on the above information and pursuant to the SFO, each of Beijing Green Innovation Investment Company Limited, Beijing Zhixinheng Jin Investment Co., Ltd., Bai Hongtao and Pan Ling is therefore deemed to be interested in the unlisted shares held by Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership).

Apart from the above, as at 30 June 2017, no other interests required to be recorded in the register kept under Section 336 of the SFO have been notified to the Company.

Mr. Zhi Jun, Mr. Ma Xiaopeng (resigned with effect from 9 June 2017), Mr. Guo Yitao and Mr. Feng Changzheng (appointed with effect from 9 June 2017), all being non-executive Directors of the Company, are the employees of BSAM or entities under the BSAM group.

CORPORATE GOVERNANCE

The Group has been committed to maintaining a high level of corporate governance in order to safeguard the interests of shareholders and enhance the corporate value and accountability of the Company. The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its code of corporate governance. During the period from 1 January 2017 to 30 June 2017 (the "Reporting Period"), the Company was complying with the code provisions set out in the CG Code. The Company will continue to review and improve its corporate governance practices, to ensure compliance with the CG Code.

AUDIT COMMITTEE

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

Independent Non-executive Directors

Kwan Kai Cheong *(Chairman)*
Chen Xin

Non-executive Directors

Ma Xiaopeng *(resignation with effect from 9 June 2017)*
Feng Changzheng *(appointment with effect from 9 June 2017)*

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

The Audit Committee has reviewed the interim report as at 30 June 2017 of the Group.

REMUNERATION AND APPRAISAL COMMITTEE

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

Independent Non-executive Directors

Chen Xin *(Chairman)*
Ou Yuezhou

Non-executive Director

Guo Yitao

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

NOMINATION COMMITTEE

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

Independent Non-executive Directors

Ou Yuezhou *(Chairman)*
Kwan Kai Cheong

Non-executive Directors

Ma Xiaopeng *(resignation with effect from 9 June 2017)*
Feng Changzheng *(appointment with effect from 9 June 2017)*

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

STRATEGY COMMITTEE

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

Non-executive Directors

Zhi Jun *(Chairman)*
Guo Yitao
Liu Shuguang

Executive Director

Qiao Dewei

Independent Non-executive Director

Ou Yuezhou

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CHANGES IN INFORMATION OF DIRECTORS

As of the date of this interim report, according to the requirements under Rule 13.51(B)(1) of the Listing Rules, changes in information of the Directors of the Company are set out as follows:

- In June 2017, Mr. Feng Changzheng, a non-executive Director of the Company, assumed the role of general manager for the department of urban function and social investment of Beijing State-owned Assets Management Co., Ltd..

- Mr. Kwan Kai Cheong, an independent non-executive Director of the Company, is acting as an independent non-executive director of United Photovoltaics Group Limited, a company listed on the Hong Kong Stock Exchange (stock code: 686). It was renamed as Panda Green Energy Group Limited on 17 May 2017.

Save as disclosed above, there is no other information concerning the Directors which is required to be disclosed.

TRADING OF SHARES BY DIRECTORS, SUPERVISORS AND EMPLOYEES

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

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

PURCHASE, SALE AND REDEMPTION OF SECURITIES OF THE COMPANY

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

SUFFICIENCY OF PUBLIC FLOAT

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

SHARE OPTION SCHEME

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

USE OF PROCEEDS

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

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

EVENTS AFTER THE REPORTING PERIOD

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2017 — unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2017 RMB'000	2016 RMB'000
Revenue	4	**985,014**	831,967
Direct costs and operating expenses		**(666,382)**	(569,394)
		318,632	262,573
Other revenue	5	**37,280**	35,811
Other net loss	5	**(399)**	(432)
Administrative expenses		**(55,294)**	(44,351)
Other operating expenses		**(243)**	(14)
Profit from operations		**299,976**	253,587
Finance costs	6(a)	**(69,355)**	(52,508)
Profit before taxation	6	**230,621**	201,079
Income tax	7	**(37,767)**	(35,473)
Profit for the period		**192,854**	165,606
Attributable to:			
Equity shareholders of the Company		**192,854**	165,606
Non-controlling interests		**—**	—
Profit for the period		**192,854**	165,606

The notes on pages 27 to 44 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2017 — unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2017 RMB'000	2016 RMB'000
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements, net of nil tax		**(2,025)**	2,020
Total comprehensive income for the period		**190,829**	167,626
Attributable to:			
Equity shareholders of the Company		**190,829**	167,626
Non-controlling interests		**—**	—
Total comprehensive income for the period		**190,829**	167,626
Earnings per share	8		
Basic		**RMB0.18**	RMB0.16
Diluted		**RMB0.18**	RMB0.16

The notes on pages 27 to 44 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2017—unaudited
(Expressed in Renminbi)

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Non-current assets			
Other property, plant and equipment		**9,899**	10,217
Intangible assets	9	**2,964,672**	2,692,726
Investment in an associate		**3,500**	3,500
Other receivables	10	**391,662**	267,294
Gross amounts due from customers for contract work	11	**2,475,523**	2,226,025
Deferred tax assets		**467**	2,866
		5,845,723	5,202,628
Current assets			
Inventories		**21,703**	31,927
Trade and other receivables	10	**480,291**	502,523
Gross amounts due from customers for contract work	11	**34,036**	30,336
Restricted deposits		**29,614**	46,192
Cash and cash equivalents	12	**650,028**	535,413
		1,215,672	1,146,391
Current liabilities			
Loans and borrowings	13	**618,189**	628,844
Trade and other payables	14	**573,646**	496,318
Current taxation		**27,221**	31,802
Current portion of deferred income	15	**667**	667
		1,219,723	1,157,631
Net current liabilities		**(4,051)**	(11,240)
Total assets less current liabilities		**5,841,672**	5,191,388

The notes on pages 27 to 44 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

at 30 June 2017—unaudited
(Expressed in Renminbi)

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Non-current liabilities			
Loans and borrowings	13	**2,509,129**	1,993,701
Deferred tax liabilities		**116,039**	103,041
Trade payables	14	**325,630**	331,568
Non-current portion of deferred income	15	**18,000**	18,333
		2,968,798	2,446,643
NET ASSETS		**2,872,874**	2,744,745
CAPITAL AND RESERVES			
Capital	16	**1,045,000**	1,045,000
Reserves		**1,824,874**	1,696,745
Total equity attributable to equity shareholders of the Company		**2,869,874**	2,741,745
Non-controlling interests		**3,000**	3,000
TOTAL EQUITY		**2,872,874**	2,744,745

Approved and authorised for issue by the board of directors on 25 August 2017.

Directors

The notes on pages 27 to 44 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2017—unaudited
(Expressed in Renminbi)

	Note	Capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to equity shareholders of the Company								
Balance at 1 January 2016		1,045,000	548,950	80,035	22,414	(10,560)	724,551	2,410,390	—	2,410,390
Changes in equity for the six months ended 30 June 2016:										
Profit for the period		—	—	—	—	—	165,606	165,606	—	165,606
Other comprehensive income		—	—	—	—	2,020	—	2,020	—	2,020
Total comprehensive income		—	—	—	—	2,020	165,606	167,626	—	167,626
Dividends approved in respect of the previous years	16	—	—	—	—	—	(31,350)	(31,350)	—	(31,350)
Balance at 30 June 2016		1,045,000	548,950	80,035	22,414	(8,540)	858,807	2,546,666	—	2,546,666
Balance at 1 July 2016		1,045,000	548,950	80,035	22,414	(8,540)	858,807	2,546,666	—	2,546,666
Changes in equity for the six months ended 31 December 2016:										
Profit for the period		—	—	—	—	—	190,853	190,853	—	190,853
Other comprehensive income		—	—	—	—	4,226	—	4,226	—	4,226
Total comprehensive income		—	—	—	—	4,226	190,853	195,079	—	195,079
Capital injected		—	—	—	—	—	—	—	3,000	3,000
Appropriation to statutory reserve		—	—	—	11,125	—	(11,125)	—	—	—
Balance at 31 December 2016		1,045,000	548,950	80,035	33,539	(4,314)	1,038,535	2,741,745	3,000	2,744,745

The notes on pages 27 to 44 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the six months ended 30 June 2017—unaudited
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company								
	Note	Capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2017		1,045,000	548,950	80,035	33,539	(4,314)	1,038,535	2,741,745	3,000	2,744,745
Changes in equity for the six months ended 30 June 2017:										
Profit for the period		—	—	—	—	—	192,854	192,854	—	192,854
Other comprehensive income		—	—	—	—	(2,025)	—	(2,025)	—	(2,025)
Total comprehensive income		—	—	—	—	(2,025)	192,854	190,829	—	190,829
Dividends approved in respect of the previous years	16	—	—	—	—	—	(62,700)	(62,700)	—	(62,700)
Balance at 30 June 2017		1,045,000	548,950	80,035	33,539	(6,339)	1,168,689	2,869,874	3,000	2,872,874

The notes on pages 27 to 44 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2017—unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2017 RMB'000	2016 RMB'000
Operating activities			
Cash used in operations		**(186,861)**	(399,057)
People's Republic of China ("PRC") income tax paid		**(26,919)**	(14,848)
Net cash used in operating activities		**(213,780)**	(413,905)
Investing activities			
Payment for purchase of waste-to-energy project operating rights		**(100,000)**	—
Other cash flows used in investing activities		**(12)**	(158)
Net cash used in investing activities		**(100,012)**	(158)
Financing activities			
Proceeds from loans from equity shareholder		**30,000**	100,000
Other cash flows arising from financing activities		**401,044**	214,976
Net cash generated from financing activities		**431,044**	314,976
Net increase/(decrease) in cash and cash equivalents		**117,252**	(99,087)
Cash and cash equivalents at 1 January		**535,413**	534,643
Effect of foreign exchanges rate changes		**(2,637)**	1,556
Cash and cash equivalents at 30 June		**650,028**	437,112

The notes on pages 27 to 44 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 Basis of Preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue by the Company's Board of Directors on 25 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (the "Group") since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial information is unaudited and has not been reviewed by the auditors, but has been reviewed by the Audit Committee of the Company.

Going concern

The interim financial information has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 30 June 2017 amounting to RMB4,051,000 and the purchase and capital commitments already contracted for by the Group of RMB819,806,000, which in aggregate lead to liquidity concern for the Group.

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

(i) The Group maintained good long-term business relationship with major financial institutions, so as to ensure that it can obtain sufficient reserves of cash and adequate committed lines of funding from them to meet its liquidity requirement. At 30 June 2017, the unutilised banking facilities of the Group amounted to RMB2,750,601,000.

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

(Expressed in Renminbi unless otherwise indicated)

1 Basis of Preparation (Continued)

Going concern (Continued)

In view of the above, the directors are of the opinion that, based on a detailed review of the working capital forecast of the Group for the forthcoming future, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements for the next twelve months from 1 July 2017 and the Group's preparation of financial information on a going concern assumption is reasonable.

2 Changes in Accounting Policies

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

3 Segment Reporting

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

4 Revenue

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

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Income from waste-to-energy project construction services	**566,787**	550,587
Income from waste-to-energy project operation services	**331,300**	210,987
Finance income	**86,927**	70,393
	985,014	831,967

(Expressed in Renminbi unless otherwise indicated)

4 Revenue (Continued)

The Group has transactions with the PRC local government authorities and power grid companies which in aggregate exceeded 10% of the Group's revenue. Income from provision of waste-to-energy project construction and operation services and finance income derived from local government authorities and power grid companies in the PRC for the six months ended 30 June 2017 amounted to RMB956,609,000 (six months ended 30 June 2016: RMB823,832,000).

5 Other Revenue and Net Loss

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Other revenue		
Interest income	**1,988**	1,291
Government grants (i)	**1,886**	1,587
Value-added tax refund (ii)	**33,195**	32,690
Others	**211**	243
	37,280	35,811
Other net loss		
Net foreign exchange loss	**(397)**	(418)
Net loss on sales of other property, plant and equipment	**(2)**	(14)
	(399)	(432)

(i) For the six months ended 30 June 2017, the Group received unconditional government grants of RMB1,553,000 (six months ended 30 June 2016: RMB1,254,000). These grants were recognised as income when received.

In 2016, the Group received grants of RMB20,000,000 which were conditional. These government grants was recognised as deferred income in the consolidated statement of financial position and amortised through profit or loss on a systematic basis as same as the useful life of the waste-to-energy project operating rights. For the six months ended 30 June 2017, RMB333,000 of conditional government grants were recognised in profit or loss (six months ended 30 June 2016: RMB333,000).

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

6 Profit Before Taxation

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

(a) Finance costs

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Interest on bank loan, entrusted loans and other borrowings	**69,162**	50,652
Other interest expenses	**11,447**	11,748
	80,609	62,400
Less: interest expense capitalised into intangible assets*	**(11,254)**	(9,892)
	69,355	52,508

* The borrowing costs have been capitalised at rates of 4.41%–5.77% per annum during the six months ended 30 June 2017 (six months ended 30 June 2016: 4.90%–6.15%).

(b) Staff costs

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Contributions to defined contribution retirement plans	**7,698**	6,546
Salaries, wages and other benefits	**72,797**	65,165
	80,495	71,711

(Expressed in Renminbi unless otherwise indicated)

6 Profit Before Taxation (Continued)

(c) Other items

	Six months ended 30 June 2017 RMB'000	2016 RMB'000
Cost of construction service*	**506,068**	452,651
Operating lease charges	**1,051**	2,069
Amortisation	**44,138**	32,049
Depreciation	**1,529**	1,326
Impairment loss/(reversal of impairment loss) on trade and other receivables	**1,993**	(437)

* Cost of construction service include RMB18,808,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB17,401,000) relating to staff costs of employees in the construction service, whose amount is also included in the respective total amounts disclosed separately in note 6(b).

7 Income Tax

	Six months ended 30 June 2017 RMB'000	2016 RMB'000
Current tax		
Provision for PRC income tax for the period	**22,528**	25,389
Under-provision in respect of prior year	**(158)**	678
PRC income tax refund	**—**	(4,741)
	22,370	21,326
Deferred tax		
Origination and reversal of temporary differences	**15,397**	14,147
Income tax expense	**37,767**	35,473

Taxation for the PRC operations is charged at the statutory rate of 25% of the assessable profits under taxation ruling in the PRC. During the six months ended 30 June 2016 and 2017, certain PRC subsidiaries are subject to tax concessions under the relevant tax rules and regulations.

8 Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB192,854,000 (six months ended 30 June 2016: RMB165,606,000) and the weighted average number of 1,045,000,000 ordinary shares in issue for the six months ended 30 June 2017 (six months ended 30 June 2016: 1,045,000,000).

(b) Diluted earnings per share

The Company did not have any potential dilutive shares during the six months ended 30 June 2016 and 2017. Accordingly, diluted earnings per share is the same as basic earnings per share.

9 Intangible assets

	Computer software RMB'000	Waste-to-energy project operating rights RMB'000	Construction license RMB'000	Total RMB'000
Cost:				
At 31 December 2016 and 1 January 2017	710	3,015,334	6,529	3,022,573
Additions	—	315,869	—	315,869
Exchange adjustments	—	(415)	—	(415)
At 30 June 2017	710	3,330,788	6,529	3,338,027
Accumulated amortisation and impairment loss:				
At 31 December 2016 and 1 January 2017	272	323,046	6,529	329,847
Charge for the period	40	44,098	—	44,138
Exchange adjustments	—	(630)	—	(630)
At 30 June 2017	312	366,514	6,529	373,355
Net book value:				
At 31 December 2016	438	2,692,288	—	2,692,726
At 30 June 2017	398	2,964,274	—	2,964,672

(Expressed in Renminbi unless otherwise indicated)

9 Intangible Assets (Continued)

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

For those waste-to-energy projects which have not yet commenced operation, the Group assesses the recoverable amount of each operating right at the end of each period. At 30 June 2017. The recoverable amounts of the operating right are estimated to be higher than the carrying amount, and no impairment is required (2016:Nil).

For those waste-to-energy projects which have commenced operation, the Group assesses the recoverable amount of each operating right when there is an impairment indication. At 30 June 2017, the recoverable amounts of the operating right are estimated to be higher than the carrying amount, and no impairment is required (2016: Nil).

The recoverable amounts of each operating right are determined based on value-in-use calculations. The Group assessed the recoverable amounts of calculations use cash flow projections based on financial budgets covering each specific operating period. The cash flows are discounted using a discount rate of 10.77% (31 December 2016: 10.87%). The discount rates used are pre-tax and reflect specific risks relating to the relevant operating rights.

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

(Expressed in Renminbi unless otherwise indicated)

10 Trade and Other Receivables

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 1 month	**51,704**	51,577
More than 1 month but within 3 months	**94,896**	34,931
More than 3 months but within 6 months	**21,967**	20,892
More than 6 months but within one year	**8,296**	12,483
More than one year	**323**	—
	177,186	119,883
Trade receivables and bills receivable	**177,475**	120,053
Less: Allowance for doubtful debts	**(289)**	(170)
	177,186	119,883
Prepayments for construction and operating rights of waste-to-energy projects	**388,227**	331,331
Other receivables, deposits and prepayments	**306,540**	318,603
	871,953	769,817
Less: Non-current portion		
— Other receivables	**(391,662)**	(267,294)
	480,291	502,523

(Expressed in Renminbi unless otherwise indicated)

10 Trade and Other Receivables (Continued)

Included in "Other receivables, deposits and prepayments" of the Group at 30 June 2017 were retention receivables of RMB28,647,000 (31 December 2016: RMB28,480,000), which were expected to be recovered after more than one year.

Included in "Other receivables, deposits and prepayments" and "Non — current portion- Other receivables" of the Group of RMB95,767,000 at 30 June 2017 (31 December 2016: RMB85,099,000), which represent the financial income receivables under BOT arrangements and are calculated based on gross amounts due from customers for contract work at interest rates ranging from 5.32% to 8.12% (2016: 5.32% to 8.12%) per annum. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT arrangements.

Included in "Other receivables, deposits and prepayments" and "Non — current portion- Other receivables" of the Group of RMB4,141,000 at 30 June 2017 (31 December 2016: RMB7,471,000), which represent the financial income receivables under BT arrangements and are calculated based on gross amounts due from customers for contract work at interest rates ranging from 1.52% to 4.51% (2016: 1.52% to 4.51%) per annum. The amounts are not yet due for payment and will be repaid by the PRC local government authorities during the payment period as stipulated by the BT arrangements.

Included in "Prepayments for construction and operating rights of waste-to-energy projects" and "Non — current portion- Other receivables" of the Group of RMB202,379,000 at 30 June 2017 (31 December 2016: 101,594,000), which represent the prepayments for acquisition of waste-to-energy project operating rights.

Included in "Other receivables, deposits and prepayments" and "Non-current portion — Other receivables" of the Group at 30 June 2017, the input value-added tax of RMB72,607,000 (31 December 2016: RMB55,384,000) are expected to be deducted after more than one year.

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

Trade and bills receivables are due within 10 days to 30 days from the date of billing. Management has a credit policy in place and the exposures to the credit risks are monitored on an ongoing basis. Trade and bills receivables of the Group mainly represent receivables in respect of revenue from waste-to-energy project operation services. There was no recent history of default in respect of the Group's trade receivables. Since most of the trade receivables are due from local government authorities and power grid companies in the PRC and based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. Allowances for doubtful debts of RMB289,000 in respect of the Group's trade and bills receivables were recognised at 30 June 2017 (31 December 2016: RMB170,000).

(Expressed in Renminbi unless otherwise indicated)

11 Gross Amounts due from Customers for Contract Work

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Contract costs incurred plus recognised profits less anticipated losses	**2,590,316**	2,327,969
Less: Progress billings	**(80,757)**	(71,608)
Net contract work	**2,509,559**	2,256,361
Representing:		
Gross amounts due from customers for contract work		
— Non-current	**2,475,523**	2,226,025
— Current	**34,036**	30,336
Total	**2,509,559**	2,256,361

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

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

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

"Gross amounts due from customers for contract work" mainly represent part of the revenue from construction under BOT arrangements and bear interest at rates ranging from 5.32% to 8.12% per annum for the six months ended 30 June 2017 (six months ended 30 June 2016: 5.29% to 8.12%). The amounts for BOT arrangements are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT arrangements.

(Expressed in Renminbi unless otherwise indicated)

12 Cash And Cash Equivalents

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Cash at bank and in hand	**650,028**	535,413

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

13 Loans and Borrowings

At 30 June 2017, the loans and borrowings were repayable as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 1 year or on demand	**618,189**	628,844
After 1 year but within 2 years	**356,565**	339,654
After 2 years but within 5 years	**1,045,121**	846,895
After 5 years	**1,107,443**	807,152
	2,509,129	1,993,701
	3,127,318	2,622,545

13 Loans and Borrowings (Continued)

At 30 June 2017, the loans and borrowings were secured as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Bank loans		
— secured(note 13(a))	**1,262,675**	1,024,913
— unsecured(note 13(b))	**1,752,089**	1,506,621
	3,014,764	2,531,534
Loan from a fellow subsidiary(note 13(c))	**82,554**	91,011
Entrusted loan from equity shareholder(note 13(d))	**30,000**	—
	3,127,318	2,622,545

(a) Secured bank loans

Banking facilities of the Group amounting to RMB1,779,321,000 as at 30 June 2017 (31 December 2016: RMB1,534,044,000) were secured by certain receivables and operating rights in connection with the Group's service concession arrangements. Such banking facilities were utilised to the extent of RMB1,262,675,000 (31 December 2016: RMB1,024,913,000) and the relevant book value of corresponding secured assets amounted to RMB3,273,688,000 as at 30 June 2017 (31 December 2016: RMB2,563,380,000).

(b) Unsecured bank loans

Unsecured banking facilities of the Group amounting to RMB1,245,980,000 as at 30 June 2017 (31 December 2016: RMB622,990,000) were guaranteed by an equity shareholder of the Group. Such banking facilities were granted for a period of 10 years, which will be repaid by instalments from April 2017 to April 2023. At 30 June 2017, such banking facilities were utilised to the extent of RMB672,990,000 (31 December 2016: RMB622,990,000).

(c) Loans from a fellow subsidiary

The loan from the fellow subsidiary was unsecured, interest-bearing at 5.77% per annum and will be repaid by instatements until 2021, among which RMB64,898,000 were not expected to be settled within one year (2016: RMB73,852,000).

(Expressed in Renminbi unless otherwise indicated)

13 Loans and Borrowings (Continued)

(d) Entrusted Loan from equity shareholder

The entrusted loan from equity shareholder was unsecured, interest free and will be settled within 1 years.

(e) Fulfillment of covenants

Banking facilities of RMB1,245,980,000 as at 30 June 2017 were subject to the fulfillment of covenants relating to certain of the Group's financial ratios. If the Group were to breach the covenants, the Group shall indemnify each lender against any cost, loss or liability incurred by such lender (including any loss of margin) within three business days of demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2017, none of the covenants relating to drawn down facilities had been breached (31 December 2016: Nil).

14 Trade and Other Payables

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Due within 1 month or on demand	**164,804**	183,266
Due after 1 month but within 6 months	**71,537**	86,144
Due after 6 months but within 1 year	**104,190**	58,312
Due after 1 year	**390,765**	379,447
Total trade payables	**731,296**	707,169
Other payables and accruals	**107,590**	120,717
Dividends payable	**60,390**	—
	899,276	827,886
Less: Non-current portion — trade payables	**(325,630)**	(331,568)
	573,646	496,318

14 Trade and Other Payables (Continued)

Included in "Trade payables" and "Non-current portion — trade payables" RMB337,132,000 as at 30 June 2017 (31 December 2016: RMB342,696,000) were unsecured, interest-bearing ranging from 4.64% to 8.51% (31 December 2016: 4.64% to 8.51%) per annum, due to unrelated suppliers and will be repaid by instalments during the service concession period of the Group's respective BOT arrangements, among which RMB325,630,000 (31 December 2016: RMB331,568,000) were not expected to be settled within one year.

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

15 Deferred Income

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Government grants	**18,667**	19,000
Less: Amount included under current liabilities	**(667)**	(667)
Amount included under non-current liabilities	**18,000**	18,333

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

16 Capital, Reserves and Dividends

Dividends

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

The directors do not propose the payment of interim dividends for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

(Expressed in Renminbi unless otherwise indicated)

16 Capital, Reserves and Dividends (Continued)

Dividends (Continued)

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Dividends in respect of the previous financial years, approved during the interim period	**62,700**	31,350

17 Commitments

(a) The Group had outstanding purchase commitments in connection with the Group's construction contracts not provided for in this interim financial report of RMB369,840,000 at 30 June 2017 (31 December 2016: RMB683,500,000).

(b) Operating lease commitments

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

	At 30 June	At 31 December
	2017	2016
	RMB'000	RMB'000
Within 1 year	**1,194**	530

(Expressed in Renminbi unless otherwise indicated)

18 Contingent Liabilities

As at 30 June 2017, the Company has issued financial guarantees to banks in respect of the banking facilities granted to certain subsidiaries. The directors do not consider it is probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company at 30 June 2017 under the guarantees issued is the facility drawn down by the subsidiaries of RMB1,989,215,000 (31 December 2016: RMB1,538,446,000).

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

19 Material Related Party Transactions

(a) Transactions with related parties

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Interest paid to equity shareholder	**—**	1,172
Interest paid to fellow subsidiary	**2,565**	—
Entrusted loan from equity shareholder	**30,000**	100,000
Service fee to Changzhou Zhengyuan Environmental Protection Resources Utilization Co., Ltd. ("Changzhou Zhengyuan"*)	**556**	795
Management fee to Changzhou Zhengyuan	**500**	500
Collection of slag processing fee on behalf of Changzhou Zhengyuan	**1,002**	1,250
Purchase from Shenzhen Crystal Digital Technology Co., Ltd.**	**6,781**	136

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

** Shenzhen Crystal Digital Technology Co., Ltd. is a subsidiary of Beijing State-owned Assets Management Co., Ltd. (北京市國有資產經營有限責任公司), equity shareholder of the Company.

19 Material Related Party Transactions (Continued)

(b) Balance with related parties

At 30 June 2017, the balance of loans from a fellow subsidiary was RMB82,554,000 (31 December 2016: RMB91,011,000).

At 30 June 2017, the balance of entrusted loan from an equity shareholder was RMB30,000,000 (31 December 2016: Nil).

At 30 June 2017, the balance of trade payables due to a fellow subsidiary was RMB1,117,000 (31 December 2016: RMB25,000).

(c) Corporate guarantee provided from the immediate holding company in respect of banking facilities granted to the Company amounted to RMB1,245,980,000 as at 30 June 2017 (31 December 2016: RMB622,990,000).

(d) Key management personnel remuneration

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Short-term employee benefits	**2,558**	2,148
Contributions to defined contribution retirement plans	**142**	110
Total	**2,700**	2,258

20 Possible Impact of Amendments, New Standards and Interpretations Issued but not yet effective for the six months ended 30 June 2017

A number of amendments and new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
IFRS 9, *Financial instruments*	1 January 2018
IFRS 15, *Revenue from contracts with customers*	1 January 2018
IFRS 16, *Leases*	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results and financial position.