



大唐環境產業集團股份有限公司

Datang Environment Industry Group Co., Ltd.*

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

Stock Code: 1272



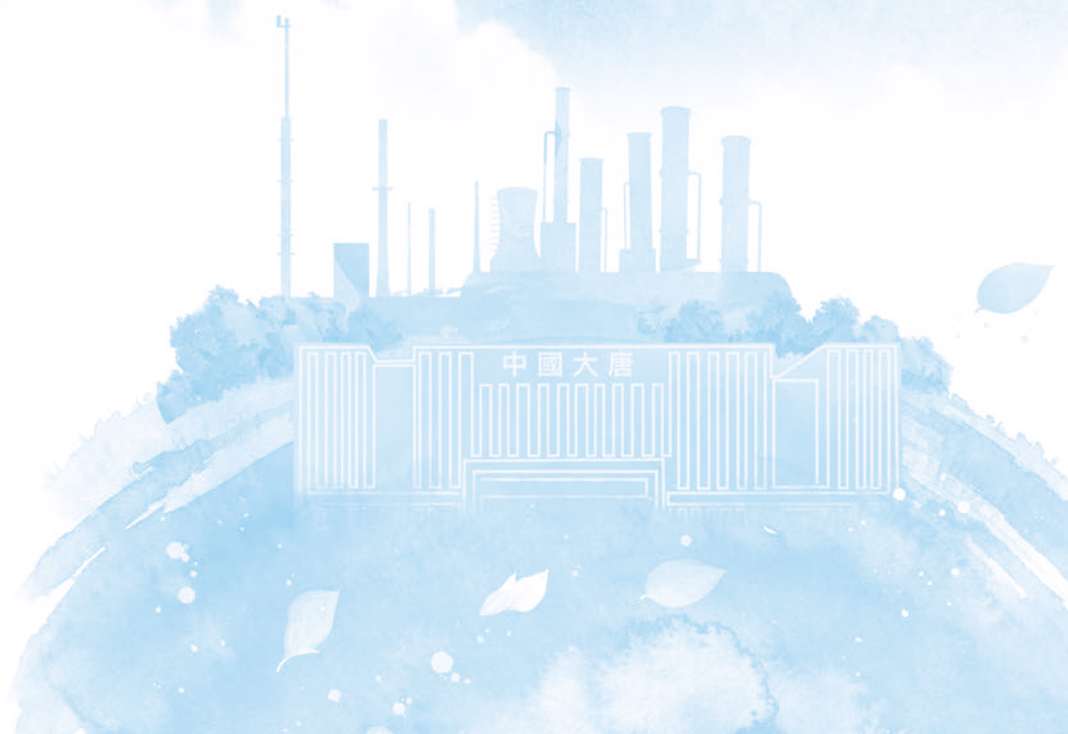
2019

INTERIM REPORT

* For identification purpose only

Contents

Company Profile	2
Financial Highlights	3
Management Discussion and Analysis	6
Changes in Share Capital and Shareholdings of Substantial Shareholders	28
Significant Events	33
Profile of Directors, Supervisors and Senior Management	39
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	60
Interim Condensed Consolidated Statement of Financial Position	62
Interim Condensed Consolidated Statement of Changes in Equity	64
Interim Condensed Consolidated Statement of Cash Flows	65
Notes to the Interim Condensed Consolidated Financial Information	66
Definition and Glossary of Terms	105
Corporate Information	108

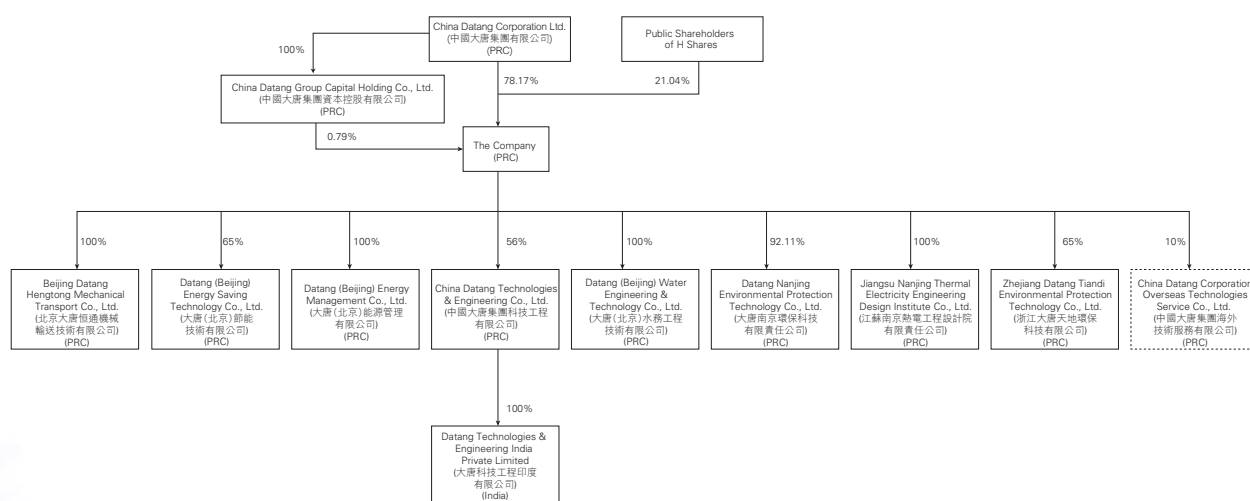


Company Profile

The predecessor of the Company (stock code: 1272) was China Datang Group Environment Technology Co., Ltd. (中國大唐集團環境技術有限公司), which was established in July 2011. Since the establishment of the Company and after several years of rapid development and a series of business restructuring, the Company has been successfully listed on the Main Board of the Stock Exchange since 15 November 2016. As at 30 June 2019, the Company had a total of 2,967,542,000 issued Shares, among which the Controlling Shareholder, China Datang, holds, directly and indirectly, an aggregate of approximately 78.96%.

The Group is the sole platform for the development of environmental protection and energy conservation business under China Datang Group. The principal business of the Group includes environmental protection facility concession operation, denitrification catalysts, environmental protection facilities engineering, water treatment business, energy conservation business and renewable energy engineering business.

As at 30 June 2019, the Company's major corporate structure was as follows:



Financial Highlights

The following table sets forth the Group's interim condensed consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	<u>For the six months ended 30 June</u>	
	2019 (unaudited) <i>RMB'000</i>	2018 (unaudited) <i>RMB'000</i>
Revenue	2,418,489	2,668,530
Cost of sales	(1,906,557)	(2,105,590)
Gross profit	511,932	562,940
Selling and distribution expenses	(17,666)	(20,530)
Administrative expenses	(295,172)	(110,087)
Other income and gains	46,202	36,825
Finance costs	(119,521)	(91,787)
Impairment losses on financial and contract assets	(4,219)	(5,233)
Profit before tax	121,556	372,128
Income tax expense	(30,279)	(67,728)
PROFIT FOR THE PERIOD	91,277	304,400
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(621)	(3,690)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(621)	(3,690)

Financial Highlights (Continued)

	For the six months ended 30 June	
	2019 (unaudited) RMB'000	2018 (unaudited) RMB'000
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Equity investments designated at fair value through other comprehensive income	(1,890)	280
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(1,890)	280
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(2,511)	(3,410)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	88,766	300,990
Profit attributable to:		
Owners of the parent	89,880	295,226
Non-controlling interests	1,397	9,174
	91,277	304,400
Total comprehensive income attributable to:		
Owners of the parent	87,642	293,440
Non-controlling interests	1,124	7,550
	88,766	300,990
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted (RMB)	0.03	0.10

Financial Highlights (Continued)

The following table sets forth selected items from the Group's interim condensed consolidated statements of financial position as at the dates indicated:

	As at 30 June 2019 (unaudited) <i>RMB'000</i>	As at 31 December 2018 (audited) <i>RMB'000</i>
ASSETS		
Total current assets	12,191,382	12,172,973
Total non-current assets	8,573,268	8,287,008
Total assets	20,764,650	20,459,981
LIABILITIES AND EQUITY		
Total current liabilities	10,495,813	10,195,621
Total non-current liabilities	3,192,534	2,945,038
Total equity	7,076,303	7,319,322
Total liabilities and equity	20,764,650	20,459,981

The following table sets forth a summary of the Group's interim condensed consolidated statements of cash flows for the periods indicated:

	<u>For the six months ended 30 June</u>	
	2019 (unaudited) <i>RMB'000</i>	2018 (unaudited) <i>RMB'000</i>
Net cash flows used in operating activities	(673,764)	(10,485)
Net cash flows used in investing activities	(454,105)	(358,993)
Net cash flows from financing activities	993,852	360,649

Management Discussion and Analysis

As an environmental protection and energy conservation solution provider for coal-fired power generation enterprises, the principal business of the Group includes environmental protection facility concession operation, the manufacture and sale of denitrification catalysts, environmental protection facilities engineering, water treatment business, energy conservation business and renewable energy engineering business. Customers of the Group spread over 30 provinces, autonomous regions and municipal cities in the PRC as well as six countries.

I. INDUSTRY OVERVIEW

1. Consolidate the results of keeping our skies blue and promote environmental protection treatment in key scopes

The 2019 Government Work Report requires that, in respect of environmental protection of atmosphere, the government shall consolidate the results of keeping our skies blue, the emission of sulphur dioxide and nitrogen oxide shall decrease by 3% for the year, and PM2.5 concentrations continue to fall in key regions. The government shall accelerate the ultra-low emission upgrade of thermal power and steel industry, and implement sewage discharge standard transformation for severely polluted industry; continue to launch air pollution control initiatives in Beijing-Tianjin-Hebei region and its surrounding area, Yangtze River Delta and Fen-Wei Plain, and strengthen the treatment of three major sources of pollution, including industry, coal and motor vehicles. The government shall also carry out clean heating in northern China to ensure people can have a warm winter. In respect of water pollution, the government will continue making efforts to prevent and control water and soil pollution, such that chemical oxygen demand and ammonia nitrogen emissions would be cut by 2%; speed up to clean up black, malodorous water bodies, and promote comprehensive treatment in key river basins and nearshore sea areas. In respect of solid waste in cities, the government shall strengthen the disposal of solid waste and urban garbage sorting. As main bodies of pollution prevention and control, enterprises shall fulfill environmental protection obligations in compliance with the laws.

2. Promote the ultra-low emission in steel industry and accelerate the ultra-low emission upgrade

On 28 April 2019, Opinions on Promoting the Implementation of Ultra-low Emission in the Steel Industry was jointly published by the Ministry of Ecology and Environment, NDRC, the Ministry of Industry and Information Technology, the Ministry of Finance and the Ministry of Transport, proposing that the average emission standard per hour on steel sintering machine head, particulate matter of sintering and pelletizing, sulphur dioxide and nitrogen oxide shall not be higher than 10mg/m³, 35 mg/m³ and 50 mg/m³, respectively, which is far stricter than the American and European standards, and specifying that around 60% of steel production enterprises in key areas shall complete the renovation by the end of 2020, and over 80% of such enterprises shall complete the renovation by the end of 2025.

3. Pollution control enters a key period to enhance the supervision in key areas for a new stage

To keep our skies blue, the Ministry of Ecology and Environment has started to enhance the supervision in key areas such as Beijing-Tianjin-Hebei region for three consecutive years since 2018. On 8 May 2019, Making China's Skies Blue Again in 2019 -2020, the enhanced supervision for a new stage, was duly launched. The Ministry of Ecology and Environment sent nearly 300 working groups to 39 key cities including Beijing-Tianjin-Hebei region and its surrounding area and Fen-Wei Plain to enhance supervision for a year, continued to enhance the supervision imposing higher requirements on the environmental protection treatment of industrial enterprises, and brought new market opportunities to the third party treatment enterprise of environmental pollution.

4. There is a long-term benefit for macro-policy environment with a clearer target of investment and financing policies in the environmental protection industry

During the collective learning of the Political Bureau of the Central Committee of the CPC on 22 February 2019, it was specified that the government shall provide accurate financial services for the green development system in the course of supply-side reform in the financial industry. Recently, NDRC, People's Bank of China and other ministries jointly published the Guide Directory for the Green Industry (2019) to provide a clearer industry standard for developing the national green development system. In the meantime, NDRC and the Ministry of Technology published the Guidance of Establishment of a Market-oriented System for Green Technological Innovation to provide a normative document for forming the green industry with high technology as the orientation and improving the self-development competitiveness for a long term. The issue of incentive policies is beneficial for encouraging enterprises to speed up technological innovation, and mobilizing the investment enthusiasm of social capital, in order to effectively promote the industry development and provide guarantee for pollution prevention and control.

Therefore, 2019 is a crucial year for winning the battle for pollution prevention and control. Currently, China's ultra-low emission standard in the electric power industry is at the most stringent level in the world, and there is still room for improvement for ultra-low emission standards in other environmental protection industries. The battle of Making China's Skies Blue Again has been comprehensively conducted and the environmental pollution treatment of atmosphere will have a deeper and wider development since the central government has provided clear and standardized policies for the future development of environmental protection industry after the successive publication of relevant national policies and regulations in respect of the environmental protection.

II. BUSINESS OVERVIEW

1. Environmental Protection and Energy Conservation Solution Business

Environmental protection facility concession operation business

As at 30 June 2019, the cumulative installed capacity in operation for desulfurization concession operations of the Group reached 36,610MW and the installed capacity for desulfurization concession operation projects under construction reached 12,000MW. The cumulative installed capacity in operation for denitrification concession operations reached 30,480MW, and the installed capacity for denitrification concession operation projects under construction reached 10,680MW. The installed capacity for desulfurization entrusted operation project reached 1,960MW.

During January to June 2019, the Group was devoted to optimizing the operation and energy consumption diagnosis, intensifying the indicator management and control and first-rate benchmarking, and realizing the consecutive reduction of electricity consumption and limestone consumption. The Group also sped up the application of new technologies, such as the renovation of energy conservation for slurry circulation pumps and the intelligent control technology of denitrification and ammonia injection, with decrease in 19–25% of the electricity consumption rate of circulation pumps and reduction of 10% of ammonia injection volume.

Denitrification catalysts business

During January to June 2019, the production volume and the sales volume of the denitrification catalysts business of the Group were 15,384.9m³ and 11,498.2m³, respectively. The following table sets forth the breakdown of the key figures of the Group's denitrification catalysts business during January to June 2019:

(Unit: m³)

Production volume	Sales volume	Delivery volume
15,384.9	11,498.2	16,017.2

During January to June 2019, the Group sold 7,740.9m³ of catalyst to customers other than China Datang Group, among which, 2,026.3m³ of catalyst was sold to overseas customers and 1,758.0m³ of catalyst was sold to customers from non-electric industry such as glass and alumina sectors.

In addition, during January to June 2019, the Group conducted business in relation to integrated use of an aggregate of 2,092.7m³ of spent denitrification catalysts.

Management Discussion and Analysis (Continued)

Environmental protection facilities engineering business

The following table sets forth the breakdown of the environmental protection facilities engineering business in the power industry of the Group as at 30 June 2019:

Projects	Bid winning projects		Projects put into operation		Projects under construction	
	Number	Capacity (MW)	Number	Capacity (MW)	Number	Capacity (MW)
Desulfurization	1	600	0	0	10	10,660
Denitrification	0	0	0	0	12	15,380
Dust removal	0	0	0	0	15	17,260
Ultra-low emission	0	0	0	0	6	7,140
Industrial site dust treatment	3	5,830	3	9,300	34	57,765

In the first half of 2019, the Group and customers from non-power industry entered into two environmental protection facilities engineering contracts, including project of coal power aluminum desulfurization and project of denitrification in coke oven of coking plant. The breakdown of environmental protection facilities in the non-power industry of the Company as at 30 June 2019 is set out in the following table:

Non-power project	Bid winning projects	
	Number	Contract amount (RMB million)
Desulfurization	1	228.37
Denitrification	1	293.34

Management Discussion and Analysis (Continued)

Water treatment business

During January to June 2019, the Group entered into contracts for four new water engineering projects. As at 30 June 2019, the Group has four water treatment operation projects, two of which have been put into operation, and the other two are under construction; 23 water engineering projects are under construction, five of which are water treatment island projects.

The project of “Research and Application of Key Technologies of Intelligent Water Treatment in Thermal Power Plants” was awarded the First Prize of Water Treatment Technology Innovation in Power Industry.

Energy conservation business

As at 30 June 2019, the Group has five energy conservation engineering projects under construction with a total contract value of RMB156 million; the Group has one energy management contract project under execution with a total investment of RMB163 million.

2. Renewable Energy Business

During January to June 2019, the Group entered into contracts for 2 new renewable energy projects, with a total installed capacity of 120MW. As at 30 June 2019, the Group has a total of 8 renewable energy projects under construction with an installed capacity of 830MW.

3. Thermal Power Engineering Business

As at 30 June 2019, the Group has one project under construction with an installed capacity of 600MW.

4. Other Businesses

During January to June 2019, the Group continued to carry out air-cooling system EPC projects, and as at 30 June 2019, the Group has two projects under construction with an installed capacity of 1,200MW.

Management Discussion and Analysis (Continued)

5. Overseas Business

In the first half of 2019, the Group focused on the major businesses, including environmental protection markets in Southeast Asia and dust desulfurization and denitrification. During January to June 2019, the Group newly signed 1 overseas project, namely 800MW coal-fired power generating units desulfurization project in India. As at 30 June 2019, the Group has four overseas projects under execution.

6. Research and Development

Technical guidelines for the evaluation of energy savings of thermal power plants, the first ISO standard of domestic power generation guided and prepared by the Group, was officially issued and implemented in March 2019. The Group has completed and issued and implemented 21 different technical standards. Currently, the Group has 35 technical standards under preparation.

During January to June 2019, the Group obtained a total of 63 utility model patents and 16 invention patents. The Group has obtained a total of 1,016 utility model patents and 116 invention patents.

III. MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL POSITION AND OPERATING RESULTS

The following discussion should be read in conjunction with the financial information of the Group together with the accompanying notes included in this interim report and other sections therein.

There are inter-segment sales among the Group's segments and sub-segments, and accordingly the Group records intra-segment elimination and inter-segment elimination among these segments/sub-segments for the relevant revenue and cost of sales. In this interim report, unless otherwise specified herein, (i) all discussion about total revenue, 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 statement of profit or loss and other comprehensive income), and (ii) all discussion about the revenue, 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.

1. Overview

The Group's revenue decreased by 9.4% to RMB2,418.5 million for the six months ended 30 June 2019 as compared with RMB2,668.5 million for the same period in 2018. The Group's profit for the six months ended 30 June 2019 amounted to RMB91.3 million, representing a decrease of RMB213.1 million as compared with RMB304.4 million for the same period in 2018. Profit attributable to the owners of the parent amounted to RMB89.9 million for the six months ended 30 June 2019. As at 30 June 2019, the Group's cash and cash equivalents decreased by 8.0% to RMB1,543.7 million as compared with RMB1,677.7 million as at 31 December 2018. The Group's total assets increased by 1.5% to RMB20,764.7 million as at 30 June 2019 as compared with RMB20,460.0 million as at 31 December 2018. The Group's total liabilities increased by 4.2% to RMB13,688.3 million as at 30 June 2019 as compared with RMB13,140.7 million as at 31 December 2018. The Group's return on total assets for the six months ended 30 June 2019 was 0.4%, as compared with 1.7% for the same period in 2018.

2. Results of Operation

Revenue

The Group's revenue decreased by 9.4% to RMB2,418.5 million for the six months ended 30 June 2019 as compared with RMB2,668.5 million for the same period in 2018, primarily due to decrease in revenue of renewable energy engineering business and thermal power engineering projects.

Cost of sales

The Group's cost of sales decreased by 9.5% to RMB1,906.6 million for the six months ended 30 June 2019 as compared with RMB2,105.6 million for the same period in 2018. The decrease of the Group's cost of sales was due to decrease in costs along with the decrease in revenue of renewable energy engineering projects and thermal power engineering projects.

Management Discussion and Analysis (Continued)

Selling and distribution expenses

The Group's selling and distribution expenses decreased by 13.7% to RMB17.7 million for the six months ended 30 June 2019 as compared with RMB20.5 million for the same period in 2018, mainly due to conservation of selling and distribution expenses through delicacy management.

Administrative expenses

The Group's administrative expenses increased by 168.1% to RMB295.2 million for the six months ended 30 June 2019 as compared with RMB110.1 million for the same period in 2018, mainly due to provision of impairment for buildings and other infrastructure and machineries accrued resulting from technological renovation.

Other income and gains

The Group's other income and gains increased by 25.5% to RMB46.2 million for the six months ended 30 June 2019 as compared with RMB36.8 million for the same period in 2018, mainly due to increase in bank interests income and decrease in exchange losses.

Finance costs

The Group's finance costs increased by 30.2% to RMB119.5 million for the six months ended 30 June 2019 as compared with RMB91.8 million for the same period in 2018, primarily due to increase in bank borrowings and other loans, leading to increase in interests expenses.

Profit before tax

As a result of the foregoing factors, the Group's profit before tax decreased by 67.3% to RMB121.6 million for the six months ended 30 June 2019 as compared with RMB372.1 million for the same period in 2018.

Management Discussion and Analysis (Continued)

Income tax expense

The Group's income tax expense was RMB30.3 million for the six months ended 30 June 2019, representing a decrease of 55.2% from RMB67.7 million for the same period in 2018.

Profit for the period

The Group's profit for the Reporting Period decreased by RMB213.1 million from RMB304.4 million for the six months ended 30 June 2018 to RMB91.3 million for the six months ended 30 June 2019. For the six months ended 30 June 2019, the Group's profit for the Reporting Period as a percentage of its total revenue decreased to 3.8% as compared with 11.4% for the same period in 2018.

Profit attributable to owners of the parent

The profit attributable to owners of the parent decreased by RMB205.3 million to RMB89.9million for the six months ended 30 June 2019 as compared with RMB295.2 million for the same period in 2018.

Profit attributable to non-controlling interests

The profit attributable to non-controlling interests decreased by 84.8% to RMB1.4 million for the six months ended 30 June 2019 as compared with RMB9.2 million for the same period in 2018.

Management Discussion and Analysis (Continued)

3. Results on Business Segments

The following table sets forth a breakdown of the Group's revenue by segment/sub-segment and each segment/sub-segment as a percentage of total revenue for the six months ended 30 June 2019 and 30 June 2018, respectively, as well as the percentage of change:

	For the six months ended 30 June				
	2019		2018		Change
	Revenue	Percentage	Revenue	Percentage	
		of total		of total	
		revenue		revenue	
		before		before	
	Revenue	elimination ⁽¹⁾	Revenue	elimination ⁽¹⁾	Change
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	%
Environmental Protection and Energy					
Conservation Solutions:					
Environmental protection facilities concession operation	1,478,829	58.9	1,535,346	55.0	(3.7)
Denitrification catalysts	207,336	8.3	235,357	8.4	(11.9)
Environmental protection facilities engineering	511,077	20.4	506,779	18.2	0.8
Water treatment business	153,371	6.1	83,093	3.0	84.6
Energy conservation business	20,593	0.8	56,378	2.0	(63.5)
Total revenue of environmental protection and energy conservation solutions before elimination	2,371,206	94.5	2,416,953	86.6	(1.9)
Intra-segment elimination ⁽²⁾	(76,578)		(81,489)		
Total revenue of environmental protection and energy conservation solutions after intra-segment elimination	2,294,628		2,335,464		(1.7)
Inter-segment elimination ⁽³⁾	(31)		(14,879)		

Management Discussion and Analysis (Continued)

	For the six months ended 30 June				
	2019		2018		Change %
	Revenue <i>RMB'000</i>	Percentage of total revenue before elimination ⁽¹⁾ %	Revenue <i>RMB'000</i>	Percentage of total revenue before elimination ⁽¹⁾ %	
External revenue of environmental protection and energy conservation solutions	2,294,597		2,320,585		(1.1)
Renewable Energy Engineering:					
Total revenue of renewable energy engineering business	36,591	1.5	124,299	4.5	(70.6)
Inter-segment elimination	-		-		
External revenue of renewable energy engineering business	36,591		124,299		(70.6)
Thermal Power Engineering:					
Total revenue of thermal power engineering	30,382	1.2	153,810	5.5	(80.2)
Inter-segment elimination	-		-		
External revenue of thermal power engineering	30,382		153,810		(80.2)

Management Discussion and Analysis (Continued)

	For the six months ended 30 June				
	2019		2018		Change %
	Revenue <i>RMB'000</i>	Percentage of total revenue before elimination ⁽¹⁾ %	Revenue <i>RMB'000</i>	Percentage of total revenue before elimination ⁽¹⁾ %	
Other Businesses:					
Total revenue of other businesses	70,988	2.8	96,170	3.4	(26.2)
Inter-segment elimination ⁽⁴⁾	(14,069)		(26,334)		
External revenue of other businesses	56,919		69,836		(18.5)
Total revenue before intra- and inter-segment elimination ⁽⁵⁾	2,509,167	100.0	2,791,232	100.0	(10.1)
Total intra- and inter-segment elimination ⁽⁶⁾	(90,678)		(122,702)		
Total revenue	2,418,489		2,668,530		(9.4)

Management Discussion and Analysis (Continued)

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 between denitrification catalysts sub-segment to denitrification facilities engineering sub-segment and environmental protection facilities concession operation, respectively.
- (3) Inter-segment elimination of revenue from environmental protection and energy conservation solutions segment mainly arises from the inter-segment sales to other businesses segments made by the sub-segments within environmental protection and energy conservation solutions segment, mainly including the inter-segment sales from ash and slag handling facilities engineering sub-segment to other businesses segment and the inter-segment sales from bulk materials transportation sub-segment to other businesses segment.
- (4) 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, respectively.
- (5) Represents the aggregate amount of the revenue of all segments/sub-segments before any intra-or inter-segment elimination.
- (6) Represents the aggregate amount of all intra- and inter-segment elimination.

The following table sets forth a breakdown of the Group's gross profit by segment/sub-segment and gross profit margin of each business segment/sub-segment for the six months ended 30 June 2019 and 30 June 2018, respectively, as well as the percentage of change in gross profit:

	For the six months ended 30 June				
	2019		2018		Change of gross profit
	Gross profit ⁽¹⁾ <i>RMB'000</i>	Gross profit margin ⁽²⁾ %	Gross profit ⁽¹⁾ <i>RMB'000</i>	Gross profit margin ⁽²⁾ %	
Environmental Protection and Energy Conservation Solutions:					
Environmental protection facilities					
concession operation	400,702	27.1	448,702	29.2	(10.7)
Denitrification catalysts	51,491	24.8	46,768	19.9	10.1
Environmental protection facilities					
engineering	70,700	13.8	63,028	12.4	12.2
Water treatment business	24,251	15.8	9,916	11.9	144.6
Energy conservation business	(631)	(3.1)	5,934	10.5	(110.6)

Management Discussion and Analysis (Continued)

	For the six months ended 30 June				
	2019		2018		Change of gross profit %
	Gross profit ⁽¹⁾ <i>RMB'000</i>	Gross profit margin ⁽²⁾ %	Gross profit ⁽¹⁾ <i>RMB'000</i>	Gross profit margin ⁽²⁾ %	
Total gross profit of environmental protection and energy conservation solutions	546,513	23.0	574,348	23.8	
Total gross profit of renewable energy engineering	2	–	10,473	8.4	(100.0)
Total gross profit of thermal power engineering	1,466	4.8	8,319	5.4	(82.4)
Total gross profit of other businesses	(28,434)	(40.1)	(21,595)	(22.5)	31.7
Total gross profit and gross profit margin⁽³⁾	511,932	21.2	562,940	21.1	(9.1)

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 statement of profit or loss and other comprehensive income) minus total cost of sales (being the cost of sales reflected on our consolidated statement of profit or loss and other comprehensive income). Overall gross profit margin equals total gross profit divided by total revenue.

Management Discussion and Analysis (Continued)

4. Cash Flows

As at 30 June 2019, the Group's cash and cash equivalents decreased by 8.0% to RMB1,543.7 million as compared with RMB1,677.7 million as at 31 December 2018. Such decrease was mainly attributable to the decrease in the cash inflow generated from operating activities of the Group in the first half of 2019.

5. Working Capital

As at 30 June 2019, the Group's net current assets decreased by 14.3% to RMB1,695.6 million as compared with RMB1,977.4 million as at 31 December 2018, primarily due to the outstanding payment of dividend payables, resulting in increase in current liabilities.

6. Indebtedness

As at 30 June 2019, the Group's borrowings increased by 30.5% to RMB6,431.6 million as compared with RMB4,929.9 million as at 31 December 2018.

7. Capital Expenditure

The Group's capital expenditure decreased by 14.9% to RMB269.9 million for the six months ended 30 June 2019 as compared with RMB317.0 million for the six months ended 30 June 2018. Capital expenditure mainly comprises the construction costs of concession projects for newly developed environmental protection facilities and water treatment facilities projects.

8. Net Gearing Ratio

As at 30 June 2019, the Group's net gearing ratio (net debt (total borrowings minus cash and cash equivalents) divided by the sum of net debt and total equity) was 40.9%, representing an increase of 10.1 percentage points as compared with 30.8% as at 31 December 2018, which was mainly due to increase in short-term borrowings for the assurance of the engineering and construction progress of environmental protection facilities.

IV. RISK FACTORS AND RISK MANAGEMENT

Risks on environmental protection and energy conservation policies

The Group provides substantially all of its products and services in the PRC, and the development of its business is greatly dependent on the environmental protection policies of the PRC. Environmental protection industry is one of the major industries that benefit from the constant support of the PRC government. The market demand for the Group's environmental protection and energy conservation products and services and the revenue generated therefrom are directly affected by the environmental protection policies of the PRC. However, if there is any adverse change in energy conservation policies, it may result in a material and adverse effect on the business prospects, results of operations and financial condition of the Group. The management of the Group is of the view that it is unlikely for the PRC government to revise such environmental protection policies to an adverse effect or to withdraw any resources invested in the environmental protection industry. Moreover, the Group, as a trendsetter and leader of the environmental protection and energy conservation for China's electric power industry, has participated in the formulation of various industrial policies and standards, which allows it to catch the latest industry trends and respond in a timely fashion.

Risks on connected transactions with China Datang Group

The Group has been conducting various transactions with China Datang Group, and will continue to enter into such transactions in the future. During January to June 2019, the total value of products and services provided by the Group to China Datang Group (other than concession operations) was approximately RMB0.81 billion, representing approximately 33.4% of the total revenue of the Group. During January to June 2019, the total value of the services provided by the Group to China Datang Group under the concession operations (desulfurization and denitrification) was approximately RMB1.48 billion, representing approximately 61.1% of the total revenue of the Group. The Group has been actively expanding its client base, for example, during January to June 2019, the Group entered into contracts in the amount of RMB1.17 billion with clients other than China Datang Group with a decrease of 6.4% as compared with that during January to June 2018.

Management Discussion and Analysis (Continued)

Cash flow risks

The Group had negative operating cash flows for the six months ended 30 June 2019. The Group cannot assure that its operating cash flows for any future period will be positive. The Group's ability to generate cash inflows from operating activities in the future will depend in large part on project schedule and billing arrangement, its ability to collect receivables from its customers in a timely manner and the credit terms it can obtain. If the Group is not able to generate sufficient cash flows from its operations or obtain sufficient financing to support its business operation, the Group's growth prospects may be materially and adversely affected. The Group plans to adopt various measures to collect receivables in order to significantly improve operating cash flow. In addition, the Group has been proactively seeking finance to support the development and expansion of its business. As at 30 June 2019, the Group had available bank facilities of RMB13.23 billion.

Industry risks

Macroeconomic environment of the PRC will influence the development of the environmental protection industry. If economic growth of the PRC slows down or experiences a downward trend, the environmental industry of the PRC will be adversely affected. The Group's business primarily focuses on the environmental protection and energy conservation for coal-fired power plants, the market demand for its business relies heavily on the growth rate of the coal-fired power generation output in the PRC. In particular, the revenue generated from concession operations will be directly affected by the power generation output of coal-fired power plants. At present, the PRC government has shown considerable concern for the adjustment to the national energy structure and development. Therefore, there can be no assurance that coal-fired power generation output in the PRC will continue to grow at the current pace. If the increase of coal-fired power generation output in the PRC slows down, it may result in a decrease of utilization hours of coal-fired power generation units, or a lower demand for the Group's products and services, which will materially and adversely affect our business prospects, results of operations and financial position. The management of the Group is of the view that, in terms of the power generation portfolio in the PRC, coal-fired power generation still dominates the market. In addition, the vast majority of the Group's concession operations locate in coastal areas or economically developed areas, where the utilization hours of coal-fired power generation are higher than the average level nationwide. The Group plans to actively explore clients in the iron and steel, cement and petro-chemical industries.

Management Discussion and Analysis (Continued)

Risks on overseas business

The Group is aggressively developing its overseas business, especially in the Belt and Road Initiative countries. The Group's global business expansion may be hindered by risks such as: lack of availability of overseas financing, possible difficulties in the management of personnel and business operations, lack of understanding of the local business environment, financial and management system or legal system, volatility in currency exchange rates, cultural differences, changes in political, regulatory or economic environments in the foreign countries or other regions, as well as the risk of barriers. If the Group fails to manage the above risks effectively, its overseas expansion may be hindered, which may in turn result in a material and adverse effect on its business prospects, results of operations and financial condition. The management of the Group is of the view that, the PRC government has been actively establishing friendly diplomatic relations with the Belt and Road Initiative countries and improving the overseas investment atmosphere. The Group has extensive project experience in some countries, for instance India and Thailand, which can serve as examples for its future overseas development, and the Group has established rather mature risk management and internal control systems to mitigate risks on overseas business to the greatest extent possible.

V. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, we had 1,137 employees, substantially all of whom were based in the PRC. The Group has individually established labor union branches. Currently, the Group has entered into employment agreements with all employees, in which the position, duties, remuneration, employment benefits, training, confidentiality obligations relating to trade secrets and grounds for termination are specified pursuant to the PRC Labor Law and other relevant regulations.

The table below sets forth the number of employees as at 30 June 2019 by their functions:

Function	Number of employees	Percentage of the total number of employees
Concession operation management personnel	294	25.86%
Engineering and technical personnel	224	19.70%
Sales personnel	110	9.67%
Research and development personnel	374	32.89%
Administrative and management personnel	96	8.44%
Manufacture personnel	22	1.93%
Others	17	1.50%
Total	1,137	100.00%

Management Discussion and Analysis (Continued)

According to the development requirements, the Company further established and improved the overall responsibility management system and the whole staff performance evaluation system on the basis of clear position objectives. In order to inspire the potential and work enthusiasm of employees, to fully embody the incentive and constraint behavior, and to lay a solid foundation for the career orderly development of all the employees, the Company divides the specific task in development planning into each department and position, objectively and accurately evaluates the job targets completing performance of employees by building position performance targets and performance standard, and realizes awards and punishments according to the score that is formed by evaluation results quantification.

The remuneration package of our employees includes salaries, bonuses and allowances. Our employees also receive welfare benefits, including medical care, housing subsidies, retirement and other benefits. 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. 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.

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 our employees. We offer in-service education, training and other opportunities to our managers and employees to improve their professional skills and knowledge.

During the Reporting Period, the Group provided 8 training programs on business management, professional techniques and production skills, with 100% employees attending the trainings.

The Group complies with the Labor Law of the PRC and the Labor Contract Law of the PRC in all material respects and makes contributions to social insurance and housing provident fund for our employees according to the above laws, among which the social insurance includes basic pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance.

VI. OUTLOOK ON THE GROUP'S FUTURE DEVELOPMENT

Encountering complexity of and constant changes in the industry and development environment, the Group will focus on four aspects as follows:

1. Continuing promoting high quality development and further advancing the profitability

The Group will actively respond to the adverse situation of the shrinking market of environmental protection business in the power industry, insist on high quality development with new development concepts of innovation, coordination, environmental friendly, opening-up and sharing. In respect of environmental protection facilities concession operation, denitrification catalysts business and other major businesses, the Group will comprehensively improve the management capacity, technological standards and core competitiveness, implement in-depth cost control, broaden sources and reduce expenditure as well as reduce costs and increase efficiency, intensify the capacity on exploring the external market and further advance the profitability.

In particular, in respect of environmental protection facility business, the Group will optimise management system, and strengthen project selection and source control. For the purpose of enhancement of cost control and management and improvement of profitability, the Group will devote greater efforts to the application of new technologies and products, and carry out in-depth project design optimization and on-site construction re-optimization.

2. Taking full advantage of the “Double Hundred Actions” of reform to strengthen reform and innovation of system and mechanism

Seizing the opportunity of the “Double Hundred Actions” of reform, the Group will focus on developing typically reformed enterprises which firmly insists on the leadership of the Party, and possess strong state-owned capital functions, scientific and improved governance, flexible and efficient operating mechanism, and leading innovation and competitiveness by comprehensively stimulating its internal energy, enhancing the management efficiency and further strengthening the core competitiveness through the allocation of marketized personnel, improvement of corporate governance system and reform of mixed ownership.

3. Adhering to the strategy of “Going Out” to explore the external market of China Datang Group

In terms of domestic market, the Group will continue to strengthen market exploration on environmental protection facility concession operation, denitrification catalysts, environmental protection facilities engineering, water treatment and other professional fields, and pay special attention to power industry and petroleum and petrochemical, iron and steel, metallurgy and other non-electric industries as key fields for market development. In terms of overseas market, the Group will focus on core businesses such as exhaust gas environmental protection, and actively explore core markets in India, Vietnam, etc. to steadily promote the development of overseas business.

4. Adhering to technology and innovation-driven development to further improve technical output capacity

The Group will grasp new opportunities arising from the development of science and technology to continuously enhance the research and development and innovation, and create a series of new services and new products by combining advanced technology and relying on technological innovation. In respect of environmental protection facilities concession operation, the Group will proactively optimize and upgrade technology to effectively reduce the operating cost; in respect of denitrification catalysts business, the Group will speed up the development of new products including synergistic denitrification and dehydration catalysts, medium and low temperature denitrification catalysts, and promote the application of new technologies such as utilization of waste flat denitrification catalysts, and the disposal of waste corrugated plate denitrification catalyst; in respect of other businesses, the Group will focus on the development and introduction of water saving, waste water zero discharge, comprehensive treatment of flue gas, soil remediation, energy conservation and other technologies. The Group will explore new markets to improve its profitability by means of digestion, absorption and re-innovation of current technologies.

Changes in Share Capital and Shareholdings of Substantial Shareholders

I. CHANGES IN SHARE CAPITAL OF THE COMPANY

	Number of Shares as at 30 June 2019	Number of Shares as at 31 December 2018	Increase/ decrease (+, -) during the Reporting Period
Domestic Shares	2,343,245,800	2,343,245,800	0
H Shares	624,296,200	624,296,200	0
Total	2,967,542,000	2,967,542,000	0

II. INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2019, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Changes in Share Capital and Shareholdings of Substantial Shareholders (Continued)

III. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, to the best of the Directors' knowledge, having made all reasonable enquiries, the following persons (other than the Directors, Supervisors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and, which were entered in the register required to be kept by the Company pursuant to Section 336 of the SFO:

		As at 30 June 2019			
Name of Substantial Shareholder	Class of Shares	Capacity	Number of Shares/ underlying Shares held or deemed to be held (Share)	Approximate percentage of Shares/ underlying Shares ⁽¹⁾ (%)	Percentage in the total Shares ⁽²⁾ (%)
China Datang	Domestic Shares	Beneficial owner	2,343,245,800 (Long position)	100	78.96
Anbang Investment Holdings Co. Limited (安邦投資控股有限公司) ⁽³⁾	H Shares	Beneficial owner	120,540,000 (Long position)	19.31	4.06
Anbang Group Holdings Co. Limited (安邦集團控股有限公司) ⁽³⁾	H Shares	Interest in controlled corporation	120,540,000 (Long position)	19.31	4.06
Anbang Life Insurance Co., Ltd. (安邦人壽保險股份有限公司) ⁽³⁾	H Shares	Interest in controlled corporation	120,540,000 (Long position)	19.31	4.06
Anbang Insurance Group Co., Ltd. (安邦保險集團股份有限公司) ⁽³⁾	H Shares	Interest in controlled corporation	120,540,000 (Long position)	19.31	4.06
China Chengtong Investment Company Limited ⁽⁴⁾	H Shares	Beneficial owner	61,557,000 (Long position)	9.86	2.07
China Chengtong Holdings Group Ltd. ⁽⁴⁾	H Shares	Interest in controlled corporation	61,557,000 (Long position)	9.86	2.07
China Energy Engineering Corporation Limited (中國能源建設集團有限公司)	H Shares	Beneficial owner	61,557,000 (Long position)	9.86	2.07

Changes in Share Capital and Shareholdings of Substantial Shareholders (Continued)

Name of Substantial Shareholder	Class of Shares	Capacity	As at 30 June 2019		
			Number of Shares/ underlying Shares held or deemed to be held (Share)	Approximate percentage of Shares/ underlying Shares ⁽¹⁾ (%)	Percentage in the total Shares ⁽²⁾ (%)
State Grid International Development Limited (國家電網國際發展有限公司) ⁽⁵⁾	H Shares	Beneficial owner	61,467,000 (Long position)	9.85	2.07
State Grid Corporation of China (國家電網公司) ⁽⁵⁾	H Shares	Interest in controlled corporation	61,467,000 (Long position)	9.85	2.07
Three Gorges Capital Holdings Co., Ltd. (三峽資本控股有限責任公司) ⁽⁶⁾	H Shares	Beneficial owner	59,506,000 (Long position)	9.53	2.01
China Three Gorges Corporation (中國長江三峽集團公司) ⁽⁶⁾	H Shares	Interest in controlled corporation	59,506,000 (Long position)	9.53	2.01
China Huaneng Group Hong Kong Limited (中國華能集團香港有限公司) ⁽⁷⁾	H Shares	Beneficial owner	49,002,000 (Long position)	7.85	1.65
China Huaneng Group (中國華能集團公司) ⁽⁷⁾	H Shares	Interest in controlled corporation	49,002,000 (Long position)	7.85	1.65
China Huadian Hong Kong Limited (中國華電香港有限公司) ⁽⁸⁾	H Shares	Beneficial owner	48,628,000 (Long position)	7.79	1.64
China Huadian Corporation (中國華電集團公司) ⁽⁸⁾	H Shares	Interest in controlled corporation	48,628,000 (Long position)	7.79	1.64
Taiping General Insurance Co., Ltd. (太平財產保險有限公司) ⁽⁹⁾	H Shares	Beneficial owner	41,038,000 (Long position)	6.57	1.38

Changes in Share Capital and Shareholdings of Substantial Shareholders (Continued)

As at 30 June 2019					
Name of Substantial Shareholder	Class of Shares	Capacity	Number of Shares/ underlying Shares held or deemed to be held (Share)	Approximate percentage of Shares/ underlying Shares ⁽¹⁾ (%)	Percentage in the total Shares ⁽²⁾ (%)
China Taiping Insurance Holdings Company Limited (中國太平保險控股有限公司) ⁽⁹⁾	H Shares	Interest in controlled corporation	41,038,000 (Long position)	6.57	1.38
China Taiping Insurance (HK) Company Limited (中國太平保險集團(香港)有限公司) ⁽⁹⁾	H Shares	Interest in controlled corporation	41,038,000 (Long position)	6.57	1.38
China Taiping Insurance Group Ltd. (中國太平保險集團有限公司) ⁽⁹⁾	H Shares	Interest in controlled corporation	41,038,000 (Long position)	6.57	1.38
China Life Franklin Asset Management Co., Limited (中國人壽富蘭克林資產管理有限公司) ⁽¹⁰⁾	H Shares	Beneficial owner	41,038,000 (Long position)	6.57	1.38
China Life Asset Management Company Limited (中國人壽資產管理有限公司) ⁽¹⁰⁾	H Shares	Interest in controlled corporation	41,038,000 (Long position)	6.57	1.38
China Life Insurance Company Limited (中國人壽保險股份有限公司) ⁽¹⁰⁾	H Shares	Beneficial owner	20,519,000 (Long position)	3.29	0.69
		Interest in controlled corporation	41,038,000 (Long position)	6.57	1.38
China Life Insurance (Group) Company (中國人壽保險(集團)公司) ⁽¹⁰⁾	H Shares	Beneficial owner	41,038,000 (Long position)	6.57	1.38
		Interest in controlled corporation	20,519,000 (Long position)	3.29	0.69
		Interest in controlled corporation	41,038,000 (Long position)	6.57	1.38

Changes in Share Capital and Shareholdings of Substantial Shareholders (Continued)

Notes:

- (1) The calculation is based on the percentage of shareholding in a total of 2,343,245,800 Domestic Shares and a total of 624,296,200 H Shares respectively as at 30 June 2019.
- (2) The calculation is based on the percentage of shareholding in a total of 2,967,542,000 Shares as at 30 June 2019.
- (3) Anbang Investment Holdings Co., Limited is a wholly-owned subsidiary of Anbang Group Holdings Co. Limited. Anbang Group Holdings Co. Limited is a wholly-owned subsidiary of Anbang Life Insurance Co., Ltd., which is wholly-owned by Anbang Insurance Group Co., Ltd..
- (4) China Chengtong Investment Company Limited is a wholly-owned subsidiary of China Chengtong Holdings Group Ltd..
- (5) State Grid International Development Limited is a wholly-owned subsidiary of State Grid Corporation of China.
- (6) Three Gorges Capital Holdings Co., Ltd. is the wholly-owned subsidiary of China Three Gorges Corporation.
- (7) China Huaneng Group Hong Kong Limited is a wholly-owned subsidiary of China Huaneng Group.
- (8) China Huadian Hong Kong Company Limited is a wholly-owned subsidiary of China Huadian Corporation.
- (9) Taiping General Insurance Co., Ltd. is a subsidiary of China Taiping Insurance Holdings Company Limited. China Taiping Insurance Holdings Company Limited is a subsidiary of China Taiping Insurance (HK) Company Limited, which is a wholly-owned subsidiary of China Taiping Insurance Group Ltd..
- (10) China Life Asset Management Company Limited is a controlling shareholder of China Life Franklin Asset Management Co., Limited. China Life Asset Management Company Limited is a subsidiary of China Life Insurance Company Limited, which is controlled by China Life Insurance (Group) Company.

Save as disclosed above, as at 30 June 2019, to the best knowledge of the Directors, the Directors were not aware of any persons who had interests and/or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and which were entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

Significant Events

I. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and did not conduct any acts which deviated from such provisions.

II. COMPLIANCE WITH THE MODEL CODE FOR DEALING IN THE SECURITIES OF THE COMPANY BY ITS DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in the securities of the Company by the Directors, Supervisors and relevant employees of the Company (as defined in the Model Code). According to the specific enquiries of the Directors and Supervisors, each Director and Supervisor confirmed that he/she had strictly complied with the standard set out in the Model Code during the Reporting Period.

III. DIVIDEND DISTRIBUTION PLAN FOR THE SIX MONTHS ENDED 30 JUNE 2019

The Board did not recommend to distribute any interim dividend to Shareholders for the six months ended 30 June 2019.

IV. MATERIAL LITIGATION OR ARBITRATION EVENTS

As at 30 June 2019, the Group was not involved in any material litigation or arbitration event. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Group.

V. CHANGES IN ACCOUNTING POLICIES

There was no change in accounting policies of the Group during the Reporting Period, except for the adoption of new accounting standards effective as of 1 January 2019. For details, please refer to Note 2.2 to the interim condensed consolidated financial information in this interim report.

Significant Events (Continued)

VI. PUBLIC FLOAT

Based on information publicly available to the Company and so far as the Directors are aware, not less than 20% of the issued share capital of the Company was held by the public as at the date of this interim report, which was in compliance with the requirements and public float waiver approved by the Stock Exchange under the Listing Rules. For details of the public float waiver, please refer to the section headed “Waivers from Strict Compliance with the Listing Rules” in the Prospectus.

VII. MATERIAL CONTRACTS

During the Reporting Period, none of the Company or any of its subsidiaries entered into material contracts with the Controlling Shareholder or any of its subsidiaries other than the Group, nor was there any material contract between the Group and the Controlling Shareholder or any of its subsidiaries other than the Group in relation to provision of services.

VIII. REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2019, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company’s listed securities.

IX. RESERVES

Details of the changes in reserves of the Group during the Reporting Period are set out in the interim condensed consolidated statement of changes in equity.

X. USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company has been listed on the Main Board of the Stock Exchange since 15 November 2016. The net proceeds from the initial public offering and partial exercise of the overallotment option, after deducting the underwriting fees and relevant expenses, amounted to approximately HK\$2,032.3 million, which will be used in the ways stated in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

Significant Events (Continued)

The use of net proceeds from the initial public offering for the six months ended 30 June 2019 is set out as follows:

	Use of net proceeds as disclosed in the Prospectus (HK\$ million)	Actual use of net proceeds up to 30 June 2019 (HK\$ million)	Unutilised net proceeds up to 30 June 2019 (HK\$ million)	Expected time of full utilization of remaining balance
To finance the capital expenditures for expanding the desulfurization and denitrification concession operations	1,219.5	1,179.1	40.4	December 2019
To develop new sources of growth in the 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 ultralow emissions	304.8	304.8	0.0	–
To repay some of the existing bank loans in order to lower the financial costs and improve the financial leverage ratio	203.2	203.2	0.0	–
For working capital and other general corporate purposes	203.2	203.2	0.0	–
For research and development expenditures	101.6	8.1	93.5	December 2019
Total	2,032.3	1,898.4	133.9	

XI. ASSET TRANSACTIONS

During the Reporting Period, the Group had no significant assets transactions other than those in the ordinary and usual course of business.

XII. INSOLVENCY AND RESTRUCTURING

During the Reporting Period, the Group was not involved in any insolvency or restructuring matters.

Significant Events (Continued)

XIII. SIGNIFICANT TRUSTEESHIP, CONTRACTING AND LEASE

During the Reporting Period, the Group was not involved in significant trusteeship, contracting or lease of any other company's assets, nor placing its assets to or under any other companies' trusteeship, contracting or lease which would require disclosure.

XIV. MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2019, the Group had no material acquisition or disposal.

XV. SIGNIFICANT INVESTMENT AND FUTURE PLANS FOR MAJOR INVESTMENTS

For the six months ended 30 June 2019, the Group did not hold any significant investment and has not executed any agreement in respect of material acquisitions, investments or capital asset and did not have any other future plans relating to material acquisitions, investments or capital asset as at the Latest Practicable Date. Nonetheless, if any potential investment opportunity arises in the coming future, the Group will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Group and the Shareholders as a whole.

XVI. FINANCIAL INSTRUMENTS FOR HEDGING PURPOSES

During the Reporting Period, the Group had not used any financial instruments for hedging purposes.

XVII. CHARGED AND PLEDGED ASSETS

The details of charged and pledged assets of the Group as at 30 June 2019 are set out in Note 15 to the interim condensed consolidated financial information in this interim report.

XVIII. BANK BORROWINGS AND OTHER LOANS

The details of bank borrowings and other loans of the Group as at 30 June 2019 are set out in Note 15 to the interim condensed consolidated financial information in this interim report.

XIX. CONTINGENT LIABILITIES

As at 30 June 2019, the Group had no material contingent liabilities.

XX. CHANGES TO BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES UNDER RULE 13.51B(1) OF THE LISTING RULES

With effect from 22 March 2019, Mr. Deng Xiandong resigned as the general manager of the Company and was re-designated from an executive Director to a non-executive Director, while Mr. Hou Guoli served as the general manager of the Company.

With effect from 26 April 2019, Mr. Wang Haijie served as the deputy general manager of the Company.

With effect from 26 July 2019, Mr. Shen Zhen resigned as the secretary of the Communist Party Committee and the deputy general manager of the Company, and was re-designated from an executive Director to a non-executive Director, while Mr. Wang Yanwen served as the secretary of the Communist Party Committee and the deputy general manager of the Company.

With effect from 26 July 2019, Mr. Chen Song served as the chief accountant of the Company, while Mr. Wang Guanghui resigned as the chief accountant of the Company.

For details, please refer to the announcements of the Company dated 22 March 2019, 26 April 2019 and 26 July 2019 with respect to the changes in Directors and Senior Management, respectively.

With effect from 1 March 2019, Mr. Liu Guangming, a non-executive Director, was re-designated from a non-executive director of Datang Renewable (a company listed on the Stock Exchange, stock code: 1798) to an executive director.

With effect from 28 March 2019, Mr. Liu Chuandong, a non-executive Director, resigned as a non-executive director of Datang International Power Generation Company Limited (a company listed on the Stock Exchange, stock code: 991).

With effect from 9 May 2019, Mr. Li Yi, a non-executive Director, resigned as a non-executive director of Datang Renewable (a company listed on the Stock Exchange, stock code: 1798).

Save as disclosed above, there is no other change to the biographical details of the Directors, Supervisors and chief executives of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period.

Significant Events (Continued)

XXI. REVIEW OF INTERIM REPORT

The audit committee of the Company (the “**Audit Committee**”) has reviewed the unaudited interim condensed consolidated financial statements and the interim report of the Group for the six months ended 30 June 2019.

XXII.IMPORTANT SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There was no other important subsequent event affecting the Group which has taken place after the Reporting Period and up to the Latest Practicable Date.

XXIII.OTHER IMPORTANT MATTERS

During the Reporting Period, none of the Company, the Directors or the Supervisors was punished by administrative means or criticized through circular by the SFC or publicly condemned by the Stock Exchange.

Profile of Directors, Supervisors and Senior Management

I. NON-EXECUTIVE DIRECTORS

Mr. Jin Yaohua (金耀華)

aged 59, is the chairman of the Board and a non-executive Director. Mr. Jin had over 35 years of extensive work 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 since 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 accredited as a senior engineer by the North China Electric Power Administration Bureau (華北電業管理局) in October 1992.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Liu Chuandong (劉傳東)

aged 56, is a non-executive Director. Mr. Liu had more than 30 years of extensive 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 Datang Finance 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 from November 2015 to December 2018. Mr. Liu has been serving as a member of the Communist Party Committee and chief accountant of China Aerospace Science & Industry Corp (中國航天科工集團有限公司) since December 2018. In addition, Mr. Liu also holds directorships in other listed companies. He served as a director of Datang Huayin (a company listed on the Shanghai Stock Exchange, stock code: 600744) from June 2015 to June 2016. Mr. Liu served as a non-executive director of Datang International Power Generation Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601991; a company listed on the Stock Exchange, stock code: 991) from July 2016 to March 2019. 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.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Liu Guangming (劉光明)

aged 47, is a non-executive Director. 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 worked for China Huadian Corporation Finance Company Limited (中國華電集團財務有限公司) from June 2010 to May 2014 as 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 Datang Finance. From March 2016 to July 2018, he has been serving as the head of capital operation and assets management department of China Datang. Since March 2018, he has been serving as the chief economist 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. (廣西桂冠電力股份有限公司) (“**Guiguan Power**”) (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, a non-executive director of Datang Renewable (a company listed on the Stock Exchange, stock code: 1798) from June 2016 to March 2019, and an executive director and general manager of Datang Renewable since March 2019. 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.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Li Yi (李奕)

aged 52, prior to joining the Company, Mr. Li served successively in Changchun No. 1 Thermal Power Plant (長春熱電一廠) from August 1990 to March 2000 as a mechanic in Turbine Engine Department, technician, deputy director and the director of the Turbine Engine Department, as well as the division chief of Biotechnology Division, deputy chief engineer and division chief of Biotechnology Division, and deputy chief engineer and standing managers of various head offices. From March 2000 to November 2006, he held various positions in Changchun Thermal Power Plant (長春熱電廠), including deputy director, director and member of the Party Committee. Mr. Li was the general manager of Datang Changchun No. 2 Cogeneration Power Co., Ltd. (大唐長春第二熱電有限責任公司) and Changchun Thermal Power Development Co., Ltd. (長春熱電發展有限公司) from November 2006 to November 2007. From November 2007 to April 2009, Mr. Li served as the director of the ideological and political work department and the secretary of Party Committee of Datang Jilin Power Generation Co., Ltd. (大唐吉林發電有限公司). During the period of April 2009 to July 2010, he served as the general manager of Datang Jilin Renewable Power Co., Ltd. (大唐吉林瑞豐新能源發電有限公司). Mr. Li served successively in Datang Shandong Power General Plant (大唐山東發電有限公司) from July 2010 to December 2014 as the director of Engineering Management Department, deputy chief engineer and the director of Engineering Management Department, as well as deputy general manager, and the member of the Party Committee (equivalent to Deputy Head Rank in the Headquarter of the Group). During the periods of December 2014 to December 2016 and December 2016 to December 2017, he held the position of the deputy director of the safety production department of the China Datang and the deputy director of the safety production department of the China Datang and the deputy director of the training center of Beijing International Clean Energy Power Generation (北京國際清潔能源發電培訓中心) respectively. From December 2017 to March 2019, he has been the director of the Safety Management and Production Department of China Datang, Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) and Datang Renewable, the deputy director of the training center of Beijing International Clean Energy Power Generation, and the director of Management Department (Business Department) of Datang Renewable since March 2019. In addition, Mr. Li also holds directorships in other listed companies. He has served as a non-independent director of Guiguan Power (a company listed on the Shanghai Stock Exchange, stock code: 600236) since January 2019, a director of Datang Huayin (a company listed on the Shanghai Stock Exchange, stock code: 600744) since July 2018, and a non-executive director of Datang Renewable (a company listed on the Stock Exchange, stock code: 1798) from June 2018 to May 2019. Mr. Li obtained the Bachelor of Engineering in Power Engineering from Southeast University (東南大學) in July 1990 and a Master's Degree in Economics from the School of Economics of Jilin University (吉林大學) in June 2004. In December 2000, Mr. Li was accredited as a senior engineer by the Senior Technical Expert Qualifications Boards of State Electric Power Corporation (國家電力公司高級專業技術資格評審委員會).

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Deng Xiandong (鄧賢東)

aged 54, served as the general manager of the Company from July 2013 to March 2019, served as an executive Director from August 2013 to March 2019, and the vice secretary of the Communist Party Committee of the Company from January 2015 to March 2019, and has been serving as a non-executive Director since March 2019. Since March 2019, Mr. Deng has also been serving as the chairman and the secretary to the Communist Party Committee of China Datang Overseas Investment Co., Ltd. (中國大唐集團海外投資有限公司). Mr. Deng possessed over 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 (張家口發電廠) 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.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Shen Zhen (申鎮)

aged 47, was the general manager of the environmental protection branch of the Company from November 2010 to January 2015 and a deputy general manager of the Company from January 2015 to July 2019, served as the secretary of the Communist Party Committee of the Company from July 2018 to July 2019, served as an executive Director from November 2018 to July 2019, and has been serving as a non-executive Director since July 2019. Mr. Shen has been serving as a member of the Communist Party Committee and deputy general manager of Datang Solar Industry Company Limited (中國大唐集團太陽能產業有限公司) since July 2019. 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 China Datang Technologies and Engineering Co., Ltd. (中國大唐集團科技工程有限公司) ("**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.

II. INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ye Xiang (叶翔)

aged 55, is an independent non-executive Director. Mr. Ye possessed over 20 years of extensive work experience in the industries relating to finance, banking and regulation. Mr. Ye was an economist of the PBOC 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 Stock Exchange, stock code: 0305) since October 2008 and the position of independent director of Digital China Group Co., Ltd. (神州數碼集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000034) from June 2011 to May 2016, and has been serving as an independent non-executive director of 51 Credit Card Inc. (a company listed on the Stock Exchange, stock code: 2051) since February 2018 and an independent non-executive director of Jinshang Bank Co., Ltd. (晉商銀行股份有限公司) (a company listed on the Stock Exchange, stock code: 2558) since December 2018. Mr. Ye obtained a doctoral degree in economics at the Financial Research Institute of the PBOC (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 (特許金融分析師學會) in September 2004.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Mao Zhuanjian (毛專建)

aged 66, is an independent non-executive Director. Mr. Mao possessed extensive experience in the environmental protection, energy conservation and clean production of the power industry. Mr. Mao currently serves as the senior expert of the energy conservation and environmental protection division of China Electricity Council (中國電力企業聯合會節能環保分會) (“CEC”), 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 CEC (中電聯環境保護中心). 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 2017, 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 (全國電力行業脫硫脫硝技術協作網), and the deputy secretary and deputy secretary general 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 (中電聯核心專家) 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.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Gao Jiaxiang (高家祥)

aged 45, is an independent non-executive Director. Mr. Gao has considerable work 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 (南方民和會計師事務所北京分所) 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. He then served 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) from March 2009 to June 2017. Mr. Gao served as the chief financial officer of Risun Chemical Co., Ltd. (旭陽化工有限公司) during the period from June 2017 to October 2017, and has been serving as an executive director and the general manager of Beijing Huamai Huizhong Technology Co., Ltd. (北京華麥惠眾科技有限公司) since October 2017. 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 (中央財經大學) in June 2016. He was accredited as a certified public accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in April 2003 and as a certified tax agent by Henan Certified Tax Agent Management Center (河南省註冊稅務師管理中心) in June 2002.

IV. SUPERVISORS

Mr. Wang Yuanchun (王元春)

aged 55, is the chairman of the Supervisory Committee. He had over 30 years of work 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 Shaanxi Power Generation 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 since July 2013 and the director of monitoring division (the office of disciplinary team) of the Communist Party Committee of China Datang from July 2013 to October 2017, and the director and secretary of Communist Party Committee of China Datang Techno-Economic Research Institute (中國大唐集團技術經濟研究院) from February 2015 to December 2017. 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.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Miao Shihai (繆士海)

aged 53, is a supervisor. Mr. Miao has nearly 30 years of work experience in the power related industries. Before joining the Company, Mr. Miao was an employee and the director of the Finance Department in Shandong Shiheng Power Plant (山東石橫發電廠) from August 1988 to December 1998, the director of Finance Department of Shandong Luneng Taishan Cable Co., Ltd. (魯能泰山電纜電器有限公司) from December 1998 to January 2005, the officer in charge of finance in Shandong Luneng Taishan Cable Co., Ltd. (山東魯能泰山電纜股份公司) from August 2003 to January 2005, the chief accountant of Shanxi Luneng Jinbei Aluminum Co., Ltd. (山西魯能晉北鋁業有限公司) from January 2005 to April 2010, the leader of the working group of Sanya International Culture Exchange Center (三亞國際文化交流中心) from April 2010 to August 2010, a member of the party committee, deputy general manager and the chief accountant of Hainan Luneng Guangda Properties Co., Ltd. (海南魯能廣大置業有限公司) and Hainan Sanya Harbour New City Development Co., Ltd. (海南三亞灣新城開發有限公司) from August 2010 to September 2011, a member of the party committee, deputy general manager and chief accountant of Shanxi Luneng Jinbei Aluminum Co., Ltd. from September 2011 to June 2012, was the supervisor of audit department, deputy general manager (executive) of CPI Financial Company Limited (中電投財務有限公司) from June 2012 to July 2013, the deputy director (executive) of Comprehensive Management Department of CPI Ronghe Financial Holding Co., Ltd. (中電投融和控股有限公司) and CPI Financial Company Limited (中電投財務有限公司) from July 2013 to May 2014, the manager of Institutional Building and Management Department of Datang Capital from September 2014 to March 2015, the secretary of the party branch, and general manager and secretary of the party branch in Datang Financial Lease Co., Ltd. (大唐融資租賃有限公司) from April 2015 to December 2016, the deputy general manager and a member of the party committee (equivalent to Deputy Head Rank in the Headquarter of the Group) of Datang Capital from December 2016 to August 2017, the deputy director in Finance Management Department of China Datang from August 2017 to December 2017, the deputy director in Finance Department of China Datang and director of Finance Management Department of Datang Renewable from December 2017 to April 2018, the deputy director of the audit department of China Datang, Datang International Power Generation Company Limited (大唐國際發電股份有限公司) and Datang Renewable since April 2018. Mr. Miao obtained the association degree in industrial business management from Shanghai University of Electric Power (上海電力學院) in July 1988 and a Master's degree in Accounting from the Hebei Branch of Correspondence Institute of the Party School of the CPC Central Committee (中央黨校函授學院河北分院) in July 2012. In December 2012, Mr. Miao was qualified as a senior economist by the China Power Investment Corporation (中國電力投資集團公司).

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Chen Li (陳利)

aged 52, is an employee representative supervisor. Mr. Chen has served as a director of the ideological and political work department of the Company since October 2017, and has been serving as the deputy chief economist and director of the ideological and political work department of the Company since February 2018. Mr. Chen has nearly 30 years of work experience in power industry. Before joining the Company, from July 1989 to April 2008, Mr. Chen worked for Beijing General Power Equipment Plant (北京電力設備總廠) and successively served as the assistant engineer for product design of the research institute, a deputy plant manager of the closed busbars plant, a deputy plant manager and the division head of sales and marketing division, plant manager, deputy chief engineer of the plant management office, deputy chief engineer and director of the information center, deputy chief engineer and the manager of the quality assurance department, deputy chief engineer and deputy general manager of grinding mill division and director of sales and marketing technical division. From April 2008 to February 2009, Mr. Chen served as the deputy general manager of mechanical transportation division of China Datang Technologies and Engineering Co., Ltd. (中國大唐集團科技工程有限公司) (“**Technology & Engineering Company**”). From February 2009 to September 2009, he served as a deputy general manager of Beijing Datang Hengtong Mechanical Transport Co., Ltd. (北京大唐恒通機械輸送技術有限公司). From September 2009 to February 2012, he served as the deputy head of the production preparation team for denitrification catalyst of Technology & Engineering Company. From February 2012 to October 2012, he served as the deputy general manager (in charge) of Datang Nanjing Environmental Protection Technology Co., Ltd. (大唐南京環保科技有限公司). From October 2012 to June 2014, he served as the executive deputy general manager of Beijing Datang Hengtong Mechanical Transport Co., Ltd.. From June 2014 to January 2015, he served as the deputy general manager (in charge) of Beijing Datang Hengtong Mechanical Transport Co., Ltd.. Mr. Chen served successively as the deputy director (in charge) of the general manager’s office (international cooperation department), the director of the general manager’s office (international cooperation department), the director of inspection audit unit, the director of ideological and political work department, the director of ideological and political work department and the director of inspection audit unit of the Company from January 2015 to October 2017. Mr. Chen graduated from Xi’an Jiaotong University (西安交通大學) majoring in electrical appliances of electrical engineering and obtained a bachelor’s degree in engineering in 1985. Mr. Chen was accredited as a senior engineer by the State Power Corporation (國家電力公司) on 31 December 1999.

V. SENIOR MANAGEMENT

Mr. Hou Guoli (侯國力)

aged 56, served as the general manager and deputy secretary of the Communist Party Committee of the Company since March 2019. Mr. Hou Guoli possessed over 30 years of work 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. Hou Guoli successively worked as a specialized technician, deputy director and director of the biotechnology division in the Liangzihe Power Plant (亮子河發電廠) from August 1984 to April 1993. He served successively as the deputy chief engineer, chief engineer, deputy plant manager and plant manager in Jiamusi No. 2 Power Plant (佳木斯第二發電廠) from April 1993 to July 1997. He served successively as the secretary of the Communist Party Committee and general manager of Qitaihe No.1 Power Generation Co., Ltd. (七台河第一發電有限責任公司) from July 1997 to August 2004. He served as the deputy director of production safety department of China Datang from August 2004 to April 2008. He worked for Datang Shaanxi Power Generation Co., Ltd. (大唐陝西發電有限公司) from April 2008 to July 2013, serving successively as the secretary of the Communist Party Committee and general manager, and the general manager and deputy secretary of the Communist Party Committee. From July 2013 to December 2016, he served successively as the general manager and secretary of the Communist Party Committee, and the general manager and deputy secretary of the Communist Party Committee in China Datang Hunan Branch (中國大唐湖南分公司) and Datang Huayin. From December 2016 to March 2019, he served successively as the general manager and deputy secretary of the Communist Party Committee, and chairman and secretary of the Communist Party Committee in China Datang Overseas Investment Co., Ltd. (中國大唐集團海外投資有限公司). Mr. Hou Guoli graduated from Power Engineering Department of Northeast Electric Power University (東北電力學院) and obtained the Bachelor of Engineering in thermal power engineering for power plants in July 1984. Mr. Hou Guoli received special governmental allowance granted by State Council of the People's Republic of China in December 2016. He was accredited as a professor-level senior engineer by the assessment centre for talents of China Datang in January 2018.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Wang Yanwen (王彥文)

aged 54, a member of the Communist Party Committee, is a senior engineer with a bachelor's degree. He has been serving as the secretary of the Party Committee and deputy general manager of the Company since July 2019. Mr. Wang has over 30 years of extensive experience in the power industry. Prior to joining the Company, Mr. Wang served as an electrical technician of the engineering department, the head of the microwave office, specialized engineer and deputy director of the Communication Branch, as well as director of the communication engineering office of the repair and maintenance engineering division, the Party branch secretary of the heating ventilation department and head of the fuel management department of Shuangyashan Power Plant (雙鴨山發電廠) from February 1985 to July 1998, head of the general office of Heilongjiang Power Fuel Corporation (黑龍江省電力燃料總公司) from July 1998 to February 2004, head of the Heilongjiang transportation office of Datang Power Fuel Co., Ltd. (大唐電力燃料有限公司) from February 2004 to December 2004, deputy director of the fuel management center of Datang Heilongjiang Power Generation Co., Ltd. (大唐黑龍江發電有限公司) and deputy general manager of Datang Heilongjiang Power Fuel Co., Ltd. (大唐黑龍江電力燃料有限公司) from December 2004 to October 2006, director of the fuel management center of Datang Heilongjiang Power Generation Co., Ltd. and general manager of Datang Heilongjiang Power Fuel Co., Ltd. from October 2006 to March 2010, vice chief economist and director of the fuel management center of Datang Heilongjiang Power Generation Co., Ltd. and general manager of Datang Heilongjiang Power Fuel Co., Ltd. from March 2010 to August 2010, vice chief economist, vice chief economist and director of the ideological and political department as well as deputy secretary of the party committee directly administered by the company and director of the labor union office of Datang Heilongjiang Power Generation Co., Ltd. from August 2010 to January 2015, a member of party committee, head of the discipline inspection committee, chairman of the labor union and head of the discipline inspection committee of Datang Jilin Power Generation Co., Ltd. (大唐吉林發電有限公司) from January 2015 to December 2016, deputy director of the fuel management department of China Datang from December 2016 to December 2017, secretary of the party committee, deputy general manager, chairman and secretary of the party committee of Datang Power Fuel Co., Ltd. from December 2017 to July 2019. Mr. Wang graduated from Harbin Institute of Technology (哈爾濱工業大學) in July 1996 majoring in computer and application.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Liu Weihua (劉維華)

aged 58, has been serving as a deputy general manager of the Company since 17 August 2018. Mr. Liu has nearly 40 years of extensive experience in power industry. Prior to joining the Company, Mr. Liu served as a soldier of Unit 87401 of People's Liberation Army of China from November 1979 to December 1980. From December 1980 to June 1988, he served as a worker and technician of Electric Power Division of Jilin Thermal Power Plant (吉林熱電廠電氣分場). From June 1988 to November 2006, he worked at Changchun No. 2 Thermal Power Plant (長春熱電二廠) (renamed subsequently as Changchun No. 2 Cogeneration Power Co., Ltd. (長春第二熱電有限責任公司)), where he served successively as a special worker, an inspector of the inspection office, the deputy secretary of the Youth League Committee, Party branch secretary of the party and mass department, vice president and president of the Labor Union, deputy general manager and secretary of the Party Committee of the Electric Power Division. He served as the director of Datang Changshan Power Plant (大唐長山電廠) from November 2006 to September 2009, served concurrently as the director of Preparation Team of Datang Da'an Power Generation Project (大唐大安發電項目籌建處) and head of Party Committee Preparation Team (黨委籌備組) from January 2008 to September 2009, and served concurrently as the director of Preparation Team of Datang Songyuan Power Generation Project (大唐松原發電項目籌建處) from March 2008 to September 2009. From September 2009 to July 2018, he worked at Datang International Power Generation Co., Ltd. Guangdong Branch (大唐國際發電股份有限公司廣東分公司), where he served successively as a member of the Party Organization, the deputy general manager, a member of the Party Organization, the managing deputy general manager, general manager, secretary to the Party Organization, general manager and deputy secretary of the Party Organization. He served concurrently as the general manager of Guangdong Fengsheng Shantou Power Generation Co., Ltd. (廣東豐盛汕頭發電有限公司) from September 2009 to December 2012, the director of the preparation office of Guangdong Datang International Fengsheng Power Plant (廣東大唐國際豐盛電廠) from February 2010 to December 2012, the managing deputy general manager of Guangdong Datang International Chaozhou Power Generation Company Limited (廣東大唐國際潮州發電有限公司) from January 2011 to December 2012, and the general manager and deputy secretary of the Party Committee of China Datang Guangdong Branch (中國大唐集團有限公司廣東分公司) from December 2017 to July 2018. Mr. Liu took undergraduate correspondence courses on power plant and power system automation from the School of Power Engineering of Northeast China Institute of Electric Power (東北電力學院) from September 1981 to July 1987, and majored in project management at Northeast Electric Power University (東北電力大學) from December 2004 to March 2008 and obtained a master's degree in engineering. In December 2002, he was granted the qualification of senior engineer by Senior Specialised Technique Qualification Evaluation Committee of State Power Corporation of China (國家電力公司高級專業技術資格評審委員會).

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Chen Song (陳崧)

aged 51, has been serving as the chief accountant and a member of the Party Committee of the Company since July 2019. Mr. Chen has nearly 30 years of experience in power industry. Prior to joining the Company, Mr. Chen consecutively served as an accountant of financial department of North China Power Institute (華北電力設計院) from July 1991 to January 1993, an accountant of North China Power Group Co., Ltd. (華北電力集團公司) from January 1993 to January 1998, senior head of financial department, vice director of the funds division and director of property funds division of the financial department of Beijing Datang Power Generation Company Limited (北京大唐發電股份有限公司) from January 1998 to December 2004, plant manager assistant, deputy plant manager and concurrently chief accountant of Beijing Gao Jing Thermal Power Plant (北京高井熱電廠) from December 2004 to December 2006, vice manager, vice general manager and vice director of the financial department of Datang International Power Co., Ltd. (大唐國際發電股份有限公司) from December 2006 to November 2009, general manager and director of phase II construction preparation department of Yunnan Datang International Honghe Power Generation Company Limited (雲南大唐國際紅河發電有限責任公司) from November 2009 to December 2012, director of the financial department of Datang International Power Co., Ltd. from December 2012 to December 2013, and chief accountant and a party committee member of Datang Renewable from December 2013 to July 2019.

Mr. Chen graduated from Xiamen University (廈門大學) with a bachelor's degree of economics in accounting in July 1991. He obtained the qualification as a senior accountant in December 2002.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Wang Haijie (王海傑)

aged 56, served as the deputy general manager of the Company since April 2019. Mr. Wang has over 30 years of experience in the power industry and has been in charge of the business operation and management of a number of electric power enterprises. Prior to joining the Company, Mr. Wang served as a worker at the thermal heat workshop of Xiahuayuan Power Plant (下花園發電廠) during December 1982 and July 1988, and a team head of the thermal heat workshop of Shalingzi Power Plant (沙嶺子發電廠) during July 1988 and June 1992; he successively served as a team head and deputy supervisor at the thermal heat division, the chief engineer at the production technology division of the maintenance and repairs department, and a supervisor at the production technology division of Qinhuangdao Thermal Power Plant (秦皇島熱電廠) during June 1992 and May 2004, the person-in-charge of the production preparation team, the chief engineer and the deputy head of the equipment and engineering department, the head of the equipment department, and the deputy chief engineer and the head of the equipment department of Guangdong Datang International Chaozhou Power Generation Co., Ltd. (廣東大唐國際潮州發電有限責任公司) during May 2004 and April 2007, an assistant to general manager and the deputy general manager of Fujian Datang International Ningde Power Generation Co., Ltd. (福建大唐國際寧德發電有限責任公司) during April 2007 and August 2009, the general manager of Shanxi Datang International Linfen Thermal Power Co., Ltd. (山西大唐國際臨汾熱電公司) during August 2009 and January 2011, the secretary to the party committee, deputy general manager, and general manager of Liaoning Datang International Fuxin Coal to Gas Co., Ltd. (遼寧大唐國際阜新煤製天然氣有限責任公司) during January 2011 and November 2016, a consultant at the expert work station of Zhongxin Energy and Chemical Technology Company Limited (中新能化科技有限公司) during November 2016 and January 2018, and the deputy general manager and a member of the party committee of China Datang Overseas Investment Co., Ltd. (中國大唐集團海外投資有限公司) during January 2018 and April 2019. Mr. Wang graduated from Zhangjiakou Vocational College (張家口市職工大學) in July 1988 and obtained a college degree. He obtained the qualification as senior engineer from Senior Specialized Technique Titles Evaluation Committee of China Datang in December 2009.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Mao Hui (毛輝)

aged 44, has been serving as a deputy general manager of the Company since 10 March 2017. Mr. Mao has approximately 20 years of extensive experience in power industry. From January 2005 to February 2012, Mr. Mao served several positions in Technology & Engineering Company, which is currently a subsidiary of the Company, including chief assistant of its general manager office, a deputy director of its science and technology management department and director of its human resource department. From February 2012 to January 2015, Mr. Mao served as director of human resource department of the Company, during which, Mr. Mao also served as general manager of Technology & Engineering Company from January 2014 to January 2015 and secretary to the Communist Party Committee of Technology & Engineering Company from March 2014 to January 2015. From January 2015 to December 2016, Mr. Mao continued to serve as general manager and secretary to the Communist Party Committee of Technology & Engineering Company. Prior to joining the Group, he served as an engineer of auxiliary power division of Hunan Thermal Power Construction Corporation (湖南火電建設公司) from August 1997 to March 1999, as an engineer of power transmission and transformation department of China Huadian Engineering Co., Ltd. (中國華電工程(集團)有限公司) (“China Huadian”) from April 1999 to December 2000, and chief information manager of general manager office of China Huadian from January 2001 to December 2004. Mr. Mao graduated from Xi’an Jiaotong University (西安交通大學) with a bachelor’s degree in engineering in July 1997, majoring in electrical appliance. He further obtained an MBA degree from Tsinghua University (清華大學) in July 2009. Mr. Mao was accredited as a senior engineer by China Datang in December 2009.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Zeng Bing (曾兵)

aged 42, has served as the chief economist of the Company from 10 March 2017 to 17 November 2017, the secretary to the Board, joint company secretary and authorised representative of the Company from 10 March 2017 to 17 August 2018, and the secretary to the disciplinary committee of the Company since August 2017. Mr. Zeng has approximately 20 years of experience in power industry. Prior to joining the Company, Mr. Zeng served several positions in Datang Yantan Hydropower Plant (大唐巖灘水力發電廠) from July 1997 to August 2006, including accountant, manager, deputy director and director of its financial department, and was mainly responsible for financial management, including budget management, accounting, fund management and tax management matters. From August 2006 to November 2013, he served as deputy director and director (in charge) of audit and supervision department of Guiguan Power (a company listed on the Shanghai Stock Exchange, stock code: 600236), and was responsible for internal audit and internal control management. From October 2013 to January 2014, he served as the deputy general manager and secretary of the Communist Party committee of Datang Guiguan Shandong Power Investment Company Ltd. (大唐桂冠山東電力投資有限公司), a subsidiary of Guiguan Power, and was mainly responsible for financial management matters, including budget management, accounting, fund management and tax management matters. From January 2014 to October 2015, he served as director of securities affairs department of China Datang Guangxi Branch (中國大唐廣西分公司), Guiguan Power and Longtan Hydropower Development Co., Ltd. (龍灘水電開發有限公司) respectively, and was mainly responsible for daily compliance, regulatory reporting and communications and corporate governance matters, including preparing announcements and regular reports, organising board meetings, supervisor committee meetings and shareholder meetings, supervising transactions such as share repurchase, share issue, asset or equity acquisition and/or disposal. From October 2015 to December 2016, he served as the deputy general manager and secretary of the Communist Party committee of Guangxi Datang Electric Power Maintenance Co., Ltd. (廣西大唐電力檢修有限公司), and was mainly responsible for financial management, including budget management, accounting, fund management and tax management matters. Mr. Zeng graduated from Zhongnan University of Finance and Economics (中南財經大學) with a bachelor's degree in economics in July 1997, majoring in accounting. Mr. Zeng was accredited as a PRC certified accountant by the Ministry of Finance of the People's Republic of China in May 2004.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Liang Xiuguang (梁秀廣)

aged 40, has served as deputy general manager of the Company since 23 March 2018. Mr. Liang has nearly 20 years of experience in power industry. Before joining the Company, Mr. Liang worked for Shandong Huangdao Electric Power Plant (山東黃島發電廠) from July 2000 to September 2009, serving successively as boiler operator, secretary of the general office, deputy director of the general office and director of the politics department. When serving for Datang Shandong Renewable Energy Co., Ltd. (大唐山東新能源有限公司) from September 2009 to March 2012, Mr. Liang acted successively as head of the general office, deputy chief economist, deputy general manager and member of Party Committee. He served concurrently as deputy general manager of Datang Shandong Clean Energy Development Co., Ltd. (大唐山東清潔能源開發有限公司) from November 2010 to March 2012, and acted as deputy general manager and member of Party Committee of Datang Shandong Clean Energy Development Co., Ltd. from March 2012 to March 2013. From March 2013 to November 2013, Mr. Liang worked for Shenyang Huachuang Wind Power Co., Ltd. (瀋陽華創風能有限公司) as member of Party Committee and deputy general manager. He served successively as deputy general manager of the automation department, deputy director of materials management department (in charge of overall operation) and director of materials management department of the Company from November 2013 to January 2017. From January 2017 to March 2018, Mr. Liang acted as general manager and member of Party Committee of Technology & Engineering Company. Mr. Liang graduated from the Power Faculty of Shandong Electric Power College (山東省電力高等專科學校) in July 2000, with major in thermal power, and took undergraduate courses on thermal energy and power engineering from the School of Continuing Education of Harbin Institute of Technology (哈爾濱工業大學) from March 2010 to July 2012. Subsequently, he obtained a master's degree in engineering from Xi'an University (西安電子科技大學) in June 2017. Mr. Liang was granted the qualification of senior administration engineer by China Datang in December 2016.

Profile of Directors, Supervisors and Senior Management (Continued)

Ms. Zhu Mei (朱梅)

aged 52, has served as deputy general manager of the Company since 20 July 2018, and served as the secretary to the Board, joint company secretary and authorized representative of the Company since 17 August 2018. Ms. Zhu has nearly 30 years of extensive experience in power industry. Ms. Zhu served successively as a teacher at North China Power Administration Bureau University for Staff (華北電管局職工大學) and an economist of comprehensive planning department of North China Power Group Company (華北電力集團公司) from August 1988 to August 1999 prior to joining the Company. From August 1999 to August 2000, she served as a specialist of capital market department of Beijing Datang Power Generation Co., Ltd. (北京大唐發電股份有限公司). From March 2004 to June 2018, she acted successively as an investment planning director of the comprehensive planning department of North China Grid Company Limited (華北電網有限公司), an employee of the capital operation office of the development and planning department of China Datang, an employee of the capital operation office of the planning, investment and financing department of China Datang, a deputy director at the capital operation office of the planning, investment and financing department of China Datang, the deputy director of the capital operation office of capital operation and assets management department of China Datang, the director of the capital operation office of capital operation and assets management department of China Datang, and the director at securities finance first office of capital operation and assets management department of China Datang. Ms. Zhu obtained a bachelor degree of engineering in industrial management and engineering profession of management engineering department in the School of Management of Xi'an Jiaotong University (西安交通大學) in July 1988, a master's degree of economics in investment economics profession of investment department of Renmin University of China (中國人民大學) in January 1999, a master's degree of applied science of information system management profession in the faculty of engineering of University of Waterloo in Canada (加拿大滑鐵盧大學) in October 2003. She was granted the qualification of senior economist from the Senior Economist Review Committee of North China Power Administration Bureau (華北電業管理局高級經濟師評審委員會) under the Ministry of Electric Power Industry in August 1999.

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2019 Unaudited RMB'000	2018 Unaudited RMB'000
Revenue	4	2,418,489	2,668,530
Cost of sales		(1,906,557)	(2,105,590)
Gross profit		511,932	562,940
Selling and distribution expenses		(17,666)	(20,530)
Administrative expenses		(295,172)	(110,087)
Other income and gains	5	46,202	36,825
Finance costs	6	(119,521)	(91,787)
Impairment losses on financial and contract assets		(4,219)	(5,233)
Profit before tax		121,556	372,128
Income tax expense	7	(30,279)	(67,728)
PROFIT FOR THE PERIOD		91,277	304,400
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(621)	(3,690)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		(621)	(3,690)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		(2,224)	329
Income tax effect		334	(49)
		(1,890)	280

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 June 2019
(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2019 Unaudited RMB'000	2018 Unaudited RMB'000
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		(1,890)	280
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(2,511)	(3,410)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		88,766	300,990
Profit attributable to:			
Owners of the parent		89,880	295,226
Non-controlling interests		1,397	9,174
		91,277	304,400
Total comprehensive income attributable to:			
Owners of the parent		87,642	293,440
Non-controlling interests		1,124	7,550
		88,766	300,990
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	9	0.03	0.10

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	30 June 2019 Unaudited RMB'000	31 December 2018 Audited RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	7,582,453	7,675,153
Right-of-use assets		376,588	–
Intangible assets		212,435	208,615
Prepaid land lease payments		–	19,066
Equity investments designated at fair value through other comprehensive income		4,947	7,171
Deferred tax assets		63,404	45,395
Other non-current assets		333,441	331,608
Total non-current assets		8,573,268	8,287,008
CURRENT ASSETS			
Inventories		170,136	153,520
Contract assets		1,029,187	982,436
Trade and bills receivables	11	8,424,931	8,398,505
Prepayments, other receivables and other assets	12	997,363	888,860
Restricted cash	13	26,021	36,928
Time deposit	13	–	35,000
Cash and cash equivalents	13	1,543,744	1,677,724
Total current assets		12,191,382	12,172,973
CURRENT LIABILITIES			
Trade and bills payables	14	5,138,299	6,481,262
Other payables and accruals		2,072,072	1,663,401
Interest-bearing bank borrowings and other loans	15	3,277,685	2,023,848
Income tax payable		7,757	27,110
Total current liabilities		10,495,813	10,195,621

Interim Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

<i>Notes</i>	30 June 2019 Unaudited <i>RMB'000</i>	31 December 2018 Audited <i>RMB'000</i>
NET CURRENT ASSETS	1,695,569	1,977,352
TOTAL ASSETS LESS CURRENT LIABILITIES	10,268,837	10,264,360
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings and other loans 15	3,153,898	2,906,048
Other non-current liabilities	38,636	38,990
Total non-current liabilities	3,192,534	2,945,038
Net assets	7,076,303	7,319,322
EQUITY		
Equity attributable to owners of the parent		
Share capital	2,967,542	2,967,542
Reserves	3,915,077	4,153,865
Non-controlling interests	6,882,619 193,684	7,121,407 197,915
Total equity	7,076,303	7,319,322

Jin Yaohua
Director

Hou Guoli
General Manager

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to owners of the parent						Total	Non-controlling interests	Total equity
	Share capital	Capital reserve*	Statutory surplus reserve*	Fair value reserve*	Exchange fluctuation reserve*	Retained profits*			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2018 (audited)	2,967,542	1,315,483	350,104	1,846	(317)	2,486,749	7,121,407	197,915	7,319,322
Profit for the period	-	-	-	-	-	89,880	89,880	1,397	91,277
Other comprehensive income for the period:									
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	(1,890)	-	-	(1,890)	-	(1,890)
Exchange difference on translation of foreign operations	-	-	-	-	(348)	-	(348)	(273)	(621)
Total comprehensive income for the period	-	-	-	(1,890)	(348)	89,880	87,642	1,124	88,766
Final 2018 dividends declared	-	-	-	-	-	(326,430)	(326,430)	-	(326,430)
Dividends paid by a subsidiary to its non-controlling interests	-	-	-	-	-	-	-	(5,355)	(5,355)
At 30 June 2019 (unaudited)	2,967,542	1,315,483	350,104	(44)	(665)	2,250,199	6,882,619	193,684	7,076,303
At 1 January 2018	2,967,542	1,315,483	278,050	(478)	560	2,177,847	6,739,004	184,318	6,923,322
Profit for the period	-	-	-	-	-	295,226	295,226	9,174	304,400
Other comprehensive income for the period:									
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	280	-	-	280	-	280
Exchange difference on translation of foreign operations	-	-	-	-	(2,066)	-	(2,066)	(1,624)	(3,690)
Total comprehensive income for the period	-	-	-	280	(2,066)	295,226	293,440	7,550	300,990
Final 2017 dividends declared	-	-	-	-	-	(385,780)	(385,780)	-	(385,780)
Dividends paid by a subsidiary to its non-controlling interests	-	-	-	-	-	-	-	(2,202)	(2,202)
At 30 June 2018 (unaudited)	2,967,542	1,315,483	278,050	(198)	(1,506)	2,087,293	6,646,664	189,666	6,836,330

* These reserve accounts comprise the consolidated reserves of RMB3,915,077,000 and RMB3,679,122,000 as at 30 June 2019 and 2018, respectively, in the interim condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019
(Amounts expressed in thousands of RMB unless otherwise stated)

	2019 Unaudited RMB'000	2018 Unaudited RMB'000
CASH FLOWS USED IN OPERATING ACTIVITIES	(673,764)	(10,485)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	11,268	7,705
Purchase of items of property, plant and equipment and intangible assets	(502,231)	(331,698)
Receipt of government grants for property, plant and equipment	1,858	–
Decrease/(increase) in time deposit	35,000	(35,000)
Net cash flows used in investing activities	(454,105)	(358,993)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings and other loans	3,219,230	1,747,236
Repayments of bank borrowings and other loans	(2,094,949)	(1,276,446)
Share issue expenses	(643)	(7,890)
Principal portion of lease payments	(4,984)	–
Dividends paid to non-controlling interests	(5,355)	(2,490)
Interest paid	(119,447)	(99,761)
Net cash flows from financing activities	993,852	360,649
NET DECREASE IN CASH AND CASH EQUIVALENTS	(134,017)	(8,829)
Cash and cash equivalents at the beginning of the period	1,677,724	1,666,080
Effect of foreign exchange rate changes, net	37	(5,350)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,543,744	1,651,901

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

1. CORPORATE INFORMATION

Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司) (the “**Company**”) was established on 25 July 2011 in the People’s Republic of China (the “**PRC**”) with limited liability. On 26 June 2015, the Company converted into a joint stock company with limited liability from a limited liability company. The shares of the Company have been listed on the Main board of The Stock Exchange of Hong Kong Limited from 15 November 2016. The address of its registered office is No.120 Zizhuyuan Road, Haidian District, Beijing, the PRC.

The Company and its subsidiaries (together the “**Group**”) are involved in the following principal activities: environmental protection facilities concession operation, the manufacture and sale of denitrification catalysts, environmental protection facilities engineering, water treatment business, energy conservation business and renewable energy engineering business.

In the opinion of the directors of the Company (“**Directors**”), the immediate holding company and ultimate holding company of the Company is China Datang Corporation Ltd. (“**China Datang**”), a company established and domiciled in the PRC and wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council.

The interim condensed consolidated financial information are presented in thousands of Renminbi (“**RMB**”), unless otherwise stated.

The interim condensed consolidated financial information have not been audited.

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP’S ACCOUNTING POLICES AND DISCLOSURES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* (“**IAS 34**”).

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2018.

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new and revised standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Other than as explained below regarding the impact of International Financial Reporting Standard ("IFRS") 16 *Leases*, IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments* and *Annual Improvements to IFRSs 2015–2017 Cycle*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised IFRSs are described below:

IFRS 16 Leases

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICES AND DISCLOSURES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group (Continued)

IFRS 16 Leases (Continued)

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC Interpretation 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for certain items of buildings and other infrastructure. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICES AND DISCLOSURES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group (Continued)

IFRS 16 Leases (Continued)

As a lessee – Leases previously classified as operating leases (Continued)

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank borrowings and other loans.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend the lease
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICES AND DISCLOSURES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group (Continued)

IFRS 16 Leases (Continued)

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) RMB'000 (Unaudited)
Assets	
Increase in right-of-use assets	389,194
Decrease in prepaid land lease payments	(19,066)
Increase in total assets	370,128
Liabilities	
Increase in interest-bearing bank borrowings and other loans	371,814
Decrease in trade and bills payables	(1,686)
Increase in total liabilities	370,128
Decrease in retained earnings	-

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICES AND DISCLOSURES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group (Continued)

IFRS 16 Leases (Continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	<i>RMB'000</i> (Unaudited)
Operating lease commitments as at 31 December 2018	51,123
Add:	
Payments in optional extension periods not recognised as at 31 December 2018	464,700
Other adjustments	<u>1,686</u>
Lease commitments as at 1 January 2019 under IFRS16	517,509
Weighted average incremental borrowing rate as at 1 January 2019	<u>4.41%</u>
Lease liabilities as at 1 January 2019	<u><u>371,814</u></u>

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICES AND DISCLOSURES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group (Continued)

IFRS 16 Leases (Continued)

Summary of new accounting policies (Continued)

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease buildings and other infrastructure for additional terms of five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICES AND DISCLOSURES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group (Continued)

IFRS 16 Leases (Continued)

Significant judgement in determining the lease term of contracts with renewal options (Continued)

The Group included the renewal period as part of the lease term for leases of buildings and other infrastructure due to the significance of these assets to its operations. There will be a significant negative effect on production if a replacement is not readily available.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities (included within 'interest-bearing bank borrowings and other loans'), and the movement during the period are as follow:

	Right-of-use assets	
	Buildings and other infrastructure	Lease liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2019	389,194	371,814
Depreciation charge	(12,606)	–
Interest expense	–	7,428
Payments	–	(4,984)
As at 30 June 2019	<u>376,588</u>	<u>374,258</u>

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICES AND DISCLOSURES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group (Continued)

IFRIC 23 Uncertainty over Income Tax Treatment

IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

Amendments under Annual Improvements to IFRSs 2015–2017 Cycle

IFRS 3 *Business Combinations*: Clarifies that, when an entity obtains control of a business that is a joint operation, it must apply the requirements for a business combination achieved in stages and remeasure its entire previously held interest in the joint operation at fair value. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

IAS 12 *Income Taxes*: Clarifies that an entity recognises all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividends. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

IAS 23 *Borrowing Costs*: Clarifies that an entity treats as part of general borrowings any specific borrowing originally made to develop a qualifying asset, and that is still outstanding, when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

2.3 Accounting judgments and estimates

The preparation of the interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, except for the significant accounting judgements and estimates in relative to new accounting policies application mentioned above, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that are applied to the annual consolidated financial statements for the year ended 31 December 2018.

3. 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 segment 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

The environmental protection and energy conservation solutions business mainly includes flue gas desulfurization and denitrification facilities concession operation for coal-fired power plants; the manufacture and sale of denitrification catalysts; construction engineering 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; and energy conservation including energy conservation facilities engineering and energy management contracting ("EMC").

(b) Renewable energy engineering

The renewable energy engineering business mainly includes the engineering general contracting for newly-built wind power plants, biomass power plants and photovoltaic power plants.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

3. OPERATING SEGMENT INFORMATION (CONTINUED)

(c) Thermal power engineering

The thermal power engineering business mainly includes the engineering procurement construction (“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, other receivables and other assets, 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 and other loans for daily operation purpose, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019
(Amounts expressed in thousands of RMB unless otherwise stated)

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2019 (unaudited)	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue					
Sales to external customers	2,294,597	36,591	30,382	56,919	2,418,489
Intersegment sales	31	-	-	14,069	14,100
	2,294,628	36,591	30,382	70,988	2,432,589
<i>Reconciliation:</i>					
Elimination of intersegment sales					(14,100)
Revenue					2,418,489
Segment results	326,443	(11)	1,466	(48,561)	279,337
<i>Reconciliation:</i>					
Other income and gains					46,202
Corporate and other unallocated expenses					(84,462)
Finance costs					(119,521)
Profit before tax					121,556
As at 30 June 2019 (unaudited)					
Segment assets	17,338,421	1,480,835	89,212	567,533	19,476,001
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(947,569)
Corporate and other unallocated assets					2,236,218
Total assets					20,764,650
Segment liabilities	8,683,564	1,293,882	153,874	759,007	10,890,327
<i>Reconciliation:</i>					
Elimination of intersegment payables					(947,569)
Corporate and other unallocated liabilities					3,745,589
Total liabilities					13,688,347

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2018 (unaudited)	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	Total RMB'000
Segment revenue					
Sales to external customers	2,320,585	124,299	153,810	69,836	2,668,530
Intersegment sales	14,879	-	-	26,334	41,213
	<u>2,335,464</u>	<u>124,299</u>	<u>153,810</u>	<u>96,170</u>	<u>2,709,743</u>
<i>Reconciliation:</i>					
Elimination of intersegment sales					<u>(41,213)</u>
Revenue					<u>2,668,530</u>
Segment results	516,743	10,284	8,319	(42,537)	492,809
<i>Reconciliation:</i>					
Other income and gains					36,825
Corporate and other unallocated expenses					(65,719)
Finance costs					<u>(91,787)</u>
Profit before tax					<u>372,128</u>
As at 31 December 2018 (audited)					
Segment assets	16,655,926	1,905,751	154,122	652,381	19,368,180
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(882,220)
Corporate and other unallocated assets					<u>1,974,021</u>
Total assets					<u>20,459,981</u>
Segment liabilities	8,118,872	1,931,100	206,970	579,394	10,836,336
<i>Reconciliation:</i>					
Elimination of intersegment payables					(882,220)
Corporate and other unallocated liabilities					<u>3,186,543</u>
Total liabilities					<u>13,140,659</u>

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019
(Amounts expressed in thousands of RMB unless otherwise stated)

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

The majority of the non-current assets are located in the PRC, and the majority of revenues are generated from the PRC. Therefore, no geographical information is presented.

Information about major customers

Revenue of approximately RMB2,284 million for the six months ended 30 June 2019 was derived from sales of goods and the rendering of services to China Datang and its subsidiaries (excluding the Group) (“China Datang Group”) (for the six months ended 30 June 2018: RMB2,426 million).

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2019 Unaudited RMB'000	2018 Unaudited RMB'000
Revenue from contracts with customers		
Sales of goods	138,853	163,205
Construction services	799,864	969,875
Desulfurization and denitrification services	1,478,829	1,535,346
	2,417,546	2,668,426
Revenue from other sources		
Gross rental income	943	104
	2,418,489	2,668,530

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers:

Segments	Six months ended 30 June 2019 (unaudited)				Total RMB'000
	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	
Type of goods or service					
Sales of goods	130,727	–	–	8,126	138,853
Construction services	685,041	36,591	30,382	47,850	799,864
Desulfurization and denitrification services	1,478,829	–	–	–	1,478,829
Total revenue from contracts with customers	2,294,597	36,591	30,382	55,976	2,417,546
Timing of revenue recognition					
Goods transferred at a point in time	130,727	–	–	8,126	138,853
Services transferred over time	2,163,870	36,591	30,382	47,850	2,278,693
Total revenue from contracts with customers	2,294,597	36,591	30,382	55,976	2,417,546

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers (continued):

Segments	Six months ended 30 June 2018 (unaudited)				Total RMB'000
	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	
Type of goods or service					
Sales of goods	154,762	-	-	8,443	163,205
Construction services	630,477	124,299	153,810	61,289	969,875
Desulfurization and denitrification services	1,535,346	-	-	-	1,535,346
Total revenue from contracts with customers	2,320,585	124,299	153,810	69,732	2,668,426
Timing of revenue recognition					
Goods transferred at a point in time	154,762	-	-	8,443	163,205
Services transferred over time	2,165,823	124,299	153,810	61,289	2,505,221
Total revenue from contracts with customers	2,320,585	124,299	153,810	69,732	2,668,426

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers (continued):

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

Segments	Six months ended 30 June 2019 (unaudited)				
	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	Total RMB'000
Revenue from contracts with customers					
External customers	2,294,597	36,591	30,382	55,976	2,417,546
Intersegment sales	31	-	-	14,069	14,100
	2,294,628	36,591	30,382	70,045	2,431,646
Intersegment adjustments and eliminations	(31)	-	-	(14,069)	(14,100)
Total revenue from contracts with customers	2,294,597	36,591	30,382	55,976	2,417,546
	Six months ended 30 June 2018 (unaudited)				
Segments	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	Total RMB'000
Revenue from contracts with customers					
External customers	2,320,585	124,299	153,810	69,732	2,668,426
Intersegment sales	14,879	-	-	26,334	41,213
	2,335,464	124,299	153,810	96,066	2,709,639
Intersegment adjustments and eliminations	(14,879)	-	-	(26,334)	(41,213)
Total revenue from contracts with customers	2,320,585	124,299	153,810	69,732	2,668,426

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019
(Amounts expressed in thousands of RMB unless otherwise stated)

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2019 Unaudited RMB'000	2018 Unaudited RMB'000
Other income		
Bank interest income	11,268	7,705
Government grants	35,134	34,452
	46,402	42,157
Other losses, net		
Exchange losses	(200)	(5,332)
	46,202	36,825

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2019 Unaudited RMB'000	2018 Unaudited RMB'000
Interest expenses on bank borrowings and other loans	132,797	99,940
Less: interest capitalized	(13,276)	(8,153)
	119,521	91,787

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

7. INCOME TAX EXPENSE

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss and other comprehensive income are as follows:

	Six months ended 30 June	
	2019 Unaudited RMB'000	2018 Unaudited RMB'000
Current	47,954	69,196
Deferred	(17,675)	(1,468)
	30,279	67,728

8. DIVIDENDS

On 26 April 2019, the board of Directors of the Company (the "Board") proposed to distribute the final dividend for the year ended 31 December 2018 of RMB0.11 per share (before tax) amounted to RMB326.4 million in cash to the shareholders, which was approved by the shareholders of the Company at the 2018 annual general meeting on 27 June 2019. As at 30 June 2019, the final dividend has not been paid to the shareholders of the Company.

The Board did not recommend any interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

Notes to the Interim Condensed Consolidated Financial Information (Continued)

*For the six months ended 30 June 2019
(Amounts expressed in thousands of RMB unless otherwise stated)*

9. 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 in issue for six months ended 30 June 2019 and 2018, respectively.

The Company did not have any potential dilutive shares in issue during the six months ended 30 June 2019 and 2018. Accordingly, the diluted earnings per share amounts are the same as the basic earnings per share amounts.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2019 Unaudited	2018 Unaudited
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic/diluted earnings per share calculations <i>(RMB)</i>	89,880,000	295,226,000
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic/diluted earnings per share calculations <i>(share)</i>	2,967,542,000	2,967,542,000
Earnings per share		
Basic/diluted earnings per share <i>(RMB)</i>	0.03	0.10

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

10. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2019, the Group acquired items of property, plant and equipment with a cost of RMB259,721,000 (for the six months ended 30 June 2018: RMB224,967,000).

There was no item of property, plant and equipment disposed of by the Group during the six months ended 30 June 2019 (for the six months ended 30 June 2018: RMB2,050, resulting in a loss of RMB103, which is included in "other income and gains" in the interim condensed consolidated statement of profit or loss and other comprehensive income).

During the six months ended 30 June 2019, an impairment loss of RMB111,802,000 (for the six months ended 30 June 2018: nil) was recognised for buildings and other infrastructure and machinery of environmental protection and energy conservation solutions segment as a result of technical innovation during the period. The Group's management assessed the recoverable amounts of those assets by fair values less cost of disposals model and recognised above impairment loss.

11. TRADE AND BILLS RECEIVABLES

	30 June 2019 Unaudited RMB'000	31 December 2018 Audited RMB'000
Trade receivables	8,077,806	8,070,157
Less: provision for impairment	(169,190)	(164,885)
	7,908,616	7,905,272
Bills receivable	516,315	493,233
	8,424,931	8,398,505

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within one year. Trade receivables are non-interest-bearing.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019
(Amounts expressed in thousands of RMB unless otherwise stated)

11. TRADE AND BILLS RECEIVABLES (CONTINUED)

An ageing analysis of the trade and bills receivables, based on the invoice date and net of loss allowance, at the end of the reporting period is as follows:

	30 June 2019 Unaudited RMB'000	31 December 2018 Audited RMB'000
Within 1 year	5,239,091	5,148,887
Between 1 and 2 years	909,432	940,826
Between 2 and 3 years	693,213	1,225,560
Over 3 years	1,752,385	1,248,117
	8,594,121	8,563,390
Less: provision for impairment	(169,190)	(164,885)
	8,424,931	8,398,505

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2019 Unaudited RMB'000	31 December 2018 Audited RMB'000
Due from related parties	267,569	290,542
Prepayments	298,688	205,188
Deposits	26,869	29,855
Other receivables	38,013	45,199
Other current assets	377,267	329,119
	1,008,406	899,903
Less: provision for impairment	(11,043)	(11,043)
	997,363	888,860

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

13. CASH AND CASH EQUIVALENTS, TIME DEPOSIT AND RESTRICTED CASH

	30 June 2019 Unaudited RMB'000	31 December 2018 Audited RMB'000
Cash and bank balances	1,569,765	1,749,652
Less: restricted cash*	(26,021)	(36,928)
Less: time deposit**	–	(35,000)
Cash and cash equivalents	<u>1,543,744</u>	<u>1,677,724</u>
Cash and bank balances denominated in:		
– RMB	1,562,640	1,738,364
– Hong Kong dollars	6,999	7,619
– Indian rupees	126	3,669
	<u>1,569,765</u>	<u>1,749,652</u>

* As at 30 June 2019 and 31 December 2018, restricted cash mainly represented deposits held for issued notes payable and letters of credit.

** As at 31 December 2018, the Group had time deposit amounting to RMB35 million at an annual interest rate of 1.95% with one year term which was due on 12 June 2019.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019
(Amounts expressed in thousands of RMB unless otherwise stated)

14. TRADE AND BILLS PAYABLES

Trade and bills payables are non-interest-bearing and are normally settled within one year.

	30 June 2019 Unaudited RMB'000	31 December 2018 Audited RMB'000
Bills payable	145,628	227,910
Trade payables	4,992,671	6,253,352
	5,138,299	6,481,262

An ageing analysis of trade and bills payables as at the end of the reporting periods, based on the invoice date, is as follows:

	30 June 2019 Unaudited RMB'000	31 December 2018 Audited RMB'000
Within 1 year	3,225,197	4,273,450
1 year to 2 years	553,250	705,233
2 years to 3 years	373,262	698,311
More than 3 years	986,590	804,268
	5,138,299	6,481,262

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

15. INTEREST-BEARING BANK BORROWINGS AND OTHER LOANS

	Effective interest rate (%)	Maturity	30 June 2019 Unaudited RMB'000	31 December 2018 Audited RMB'000
Current				
Bank borrowings:				
– unsecured	4.09%–5.66%	2019–2020	2,144,240	1,061,087
Other loans:				
– unsecured	4.13%–7.50%	2019	259,136	259,136
– secured (Note a)	7.50%	2019	70,000	100,000
			329,136	359,136
Current portion of long-term bank borrowings and other loans:				
Bank borrowings – unsecured	4.28%–5.23%	2019–2020	734,676	579,962
Bank borrowings – guaranteed	4.28%–4.90%	2019–2020	16,253	14,963
Other loans – unsecured	5.15%	2019–2020	5,800	8,700
Other loans – lease liabilities	4.41%	2019–2020	47,580	–
			804,309	603,625
			3,277,685	2,023,848

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

15. INTEREST-BEARING BANK BORROWINGS AND OTHER LOANS (CONTINUED)

	Effective interest rate (%)	Maturity	30 June 2019 Unaudited RMB'000	31 December 2018 Audited RMB'000
Non-current				
Long term bank borrowings and other loans:				
Bank borrowings – unsecured	4.28%–6.62%	2020–2028	2,210,983	2,364,598
Bank borrowings – guaranteed	4.28%–4.90%	2021–2026	73,157	83,620
Other loans – unsecured	4.79%–5.15%	2020–2023	201,480	457,830
Other loans – secured (Note b)	5.70%	2020–2021	341,600	–
Other loans – lease liabilities	4.41%	2020–2038	326,678	–
			3,153,898	2,906,048
			6,431,583	4,929,896
Interest-bearing bank borrowings and other loans denominated in – RMB				
			6,431,583	4,929,896

Note a: The above secured other loans are secured by trade and bills receivables with a net carrying value of RMB123,630,000.

Note b: The above secured other loans are secured by buildings and other infrastructure with a net carrying value of RMB156,513,000.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

15. INTEREST-BEARING BANK BORROWINGS AND OTHER LOANS (CONTINUED)

The maturity profile of the interest-bearing bank borrowings and other loans at the end of the reporting periods is as follows:

	30 June 2019 Unaudited RMB'000	31 December 2018 Audited RMB'000
Analyzed into:		
Bank borrowings repayable:		
Within one year	2,895,169	1,656,012
In the second year	551,487	673,463
In the third to fifth years, inclusive	1,329,356	1,306,766
Beyond five years	403,297	467,989
	5,179,309	4,104,230
Other loans repayable:		
Within one year	382,516	367,836
In the second year	428,566	309,250
In the third to fifth years, inclusive	231,499	145,480
Beyond five years	209,693	3,100
	1,252,274	825,666
	6,431,583	4,929,896

16. CAPITAL COMMITMENTS

The Group had the following capital commitments for property, plant and equipment at the end of the reporting periods:

	30 June 2019 Unaudited RMB'000	31 December 2018 Audited RMB'000
Contracted, but not provided for	1,455,088	1,446,348

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

17. RELATED PARTY TRANSACTIONS

The Group is part of China Datang and had significant transactions with China Datang Group.

In addition to the related party transactions disclosed elsewhere in the financial information, the following is a summary of the significant related party transactions entered into the ordinary course of business between the Group and its related parties during the six months ended 30 June 2019 and 2018. All transactions with related parties were conducted at prices and terms mutually agreed by the parties involved.

(a) Significant related party transactions

	Six months ended 30 June	
	2019 Unaudited RMB'000	2018 Unaudited RMB'000
Sales of goods and rendering of services to China Datang Group		
Environmental protection and energy conservation solutions	2,209,672	2,174,814
Renewable energy engineering	10,935	124,299
Thermal power engineering	30,382	78,604
Others	33,410	48,738
	2,284,399	2,426,455
Purchases of goods and receiving of services from China Datang Group		
Water supply and electricity supply	356,303	395,528
Ancillary services under the concession operations	45,127	41,107
Logistics services	5,796	2,967
Property lease (e)	–	15,530
Wind power electricity and other products	38,516	798
	445,742	455,930
Purchase of assets from subsidiaries of China Datang Group		
Purchase of assets	7	7

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions (Continued)

	Six months ended 30 June	
	2019 Unaudited RMB'000	2018 Unaudited RMB'000
Loans from subsidiaries of China Datang Group		
China Datang Finance Co., Ltd. ("Datang Finance") (Note a)	1,300,000	835,000
Datang Financial Lease Co., Ltd. ("Datang Financial Lease") (Note a)	85,000	–
Datang Commercial Factoring Co., Ltd. ("Datang Commercial Factoring") (Note a)	30,000	–
	1,415,000	835,000
Interest expense on loans from subsidiaries of China Datang Group		
Datang Finance	4,654	3,177
Datang Financial Lease	8,200	–
Datang Commercial Factoring	2,915	–
	15,769	3,177
Interest income from subsidiaries of China Datang Group		
Datang Finance	3,431	3,380

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019
(Amounts expressed in thousands of RMB unless otherwise stated)

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions (Continued)

Note a:

Loans from subsidiaries of China Datang Group	31 December 2018	Proceeds	Repayment	30 June 2019	Duration	Effective interest rate (%)	Type
Datang Finance	335,000	1,300,000	1,305,800	329,200	13/9/2017–26/12/2023	4.35–5.22	Unsecured
Datang Financial Lease	265,000	85,000	–	350,000	1/11/2018–16/5/2021	5.70	Secured
Datang Commercial Factoring	100,000	30,000	60,000	70,000	19/9/2018–18/9/2019	7.50	Secured
Datang Commercial Factoring	9,136	–	–	9,136	13/11/2018–13/11/2019	7.50	Unsecured
	709,136	1,415,000	1,365,800	758,336			

China Datang Capital Group Holding Co., Ltd. (“**Datang Capital**”) and the Company entered into a financial services agreement (“**Agreement**”) on 14 June 2018. Financial services provided by Datang Capital to the Group under the Agreement include financial leasing and commercial factoring service.

Pricing Policy: Datang Capital has undertaken to provide the aforementioned financial services to the Group based on the following pricing principles:

- (a) financial leasing – the rent paid by the Group to Datang Capital includes (i) procurement costs and (ii) interest. The relevant interest is determined based on the benchmark interest rates for borrowings as implemented by the People’s Bank of China (“**PBOC**”);
- (b) commercial factoring service – the comprehensive interest rate relating to the commercial factoring services provided by Datang Capital to the Group shall be based on fair and reasonable market pricing and normal commercial terms. In particular, the rate shall not be higher than the interest rate level provided by independent third parties to the Group for the same type of service during the same period or the interest rate of the same type of service provided by Datang Capital to third parties with same credit rating.

The above services are provided by Datang Financial Lease and Datang Commercial Factoring, the subsidiaries of Datang Capital, respectively.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties

The outstanding balances with related parties at 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019 Unaudited RMB'000	31 December 2018 Audited RMB'000
Cash and cash equivalents		
Datang Finance	789,090	1,440,898
Trade and bills receivables		
China Datang Group	6,613,027	5,919,857
Prepayments, other receivables and other assets		
China Datang Group	267,569	290,542
Other non-current assets		
China Datang Group	93,540	94,124
Contract assets		
China Datang Group	786,628	769,674
Interest-bearing bank borrowings and other loans		
Datang Finance	329,200	335,000
Datang Financial Lease	350,000	265,000
Datang Commercial Factoring	79,136	109,136
China Datang Group (<i>Note b</i>)	371,316	-
	1,129,652	709,136

Note b: The Group has initially applied IFRS 16 at 1 January 2019 and recognized leased liabilities of RMB371.32 million as at 30 June 2019.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019
(Amounts expressed in thousands of RMB unless otherwise stated)

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties (Continued)

The outstanding balances with related parties at 30 June 2019 and 31 December 2018 are as follows (continued):

	30 June 2019 Unaudited RMB'000	31 December 2018 Audited RMB'000
Trade and bills payables		
China Datang Group	610,403	684,701
Other payables and accruals		
China Datang Group	391,868	592,784

(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.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with other government-related entities in the PRC (Continued)

Having considered the possibility 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 that are collectively significant is required for disclosure:

– Deposits and borrowings

Except for the cash and cash equivalents deposited in Datang Finance and Wing Lung Bank in Hong Kong, 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 PBOC.

(d) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2019 Unaudited RMB'000	2018 Unaudited RMB'000
Short term employee benefits	4,432	3,476
Post-employment benefits	303	180
Total compensation paid to key management personnel	4,735	3,656

(e) As at 31 December 2018, the Group entered into lease agreements with China Datang Group and the operating lease commitment is RMB50.92 million.

The Group has initially applied IFRS 16 at 1 January 2019. Under the transition methods, it recognized depreciation expense of RMB12.61 million from right-of-use assets, interest expense of RMB7.43 million from lease liabilities. It also paid RMB4.98 million under lease agreements during current period.

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018. There have been no changes in the risk management system or in any risk management policies since 31 December 2018.

Compared to the last year end, there was no material change in the status of market risk and credit risk.

(b) Liquidity risk

Compared to 31 December 2018, there was no material change in the contractual undiscounted cash outflows for financial liabilities, except for the net increase in short-term interest-bearing bank borrowings and other loans amounting of RMB1,253.84 million and the net increase in long-term interest-bearing bank borrowings and other loans amounting of RMB481.98 million, respectively.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values and those carried at fair value, are as follows:

	30 June 2019 (Unaudited)		31 December 2018 (Audited)	
	Carrying amounts RMB'000	Fair values RMB'000	Carrying amounts RMB'000	Fair values RMB'000
Financial assets				
Financial assets included in other non-current assets	93,066	93,756	93,429	94,099
Financial liabilities				
Long term interest-bearing bank borrowings and other loans (Note 15)	3,153,898	3,126,321	2,906,048	2,874,731

Management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposit, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, the current portion of interest-bearing bank borrowings and other loans, 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 management. As at 30 June 2019 and 31 December 2018, the corporate finance team analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by management.

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (Continued)

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 bank borrowings and other loans 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 bank borrowings and other loans as at 30 June 2019 and 31 December 2018 were assessed to be insignificant.
- The fair values of the financial assets included in other non-current assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model and has quantified this as a reduction in fair value of approximately RMB495,000, using less favourable assumptions, and an increase in fair value of approximately RMB495,000, using more favourable assumptions.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2019:

	Valuation technique	Significant unobservable input		Sensitivity of fair value to the input
		input	Input	
Unlisted equity investments	Valuation multiples	Average EV/SALES multiple of peers	30 June 2019: 2.1x (31 December 2018: 2.9x)	10% (31 December 2018: 10%) increase/decrease in multiple would result in increase/decrease in fair value by 4% (31 December 2018: 6%)
		Discount for lack of marketability	30 June 2019: 25% (31 December 2018: 25%)	10% (31 December 2018: 10%) increase/decrease in discount would result in decrease/increase in fair value by 3% (31 December 2018: 3%)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (Continued)

Assets measured at fair value

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 30 June 2019 (unaudited) Equity investments designated at fair value through other comprehensive income	–	–	4,947	4,947

Assets for which fair values are disclosed

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 30 June 2019 (unaudited) Financial assets included in other non-current assets	–	93,756	–	93,756
As at 31 December 2018 (audited) Financial assets included in other non-current assets	–	94,099	–	94,099

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (Continued)

Liabilities for which fair values are disclosed

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 30 June 2019 (unaudited)				
Long term interest bearing bank borrowings and other loans	–	3,126,321	–	3,126,321
As at 31 December 2018 (audited)				
Long term interest bearing bank borrowings and other loans	–	2,874,731	–	2,874,731

19. EVENTS AFTER THE REPORTING PERIOD

There are no significant reportable events or transactions incurred after the reporting period.

20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board on 28 August 2019.

Definition and Glossary of Terms

“2018 AGM”	the annual general meeting of the Company for the year of 2018, which was held at 4:30 p.m. on Thursday, 27 June 2019 at No. 120 Zizhuyuan Road, Haidian District, Beijing, the PRC
“Board”	the board of Directors of the Company
“China Datang”	China Datang Corporation Ltd. (中國大唐集團有限公司), (formerly known as China Datang Corporation (中國大唐集團公司)), a state-owned enterprise established on 9 April 2003 in accordance with the PRC laws and the Controlling Shareholder and a promoter of the Company
“China Datang Group”	China Datang and its subsidiaries (excluding the Group)
“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 26 June 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 25 July 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)
“Controlling Shareholder”	has the meaning ascribed under the Listing Rules, and in this interim report, refers to the controlling shareholder of the Company, China Datang
“Datang Capital”	China Datang Group Capital Holding Co., Ltd. (中國大唐集團資本控股有限公司), a company established on 30 November 2011 pursuant to the PRC laws, and a subsidiary of China Datang, the Controlling Shareholder
“Datang Finance”	China Datang Finance Co., Ltd. (中國大唐集團財務有限公司), a company incorporated in the PRC with limited liability, and a non-wholly owned subsidiary of China Datang
“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 22 March 1993 in accordance with the PRC laws and a subsidiary of China Datang, which is listed on the Shanghai Stock Exchange (stock code: 600744)

Definition and Glossary of Terms (Continued)

“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 23 September 2004 in accordance with the PRC laws and a subsidiary of China Datang, which is listed on the Main Board of the Stock Exchange (stock code: 1798)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares in the Company’s share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“EMC”	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
“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
“Group”, “our Group”, “we” or “us”	the 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, subscribed for and traded in Hong Kong dollars and listed and traded on the Stock Exchange
“Latest Practicable Date”	19 September 2019, being the latest practicable date prior to the printing of this interim report for ascertaining certain information contained in this interim report
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

Definition and Glossary of Terms (Continued)

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“NDRC”	National Development and Reform Commission
“PBOC” or “People’s Bank of China”	the People’s Bank of China
“PRC”	the People’s Republic of China, unless it has specifically specified, it excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 3 November 2016 with respect to the listing of the Company on the Main Board of the Stock Exchange
“Reporting Period”	the six months ended 30 June 2019
“RMB”	Renminbi, the current lawful currency of the PRC
“Senior Management”	senior management of the Company
“SFC”	the Securities and Futures Commission
“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)
“Share(s)”	ordinary share(s) with nominal value of RMB1.00 each in the share capital of the Company, composed of the Domestic Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)” or “Supervisory Committee”	supervisor(s) or supervisory committee of the Company
“%”	percent

Corporate Information

LEGAL NAME OF THE COMPANY

大唐環境產業集團股份有限公司

ENGLISH NAME OF THE COMPANY

Datang Environment Industry Group Co., Ltd.*

DIRECTORS

Non-executive Directors

Mr. Jin Yaohua (*Chairman*)
Mr. Liu Chuandong
Mr. Liu Guangming
Mr. Li Yi
Mr. Deng Xiandong (*re-designated in March 2019*)
Mr. Shen Zhen (*re-designated in July 2019*)

Independent non-executive Directors

Mr. Ye Xiang
Mr. Mao Zhuanjian
Mr. Gao Jiexiang

SUPERVISORS

Mr. Wang Yuanchun (*Chairman*)
Mr. Miao Shihai
Mr. Chen Li

LEGAL REPRESENTATIVE OF THE COMPANY

Mr. Jin Yaohua

AUTHORIZED REPRESENTATIVES

Mr. Deng Xiandong
Ms. Zhu Mei

JOINT COMPANY SECRETARIES

Ms. Zhu Mei
Ms. Wong Sau Ping (*ACIS; ACS*)

COMMITTEES UNDER THE BOARD

Audit Committee

Mr. Gao Jiexiang (*Chairman*)
Mr. Ye Xiang
Mr. Liu Chuandong

Nomination Committee

Mr. Jin Yaohua (*Chairman*)
Mr. Mao Zhuanjian
Mr. Gao Jiexiang

Remuneration and Evaluation Committee

Mr. Ye Xiang (*Chairman*)
Mr. Mao Zhuanjian
Mr. Deng Xiandong

Strategy Committee

Mr. Deng Xiandong (*Chairman*)
Mr. Liu Guangming
Mr. Li Yi

Investment Committee

Mr. Mao Zhuanjian (*Chairman*)
Mr. Ye Xiang
Mr. Deng Xiandong

REGISTERED OFFICE

No. 120 Zizhuyuan Road, Haidian District, Beijing, the PRC

HEAD OFFICE IN THE PRC

No. 120 Zizhuyuan Road, Haidian District, Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

AUDITORS

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

Ernst & Young Hua Ming LLP
16/F, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Ave., Dong Cheng District, Beijing, the PRC

LEGAL ADVISORS

As to Hong Kong law

Herbert Smith Freehills
23/F, Gloucester Tower,
15 Queen's Road Central, Hong Kong

As to the PRC law

Beijing Rainmaker Law Firm
Room 422, Tower A, Henghua International Business Center,
No. 26 Yuetan North Street, Xicheng District, Beijing

PRC PRINCIPAL BANKS

China Development Bank Corporation
China Development Bank 1108B, Fortune Resource International Center, Taipingqiao Street, Xicheng District, Beijing, the PRC

China Construction Bank Corporation Beijing Xuanwu Sub-branch
No. 314 Guang'anmennei Street, Xicheng District, Beijing, the PRC

Industrial and Commercial Bank of China Limited Beijing Haidian Sub-branch
No. 100 Zhongguancun East Road, Haidian District, Beijing, the PRC

Agricultural Bank of China Beijing Xuanwu Sub-branch
No. 1A Xuanwumenwai Avenue, Xicheng District, Beijing

Bank of Beijing Co., Ltd. Shangdi Sub-branch
No. 1 Shangdi Xinxi Road, Haidian District, Beijing

Ningbo Bank Corporation Beijing Zhongguancun Sub-Branch
1st Floor, Dream Laboratory, 1 Haidian Avenue, Haidian District, Beijing

Agricultural Bank of China Limited Beijing Luoma City Sub-branch
F1, Block A, Fenghua Haojing,
No. 6-4 Guang'an Men Nei Da Jie, Xicheng District, Beijing

Huaxia Bank Co., Ltd. Beijing Mentougou Sub-branch
No. 57 Dayu Xinqiao Street, Mentougou District, Beijing

China Minsheng Bank Wanliu Branch
Block 2, 6 Wanliuzhong Road, Haidian District, Beijing

Corporate Information (Continued)

Post Savings Bank of China Dashanzi Branch
13 Jiuxianqiao Road, Chaoyang District, Beijing

China Merchant Bank Beijing East Third Ring
Branch
1 East Third Ring North Road, Chaoyang District,
Beijing

Bank of Jiangsu Beijing Branch
1 Building, Guangxi Homeland, Chaoyang
District, Beijing

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F, Hopewell Centre,
183 Queen’s Road East, Wanchai, Hong Kong

STOCK ABBREVIATION AND STOCK CODE

DATANG ENVIRO (1272)

INVESTOR INQUIRIES

Investor Hotline: +86 10 5838 9858
Fax: +86 10 5838 9860
Website: www.dteg.com.cn
E-mail: ir@dteg.com.cn

* For identification purpose only