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綠色動力
DYNAGREEN

綠色動力環保集團股份有限公司
Dynagreen Environmental Protection Group Co., Ltd.*
(a joint stock limited liability company incorporated in the People's Republic of China)
(Stock Code: 1330)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE YEAR 2018

The board of directors of Dynagreen Environmental Protection Group Co., Ltd. (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2018. This announcement, containing the full text of the 2018 Interim Report of the Company, complies with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to the information to accompany the preliminary announcement of interim results. A printed version of the Company’s 2018 Interim Report will be despatched to the holders of H Shares of the Company and available for viewing on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and of the Company at www.dynagreen.com.cn on or before 30 September 2018.

Important Notice

- I. The board of directors (the "Board"), the supervisory committee (the "Supervisory Committee") and the directors (the "Directors"), supervisors (the "Supervisors") and senior management of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of the interim report, guarantee that there are no false representations, misleading statements or material omissions contained in this interim report, and are jointly and severally responsible for the liabilities of the Company.

- II. Directors who were not present at the Board meeting

Title of absent Director	Name of absent Director	Reason of absence	Name of proxy
Director	Liu Shuguang	Business travel	Qiao Dewei
Independent Director	Chen Xin	Important business engagements	Fu Jie

- III. This interim report is unaudited.

- IV. Qiao Dewei, an officer of the Company; Hu Shengyong, the Chief Financial Officer; and Liu Li, the Chief Accountant, declare that they warrant the truthfulness, accuracy and completeness of the financial statements in the interim report.

- V. The audit committee of the Board has reviewed this report and has also discussed with the management of the Company regarding the accounting policies and practices adopted by the Company and internal controls.

- VI. Proposal of profit distribution or capitalisation of capital reserve during the Reporting Period approved by the Board

Nil

- VII. Risk statement relating to forward-looking statements

☒ Applicable ☐ Not applicable

Forward-looking statements such as future plans and development strategies described in this report do not constitute an actual commitment of the Company to investors. Investors should be aware of the relevant risks.

- VIII. Whether there was any appropriation of the Company's funds for purposes other than operations by the controlling shareholder and its related parties

No

- IX. Whether there was any provision of guarantee to external parties in violation of the stipulated decision-making procedures?

No

X. Major risk alerts

Policy risk, market risk, business risk and other risks that may exist have been described in this report in details. Please refer to the risk factors likely to be faced as set out in other disclosures in IV. Discussion and Analysis of Operations.

XI. Others

✓ Applicable ☐ Not applicable

The 2018 interim financial report of the Company was prepared in accordance with the China Accounting Standards for Business Enterprises promulgated by the Ministry of Finance of the PRC and the relevant provisions (the “PRC Accounting Standards”), and was reviewed by KPMG Huazhen LLP, which issued the relevant review report. The functional currency of this interim report is Renminbi (RMB), unless otherwise specified.

The contents of this interim report are in compliance with all the requirements in relation to information to be disclosed in interim report under the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 — Contents and Formats of Interim Reports (Amended in 2017) (《公開發行證券的公司信息披露內容與格式準則第3號—半年度報告的內容與格式(2017年修訂)》), the SSE Listing Rules and the Listing Rules. In addition, this interim report has been simultaneously published in Mainland China and Hong Kong. This report has been prepared in Chinese and English. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

Contents

I.	DEFINITIONS	3
II.	COMPANY PROFILE AND KEY FINANCIAL INDICATORS	5
III.	BUSINESS OVERVIEW	9
IV.	DISCUSSION AND ANALYSIS OF OPERATIONS	12
V.	SIGNIFICANT EVENTS	25
VI.	CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS	39
VII.	PREFERENCE SHARES	44
VIII.	DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT	45
IX.	CORPORATE BONDS	48
X.	FINANCIAL REPORT	49
XI.	DOCUMENTS AVAILABLE FOR INSPECTION	190

I. DEFINITIONS

In this report, the following expressions shall, unless the context otherwise requires, have the following meanings:

The Company or Dynagreen	Dynagreen Environmental Protection Group Co., Ltd.
The Group	Dynagreen Environmental Protection Group Co., Ltd. and its subsidiaries
BSAM	Beijing State-Owned Assets Management Co., Ltd.
Blue-ocean Environment	Blue-ocean Environment Investment Holding Company Limited (藍洋環保投資控股有限公司)
Changzhou Company	Changzhou Dynagreen Environmental and Thermoelectric Co., Ltd. (常州綠色動力環保熱電有限公司)
Haining Company	Haining Dynagreen Renewable Energy Co., Ltd. (海寧綠色動力再生能源有限公司),
Taizhou Company	Taizhou Dynagreen Renewable Energy Co., Ltd. (泰州綠色動力再生能源有限公司)
Wuhan Company	Wuhan Dynagreen Renewable Energy Co., Ltd. (武漢綠色動力再生能源有限公司)
Pingyang Company	Pingyang Dynagreen Renewable Energy Co., Ltd. (平陽綠色動力再生能源有限公司)
Yongjia Company	Yongjia Dynagreen Renewable Energy Co., Ltd. (永嘉綠色動力再生能源有限公司)
Rushan Company	Rushan Dynagreen Renewable Energy Co., Ltd. (乳山綠色動力再生能源有限公司)
Anshun Company	Anshun Dynagreen Renewable Energy Co., Ltd. (安順綠色動力再生能源有限公司)
Huizhou Company	Huizhou Dynagreen Environment Co., Ltd. (惠州綠色動力環保有限公司)
Jizhou Company	Tianjin Dynagreen Renewable Energy Co., Ltd. (天津綠色動力再生能源有限公司)
Jurong Company	Jurong Dynagreen Renewable Energy Co., Ltd. (句容綠色動力再生能源有限公司)
Ninghe Company	Tianjin Dynagreen Environmental Energy Co., Ltd. (天津綠動環保能源有限公司)
Bengbu Company	Bengbu Dynagreen Renewable Energy Co., Ltd. (蚌埠綠色動力再生能源有限公司)
Tongzhou Company	Beijing Dynagreen Environment Co., Ltd. (北京綠色動力環保有限公司)
Miyun Company	Beijing Dynagreen Renewable Energy Co., Ltd. (北京綠色動力再生能源有限公司)
Shantou Company	Shantou Dynagreen Renewable Energy Co., Ltd. (汕頭市綠色動力再生能源有限公司)
Zhangqiu Company	Zhangqiu Dynagreen Renewable Energy Co., Ltd. (章丘綠色動力再生能源有限公司)
Bobai Company	Bobai Dynagreen Renewable Energy Co., Ltd. (博白綠色動力再生能源有限公司)
Hongan Company	Hongan Dynagreen Renewable Energy Co., Ltd. (紅安綠色動力再生能源有限公司)
Yichun Company	Yichun Dynagreen Renewable Energy Co., Ltd. (宜春綠色動力再生能源有限公司)
Fengcheng Company	Fengcheng Dynagreen Environmental Protection Co., Ltd. (豐城綠色動力環保有限公司)
Second Huizhou Company	Huizhou Dynagreen Renewable Energy Co., Ltd. (惠州綠色動力再生能源有限公司)
Huludao Company	Lyvi (Huludao) Environmental Services Limited (綠益(葫蘆島)環境服務有限公司)
Wenzhou Company	Wenzhou Dynagreen Environmental Energy Co., Ltd. (溫州綠動環保能源有限公司)
Longhui Company	Longhui Dynagreen Renewable Energy Co., Ltd. (隆回綠色動力再生能源有限公司)
Pingyao Company	Pingyao Dynagreen Renewable Energy Co., Ltd. (平遙縣綠色動力再生能源有限公司)
Qingdao Company	Qingdao Dynagreen Renewable Energy Co., Ltd. (青島綠色動力再生能源有限公司)
Dongyang Fuli	Zhejiang Dongyang Fuli Construction Limited Company (浙江省東陽富力建設有限公司)
Beijing Research Institute	Beijing Dynagreen Environmental Protection Technology Research Institute Co., Ltd. (北京綠色動力環保技術研究院有限公司)
Tongzhou Project	Beijing Tongzhou District Renewable Energy Power Plant
Ninghe Biomass Power Project	a biomass power generation project in Ninghe County, Tianjin

Miyun Project	a construction project of an integrated waste treatment centre in Miyun County, Beijing
Shantou Project	a municipal waste-to-energy plant in Chaoyang District, Shantou City, Guangdong
Zhangqiu Project	a municipal waste-to-energy plant in Zhangqiu City, Shandong
Bobai Project	a municipal waste-to-energy project in Bobai County, Guangxi
Hongan Project	a municipal waste-to-energy project in Hongan County, Hubei
Yichun Project	a municipal waste-to-energy PPP project in Yichun City, Jiangxi
Fengcheng Project	a municipal waste-to-energy PPP project in Fengcheng City, Jiangxi
Huizhou Project Phase II	phase II of a municipal waste-to-energy PPP project in Huiyang Environmental Park (惠陽環境園), Guangdong
Dengfeng Project	a municipal waste-to-energy BOT project in Dengfeng City, Henan
Haining Expansion Project	a municipal waste-to-energy plant expansion project in Haining City, Zhejiang
Reporting Period	1 January 2018 to 30 June 2018
The end of the Reporting Period	30 June 2018
RMB or RMB'0,000	Renminbi or Renminbi ten thousand
PRC or Mainland China	the People's Republic of China, for the purposes of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Listing Rules	The Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited

II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. Company profile

Company name in Chinese	綠色動力環保集團股份有限公司
Short company name in Chinese	綠色動力
Company name in English	Dynagreen Environmental Protection Group Co., Ltd.
Short company name in English	Dynagreen
Legal representative of the Company	Zhi Jun

II. Contact persons and contact methods

	Secretary to the Board	Company secretary	Securities Affairs Representative
Name	Zhu Shuguang	Seng Sze, Ka Mee Natalia	Li Jian
Correspondence address	2nd Floor, Northeastern Wing, Jiuzhou Electronic Building, 007 Keji South 12th Street, Nanshan District, Shenzhen	54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong	2nd Floor, Northeastern Wing, Jiuzhou Electronic Building, 007 Keji South 12th Street, Nanshan District, Shenzhen
Telephone	0755-33631280	—	0755-33631280
Facsimile	0755-33631220	—	0755-33631220
Email address	ir@dynagreen.com.cn	—	ir@dynagreen.com.cn

III. Change in basic information

5

Registered office of the Company	2nd Floor, Northeastern Wing, Jiuzhou Electronic Building, 007 Keji South 12th Street, Nanshan District, Shenzhen
Postal code of registered office of the Company	518057
Principal place of business	2nd Floor, Northeastern Wing, Jiuzhou Electronic Building, 007 Keji South 12th Street, Nanshan District, Shenzhen
Postal code of principal place of business	518057
Principal place of business in Hong Kong	1st Floor, Xiu Ping Commercial Building, 104 Jervois Street, Hong Kong
Company's website	http://www.dynagreen.com.cn
E-mail address	ir@dynagreen.com.cn
Index to changes during the Reporting Period	During the Reporting Period, there was no change in basic information of the Company

IV. Changes in information disclosure and place for inspection

Designated newspapers for information disclosure	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times
Website designated by the CSRC for publishing the A share interim report	www.sse.com.cn
Website designated by Hong Kong Stock Exchange for publishing the H share interim report	www.hkexnews.hk
Place for inspection of the interim report	2nd Floor, Northeastern Wing, Jiuzhou Electronic Building, 007 Keji South 12th Street, Nanshan District, Shenzhen
Index to changes during the Reporting Period	No change during the Reporting Period

V. Basic information of the Company's shares

Class of shares	Stock exchanges on which the shares are listed	Stock abbreviation	Stock code
A shares	Shanghai Stock Exchange	綠色動力	601330
H shares	Hong Kong Stock Exchange	DYNAGREEN ENV	1330

VI. Other relevant information

☒ Applicable ☐ Not applicable

6

1. Auditors engaged by the Company

KPMG Huazhen LLP

2. Legal advisers engaged by the Company

As to Hong Kong law: Morrison & Foerster

As to the PRC law: Beijing Kangda Law Firm

3. Share registrar of the shares of the Company

Share registrar of A shares of the Company: China Securities Depository and Clearing Corporation Limited Shanghai Branch (Address: 3/F, China Insurance Building, 166 Lujiazui East Road, New Pudong District, Shanghai, PRC, 200120)

Share registrar of H shares of the Company: Tricor Investor Services Limited (Address: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong)

VII. Major accounting data and financial indicators

(I) Major accounting data

Unit: RMB

Major accounting data	The Reporting Period (January to June)	Corresponding period last year	Increase/ decrease for the Reporting Period over the corresponding period last year (%)
Operating income	501,331,167.93	418,265,567.69	19.86
Net profit attributable to shareholders of the Company	168,086,711.59	145,854,022.43	15.24
Net profit excluding extraordinary gain and loss attributable to the shareholders of the Company	166,963,693.72	144,155,028.11	15.82
Net cash flows from operating activities	(189,122,860.59)	20,980,397.58	-1,001.43
	As at the end of the Reporting Period	As at the end of last year	Increase/ decrease for the end of the Reporting Period over the end of last year (%)
Net assets attributable to shareholders of the Company	2,746,288,012.32	2,231,640,176.45	23.06
Total assets	7,849,692,544.08	6,810,136,282.24	15.26

7

(II) Key financial indicators

Key financial indicators	The Reporting Period (January to June)	Corresponding period last year	Increase/ decrease for the Reporting Period over the Corresponding period last year (%)
Basic earnings per share (RMB/share)	0.16	0.14	14.29
Diluted earnings per share (RMB/share)	0.16	0.14	14.29
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	0.16	0.14	14.29
Weighted average return on net assets (%)	7.26	6.83	Increased by 0.43 percentage point
Weighted average return on net assets excluding extraordinary gain and loss (%)	7.21	6.75	Increased by 0.46 percentage point

Explanations on the major accounting data and financial indicators of the Company

☐ Applicable ☒ Not applicable

VIII. Accounting data differences between domestic and overseas accounting standards

☐ Applicable ☒ Not applicable

IX. Extraordinary gains and losses items and amounts

☒ Applicable ☐ Not applicable

Unit: RMB

Extraordinary gains and losses items	Amount	Note (if applicable)
Gains and losses from disposal of non-current assets	21,260.93	
Government grants recognised through profit or loss (excluding those having close relationships with the Company operation and enjoyed in fixed amount or quantity according to uniform national standard)	2,425,179.91	
Other non-operating income and expenses besides items above	(987,989.41)	
Effect of income tax	(335,433.56)	
Total	1,123,017.87	

X. Others

☐ Applicable ☒ Not applicable

III. BUSINESS OVERVIEW

I. Principal operations, business model and industry information of the Company during the Reporting Period

1. Principal operations of the Company

The Company is one of the earliest enterprises to conduct municipal waste-to-energy business in the PRC, and is mainly engaged in the investment, construction, operation, maintenance and technical consulting business of municipal waste-to-energy plants under BOT and other concessions. Focusing on the vast market space of the economically developed Yangtze River Delta, Bohai Economic Rim and Pearl River Delta, the Company has extended its business network to the central and western regions such as Anhui, Hubei, Guizhou, Shanxi, Guangxi, Jiangxi, Hunan, Shaanxi and Henan, preliminary forming a market layout based on the Yangtze River Delta, Bohai Rim and Pearl River Delta and spanning across the country. As at 30 June 2018, in respect of the municipal waste-to-energy sector, the Company had 13 projects under operation, 6 projects under construction and 13 projects under preparation. The daily waste treatment capacity of the projects under operation reached 10,760 tons, and the daily waste treatment capacity of the projects under construction reached 6,850 tons, placing the Company in a leading position in the industry in terms of the number of projects and waste treatment capacity.

2. Major business model

The Company mainly adopts the BOT model to operate its municipal waste-to-energy business as follows: The government department responsible for waste disposal selects a service provider to construct and operate the waste-to-energy plant under the BOT model through tenders or other means. After the Company is awarded the project, the Company enters into a concession agreement with the relevant local government department and establishes a project company to conduct business. According to the concession agreement entered into with the relevant local government department, the project company is responsible for raising funds to construct and operate the entire waste-to-energy plant. The concession period is usually 25 to 30 years. The relevant government department pays the project company a waste treatment fee at the agreed price, and the project company sells the electricity, steam or hot water generated during the waste incineration process. Upon the expiration of the concession, the company has to transfer the relevant infrastructure to the concession grantor.

3. Information of municipal waste-to-energy industry

With the steady population growth, continuous advancement of urbanisation and economic development in the PRC, the volume of municipal waste generated in the PRC continues to rise, and the demand for treatment is growing. From 2004 to 2016, the volume of municipal waste increased from 155.09 million tons to 203.62 million tons in the PRC, with a compound growth rate of 2.29% (data source: China Statistical Yearbook). Harmless waste treatment is mainly divided into three ways: incineration, landfill and composting. Incineration has the advantages of significant reduction in quantity, less space required and relatively small impact on the environment, and is the fastest growing segment. From 2004 to 2016, the number of municipal waste-to-energy plants increased from 54 to 249 in the PRC, which was an increase of 3.61 times. The daily processing capacity increased from 16,900 tons to 255,900 tons, with a compound growth rate of 25.41%. The actual annual processing capacity increased from 4.49 million tons to 73.784 million tons, with a compound growth rate of 26.27%. Compared with the developed countries, the percentage should be lifted from 31% in 2015 to over 50% in 2020, in respect of the proportion of municipal solid waste processed through incineration to such waste under detoxification treatment nationwide. As for Eastern China, such percentage should exceed 60%. As for municipalities, the five cities with independent-planning status and provincial capitals, efforts should be made to achieve “zero” landfilling of raw garbage.

The municipal waste-to-energy industry is characterised by policy encouragement, regional monopoly, capital intensiveness, long payback period, and insignificant seasonal fluctuations. The upstream industries of the municipal waste-to-energy industry include construction enterprises, installation companies, waste treatment and power generation equipment (such as incinerators, smog and gas treatment systems, turbine generators and waste heat boilers) suppliers. In addition, local sanitation departments provide waste to waste-to-energy enterprises. The downstream industries mainly include local government departments and power grid companies. Waste-to-energy enterprises provide waste incineration treatment services to local governments to receive waste treatment fees and provide electricity to power grid companies to receive electricity tariffs.

II. Material changes of major assets of the Company during the Reporting Period

✓ Applicable ☐ Not applicable

As at the end of the Reporting Period, the bills receivable and accounts receivable of the Company amounted to RMB204,406,245.79, representing a year-on-year increase of 46.98%, which was mainly due to the unsettled and uncollected electricity tariffs and waste treatment fees for 13 projects under operation during the payment period. As at the end of the Reporting Period, the cash at bank and on hand of the Company amounted to RMB841,734,114.69, representing a year-on-year increase of 21.20%, which was mainly due to unutilised proceeds from the A share offering of the Company in June. For the changes of other major assets, please see IV.-(III) Analysis of assets and liabilities.

In which, overseas assets amounted to RMB331,874,176.82, accounting for 4.2% of total assets.

III. Analysis of core competitiveness during the Reporting Period

✓ Applicable ☐ Not applicable

1. Focused market layout spanning across the whole country

Since its establishment, the Company has adopted a proactive strategy in market development and strives to develop various regional markets. Its projects are distributed in an extensive geographical area, with a market network covering 15 provinces/municipalities/autonomous regions. Focusing on the vast market space of the economically developed Yangtze River Delta, Bohai Economic Rim and Pearl River Delta, the Company has extended its business network to the central and western regions such as Anhui, Hubei, Guizhou, Shanxi, Guangxi, Jiangxi, Hunan, Shaanxi and Henan, preliminary forming a market layout based on the Yangtze River Delta, Bohai Rim and Pearl River Delta and spanning across the country.

2. Extensive industry experience

The Company is among the first companies to explore industrial applications for waste treatment in the PRC, and is also one of the earliest enterprises to focus on upgrading and further developing advanced international waste-to-energy technologies in the PRC. Since its establishment in early 2000, the Company has accumulated extensive experience in project investment, construction and operation management. More than ten years of industry experience will help the Company seize the development opportunities in the industry and achieve its strategic development goals.

3. Leading expertise

The Company is the first company in the waste-to-energy industry to receive accreditation under the Clean Development Mechanism of the United Nations (聯合國清潔發展機制) in the PRC. The Changzhou Project was recognised by China Association of Environmental Protection Industry (中國環境保護產業協會) as a “National Model Project for Use of Environmental Protection Technologies” (使用環保技術的國家模範項目) in 2013. The Huizhou Project was awarded the “Quality Chinese Project for Electricity Engineering Award” (中國電力優質工程獎) and the “National Quality Project Award” (國家優質工程獎) in 2017. The “multiple drive expeller grate waste incinerator” technology independently developed by the Company is a leading incineration technology in the industry and was granted an invention patent by the State. The technology is compatible with the characteristics of the municipal waste in the PRC with an edge in performance, and was selected by the Ministry of Housing and Urban-Rural Development (住建部) as a core technology to promote for use during the 11th Five-Year Plan period. With its proprietary technology, the Company serves its customers at a more competitive price and enhances its market position.

4. Ability to deliver comprehensive service

The Company is engaged in the investment, construction, operation and maintenance business of municipal waste-to-energy plants under BOT and other concessions, and provides professional consulting services tailored to the requirements of customers, including general project planning, feasibility studies, project design, core technology, project integration and trial operation and maintenance. With its comprehensive service, the Company is capable of meeting the needs of its customers to the greatest extent, thereby enhancing its overall competitiveness.

5. Experienced management team

The management team of the Company has been engaged in business management, market development, technology development and construction and operation of waste-to-energy plants over the years. The general manager of the Company, Qiao Dewei, was recognised as one of the top 100 industry leaders in Shenzhen in December 2011, proving his social influence and charisma, and the management team under his leadership has nearly 20 years of experience in cooperation and in-depth understanding of the industry. Under the guidance of the management team, the project construction and operation team can adopt targeted strategies for the changes in the waste treatment technology and management and operation of waste-to-energy plants in a timely manner, while the marketing team can actively develop potential regional markets according to the future development planning of the Company. Such a strong team of the Company helps to enhance the operating efficiency and warrants the quality of the projects.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS

I. Discussion and analysis of operations

Industry overview

In order to reinforce ecological environment protection and enhance ecological civilisation to build a beautiful China, pollution prevention and control has been identified by the Central Committee of the Communist Party of China and the State Council as one of the three major battles in the PRC in the next three years. The action plans for prevention and control of air, water and soil pollution have been further implemented. After achieving a full coverage of environmental inspection in all provinces in the PRC, a “looking back” initiative has been introduced to form a long-term mechanism of environmental inspection so as to maintain stringent enforcement in environmental protection, thereby creating a favourable policy environment for the development of environmental industry. 2018 was also the year serving as a link between the past and the future after the implementation of the “13th Five-Year Plan” for National Construction Plan for Municipal Waste Detoxification Treatment Facilities (《「十三五」全國城鎮生活垃圾無害化處理設施建設規劃》). The policies remained unchanged. The waste-to-energy industry in the PRC grew steadily with further release of market potential.

Business review

In the first half of 2018, the Company focused on the annual work plan, and made new achievements in various aspects. Upon the completion of the A-share IPO, the Company became the first A+H listed company in the waste-to-energy industry in the PRC. The projects under operation had not only “maintained stable operation and complied with emission standards”, but also had delivered the new highs in volume of waste treatment and on-grid electricity. The projects under construction were on track. The Tongzhou Project began to supply electricity to the grid in August. The construction of the Ninghe Biomass Project and the Miyun Project almost reached completion. With the successful bids for the Huizhou Project Phase II and Henan Dengfeng Project, excellent results had been achieved in project expansion again.

12

In the first half of 2018, the Company achieved revenue of RMB501,331,167.93, representing an increase of 19.86% as compared to the corresponding period last year, and a net profit attributable to shareholders of the Company of RMB168,086,711.59, representing an increase of 15.24% as compared to the corresponding period last year. As at 30 June 2018, the total assets and total equity of the Company amounted to RMB7,849,692,544.08 and RMB2,771,541,732.14, respectively.

1. New highs in volume of waste treatment and on-grid electricity

In the first half of 2018, the Company treated 2.21 million tons of waste (including 77,000 tons of straws), representing a year-on-year increase of 26%, and generated on-grid electricity of 634 million kWh, representing a year-on-year increase of 35%. The Company constantly attaches great importance to operations management. In 2018, the Group conducted its operation under the concepts of being “safe, environmental friendly, civilised and effective”, while consistently raising the awareness of standardised and refined management of each operation project. This has led to outstanding results in operations management, maintaining stable production and meeting emission standards throughout the year.

2. Smooth progress in project construction

In the first half of 2018, the Company had six projects under construction, which progressed smoothly. The Tongzhou Project was put to trial operation in August. 88.49%, 73.25%, 34.3%, 22.66% and 22.46% of construction works were completed in the Ninghe Biomass Project, the Miyun Project, Shantou Project, Zhangqiu Project and Bobai Project, respectively. The preparation work of projects made steady progress. The Hongan, Yichun and Fengcheng Projects were qualified to commence construction in full swing. After signing a contract at the beginning of the year, the Huizhou Project Phase II exerted full efforts in preliminary work and was qualified to commence pile-foundation construction.

3. Reaching new horizons in market development

The Group attached great importance to project development, and sought to expand its existing projects while actively developing new waste-to-energy project. In the first half of 2018, the Company won the bids for the Huizhou Project Phase II and Henan Dengfeng Project, securing operating rights to treat additional 4,450 tons of municipal solid waste per day. The aggregated waste incineration capacity of the Huizhou Project Phases I and II reached 4,600 tons per day. The project will become one of the largest waste-to-energy projects in terms of processing capacity in the PRC. Leveraging the Henan Dengfeng Project, the Company successfully entered the Henan market with its municipal waste-to-energy projects distributing in fifteen provinces in the PRC. The Company entered into a framework agreement on the Haining Expansion Project and a framework agreement on the acquisition of Guangdong Promising Environmental Protection Company Limited (廣東博海昕能環保有限公司) in cash.

4. New breakthroughs in technology research and development

With regard to technology research and development, the Company continued to research into and develop large incinerators. The Company completed the design optimisation and manufacturing of the 600-ton large grate incinerator and initiated the conceptual design and preliminary design of a 800-ton large grate incinerator. With the 11 patents newly obtained, the Group has obtained a total of 44 patents (including 9 invention patents and 35 utility model patents).

Business outlook

Building a Beautiful China by adopting the most stringent environmental and ecological protection system is an important initiative in the new era. More and more encouragement policies for environmental protection industry will be promulgated to help facilitate pollution prevention and control. In June 2018, the Central Committee of the Communist Party of China and the State Council promulgated the Opinion on Strengthening Ecological Environment Protection in a Comprehensive Manner to Facilitate Pollution Prevention and Control (《關於全面加強生態環境保護堅決打好污染防治攻堅戰的意見》), which emphasizes on making solid progress in land protection and targets to attain a full coverage of all urban and county-level municipal waste treatment capacities and basically complete the rectification of all improper garbage dumping points while promoting the utilisation of waste resources and developing waste-to-energy business. In July, the National Development and Reform Commission (NDRC) issued the Opinion on Innovation and Improvement of the Price Mechanism for Promoting Green Development (《關於創新和完善促進綠色發展價格機制的意見》), and proposed to improve the charging mechanism for solid waste disposal. Cities and towns across the country will fully establish a domestic waste disposal charging system by the end of 2020. The establishment of a rural waste disposal charging system will also be explored. Therefore, the waste-to-energy industry in the PRC is still in a promising period full of opportunities. At the same time, the industry competition has been increasingly fierce. Against the backdrop of the mitigation of major financial risks and de-leveraging in the country, some enterprises in the industry are also facing financing pressure.

As a result, the Company will give full play to its advantages, seize the opportunity of the A-share listing and continue to penetrate into the waste-to-energy sector. It will not only fully develop new projects, but will also actively promote the expansion of existing projects and carry out mergers and acquisitions to consolidate its leading position in the industry. At the same time, the Company will pay close attention to operation management to ensure the stable operation of the projects while meeting the emission standards. In terms of project construction, the Company will make sure the Miyun and Ninghe Biomass Projects will be completed and put into operation in the second half of the year, and maintain the stability of the trial operation of the projects newly put into operation. It will also continue to accelerate the construction and preparation of the projects, and ensure that the Shantou, Zhangqiu and Bobai Projects can complete their scheduled construction tasks, and strive for the official commencement of expansion projects of the Hongan, Fengcheng, Yichun, Huizhou Phase II and Anshun and Jizhou Projects during the year.

(I) Analysis of principal operations

1 Analysis of changes in the relevant items in the financial statements

Unit: RMB

Item	Amount for the current period	Amount for the corresponding period last year	Change (%)
Operating income	501,331,167.93	418,265,567.69	19.86
Operating cost	195,970,431.36	146,890,509.24	33.41
Administrative expenses	41,732,531.58	39,180,388.50	6.51
Finance costs	103,395,126.76	68,653,205.25	50.60
Net cash flow generated from operating activities	(189,122,860.59)	20,980,397.58	-1,001.43
Net cash flow generated from investing activities	(422,762,160.60)	(334,771,161.98)	26.28
Net cash flow generated from financing activities	770,779,998.09	431,043,894.08	78.82
Research and development expenditure	4,222,330.72	4,331,570.07	-2.52

Explanation on changes in operating income: The increase in operating income was due to the additional two projects under operation as compared with the corresponding period last year and the active expansion in the volume of waste treatment of the Anshun, Jurong and Huizhou Projects of the Company.

Explanation on changes in operating cost: The increase in operating cost was due to the increase in number of projects under operation and the overhaul of the Changzhou Project of the Company.

Explanation on changes in administrative expenses: The increase in staff cost was due to the increase in headcount and pay level.

Explanation on changes in finance costs: The Group increased its borrowings from financial institutions due to the increase in number of projects under construction.

Explanation on changes in net cash flow generated from operating activities: The decrease as compared with the corresponding period last year was mainly due to the increase in cash paid for purchasing goods and receiving services as a result of the purchase of straws as raw materials under the operation of the Ninghe Straw-fed Project, and the increase in the principal of BOT and BT long-term receivables invested as a result of the increase in number of projects under construction.

Explanation on changes in net cash flow generated from investing activities: The increase in cash flow used in investing activities as compared with the corresponding period last year was mainly due to the cash payment of RMB116 million for the acquisition of Huludao Company (葫蘆島公司) which was an entity not under common control and the establishment of Beijing Shengjing Jiachuang Investment Center (北京盛景嘉創投資中心) and Fengcheng Company which were a partnership during the period.

Explanation on changes in net cash flow generated from financing activities: The increase of RMB340 million in net cash inflow generated from financing activities as compared with last year was mainly due to the proceeds of approximately RMB357 million from A share listing during the period.

Explanation on changes in research and development expenditure: The percentage of change was small.

2 Others

(1) Detailed explanation of major changes in the composition or sources of the Company's profit

☐ Applicable ☒ Not applicable

(2) Others

☐ Applicable ☒ Not applicable

(II) Explanation of major changes in profit due to non-principal operations

☐ Applicable ☒ Not applicable

(III) Analysis of assets and liabilities

☒ Applicable ☐ Not applicable

1. Assets and liabilities

Unit: RMB

Item	Amount as at the end of the current period	Amount as at the end of the current period to total assets (%)	Amount as at the end of the prior period	Amount as at the end of the prior period to total assets (%)	Change of amount as at the end of the current period to amount as at the end of the prior period (%)	Explanation
Cash at bank and on hand	841,734,114.69	10.72	694,492,369.22	10.20	21.20	Note 1
Bills receivable and accounts receivable	204,406,245.79	2.60	139,070,371.30	2.04	46.98	Note 2
Inventories	16,043,149.30	0.20	13,468,671.92	0.20	19.11	Note 3
Long-term receivables	3,151,894,312.79	40.15	2,851,455,610.55	41.87	10.54	Note 4
Long-term equity investments	34,000,000.00	0.43				
Fixed assets	11,959,890.50	0.15	11,222,619.07	0.16	6.57	
Intangible assets	2,565,817,490.32	32.69	2,250,956,146.38	33.05	13.99	Note 5
Short-term loans	154,000,000.00	1.96	310,154,600.00	4.55	-50.35	Note 6
Long-term loans	3,514,741,671.51	44.78	2,914,085,622.20	42.79	20.61	Note 7

Other explanation

- Note 1: The increase in cash at bank and on hand during the period was mainly due to the unutilised proceeds from the A share offering of the Company in June.
- Note 2: The increase in bills receivable and accounts receivable was due to the increase in projects under operation and the extension of subsidy's settlement period.
- Note 3: The increase in inventories was mainly due to the increase in turnover materials prepared for the projects under operation of the Company.
- Notes 4 and 5: Long-term receivables and intangible assets mainly arose from the BOT assets of the Company and increased due to the continuous increase in the investment and construction expenditure in the five projects under construction, namely the Ninghe Biomass, Tongzhou, Shantou, Zhangqiu and Bobai Projects.
- Note 6: This was mainly due to the repayment of short-term loans of RMB150 million during the period.
- Note 7: Long-term loans were mainly the funds borrowed for the construction of projects under construction.

2. Assets with restrictive ownership title or right of use as at the end of the Reporting Period

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period	Reason for restriction
Assets for providing guarantees		
— Cash at bank and on hand	17,600,000.00	Mainly used for issuing performance bond
— Intangible assets	1,610,941,578.96	Providing guarantees for loans
— Accounts receivable	153,397,025.24	Providing guarantees for loans
— Long-term receivables due within one year	19,756,738.18	Providing guarantees for loans
— Long-term receivables	914,290,631.70	Providing guarantees for loans
Total	2,715,985,974.08	

3. Other explanation

☐ Applicable ☒ Not applicable

(IV) Financial Review

Financial position and net profit

For the first half of 2018, the Group achieved an operating income of RMB501,331,168 and net profit of RMB168,105,197. As at 30 June 2018, the Group's total assets and total liabilities amounted to RMB7,849,692,544 and RMB5,078,150,812 respectively. The total equity amounted to RMB2,771,541,732 and the gearing ratio (calculated as total liabilities over total assets) was 65%, and the net asset value per share attributable to the shareholders of the Company was RMB2.37.

Revenue analysis

During the Reporting Period, the Group achieved an operating income of RMB501,331,168 (corresponding period in 2017: RMB418,265,568), representing an increase of 20% as compared to the corresponding period in 2017. The increase was mainly due to an increased number of operating projects. In particular, operating income from waste-to-energy projects amounted to RMB381,872,989 (corresponding period in 2017: RMB305,437,021), representing an increase of 25% as compared to the corresponding period in 2017, mainly due to an increase in the number of operating projects. Interest income amounted to RMB105,903,694 (corresponding period in 2017: RMB86,965,354), representing an increase of 22% as compared to the corresponding period in 2017. The increase was mainly due to the substantial increase in interest income recognised by using effective interest method as a result of the substantial increase in the long-term receivables recognised based on the completion percentage for the construction of waste-to-energy projects, e.g., the Tongzhou and Shantou Projects.

Gross profit and gross profit margin

During the Reporting Period, the gross profit of the Group increased by 12.5% to RMB305,360,737 (corresponding period in 2017: RMB271,375,058) and the gross profit margin was 61% (corresponding period in 2017: 65%), mainly because (1) the Changzhou Project conducted overhaul during the period, thereby increasing operating costs; (2) Ninghe Straw-fed Project was at the preliminary stage of operation and have not reached its designated capacity, therefore the gross profit margin was negative.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group amounted to approximately RMB41,732,532 (corresponding period in 2017: RMB39,180,389), which accounted for approximately 8.3% (corresponding period in 2017: 9.4%) of the operating income of Group. The administrative expenses slightly decreased as compared to the previous year.

Finance costs

During the Reporting Period, the finance costs for the Group amounted to RMB103,395,127, representing an increase of approximately RMB34,741,922 over the previous year. This was mainly due to an increase in bank borrowings as required by the construction projects.

Total profit

During the Reporting Period, the total profit of the Group amounted to RMB184,945,095, representing an increase of approximately RMB4,361,400 as compared to corresponding period in 2017, which was mainly due to an increase in operating income.

Income tax

During the Reporting Period, the income tax expenses of the Group amounted to approximately RMB16,839,898 (first half of 2017: RMB34,729,672), accounting for approximately 9% (first half of 2017: 19%) of total profit of the Group. The ratio of income tax expenses to total profit decreased mainly because: (1) during the period, the profit of Anshun Company improved, and Anshun Company used the tax loss for the prior years and filed with the tax authority during the period, under which its taxable income enjoyed a preferential tax rate of 15% as it belonged to an encouraged industry in the development of western China. Its income tax expenses decreased by approximately RMB7.89 million as it was also entitled to the “3+3” tax holiday; and (2) the deferred tax assets generated by the deductible losses of the Ninghe Project reduced the income tax expenses by approximately RMB6.62 million.

Total comprehensive income attributable to the shareholders of the Company

During the Reporting Period, the total comprehensive income attributable to the shareholders of the Company was RMB168,629,036 (corresponding period in 2017: RMB143,828,420). The increase was mainly due to an increase in net profit.

Financial resources and liquidity

The Group adopts prudent principles in cash and financial management to ensure proper risk management and reduction in costs of fund. It finances its operations primarily from cash flow generated internally and loans from principal banks. As at 30 June 2018, the Group had cash and cash equivalents of approximately RMB841,734,115, representing an increase of RMB147,241,746 as compared to RMB694,492,369 at the end of 2017. The cash balance increased as compared with last year mainly because the cash inflows generated from financing activities exceeded the cash outflows generated from project construction. As at 30 June 2018, the Group's gearing ratio decreased from 67% at the end of 2017 to 65%. The decrease was mainly due to the increase in shareholders' equity upon A share offering.

18

Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can provide returns for its shareholders while maintaining the best capital structure to reduce capital costs. The Group makes use of its gearing ratio for the management of capital structure. The ratio is calculated based on the total liabilities.

The Group's capital structure is managed on the basis of the gearing ratio. Gearing ratios is defined as total liabilities divided by total assets. During the six months ended 30 June 2018, the Group's strategy remained unchanged from 2017. As at 30 June 2018 and 31 December 2017, the gearing ratios of the Group were 65% and 67% respectively.

Loans and borrowings and pledge of assets

As of 30 June 2018, the Group had total outstanding borrowings of approximately RMB4,077,912,672, representing an increase of RMB500,614,168 as compared to RMB3,577,298,504 at the end of 2017. The borrowings included secured loans of RMB3,797,912,672 and unsecured loans of RMB280,000,000. The Group's borrowings were denominated in Renminbi and Hong Kong dollars. Most of the Group's borrowings were at floating rates. As of 30 June 2018, the Group had composite banking credit facilities in the amount of RMB8,453,031,650, of which RMB2,756,371,505 had not been utilised. The composite banking credit facilities had terms ranging from 1 year to 15 years. The Group currently does not have any interest rate hedging policies. However, the management team keeps monitoring the Group's interest rate risks and would consider other necessary actions when significant interest rate risks are anticipated. Certain receivables and operating rights in connection with the Group's service concession arrangements (including intangible assets, long-term receivables, long-term receivables due within one year, and accounts receivable) were pledged under the banking credit facilities. The book value of the pledged receivables and operating rights amounted to approximately RMB2,698,385,974 as at 30 June 2018.

Contingent liabilities

The Company has issued financial guarantees to banks in respect of the banking credit facilities granted to certain subsidiaries. The Board of the Company does not consider it is probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 31 December 2017 and 30 June 2018 under the guarantees was the credit facility drawn down by the subsidiaries of RMB2,310,027,317 and RMB2,678,955,695 respectively.

Commitments

As at 31 December 2017 and 30 June 2018, the Group's outstanding purchase commitments in relation to the construction contracts which had not been provided for in the Group's interim financial statements were RMB2,193,993,915 and RMB1,604,127,859 respectively.

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

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Within 1 year	2,447	728
Over 1 year but within 2 years	—	212

Foreign exchange risks and exchange gains and losses

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

Use of proceeds

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

As of the date of this interim report, HK\$1,126 million had been utilised for the purpose stated in the ordinary resolution in relation to change of use of proceeds passed at the annual general meeting of 2017 held on 15 June 2018.

As approved by the Approval in Relation to the Initial Public Offering of Dynagreen Environmental Protection Group Co., Ltd. (Zheng Jiang Xu Ke [2018] No. 746) (《關於核准綠色動力環保集團股份有限公司首次公開發行股票的批覆》(證監許可[2018]746號)) issued by the China Securities Regulatory Commission (the “CSRC”), the Company issued 116.2 million A shares, which were listed on the Shanghai Stock Exchange on 11 June 2018. The nominal value per share was RMB1.00. The issue price was RMB3.29 per share, and the total proceeds were RMB382,298,000. After deducting the issuance expenses of RMB36,279,200, the net proceeds amounted to RMB346,018,800. The net proceeds per share were RMB2.98. On the date the terms of the A share offering were fixed (i.e. 18 May 2018), the market price of the H shares of the Company was HK\$4.110.

Pursuant to the Prospectus for the Initial Public Offering of A Shares of the Company, the proceeds from the offering will be invested in the following items after deducting the issuance expenses as disclosed before:

Unit: RMB'0,000

No.	Item	Total investment	Proceeds invested
1	Tianjin Ninghe County Straw-fed Waste-to-Energy Project	24,893.00	8,000.00
2	Tianjin Ninghe County Biomass Power Project	25,437.35	8,000.00
3	Bengbu City Municipal Solid Waste Waste-to-Energy Plant Project	50,401.44	8,601.88
4	Replenishment of working capital	—	10,000.00
Total		100,731.79	34,601.88

As at the end of the Reporting Period, RMB100 million was used in the replenishment of working capital, and the remaining proceeds of RMB246,018,800 were used to replace the self-raised funds invested in advance in the projects for which these proceeds should be used in August 2018.

(V) Investment analysis

1. Overall analysis of external equity investments

☒ Applicable ☐ Not applicable

Investments during the Reporting Period (RMB)	Investments during the corresponding period last year (RMB)	Change
297,000,000.00	139,000,000.00	114%

(1) *Material equity investments*

✓ Applicable ☐ Not applicable

Name of investee	Principal business	Way of equity investment	Amount of investment (RMB)	Shareholding	Source of funding	Partner	Term of investment	Type of product	Expected returns	Gains or losses from investment during the period	Lawsuit is involved or not
Lyvi (Huludao) Environmental Services Limited (綠益 (葫蘆島)環境服務有限公司)	Treatment of hazardous waste	Acquisition	130,000,000.00	80%	Internal funds	Fan Jie					No

The Board approved the acquisition of 100% equity interest in Guangdong Promising Environmental Protection Company Limited (廣東博海昕能環保有限公司) by cash at a consideration of RMB610 million, subject to the approval of the competent authority of state-owned assets.

(2) *Material non-equity investments*

✓ Applicable ☐ Not applicable

Unit: RMB'0,000

Name of project	Source of funding	Investment during the Reporting Period	Accumulated investment	Project progress
Tongzhou Project	Self-financing and borrowings	25,343.44	102,843.61	84.67%
Ninghe Biomass Project	Self-financing and borrowings	4,547.62	22,253.92	88.49%
Shantou Project	Self-financing and borrowings	15,247.01	27,628.94	34.30%
Zhangqiu Project	Self-financing and borrowings	14,081.58	16,685.45	22.66%
Bobai Project	Self-financing and borrowings	6,362.60	9,242.90	22.46%

Apart from the above material investments, the subsidiaries, associates and joint ventures of the Company did not conduct any material investment, acquisition and disposal during the Reporting Period.

(3) *Details of future material investment and capital assets planning*

As at 30 June 2018, save for the investment or construction of the waste-to-energy projects won by the Company through tender as announced in prior announcements and described in this interim report, the Group had no plan for material investment or acquisition of capital assets. However, the Company will actively pursue opportunities for investments in its ordinary course of business in order to enhance its profitability.

(4) *Financial assets measured at fair value*

☐ Applicable ☒ Not applicable

(VI) Material disposal of assets and equity

☐ Applicable ☒ Not applicable

(VII) Analysis of major controlling and companies invested by the Company

☒ Applicable ☐ Not applicable

Unit: RMB'0,000

Name of company	Principal business	Registered capital	Total assets	Net assets	Net profit	Operating income	Operating profit
Huizhou Company	Waste treatment and power generation	22,000.00	73,851.73	27,934.66	3,781.89	6,944.99	3,881.63
Wuhan Company	Waste treatment and power generation	12,948.43	47,408.10	27,832.54	3,019.97	5,456.47	3,477.63
Taizhou Company	Waste treatment and power generation	18,000.00	49,175.16	36,546.06	1,874.79	4,407.88	2,294.48

(VIII) Structured entities controlled by the Company

☐ Applicable ☒ Not applicable

II. Other disclosures

(I) Warning and explanation about anticipated loss on the accumulated net profit for the period from the beginning of the year to the end of the next reporting period or significant change as compared with the corresponding period last year

☐ Applicable ☒ Not applicable

(II) Potential risks

☒ Applicable ☐ Not applicable

1. Risk of industry policies

The waste-to-energy industry is greatly affected by industry policies. Pursuant to the Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》) (as amended in 2009), the government implements a full coverage purchase system for renewable energy power generation. Pursuant to the Notice on Improving the Pricing Policy of Waste Incineration Power Generation from the NDRC (Fa Gai Jia Ge [2012] No. 801) (《國家發展改革委關於完善垃圾焚燒發電價格政策的通知》) (發改價格[2012]801號) issued by the NDRC on 28 March 2012, the waste-to-energy projects are converted into on-grid electricity based on the volume of waste treatment received in the plants with a conversion ratio of 280 kWh per ton of municipal waste. The part that does not exceed the above-mentioned amount of electricity implements a national waste-to-energy benchmark price of RMB0.65 per kWh (inclusive of tax). The part that exceeds the above-mentioned amount of electricity implements the on-grid tariff for the local coal-fired generating units. All the waste-to-energy projects approved after 2006 shall follow such regulation. In the future, if the government reduces its support for the waste-to-energy industry, the operations, profitability and cash flows of the Company may be adversely affected.

2. Risk of environmental protection policies

The waste-to-energy business conducted by the Company is strictly regulated by the environmental protection departments at all levels in the country. In recent years, the environmental pollution problems have become increasingly prominent in the PRC. On the one hand, the government has introduced favourable policies to support the rapid development of the environmental protection industry, and on the other hand, it has also strengthened the supervision on the environmental protection industry. The Company operates in strict compliance with the relevant requirements of the environmental protection departments. As the government has been raising the environmental protection standards, the Company's investment in environmental protection will correspondingly increase, which may adversely affect the operations, profitability and cash flows of the Company.

3. Risk of tax policies

The Company and its subsidiaries rely on the government's policies in respect of the environmental protection industries to enjoy tax incentives for certain taxes such as corporate income tax and value-added tax. From 2015 to 2017, the Company enjoyed total tax incentives of RMB86.276 million, RMB102.863 million and RMB91.9444 million respectively, accounting for 57.33%, 40.60%, and 35.95% of the total profit of the Company for the year. If the country reduces the tax incentives for the environmental protection industries in the future, the operations, profitability and cash flows of the Company may be adversely affected.

4. Risk of negative public perceptions on waste-to-energy business

The public may have a negative view on waste-to-energy business. The public may be worried that the construction and operation of the projects may cause secondary pollution to the surrounding environment. To this end, the NDRC added a social stability risk assessment procedure in the project approval procedures, and the Ministry of Environmental Protection also strengthened the requirements for environmental impact assessment and further regulated the environmental impact assessment hearings and public investigation procedures. The "Not in My Back Yard" effect and the strict regulatory policies of the government intensify the difficulty of project site selection, leading to an increase in project preparation time and costs. If the negative public perceptions on waste-to-energy business are further aggravated in the future, the profitability of the Company may be adversely affected.

5. Risk of unstable supply and calorific value of municipal solid waste

The operating efficiency of a waste-to-energy plant depends on the supply and calorific value of municipal solid waste. Municipal solid waste is mainly transported by the local government to the waste-to-energy plant of the Company by land transportation. The supply is mainly affected by the local waste collection system and population. If the local government lacks or fails to establish a complete waste collection and delivery system on time, it will not be able to supply the Company with continuous and stable supply of municipal solid waste, which may result in insufficient capacity utilisation of the Company. In addition, the calorific value of waste will also affect the amount of electricity generated by waste-to-energy plants. If the calorific value of municipal solid waste is insufficient, the amount of electricity generated cannot be guaranteed. Therefore, the instability of the supply and calorific value of municipal solid waste and may affect the operational efficiency of the waste-to-energy plants of the Company, which will adversely affect the operations and profitability of the Company.

6. Risk of cost overruns and delays in the construction of the BOT projects of the Company

The cost and progress of the project construction are affected by a number of unfavourable factors, including price fluctuations in construction materials, equipment and components, shortages in equipment, materials or manpower, strikes and labour disputes, unexpected engineering, design, environmental or geological issues, impact of infrastructure facilities, unexpected increase in costs, the “Not in My Back Yard” effect and others. These factors may be beyond the control of the Company, which may lead to cost overruns and delays in the construction of the BOT projects of the Company, which may in turn result in the Company's failure to achieve the expected returns and adversely affect the operations and financial conditions of the Company.

7. Risk of substandard performance in environmental protection

In the course of project construction and operation, the Company may be subject to environmental pollution risks such as air pollution, noise pollution, harmful substances, sewage and solid waste discharge. Although the Company has adopted measures such as waste gas purification, waste water and solid waste treatment and noise prevention to avoid or minimize the potential adverse impact of its projects on the environment, environmental pollution risks may still exist due to equipment failures or human errors in the actual production and operation processes of the project companies, which may adversely affect the operations, brand reputation and profitability of the Company.

(III) Other disclosure

☐ Applicable ☒ Not applicable

V. SIGNIFICANT EVENTS

I. Overview of general meetings

Session of the meeting	Date of meeting	The enquiry index at designated websites where the resolutions were published	Disclosure date of the published resolutions
First Extraordinary General Meeting for the Year 2018	26 February 2018	www.hkexnews.hk	26 February 2018
2017 Annual General Meeting	15 June 2018	www.hkexnews.hk www.sse.com.cn	15 June 2018

Explanation of general meetings

☒ Applicable ☐ Not applicable

The record date of the 2017 annual general meeting of the Company was 15 May 2018. The shareholders who successfully subscribed for the A shares of the Company under the initial public offering did not qualify for such meeting.

II. Proposal of profit distribution or conversion of capital reserve

(I) Proposal of profit distribution or conversion of capital reserve to share capital for the first half of the year

Any distribution or capital increase No

Number of bonus shares for every 10 shares (share)

Dividends for every 10 shares (RMB) (Tax inclusive)

Number of scrip shares for every shares (share)

Details of proposal of profit distribution or conversion of capital reserve

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018

25

III. Performance of undertakings

(I) Undertakings during or carried forward to the Reporting Period by the Company's beneficial controllers, shareholders, related parties, acquirers of the Company and the Company

☒ Applicable ☐ Not applicable

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Time and period of the undertaking	Whether there is deadline for performance	Whether the undertaking was strictly and timely performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings related to initial public offering	Restriction on selling of shares	BSAM	Within 36 months from the listing date of the A shares of Dynagreen, the shares issued prior to the public offering of shares by Dynagreen directly or indirectly held by the company shall neither be transferred or entrusted to other parties for management, nor be repurchased by Dynagreen. If the closing prices of the shares are lower than the issue price for 20 consecutive trading days within 6 months after the listing of the A shares of Dynagreen, or the closing price is lower than the issue price as at the end of the six-month period upon the listing, the lockup period for the issuer's shares held by the company shall be automatically extended by 6 months. For the shares of Dynagreen held by the company prior to the initial public offering of A shares by Dynagreen, if the company reduces the shares held within two years after the expiry of the lockup period, the price shall not be lower than the issue price.	11 June 2018 to 10 June 2021	Yes	Yes		
	Restriction on selling of shares	Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership) (安徽省江淮成長投資基金中心(有限合夥))	Within 12 months from the listing date of the A shares of Dynagreen, the shares issued prior to the public offering of shares by Dynagreen directly or indirectly held by the company shall neither be transferred or entrusted to other parties for management, nor be repurchased by Dynagreen.	11 June 2018 to 10 June 2019	Yes	Yes		
	Restriction on selling of shares	Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership) (保利龍馬鴻利股權投資基金(天津)合夥企業(有限合夥))	Within 12 months from the listing date of the A shares of Dynagreen, the shares issued prior to the public offering of shares by Dynagreen directly or indirectly held by the company shall neither be transferred or entrusted to other parties for management, nor be repurchased by Dynagreen.	11 June 2018 to 10 June 2019	Yes	Yes		
	Restriction on selling of shares	Gongqingcheng Jingxiu Investment Partnership (Limited Partnership), (共青城景秀投資合夥企業(有限合夥)) Qiao Dewei, Hu Shengyong, Hou Zhiyong, Cheng Yan, Huang Jianzhong, Zhong Xia, Zhang Yong and Zhu Shuguang	Within 12 months from the listing date of the A shares of Dynagreen, the shares issued prior to the public offering of shares by Dynagreen directly or indirectly held by the company/me shall neither be transferred or entrusted to other parties for management, nor be repurchased by Dynagreen.	11 June 2018 to 10 June 2019	Yes	Yes		

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Time and period of the undertaking	Whether there is deadline for performance	Whether the undertaking was strictly and timely performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Restriction on selling of shares	Zhongshang Longrun Huanke Investment Co., Ltd. (中商龍潤環科投資有限公司)	Within 12 months from the listing date of the A shares of Dynagreen, the shares issued prior to the public offering of shares by Dynagreen directly or indirectly held by the company shall neither be transferred or entrusted to other parties for management, nor be repurchased by Dynagreen.	11 June 2018 to 10 June 2019	Yes	Yes		
	Restriction on selling of shares	Beijing Huitai Hengrui Investment Co., Ltd. (北京惠泰恒瑞投資有限公司)	Within 12 months from the listing date of the A shares of Dynagreen, the shares issued prior to the public offering of shares by Dynagreen directly or indirectly held by the company shall neither be transferred or entrusted to other parties for management, nor be repurchased by Dynagreen.	11 June 2018 to 10 June 2019	Yes	Yes		
	Others	BSAM, Qiao Dewei, Hu Shengyong, Hou Zhiyong, Cheng Yan, Huang Jianzhong, Zhong Xia, Zhang Yong and Zhu Shuguang	The proposal on price stabilisation will be executed when the share prices of Dynagreen are lower than the latest audited net assets per share for 20 consecutive trading days within 3 years after listing.	11 June 2018 to 10 June 2021	Yes	Yes		
	Others	BSAM	For any loss or risk of Dynagreen and its subsidiaries caused by BOT projects not obtained through bidding, BSAM will provide timely, full and effective compensation to Dynagreen and its subsidiaries to ensure Dynagreen and/or its domestic subsidiaries will not suffer any loss.	30 May 2016	No	Yes		

IV. Appointment or dismissal of auditors

Explanation of appointment or dismissal of auditors

☒ Applicable ☐ Not applicable

During the Reporting Period, as passed at the 2017 annual general meeting of the Company, the Company re-appointed KPMG Huazhen LLP as its auditors to provide financial reporting audit services for the Company in 2018 with a term from the date of the general meeting at which this resolution was passed to date of the conclusion of the next annual general meeting.

Explanation of change of auditors during the audit period

☐ Applicable ☒ Not applicable

Explanation of the Company on the “non-standard audit report” issued by auditors

☐ Applicable ☒ Not applicable

Explanation of the Company on the “non-standard audit report” issued by the registered accountant in the financial statements of last year’s annual report

☐ Applicable ☒ Not applicable

V. Matters related to bankruptcy and reorganisation

☐ Applicable ☒ Not applicable

VI. Material litigation and arbitration

☒ The Company had material litigation and arbitration during the Reporting Period.

☐ The Company did not have material litigation and arbitration during the Reporting Period.

(I) Litigation and arbitration which have been published in temporary announcement and without further progress

☐ Applicable ☒ Not applicable

(II) Litigation and arbitration which have not been published in temporary announcement or with further progress

☒ Applicable ☐ Not applicable

Unit: RMB

During the Reporting Period:

Plaintiff/Applicant	Defendant/Respondent	Jointly liable parties	Type of litigation/arbitration	Basic information of the litigation/arbitration	Amount involved in the litigation/arbitration	Whether provisions are made for the litigation/arbitration	Progress of the litigation/arbitration	Hearing results and impacts of the litigation/arbitration	Enforcement progress of judgment of the litigation/arbitration
Qingdao Dynagreen Renewable Energy Co., Ltd. (青島綠色動力再生能源有限公司)	Urban Management Bureau of Huangdao District, Qingdao City	Nil	Arbitration	According to the ruling, the respondent shall continue to perform the concession contract for the municipal solid waste comprehensive treatment project of Qingdao Economic and Technological Development Area entered into with the applicant on 18 May 2005 and its supplementary contract, and stop tendering.		No	Under trial		

(III) Other explanation

☐ Applicable ☒ Not applicable

VII. Punishment and rectification of the Company and its directors, supervisors, senior management, controlling shareholder and bidders

☒ Applicable ☐ Not applicable

At the end of June 2018, Taizhou Company received the Administrative Punishment Decision issued by Taizhou Environmental Protection Bureau (Tai Huan Fa Zi [2018] No. 7), pursuant to which, it was fined RMB1 million due to excessive emissions. The Company attached great importance to such circumstances and ordered Taizhou Company to rectify in a timely manner according to the specific requirements of Taizhou Environmental Protection Bureau, including but not limited to further strengthening operational management, equipment maintenance, personnel training, and analysis and rectification of all possible factors affecting the environmental impact assessment monitoring results while improving communication with the local competent authorities to avoid other wastes from being mixed into the municipal solid waste to be treated, and such rectification measures have been completed.

VIII. Explanation on credibility of the Company and its controlling shareholder and beneficial controllers during the Reporting Period

☐ Applicable ☒ Not applicable

IX. Equity incentive plan, employee shareholding plan or other employee incentive measures of the Company and their impacts

(I) Equity incentive matters which have been published in temporary announcements and without further progress or changes

☐ Applicable ☒ Not applicable

(II) Incentive which have not been published in temporary announcements or with further progress

Equity incentive

☐ Applicable ☒ Not applicable

Other explanation

☐ Applicable ☒ Not applicable

Employee shareholding plan

☐ Applicable ☒ Not applicable

Other incentive measures

☐ Applicable ☒ Not applicable

29

X. Significant related party transactions

(I) Related party transactions in connection with day-to-day operation

1. **Matters which have been published in temporary announcements and without further progress or changes**

☐ Applicable ☒ Not applicable

2. **Matters which have been published in temporary announcements but with further progress or changes**

☐ Applicable ☒ Not applicable

3. **Matters which have not been published in temporary announcements**

☐ Applicable ☒ Not applicable

(II) Related party transactions in connection with purchase or sale of assets or equity interest

1. **Matters which have been published in temporary announcements and without further progress or changes**

☐ Applicable ☒ Not applicable

2. **Matters which have been published in temporary announcements but with further progress or changes**

☐ Applicable ☒ Not applicable

3. **Matters which have not been published in temporary announcements**

☐ Applicable ☒ Not applicable

4. **Disclose the performance of the results relating to the results agreement during the Reporting Period**

☐ Applicable ☒ Not applicable

(III) Significant related party transactions in connection with joint external investment

1. **Matters which have been published in temporary announcements and without further progress or changes**

☐ Applicable ☒ Not applicable

2. Matters which have been published in temporary announcements but with further progress or changes

☐ Applicable ☒ Not applicable

3. Matters which have not been published in temporary announcements

☐ Applicable ☒ Not applicable

(IV) Claims and liabilities between related parties

1. Matters which have been published in temporary announcements and without further progress or changes

☒ Applicable ☐ Not applicable

Description	Index
Application to the controlling shareholder for financial assistance totalling not more than RMB1.5 billion	Announcement on Application to the Controlling Shareholder for Financial Assistance Announcement No.: Lin 2018-025

2. Matters which have been published in temporary announcements but with further progress or changes

☐ Applicable ☒ Not applicable

3. Matters which have not been published in temporary announcements

☐ Applicable ☒ Not applicable

31

(V) Other significant related party transactions

☐ Applicable ☒ Not applicable

(VI) Others

☐ Applicable ☒ Not applicable

XI. Material contracts and their performance

1 Trusteeship, contracting and leasing matters

☐ Applicable ☒ Not applicable

2 Guarantees

☒ Applicable ☐ Not applicable

Unit: RMB

External guarantees provided by the Company (excluding those for subsidiaries)													
Guarantor	Relationship Between the guarantor and the Company	Guaranteed party	Amount of guarantee	Date of occurrence of guarantee (signature date of agreement)	Date of commencement of guarantee	Expiry date of guarantee	Guarantee type	Completed or not	Overdue or not	Amount overdue	Anti- guarantee or not	Connected parties guarantee or not	Connected relations
Total guarantees during the Reporting Period (excluding those for subsidiaries)													0
Total guarantee balance as at the end of Reporting Period (A) (excluding those for subsidiaries)													0
Guarantees provided by the Company for its subsidiaries													
Total guarantees for subsidiaries during the Reporting Period													368,928,378.46
Total guarantee balance for subsidiaries as at the end of Reporting Period (B)													2,678,955,695.29
Total amount of guarantees provided by the Company (including those for subsidiaries)													
Total amount of guarantees (A+B)													2,678,955,695.29
Total amount of guarantees over the net assets of the Company (%)													120
Including:													
Amount of guarantees provided to shareholders, beneficial controllers and their related parties (C)													0
Amount of debt guarantees directly or indirectly provided for guaranteed parties with the gearing ratio exceeding 70% (D)													1,154,232,516.11
Amount of the total guarantees exceeding 50% of net assets (E)													1,561,635,607.62
Total amount of above three guarantees (C+D+E)													2,715,868,123.73
Explanations on outstanding guarantee which may undertake joint liability for satisfaction													
Explanations on guarantee													

3 Other material contracts

☐ Applicable ☒ Not applicable

XII. Poverty alleviation work of the Company

☐ Applicable ☒ Not applicable

XIII. Convertible bonds

☐ Applicable ☒ Not applicable

XIV. Environmental information

(I) Explanation on environmental protection of the Company and its major subsidiaries falling into the category of major pollutant-emission units designated by the environmental protection authorities

✓ Applicable ☐ Not applicable

1. Information on pollutant emission

✓ Applicable ☐ Not applicable

Changzhou Company, Haining Company, Yongjia Company, Pingyang Company, Wuhan Company, Taizhou Company, Rushan Company, Anshun Company, Huizhou Company, Jizhou Company, Jurong Company and Bengbu Company, which are subsidiaries of the Company, are the major pollutant-emission units designated by the environmental protection authorities. These companies are all the operating entities of municipal waste-to-energy plants.

The main pollutants emitted by the major pollutant-emission units of the Company are sulfur dioxide, smog, oxynitride and COD. Sulfur dioxide, smog and oxynitride are emitted from smog. The above pollutants are treated by the smog treatment system according to standard and then emitted through the chimney. COD is discharged from waste water, and there is no discharge outlet for reuse. After the sewage is treated according to standard for connecting with the pipeline network, it is carried to the urban sewage treatment plant for centralised treatment through the sewage pipe network. Generally, an inlet is provided for the sewage pipe network.

The concentration of major pollutants discharged from projects of the above companies during the Reporting Period as stated in the latest commissioned test report is summarised as follows:

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit	
1	Changzhou Company	Sulfur dioxide	Suzhou Centre Testing International Co., Ltd. (蘇州市華測檢測技術有限公司)	EDD36K005076a; 11 June 2018	1# furnace	ND	100
				EDD36K006037; 26 June 2018	2# furnace	ND	100
				EDD36K005076a; 12 June 2018	3# furnace	ND	100
		Oxynitride		EDD36K005076a; 11 June 2018	1# furnace	116	300
				EDD36K006037; 26 June 2018	2# furnace	113	300
				EDD36K005076a; 12 June 2018	3# furnace	107	300
		Smog		EDD36K005076a; 11 June 2018	1# furnace	<20	30
				EDD36K006037; 26 June 2018	2# furnace	<20	30
				EDD36K005076a; 12 June 2018	3# furnace	<20	30
		COD		EDD36K005076b; 12 June 2018		156	500
Dioxin	EDD36K003671a; 4 May 2018	1# furnace	0.0068	0.1			
		2# furnace	0.037	0.1			
		3# furnace	0.064	0.1			
2	Haining Company	Sulfur dioxide	Ningbo Centre Testing International Co., Ltd. (寧波市華測檢測技術有限公司)	EDD37K000402001	1# furnace	ND	100
				2 March 2018	2# furnace	ND	100

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit					
3	Yongjia Company	Oxynitride	Ningbo Centre Testing International Co., Ltd. (寧波市華測檢測技術有限公司)	EDD36K001278; 8 April 2018 EDD37K001057001; 2 and 3 May 2018	1# furnace	97	300				
					2# furnace	46	300				
		Smog			1# furnace	<20	30				
					2# furnace	<20	30				
		COD				58	500				
		Dioxin			1# furnace	0.0019	0.1				
					2# furnace	0.0031	0.1				
		Sulfur dioxide			1# furnace	ND	100				
					2# furnace	ND	100				
		Oxynitride			1# furnace	46	300				
					2# furnace	49	300				
		Smog			1# furnace	<20	30				
					2# furnace	<20	30				
		Dioxin			1# furnace	0.0101	0.1				
					2# furnace	0.0146	0.1				
4	Pingyang Company	Sulfur dioxide	Ningbo Centre Testing International Co., Ltd. (寧波市華測檢測技術有限公司)	EDD37K001887001; 2 July 2018	1# furnace	ND	100				
					2# furnace	ND	100				
		Oxynitride			1# furnace	147	300				
					2# furnace	119	300				
		Smog			1# furnace	<20	30				
					2# furnace	<20	30				
		Dioxin			Suzhou Centre Testing International Co., Ltd. (蘇州華測檢測技術有限公司)	EDD36K005018; 6 and 7 June 2018	1# furnace	0.0074	0.1		
					2# furnace	0.0032	0.1				
		5			Wuhan Company	Sulfur dioxide	Wuhan Centre Testing International Co., Ltd. (武漢市華測檢測技術有限公司)	EDD18K001339003; 14 June 2018	1# furnace	ND	100
									2# furnace	4.33	100
Oxynitride	3# furnace		2.67	100							
	1# furnace		166.67	300							
	2# furnace		161.67	300							
Smog	3# furnace		153.67	300							
	1# furnace		<20	30							
	2# furnace		<20	30							
Dioxin	3# furnace		<20	30							
	1# furnace		0.058	0.1							
	2# furnace		0.034	0.1							
	3# furnace		0.036	0.1							
	6	Rushan Company	Sulfur dioxide	Qingdao Centre Testing International Co., Ltd. (青島華測檢測技術有限公司)	EDD38K000878/ 22 to 23 June 2018	1# furnace	15	100			
2# furnace						13	100				
Oxynitride			1# furnace			131	300				
			2# furnace			122	300				
Smog			1# furnace			1	30				
			2# furnace			1.4	30				
COD						38	100				
Dioxin			Jiangsu Suli Persistent Organic Contaminant Analysis and Testing Center Co., Ltd. (江蘇蘇理持久性有機物污染分析測試中心有限公司)			SLAG030086/ 14 September 2017	1# furnace	0.016	0.1		
			2# furnace			0.011	0.1				

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit					
7	Taizhou Company	Sulfur dioxide	Taike Testing Technology Jiangsu Co., Ltd. (泰科檢測 科技江蘇有限公司)	Tai Ke Huan Jian (Gas) Zi (2018) No. 043 26 February 2018	1# furnace	1.78	100				
					2# furnace	2.34	100				
		Oxynitride			1# furnace	79.03	300				
					2# furnace	79.47	300				
		Smog			1# furnace	5.41	30				
					2# furnace	6.88	30				
		COD			Tai Ke Huan Jian (Water) Zi (2018) No. 231 21 May 2018	44	350				
		Dioxin			Tai Ke Huan Jian (Dioxin) Zi (2018) No. 022 2 February 2018	1# furnace	0.04	0.1			
						2# furnace	0.048	0.1			
8	Anshun Company	Sulfur dioxide	Guizhou Centre Testing International Co., Ltd. (貴州省華測檢測技術有限 公司)	EDD63K000116Ca; 2018.04.16–2018.05.03	1# furnace	14.78	100				
					2# furnace	29.67	100				
		Oxynitride			1# furnace	89.33	300				
					2# furnace	83.67	300				
		Smog			1# furnace	2.5	30				
					2# furnace	2.5	30				
		Dioxin			Wuhan Centre Testing International Co., Ltd. (武漢市華測檢測技術有限 公司)	EDD18K001158001; 2018.06.19–2018.07.06	1# furnace	0.0012	0.1		
							2# furnace	0.0053	0.1		
		9			Huizhou Company	Sulfur dioxide	South China Institute of Environmental Sciences of MEP (環境保護部華南環境 科學研究所)	Hua Huan Jian Ce Zi 2018 No. 272 15 June 2018	1# furnace	ND	100
									2# furnace	ND	100
3# furnace	ND		100								
Oxynitride	1# furnace		115	300							
	2# furnace		81	300							
	3# furnace		101	300							
Smog	1# furnace		<20	30							
	2# furnace		<20	30							
	3# furnace		<20	30							
Dioxin	Hua Huan Jian Ce Zi [Dioxin] 2018 No. 099 16 May 2018		1# furnace	0.0212		0.1					
			2# furnace	0.005		0.1					
			3# furnace	0.0282		0.1					
			10	Jizhou Company		Sulfur dioxide			Tianjin Jinbin Huace Product Testing Center Co., Ltd. (天津津濱華測產品檢測中 心有限公司)	EDD47K002177 5 June 2018	1# furnace
2# furnace	5										100
Oxynitride	1# furnace	102			300						
	2# furnace	160			300						
Smog	1# furnace	1.2			30						
	2# furnace	3.1			30						
Dioxin	Analysis and Testing Center of Zhejiang University (浙江大 學分析測試中心)	JY20180047 23 April 2018	1# furnace	0.079	0.1						
			2# furnace	0.075	0.1						
			11	Jurong Company	Sulfur dioxide	Taike Testing Technology Jiangsu Co., Ltd. (泰科檢測 科技江蘇有限公司)	Tai Ke Huan (Zong) Zi (2018) No. 098 19 June 2018	1# furnace	1	100	
								2# furnace	5	100	

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit
		Oxynitride			1# furnace 2# furnace	116.3 170.6 300 300
		Smog			1# furnace 2# furnace	<20 <20 30 30
		Dioxin		Tai Ke Huan Jian (Dioxin) Zi (2018) No. 079 8 June 2018	1# furnace 2# furnace	0.05 0.03 0.1 0.1
12	Bengbu Company	Sulfur dioxide	Anhui Centre Testing International Co., Ltd. (安徽華測檢測技術有限公司)	EDD39K000065001a; 16 May 2018	1# furnace 2# furnace	ND ND 100 100
		Oxynitride			1# furnace 2# furnace	92 131 300 300
		Smog		EDD39K000658200; 16 May 2018	1# furnace 2# furnace	2.7 2.1 30 3
		Dioxin		EDD39K000065001a; 16 May 2018	1# furnace 2# furnace	0.011 0.0098 0.1 0.1

Note: "ND" refers to no detect; the unit of sulfur dioxide, oxynitride, smog and COD is mg/m³, and the unit of dioxin is ngTEQ/m³.

The above emission limits of pollutants are based on the Municipal Solid Waste Incineration Pollution Control Standards (《生活垃圾焚烧污染控制标准》) (GB18485-2014) and the Integrated Standard for Waste Water Discharge (《污水综合排放标准》) (GB8978-1996). The regular commissioned test reports issued with respect to the major pollutant-emission units during the Reporting Period indicated that the emissions of pollutant met the prescribed standards and there was no excessive emissions.

The estimated total emissions and the approved total annual emissions of major pollutants of the major pollutant-emission units of the Company during the Reporting Period (six months) are summarised as follows:

Name of pollutant	Actual emissions (ton)	Emission indicators (ton/year)
Sulfur dioxide	128.872	1,028.452
Oxynitride	817.93	2,978.13
Smog	28.138	166.615
COD	1.902	71.333

2. Construction and operation of facilities for pollution prevention and control

✓ Applicable ☐ Not applicable

The pollution prevention facilities constructed for the projects of the Company mainly include smog, waste water and solid waste treatment facilities. For smog, a combination of "in-furnace SNCR denitrification + semi-dry reaction tower + dry deacidification + activated carbon adsorption + bag filter" is mainly adopted for smog purification techniques and the smog is emitted through the chimney after being treated and meeting the emission requirements. For waste water, the processing techniques of "pretreatment + anaerobic + nitrification denitrification + MBR membrane treatment + nanofiltration + reverse osmosis" are mainly adopted, and the waste water is reused for production or enters the urban sewage plant through pipeline network after being treated and meeting the emission requirements. For solid waste, ash is solidified before sending to the landfill. During the reporting period, the pollution prevention facilities of each project were operating normally.

3. Environmental impact assessment of construction projects and other environmental protection administrative licensing

✓ Applicable ☐ Not applicable

No.	Name of project	Date of reply to environmental impact assessment	Authority for reply
1	Changzhou City Wujin District Municipal Solid Waste Incineration Thermoelectric Project	22 February 2006	Environmental Protection Department of Jiangsu Province
2	Haining City Waste Incineration Thermoelectric Plant Project	31 October 2006	State Environmental Protection Administration
3	Pingyang Municipal Solid Waste-to-Energy Plant Project	14 May 2010	Environmental Protection Department of Zhejiang Province
4	Yongjia Waste-to-Energy Plant Project	23 April 2009	Environmental Protection Department of Zhejiang Province
5	Rushan City Municipal Solid Waste-to-Energy Plant Project	9 August 2011	Environmental Protection Department of Shandong Province
6	Wuhan Xinghuo Waste-to-Energy Plant Project	24 November 2008	Environmental Protection Department of Hubei Province
7	Taizhou City Municipal Solid Waste-to-Energy Project	16 September 2011	Environmental Protection Department of Jiangsu Province
8	Anshun Waste-to-Energy Project	10 October 2013	Environmental Protection Department of Guizhou Province
9	Huizhou City Huiyang District Lanzilong Municipal Solid Waste-to-Energy Project	24 December 2014	Environmental Protection Bureau of Huizhou City
10	Tianjin City Jixian Municipal Solid Waste-to-Energy Project	22 August 2014	Environmental Protection Bureau of Tianjin City
11	Jurong City Municipal Solid Waste-to-Energy Project	December 2013	Environmental Protection Department of Jiangsu Province
12	Bengbu City Municipal Solid Waste-to-Energy Plant Project	1 February 2016	Environmental Protection Bureau of Bengbu City

37

4. Emergency plan for emergency environmental incidents

✓ Applicable ☐ Not applicable

In respect of each project, the Company has formulated emergency plans for emergency environmental incidents, and filed the plans with the local environmental protection administrative departments of the local people's government at or above the county level, and organised emergency drills every year according to the plans.

5. Environmental self-monitoring programme

✓ Applicable ☐ Not applicable

The Company formulates self-monitoring programme according to the national or local pollutant emission standards, environmental impact assessment reports and their approval and environmental monitoring technical specifications, in order to keep abreast of its pollutant emission status and its impact on the surrounding environmental quality. The results of self-monitoring will be disclosed to the public.

6. Other environmental information to be disclosed

☐ Applicable ☒ Not applicable

(II) Environmental information of companies other than major pollutant-emission units

☐ Applicable ☒ Not applicable

(III) Reasons for not disclosing the environmental information of companies other than major pollutant-emission units

☐ Applicable ☒ Not applicable

(IV) Further progress or changes of environmental information disclosed during the Reporting Period

☐ Applicable ☒ Not applicable

XV. Compliance with the CG Code

The Group is committed to achieving high standards of corporate governance in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company adopted the Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Listing Rules as its own code of corporate governance. During the period from 1 January 2018 to 30 June 2018 (the "Reporting Period"), the Company complied with the code provisions set out in the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

XVI. Other matters of significance

(I) Compared with the last accounting period, the change of accounting policies, accounting estimates and calculation methods and their reasons and impact

☐ Applicable ☒ Not applicable

(II) The correction on significant accounting errors required to be restated, its amount after correction, reasons and impact during the Reporting Period

☐ Applicable ☒ Not applicable

(III) Others

☒ Applicable ☐ Not applicable

Subsequent events: On 23 August 2018, the Company entered into the Equity Acquisition Agreement with China Western Power Industrial Co., Ltd. (華西能源工業股份有限公司), Dongguan Weiye Investment Limited (東莞市偉業投資有限公司) and Dongguan Baorui Environmental Engineering Limited (東莞市寶瑞環保工程有限公司). The Company intended to acquire 100% equity interest in Guangdong Promising Environmental Protection Company Limited (廣東博海昕能環保有限公司) in cash at a consideration of RMB610 million. The above agreement is subject to approval of the related asset valuation report by a competent authority of the State-owned Assets Supervision and Administration Commission.

VI. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. Changes in share capital

(I) Table of changes in shares

1. Table of changes in shares

Unit: '0,000 shares

	Before change		Increase or decrease (+ or -)					After change	
	Number	Percentage (%)	New issue	Bonus issue	Shares converted from reserves	Others	Subtotal	Number	Percentage (%)
I. Restricted shares	64,064.0208	61.3053						64,064.0208	55.1705
1. Shares held by the state									
2. Shares held by state-owned legal persons	50,118.9618	47.9607						50,118.9618	43.1614
3. Shares held by other domestic investors	13,945.0590	13.3446						13,945.059	12.0091
Including: shares held by domestic non-state-owned legal persons	13,945.0590	13.3446						13,945.059	12.0091
Shares held by domestic natural persons									
4. Shares held by overseas investors									
Including: shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Non-restricted shares	40,435.9792	38.6947	11,620				11,620	52,055.9792	44.8295
1. RMB ordinary shares			11,620				11,620	11,620	10.0069
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	40,435.9792	38.6947						40,435.9792	34.8226
4. Others									
III. Total number of shares	104,500	100	11,620				11,620	116,120	100

2. Explanation of changes in shares

☒ Applicable ☐ Not applicable

As approved by the Approval in Relation to the Initial Public Offering of Dynagreen Environmental Protection Group Co., Ltd. (Zheng Jiang Xu Ke [2018] No. 746) (《關於核准綠色動力環保集團股份有限公司首次公開發行股票的批覆》(證監許可[2018]746號)) issued by the CSRC, the Company issued 116.2 million A shares, which were listed on the Shanghai Stock Exchange on 11 June 2018.

3. Effect of changes in shares on financial indicators such as earnings per share and net assets per share within the period from the end of the Reporting Period to the disclosure date of the interim report (if any)

☐ Applicable ☒ Not applicable

4. Other information considered necessary by the Company or required by the securities regulatory authorities to be disclosed

☐ Applicable ☒ Not applicable

5. Repurchase, sales or redemption of securities of the Company

Save for the issue of A shares as disclosed in the section headed "Financial Review", the Company and its subsidiaries did not repurchase, sell or redeem any of the Company's securities.

(II) Changes in restricted shares

☐ Applicable ☒ Not applicable

II. Shareholders

(I) Total number of shareholders:

As at 30 June 2018, the Company had 98,070 holders of A shares and 20 holders of H shares.

Total number of holders of ordinary shares as at the end of the Reporting Period 98,090

Total number of holders of preference shares with restored voting rights as at the end of the Reporting Period 0

(II) Table of shareholdings of the top ten shareholders and the top ten holders of tradable shares (or shareholders not subject to selling restrictions) as at the end of the Reporting Period

Unit: share

Name of shareholder (full name)	Shareholding of the top ten shareholders					Pledged or frozen		Nature of shareholder
	Change during the Reporting Period	Number of shares held as at the end of the Period	Percentage (%)	Number of shares held subject to selling restrictions	Status			
Beijing State-owned Assets Management Co., Ltd.	0	501,189,618	43.1614	501,189,618			State-owned legal person	
HKSCC NOMINEES LIMITED	11,000	379,480,000	32.6799	0			Overseas legal person	
Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership)	0	49,725,295	4.2822	49,725,295			Domestic non-state-owned legal person	
Shanghai Zhonghui Jinjiu Investment Co., Ltd. — Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership)	0	27,889,610	2.4018	27,889,610			Domestic non-state-owned legal person	
Beijing State-owned Assets Management (Hong Kong) Company Limited	0	24,859,792	2.1409	0			Overseas legal person	
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	0	20,918,478	1.8015	20,918,478			Domestic non-state-owned legal person	
Beijing Huitai Hengrui Investment Co., Ltd.	0	20,917,207	1.8013	20,917,207			Domestic non-state-owned legal person	
Zhongshang Longrun Huanke Investment Co., Ltd.	0	20,000,000	1.7224	20,000,000	Pledged	20,000,000	Domestic non-state-owned legal person	
Zhao Zuhua	1,000,000	1,000,000	0.0861				Domestic natural person	
Zhou Ping	999,800	999,800	0.0861				Domestic natural person	

Top ten holders of shares not subject to selling restrictions

Name of shareholder	Number of tradable shares not subject to selling restrictions held	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	379,473,000	Overseas listed foreign shares	379,473,000
Beijing State-owned Assets Management (Hong Kong) Company Limited	24,859,792	Overseas listed foreign shares	24,859,792
Zhao Zuhua	1,000,000	RMB ordinary shares	1,000,000
Zhou Ping	999,800	RMB ordinary shares	999,800
Zhu Li	997,500	RMB ordinary shares	997,500
Gu Yunlin	989,900	RMB ordinary shares	989,900
Xue Rongfu	988,900	RMB ordinary shares	988,900
Wang Zhicheng	741,667	RMB ordinary shares	741,667
Xu Gang	735,100	RMB ordinary shares	735,100
Zhang Wenli	695,800	RMB ordinary shares	695,800
Connected relationship or connected party relationship among the above shareholders	Beijing State-owned Assets Management (Hong Kong) Company Limited is a wholly-owned subsidiary of Beijing State-owned Assets Management Co., Ltd.		

Number of shares held by the top ten shareholders subject to selling restrictions and conditions of such selling restrictions

✓ Applicable ☐ Not applicable

Unit: share

No.	Name of shareholders subject to selling restrictions	Number of restricted shares held	Listing and trading of restricted shares		Conditions of selling restrictions
			Time permitted to be listed and traded in the market	Number of shares permitted to be listed and traded in the market	
1	Beijing State-owned Assets Management Co., Ltd.	501,189,618	10 June 2021	0	Undertaking in relation to restriction on selling of shares
2	Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership)	49,725,295	10 June 2019	0	Undertaking in relation to restriction on selling of shares
3	Shanghai Zhonghui Jinjiu Investment Co., Ltd. (上海中 匯金玖投資有限公司) — Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership)	27,889,610	10 June 2019	0	Undertaking in relation to restriction on selling of shares
4	Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	20,918,478	10 June 2019	0	Undertaking in relation to restriction on selling of shares
5	Beijing Huitai Hengrui Investment Co., Ltd.	20,917,207	10 June 2019	0	Undertaking in relation to restriction on selling of shares
6	Zhongshang Longrun Huanke Investment Co., Ltd.	20,000,000	10 June 2019	0	Undertaking in relation to restriction on selling of shares
Connected relationship or connected party relationship among the above shareholders		There was no connected relationship or connected party relationship among the above shareholders			

(III) Strategic investors or general legal persons becoming the top 10 shareholders by placing of new shares

☐ Applicable ☒ Not applicable

(IV) Particulars of shareholding of substantial shareholders disclosed pursuant to the SFO

Save as disclosed in the section headed “Interests in securities held by directors, supervisors and senior management”, as at 30 June 2018, according to the Register kept under Section 336 of the SFO, the following shareholders who had 5% or more interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO:

Shareholders	Number of shares held	Capacity	Approximate percentage of shareholding in the relevant class of shares ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽²⁾
Beijing State-owned Assets Management Co., Ltd. (“BSAM”)	501,189,618 A shares (Long position)	Beneficial owner	66.22%	43.16%
Beijing State-owned Assets Management (Hong Kong) Company Limited (“BSAM (HK)”) ⁽³⁾	24,859,792 H shares (Long position)	Beneficial owner	6.15%	2.14%
BSAM ⁽³⁾	24,859,792 H shares (Long position)	Interest in controlled corporation	6.15%	2.14%
National Council for Social Security Fund	28,293,000 H shares (Long position)	Beneficial owner	6.99%	2.43%
Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership) ⁽⁴⁾	49,725,295 A shares (Long position)	Beneficial owner	6.57%	4.28%
Beijing Green Innovation Investment Company Limited ⁽⁴⁾	49,725,295 A shares (Long position)	Interest in controlled corporation	6.57%	4.28%
Beijing Zhixinheng Jin Investment Co., Ltd. ⁽⁴⁾	49,725,295 A shares (Long position)	Interest in controlled corporation	6.57%	4.28%
Bai Hongtao ⁽⁴⁾	49,725,295 A shares (Long position)	Interest in controlled corporation	6.57%	4.28%
Pan Ling ⁽⁴⁾	49,725,295 A shares (Long position)	Interest in controlled corporation	6.57%	4.28%

Notes:

- (1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 30 June 2018.
- (2) The calculation is based on the total number of 1,161,200,000 Shares in issue as at 30 June 2018.
- (3) BSAM (HK) is a wholly-owned subsidiary of BSAM. Pursuant to the SFO, BSAM is deemed to be interested in the H Shares held by BSAM (HK), holding 24,859,792 H Shares, representing approximately 6.15% of the total H Shares of the Company and approximately 2.14% of the total share capital of the Company.
- (4) 53.33% equity interest of Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership) is held by Beijing Green Innovation Investment Company Limited. 45.78% equity interest of Beijing Green Innovation Investment Company Limited is held by Beijing Zhixinheng Jin Investment Co., Ltd. The equity interest of Beijing Zhixinheng Jin Investment Co., Ltd. is held as to 50% by each of Bai Hongtao and Pan Ling. Based on the above and pursuant to the SFO, each of Beijing Green Innovation Investment Company Limited, Beijing Zhixinheng Jin Investment Co., Ltd., Bai Hongtao and Pan Ling is therefore deemed to be interested in the A shares held by Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership).

Apart from the above, as at 30 June 2018, no other interests required to be recorded in the Register kept under Section 336 of the SFO have been notified to the Company.

The non-executive directors of the Company, Mr. Zhi Jun, Mr. Guo Yitao and Mr. Feng Changzheng, are employees of entities under the BSAM group.

III. Changes in controlling shareholder or beneficial controllers

☐ Applicable ☒ Not applicable

VII. PREFERENCE SHARES

☐ Applicable ☒ Not applicable

VIII. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Changes in shareholding

(I) Changes in shareholding of the current and resigned directors, supervisors and senior management during the Reporting Period

☐ Applicable ☒ Not applicable

(II) Equity incentive granted to directors, supervisors and senior management during the Reporting Period

☐ Applicable ☒ Not applicable

(III) Interests in securities held by directors, supervisors and senior management

As at 30 June 2018, the interests and short positions of the directors, supervisors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) (i) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company; or (iii) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in the Listing Rules were as follows:

Directors	Number of shares held	Capacity	Approximate percentage of shareholding in the relevant class of shares ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽²⁾
Mr. Qiao Dewei ⁽³⁾	20,918,478 A shares (Long position)	Interest in controlled corporation	2.76%	1.80%

Notes:

- (1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 30 June 2018.
- (2) The calculation is based on the total number of 1,161,200,000 Shares in issue as at 30 June 2018.
- (3) Gongqingcheng Jingxiu Investment Partnership (Limited Partnership) (“Jingxiu Investment”, originally known as Shenzhen Jingxiu Investment Partnership (Limited Partnership)) held 20,918,478 A shares, representing approximately 2.76% of the A shares and approximately 1.80% of the total share capital of the Company respectively. As Mr. Qiao Dewei is a general partner of Jingxiu Investment according to the partnership agreement of Jingxiu Investment, pursuant to the SFO, Mr. Qiao Dewei is deemed to be interested in the A shares held by Jingxiu Investment.

Apart from the above, none of the directors, supervisors and chief executives of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2018 as recorded in the Register required to be kept under Section 352 of the SFO or which were required to be notified to the Company or the Hong Kong Stock Exchange pursuant to the Model Code.

Apart from the above, at no time during the period from 1 January 2018 to 30 June 2018 was the Company or its associated corporations (within the meaning of Part XV of the SFO) a party to any arrangement to enable the Directors, Supervisors or chief executives of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

II. Changes in directors, supervisors and senior management of the Company

☒ Applicable ☐ Not applicable

Name	Position	Change
Kwan Kai Cheong	Independent non-executive director	Resignation
Fu Jie	Independent non-executive director	Election

Explanation of changes in directors, supervisors and senior management of the Company

☒ Applicable ☐ Not applicable

On 26 February 2018, Mr. Kwan Kai Cheong resigned as an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of the Board. On 26 February 2018, Ms. Fu Jie was appointed as an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of the Board.

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in director's information for the period ended on 30 June 2018 are set out as follows:

Ms. Fu Jie was appointed as an independent non-executive director of Dahe Media Co., Ltd, a company listed on Hong Kong Stock Exchange (Stock Code: 8243), on 1 June 2018 and resigned on 21 August 2018.

III. Trading of shares by directors, supervisors and employees

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

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

IV. Other explanation

✓ Applicable ☐ Not applicable

As at 30 June 2018, the Group had a total of 1,513 staff members.

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

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

IX. CORPORATE BONDS

☐ Applicable ☒ Not applicable

X. FINANCIAL REPORT

I. AUDIT REPORT

☐ Applicable ☒ Not applicable

II. FINANCIAL STATEMENTS

Consolidated Balance Sheet

30 June 2018

Prepared by: Dynagreen Environmental Protection Group Co., Ltd.

Unit: RMB

Item	Note	Balance at the end of the period	Balance at the beginning of the period	Balance at the beginning of the prior period
Current assets:				
Cash at bank and on hand	VII.1	841,734,114.69	694,492,369.22	581,604,896.93
Bills receivable and accounts receivable	VII.5	204,406,245.79	139,070,371.30	114,070,196.66
Prepayments	VII.6	12,701,506.89	10,665,860.03	11,380,569.58
Other receivables	VII.9	41,638,954.69	43,025,535.20	73,955,892.94
Inventories	VII.10	16,043,149.30	13,468,671.92	31,927,426.51
Long-term receivables due within one year	VII.12	66,471,042.17	60,253,469.54	40,358,545.15
Other current assets	VII.13	76,327,035.09	73,146,086.71	51,344,408.65
Total current assets		1,259,322,048.62	1,034,122,363.92	904,641,936.42
Non-current assets:				
Long-term receivables	VII.16	3,151,894,312.79	2,851,455,610.55	2,296,352,806.30
Long-term equity investments	VII.17	34,000,000.00	—	3,500,000.00
Fixed assets	VII.18	11,959,890.50	11,222,619.07	10,217,407.77
Intangible assets	VII.24	2,565,817,490.32	2,250,956,146.38	1,870,489,489.78
Goodwill	VII.26	43,910,821.67	—	—
Long-term deferred expenses	VII.27	1,079,533.37	1,252,282.08	1,606,167.48
Deferred tax assets	VII.28	158,230,043.16	145,490,684.33	140,130,181.51
Other non-current assets	VII.29	623,478,403.65	515,636,575.91	385,596,706.24
Total non-current assets		6,590,370,495.46	5,776,013,918.32	4,707,892,759.08
Total assets		7,849,692,544.08	6,810,136,282.24	5,612,534,695.50

Item	Note	Balance at the end of the period	Balance at the beginning of the period	Balance at the beginning of the prior period
Current liabilities:				
Short-term loans	VII.30	154,000,000.00	310,154,600.00	310,000,000.00
Bills payable and accounts payable	VII.34	457,255,667.37	480,416,745.67	364,475,188.35
Advances from customers	VII.35	868,370.67	868,370.67	16,921,505.91
Contract liabilities	VII.36	5,757,541.13	—	—
Employee benefits payable	VII.37	30,390,421.60	52,761,417.16	48,393,681.39
Taxes payable	VII.38	43,309,934.31	33,956,573.83	45,733,577.11
Other payables	VII.41	71,368,256.02	50,690,875.83	39,544,353.73
Non-current liabilities due within one year	VII.43	418,690,213.34	364,932,684.97	329,972,724.44
Deferred income	VII.51	666,666.68	666,666.68	666,666.68
Total current liabilities		1,182,307,071.12	1,294,447,934.81	1,155,707,697.61
Non-current liabilities:				
Long-term loans	VII.45	3,514,741,671.51	2,914,085,622.20	1,993,700,985.73
Long-term payables	VII.47	308,743,176.61	319,693,175.61	331,567,579.04
Deferred income	VII.51	17,333,333.44	17,666,666.72	18,333,333.26
Deferred tax liabilities	VII.28	55,025,559.26	29,602,706.45	16,577,899.26
Total non-current liabilities		3,895,843,740.82	3,281,048,170.98	2,360,179,797.39
Total liabilities		5,078,150,811.94	4,575,496,105.79	3,515,887,495.00
Owners' equity				
Share capital	VII.53	1,161,200,000.00	1,045,000,000.00	1,045,000,000.00
Capital reserve	VII.55	858,803,441.83	628,984,641.83	628,984,641.83
Other comprehensive income	VII.57	(9,555,896.05)	(10,098,220.33)	(4,313,765.13)
Surplus reserve	VII.60	56,379,717.24	56,379,717.24	33,507,805.71
Retained earnings	VII.60	679,460,749.30	511,374,037.71	390,468,518.09
Total equity attributable to owners of the company		2,746,288,012.32	2,231,640,176.45	2,093,647,200.50
Non-controlling interests		25,253,719.82	3,000,000.00	3,000,000.00
Total owners' equity		2,771,541,732.14	2,234,640,176.45	2,096,647,200.50
Total liabilities and owners' equity		7,849,692,544.08	6,810,136,282.24	5,612,534,695.50

Legal Representative: Zhi Jun

Chief Financial Officer: Hu Shengyong

Chief Accountant: Liu Li

Company Balance Sheet

30 June 2018

Prepared by: Dynagreen Environmental Protection Group Co., Ltd.

Unit: RMB

Item	Note	Balance at the end of the period	Balance at the beginning of the period	Balance at the beginning of the prior period
Current assets:				
Cash at bank and on hand		388,426,651.72	132,881,313.36	144,756,347.71
Bills receivable and accounts receivable	XVII.1	15,624,563.68	23,432,152.99	118,121,063.00
Prepayments		933,610.31	3,903,404.82	894,365.87
Other receivables	XVII.2	409,422,463.16	227,047,409.33	147,497,954.42
Inventories		—	—	21,846,803.42
Long-term receivable due within one year		28,190,476.16	75,203,703.66	30,000,000.00
Other current assets		4,670,382.66	8,584,557.51	2,422,529.70
Total current assets		847,268,147.69	471,052,541.67	465,539,064.12
Non-current assets:				
Long-term receivables	XVII.3	317,729,523.84	386,516,296.34	522,220,000.00
Long-term equity investments	XVII.4	2,814,058,660.24	2,517,058,660.24	2,248,558,660.24
Fixed assets		1,489,777.62	1,573,002.58	1,371,563.32
Intangible assets		123,848.13	137,858.73	165,879.93
Long-term deferred expenses		—	—	15,054.61
Deferred tax assets		606,374.03	578,627.50	201,935.69
Total non-current assets		3,134,008,183.86	2,905,864,445.39	2,772,533,093.79
Total assets		3,981,276,331.55	3,376,916,987.06	3,238,072,157.91
Current liabilities:				
Short-term loans		150,000,000.00	260,000,000.00	413,000,000.00
Bills and accounts payable		2,481,112.92	5,308,301.28	4,512,750.36
Advances from customers		—	19,059,400.00	27,959,999.91
Contract liabilities		11,207,920.00	—	—
Employee benefits payable		3,669,017.25	12,595,926.45	12,486,667.08
Taxes payable		1,771,774.20	1,705,182.51	10,514,285.08
Other payables		30,894,710.64	22,927,146.17	67,634,590.65
Non-current liabilities due within one year		89,835,661.34	87,945,661.34	164,698,412.67
Total current liabilities		289,860,196.35	409,541,617.75	700,806,705.75

Item	Note	Balance at the end of the period	Balance at the beginning of the period	Balance at the beginning of the prior period
Non-current liabilities:				
Long-term loans		1,155,121,315.47	869,670,925.57	605,580,123.72
Total non-current liabilities		1,155,121,315.47	869,670,925.57	605,580,123.72
Total liabilities		1,444,981,511.82	1,279,212,543.32	1,306,386,829.47
Owners' equity:				
Share capital		1,161,200,000.00	1,045,000,000.00	1,045,000,000.00
Capital reserve	XVII.5	906,165,435.50	676,346,635.50	676,346,635.50
Surplus reserve		56,379,717.24	56,379,717.24	33,507,805.71
Retained earnings	XVII.6	412,549,666.99	319,978,091.00	176,830,887.23
Total owners' equity		2,536,294,819.73	2,097,704,443.74	1,931,685,328.44
Total liabilities and owners' equity		3,981,276,331.55	3,376,916,987.06	3,238,072,157.91

Legal Representative: Zhi Jun

Chief Financial Officer: Hu Shengyong

Chief Accountant: Liu Li

Consolidated Income Statement

January to June 2018

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
I. Operating income	VII.61	501,331,167.93	418,265,567.69
Including: Operating cost	VII.61	501,331,167.93	418,265,567.69
Interest income			
II. Operating cost		315,400,910.38	237,646,915.88
Including: Operating cost	VII.61	195,970,431.36	146,890,509.24
Taxes and surcharges	VII.62	12,839,104.11	8,899,285.11
General and administrative expenses	VII.64	41,732,531.58	39,180,388.50
Research and development expenses	VII.65	4,222,330.72	4,331,570.07
Financial expenses	VII.66	103,395,126.76	68,653,205.25
Including: Interest expenses		102,641,302.50	69,354,886.31
Interest income		(1,463,045.78)	(1,987,956.27)
Impairment loss of assets	VII.67	—	4,773,270.41
Impairment loss of credit	VII.68	4,607,515.97	—
Add: the gains from disposal of assets (with “—” for losses)		18,434.21	—
Other income	VII.71	47,347,695.91	35,081,312.70
III. Operating profit		185,930,257.55	180,618,651.81
Add: Non-operating income	VII.72	118,305.47	210,936.44
Less: Non-operating expenses	VII.73	1,103,468.16	245,893.48
IV. Total profit		184,945,094.86	180,583,694.77
Less: Income tax expenses	VII.74	16,839,897.93	34,729,672.34
V. Profit before income tax		168,105,196.93	145,854,022.43
1. Net profit attributable to owners of the company		168,086,711.59	145,854,022.43
2. Non-controlling interests		18,485.34	—
VI. Other comprehensive income, net of tax	VII.57	542,324.28	(2,025,602.91)
Other comprehensive income attributable to owners of the company, net of tax		542,324.28	(2,025,602.91)
Other comprehensive income to be reclassified into profit or loss in the future		542,324.28	(2,025,602.91)
Translation differences arising from translation of foreign currency financial statements		542,324.28	(2,025,602.91)
Other comprehensive income attributable to non-controlling interests, net of tax			
VII. Total comprehensive income		168,647,521.21	143,828,419.52
Total comprehensive income attributable to owners of the company		168,629,035.87	143,828,419.52
Total comprehensive income attributable to non-controlling interests		18,485.34	—
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.16	0.14
(II) Diluted earnings per share (RMB/share)		0.16	0.14

53

For the Business combination involving entities under common control during the current period, the net profit recorded by the merged party before the combination was RMB0.00, and the net profit recorded by the merged party in the prior period was RMB0.00.

Legal Representative: Zhi Jun

Chief Financial Officer: Hu Shengyong

Chief Accountant: Liu Li

Company Income Statement

January to June 2018

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
I. Operating income	XVII.7	49,999,632.70	50,507,932.46
Less: Operating costs	XVII.7	4,570,581.49	14,213,220.95
Taxes and surcharges		262,337.72	(519,908.58)
General and administrative expenses		11,354,696.08	11,575,630.25
Research and development expenses		4,222,330.72	4,331,570.07
Financial expenses		35,616,729.62	28,621,181.98
Including: Interest expenses		35,042,625.05	29,136,822.83
Interest income		(917,248.89)	(1,232,249.17)
Impairment loss of assets		—	1,767,660.72
Impairment loss of credit		572,839.53	—
Add: investment income (with “—” for losses)	XVII.8	99,114,000.65	129,909,817.31
Other income		369,622.64	—
II. Operating profit (with “—” for losses)		92,883,740.83	120,428,394.38
Add: Non-operating income		—	—
Less: Non-operating expenses		—	—
III. Total profit (with “—” for total losses)		92,883,740.83	120,428,394.38
Less: Income tax expenses		312,164.84	614,623.82
IV. Net profit (with “—” for net losses)		92,571,575.99	119,813,770.56
1. Net profit from continuing operations (with “—” for net losses)		92,571,575.99	119,813,770.56
2. Net profit from discontinued operations (with “—” for net losses)		—	—
V. Other comprehensive income, net of tax		—	—
VI. Total comprehensive income		92,571,575.99	119,813,770.56

Legal Representative: Zhi Jun

Chief Financial Officer: Hu Shengyong

Chief Accountant: Liu Li

Consolidated Cash Flow Statement

January to June 2018

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
I. Cash flows from operating activities:			
Cash received from sale of goods, rendering of services and the Build-Operate-Transfer ("BOT") projects and the Build-Transfer ("BT") projects	VII.78	426,292,867.58	437,151,669.55
Refund of taxes		38,620,996.32	35,480,715.30
Cash received from other operating activities	VII.78	33,385,574.55	57,978,167.64
Sub-total of cash inflows from operating activities		498,299,438.45	530,610,552.49
Cash paid for goods and services		(148,349,363.67)	(62,634,693.74)
Increase of principal of BOT and BT long-term receivables	VII.78	(310,692,924.00)	(257,345,726.08)
Cash paid to and for employees		(128,485,390.45)	(106,839,479.13)
Payments of various taxes		(77,787,929.00)	(57,055,834.18)
Cash paid for other operating activities	VII.78	(22,106,691.92)	(25,754,421.78)
Sub-total of cash outflows for operating activities		(687,422,299.04)	(509,630,154.91)
Net cash generated from operating activities	VII.79	(189,122,860.59)	20,980,397.58
II. Cash flows from investing activities:			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		55,904.98	21,038.49
Cash received from other investing activities	VII.78	1,285,840.11	1,819,936.81
Sub-total of cash inflows from investing activities		1,341,745.09	1,840,975.30
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(308,103,913.75)	(336,612,137.28)
Net cash paid for acquisition of subsidiaries and other companies	VII.79	(115,999,991.94)	—
Sub-total of cash outflows for investing activities		(424,103,905.69)	(336,612,137.28)
Net cash generated from investing activities		(422,762,160.60)	(334,771,161.98)

55

Item	Note	Amount for the current period	Amount for the prior period
III. Cash flows from financing activities:			
Cash received from investments		10,712,939.90	—
Including: Cash received from non-controlling shareholders of subsidiaries		10,712,939.90	—
Cash received from IPO		382,298,000.00	—
Cash received from loans		955,372,335.75	872,973,790.30
Sub-total of cash inflows from financing activities		1,348,383,275.65	872,973,790.30
Cash paid for repayment of loans		(452,636,387.96)	(368,142,044.93)
Cash paid for distribution of dividends and profit or payment of interests		(95,021,408.83)	(68,773,264.53)
Cash paid for other financing activities	VII.78	(29,945,480.77)	(5,014,586.76)
Sub-total of cash outflows for financing activities		(577,603,277.56)	(441,929,896.22)
Net cash generated from financing activities		770,779,998.09	431,043,894.08
IV. Effect of foreign exchanges rate changes on cash and cash equivalents		(53,231.43)	(2,637,320.28)
V. Net increase in cash and cash equivalents	VII.79	158,841,745.47	114,615,809.40
Add: Balance of cash and cash equivalents at the beginning of the period		665,292,369.22	535,412,612.93
VI. Balance of cash and cash equivalents at the end of the period	VII.79	824,134,114.69	650,028,422.33

Legal Representative: Zhi Jun

Chief Financial Officer: Hu Shengyong

Chief Accountant: Liu Li

Company Cash Flow Statement

January to June 2018

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		53,455,797.35	127,655,848.82
Cash received from other operating activities		101,502,728.51	30,717,511.07
Sub-total of cash inflows from operating activities		154,958,525.86	158,373,359.89
Cash paid for goods and services		(6,340,220.00)	(1,461,125.34)
Cash paid to and for employees		(22,006,159.42)	(19,074,797.80)
Payments of various taxes		(2,159,256.05)	(9,142,346.85)
Cash paid for other operating activities		(107,560,823.73)	(95,569,924.80)
Sub-total of cash outflows for operating activities		(138,066,459.20)	(125,248,194.79)
Net cash generated from operating activities	XVII.9(1)	16,892,066.66	33,125,165.10
II. Cash flows from investing activities:			
Cash received from investment income		26,500,000.00	114,000,000.00
Cash received from other investing activities		450,444,375.05	126,053,528.68
Sub-total of cash inflows from investing activities		476,944,375.05	240,053,528.68
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(107,269.14)	(471,756.73)
Net cash paid for acquisition of subsidiaries and other companies		(289,000,000.00)	(139,000,000.00)
Cash paid for other investing activities		(433,490,000.00)	(76,000,000.00)
Sub-total of cash outflows for investing activities		(722,597,269.14)	(215,471,756.73)
Net cash generated from investing activities		(245,652,894.09)	24,581,771.95
III. Cash flows from financing activities:			
Cash received from IPO		382,298,000.00	—
Cash received from loans		402,990,000.00	353,000,000.00
Sub-total of cash inflows from financing activities		785,288,000.00	353,000,000.00
Cash paid for repayment of loans		(223,527,830.67)	(319,480,582.00)
Cash paid for dividends, profit distributions or interest		(35,914,648.77)	(24,987,960.75)
Cash paid for other financing activities		(29,945,480.77)	(5,014,586.76)
Sub-total of cash outflows for financing activities		(289,387,960.21)	(349,483,129.51)
Net cash generated from financing activities		495,900,039.79	3,516,870.49
IV. Effect of foreign exchanges rate changes on cash and cash equivalents		6,126.00	71,165.62
V. Net increase in cash and cash equivalents	XVII.9(1)	267,145,338.36	61,294,973.16
Add: Balance of cash and cash equivalents at the beginning of the period		112,681,313.36	107,329,347.71
VI. Balance of cash and cash equivalents at the end of the period	XVII.9(1)	379,826,651.72	168,624,320.87

Legal Representative: Zhi Jun

Chief Financial Officer: Hu Shengyong

Chief Accountant: Liu Li

Consolidated Statement of Changes in Owners' Equity

January to June 2018

Unit: RMB

Current period													
Equity attributable to owners of the company													
Item	Other equity instruments				Capital reserve	Less:	Other	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Non-controlling interests	Total owners' equity
	Share capital	Preferred shares	Perpetual bonds	Others		Treasury shares	comprehensive income						
I. Balance at the end of the period of last year	1,045,000,000.00	—	—	—	628,984,641.83		(10,098,220.33)	—	56,379,717.24	—	511,374,037.71	3,000,000.00	2,234,640,176.45
II. Balance at the beginning of the period of this year	1,045,000,000.00	—	—	—	628,984,641.83	—	(10,098,220.33)	—	56,379,717.24	—	511,374,037.71	3,000,000.00	2,234,640,176.45
III. Changes for the year (with "-" for decreases)	116,200,000.00	—	—	—	229,818,800.00	—	542,324.28	—	—	—	168,086,711.59	22,253,719.82	536,901,555.69
(I) Total comprehensive income	—	—	—	—	—	—	542,324.28	—	—	—	168,086,711.59	18,485.34	168,647,521.21
(II) Owners' contribution and reduction in capital	116,200,000.00	—	—	—	229,818,800.00	—	—	—	—	—	—	22,235,234.48	368,254,034.48
1. Ordinary shares contributed by shareholders	116,200,000.00	—	—	—	229,818,800.00	—	—	—	—	—	—	22,235,234.48	368,254,034.48
2. Other equity instrument holders' invested capital													
3. Amount of share payment included in the amount of owner's equity													
4. Others													
(III) Profit distribution													
1. Extraction of surplus reserve													
2. Extraction of general risk allowance													
3. Distribution to owners (or shareholders)													
4. Others													
(IV) Transfers within shareholders' equity													
(V) Special reserve													
1. Accrued in the current period													
2. Utilized in the current period													
(VI) Others													
IV. Balance at the end of the period of this period	1,161,200,000.00	—	—	—	858,803,441.83	—	(9,555,896.05)	—	56,379,717.24	—	679,460,749.30	25,253,719.82	2,771,541,732.14

	Prior period												
	Equity attributable to owners of the company												
	Other equity instruments						Less:	Other					
Item	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Treasury shares	comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Non-controlling interests	Total owners' equity
I. Balance at the end of the period of last year	1,045,000,000.00	—	—	—	628,984,641.83	—	(4,313,765.13)	—	33,507,805.71	—	390,468,518.09	3,000,000.00	2,096,647,200.50
II. Balance at the beginning of the period of this year	1,045,000,000.00	—	—	—	628,984,641.83	—	(4,313,765.13)	—	33,507,805.71	—	390,468,518.09	3,000,000.00	2,096,647,200.50
III. Changes for the year (with "-" for decreases)	—	—	—	—	—	—	(2,025,602.91)	—	—	—	83,154,022.43	—	81,128,419.52
(I) Total comprehensive income	—	—	—	—	—	—	(2,025,602.91)	—	—	—	145,854,022.43	—	143,828,419.52
(II) Owners' contribution and reduction in capital	—	—	—	—	—	—	—	—	—	—	—	—	—
1. Ordinary shares contributed by shareholders													
2. Other equity instrument holders' invested capital													
3. Amount of share payment included in the amount of owner's equity													
4. Others													
(III) Profit distribution	—				—		—		—		(62,700,000.00)		(62,700,000.00)
1. Extraction of surplus reserve													
2. Extraction of general risk allowance													
3. Distribution to owners (or shareholders)	—				—		—		—		(62,700,000.00)		(62,700,000.00)
4. Others													
(IV) Transfers within shareholders' equity													
(V) Special reserve													
1. Accrued in the current period													
2. Utilized in the current period													
(VI) Others													
IV. Balance at the end of the period of this period	1,045,000,000.00	—	—	—	628,984,641.83	—	(6,339,368.04)	—	33,507,805.71	—	473,622,540.52	3,000,000.00	2,177,775,620.02

Legal Representative: Zhi Jun

Chief Financial Officer: Hu Shengyong

Chief Accountant: Liu Li

Company Statement of Changes in Owners' Equity
January to June 2018

Unit: RMB

Item	Current period										
	Other equity instruments				Capital reserve	Less: Treasury shares	Other comprehensive income		Surplus reserve	Retained earnings	Total owners' equity
	Share capital	Preferred shares	Perpetual bonds	Others			Special reserve				
I. Balance at the end of the period of last year	1,045,000,000.00	—	—	—	676,346,635.50	—	—	—	56,379,717.24	319,978,091.00	2,097,704,443.74
II. Balance at the beginning of the period of this year	1,045,000,000.00	—	—	—	676,346,635.50	—	—	—	56,379,717.24	319,978,091.00	2,097,704,443.74
III. Changes for the year (with "-" for decreases)	116,200,000.00	—	—	—	229,818,800.00	—	—	—	—	92,571,575.99	438,590,375.99
(I) Total comprehensive income	—	—	—	—	—	—	—	—	—	92,571,575.99	92,571,575.99
(II) Owners' contribution and reduction in capital	116,200,000.00	—	—	—	229,818,800.00	—	—	—	—	—	346,018,800.00
1. Ordinary shares contributed by shareholders											
2. Other equity instrument holders' invested capital											
3. Amount of share payment included in the amount of owner's equity											
4. Others											
(III) Profit distribution											
1. Extraction of surplus reserve											
2. Extraction of general risk allowance											
3. Distribution to owners (or shareholders)											
4. Others											
(IV) Transfers within shareholders' equity											
(V) Special reserve											
1. Accrued in the current period											
2. Utilized in the current period											
(VI) Others											
IV. Balance at the end of the period of this period	1,161,200,000.00	—	—	—	906,165,435.50	—	—	—	56,379,717.24	412,549,666.99	2,536,294,819.73

Item	Prior period										
	Other equity instruments				Capital reserve	Less: Treasury shares	Other comprehensive income		Surplus reserve	Retained earnings	Total owners' equity
	Share capital	Preferred shares	Perpetual bonds	Others			Special reserve				
I. Balance at the end of the period of last year	1,045,000,000.00	—	—	—	676,346,635.50	—	—	—	33,507,805.71	176,830,887.23	1,931,685,328.44
II. Balance at the beginning of the period of this year	1,045,000,000.00	—	—	—	676,346,635.50	—	—	—	33,507,805.71	176,830,887.23	1,931,685,328.44
III. Changes for the year (with "-" for decreases)	—	—	—	—	—	—	—	—	—	57,113,770.56	57,113,770.56
(I) Total comprehensive income	—	—	—	—	—	—	—	—	—	119,813,770.56	119,813,770.56
(II) Owners' contribution and reduction in capital	—	—	—	—	—	—	—	—	—	—	—
1. Ordinary shares contributed by shareholders											
2. Other equity instrument holders' invested capital											
3. Amount of share payment included in the amount of owner's equity											
4. Others											
(III) Profit distribution	—				—				—	(62,700,000.00)	(62,700,000.00)
1. Extraction of surplus reserve											
2. Extraction of general risk allowance											
3. Distribution to owners (or shareholders)	—				—				—	(62,700,000.00)	(62,700,000.00)
4. Others											
(IV) Transfers within shareholders' equity											
(V) Special reserve											
1. Accrued in the current period											
2. Utilized in the current period											
(VI) Others											
IV. Balance at the end of the period of this period	1,045,000,000.00	—	—	—	676,346,635.50	—	—	—	33,507,805.71	233,944,657.79	1,988,799,099.00

Legal Representative: Zhi Jun

Chief Financial Officer: Hu Shengyong

Chief Accountant: Liu Li

III. COMPANY OVERVIEW

1. Company profile

✓ Applicable ☐ Not applicable

Dynagreen Environmental Protection Group Co., Ltd. (the “Company”) is a joint-stock limited liability company established based on the reorganisation of Shenzhen Dynagreen Environmental Engineering Co., Ltd. (深圳綠色動力環境工程有限公司) on 23 April 2012. Its registered address is 2nd Floor, Northeastern Wing, Jiuzhou Electronic Building, 007 Keji South 12th Street, Nanshan District, Shenzhen, the People’s Republic of China (the “PRC”). Its head office is located in Shenzhen, Guangdong Province, the PRC. The parent company and ultimate holding company of the Company is Beijing State-owned Assets Management Co., Ltd. (“BSAM”).

On 19 June 2014, the Company was listed on the Hong Kong Stock Exchange. On 29 June 2014, the underwriter of the Company of the public offering project on the Hong Kong Stock Exchange exercised all of the over-allotment options stated in the Company’s prospectus dated 9 June 2014.

On 23 April 2018, pursuant to the Approval in Relation to the Initial Public Offering of Dynagreen Environmental Protection Group Co., Ltd. (Zheng Jian Xu Ke [2018] No. 746) (《關於核准綠色動力環保集團股份有限公司首次公開發行股票的批覆》(證監許可 [2018] 746號)) issued by the China Securities Regulatory Commission (the “CSRC”), the Company issued not more than 116,200,000 ordinary shares (A shares) under the initial public offering. Under the offering, the actual size of the public offering was 116,200,000.00 RMB ordinary shares with a nominal value of RMB1 per share, increasing the share capital by RMB116,200,000.00. Upon the public offering of A shares, the paid-in capital (share capital) of the Company amounted to RMB1,161,200,000.00 comprising a total of 1,161,200,000.00 shares.

60

The Company and its subsidiaries (the “Group”) are principally engaged in technological research in environmental protection industries including waste-incineration, and the design, development and systematic integration of relevant equipment, as well as management of waste treatment projects, operation management and the provision of technological services and associated technological consultation.

2. Scope of consolidated financials

✓ Applicable ☐ Not applicable

For the information about the subsidiaries and new subsidiaries of the Group during the reporting period, please refer to Notes VIII and IX.

IV. BASIS OF PREPARATION

1. Basis of preparation

This interim financial report was prepared in accordance with the Accounting Standards for Business Enterprises No. 32—Interim Financial Report issued by the Ministry of Finance of the PRC (the “MOF”). These notes to this interim financial report have been appropriately simplified as compared with those to the annual financial statements, and do not include all the information and disclosures presented in the annual financial statements. This interim financial report is unaudited.

In addition, this interim financial report also included the relevant disclosure in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing Rules.

2. Going concern

✓ Applicable ☐ Not applicable

As at 30 June 2018, the net current assets of the Group amounted to RMB77,014,977.50, and committed capital expenditure within one year of the Group amounted to approximately RMB1,604,127,859.26, which led to liquidity concern for the Group.

The management of the Group intends to take the following measures to ensure the Group has sufficient financial resources to meet its operation requirement for the coming 12 months:

- (a) The Group maintains good long-term business relationship with various financial institutions, so as to ensure that it can obtain adequate lines of credit from them. At 30 June 2018, the unutilised banking facilities of the Group amounted to RMB2,756,371,505.47.
- (b) With the constant completion and commencement of operations of the new waste-to-energy projects, the management foresees that the Group will generate sufficient operating cash inflow to meet its liquidity requirement.

In view of the above, the management is of the opinion that, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements for the next 12 months from 1 July 2018, and thus the management believes that the Group’s preparation of the financial statements on a going concern basis is appropriate.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific note on accounting policies and accounting estimates:

✓ Applicable ☐ Not applicable

Accounting policies for the recognition and measurement of provisions for receivables, amortisation of intangible assets, and revenue recognition and measurement of the Group are adopted according to the specific characteristics of the Group's operations. Please refer to the relevant notes on accounting policies.

1. Statement of compliance

This interim financial report has been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises. This interim financial report presents truly and completely the consolidated financial position and company financial position of the Group as at 30 June 2018, and the consolidated and company financial performance and cash flows of the Company from 1 January 2018 to 30 June 2018.

Except for changes in accounting policies described in Note V.38, the accounting policies and preparation basis adopted in the Interim Financial Report are same as that of 2017 annual financial statements.

2. Accounting period

The accounting period of the Company is from 1 January to 31 December.

3. Operating cycle

✓ Applicable ☐ Not applicable

The Group is engaged in the investment, construction and operation of waste-to-energy (WTE) plants treating solid waste. The operating cycle of the Group for the operation of WTE plants which including processing of waste and power generation is usually less than 12 months.

4. Functional currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Company's subsidiaries have functional currencies that are different from the Company's functional currency. Their financial statements have been translated based on the accounting policy set out in Note V.9.

5. Accounting treatments for business combinations involving entities under common control and not under common control

✓ Applicable ☐ Not applicable

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. If (1) is less than (2), the difference is recognised in profit or loss for the current period. Other acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognised in profit or loss. The acquiree's identifiable assets, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination involving entities not under common control and achieved in stages, the Group re-measures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income for the current period. Any amount recognised in other comprehensive income that may be reclassified to profit or loss, in prior reporting periods relating to the previously-held equity interest, and any other changes in the owners' equity under equity accounting, are transferred to investment income in the period in which the acquisition occurs.

6. Preparation of consolidated financial statements

✓ Applicable ☐ Not applicable

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Equity, profit or loss and total comprehensive income attributable to non-controlling shareholders are presented separately in the consolidated balance sheet below the shareholders' equity and the consolidated income statement below the net profit and total comprehensive income line items.

When the amount of loss for the current period attributable to the non-controlling shareholders a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period. The remaining equity interests is re-measured at its fair value at the date when control is lost, any resulting gains or losses are also recognised as investment income for the current period.

(4) Changes in non-controlling interests

The difference between the long-term equity investment cost obtained by the Company from purchase of non-controlling interests and the share of net assets of the subsidiaries that the Company should enjoy according to the increased shareholding percentage, and that between proceeds from disposal of part of the equity investment in the subsidiaries without losing control and the assets of the subsidiaries that the Company should enjoy for disposal of long-term equity investment were stated as capital reserve in the consolidated balance sheet (share premium). In case the capital reserve (share premium) is insufficient for offset, retained earnings will be adjusted.

7. Accounting treatment of joint venture arrangement and joint operations

☐ Applicable ☒ Not applicable

8. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

9. Foreign currency transactions and translation of foreign currency financial statements

☒ Applicable ☐ Not applicable

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the rates that approximate the spot exchange rates on the dates of the transactions. A rate that approximates the spot exchange rate is an average exchange rate of the current period determined under a systematic and rational method that approximates the spot exchange rate on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition and construction of qualifying assets (see Note V.17). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the spot exchange rate at the transaction date.

In translating the financial statements of a foreign operation, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding retained earnings and the translation differences in other comprehensive income, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated to Renminbi at the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The translation differences accumulated in shareholders' equity with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

65

10. Financial instruments

✓ Applicable ☐ Not applicable

Financial instruments of the Group include cash at bank and on hand, accounts receivable, accounts payable, loans and share capital.

(1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable without a significant financing component is initially measured at the transaction price according to Note V.29.

(2) Classification and subsequent measurement of financial assets

(a) *Classification of financial assets*

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The group does have neither financial assets at FVOCIT nor at FVTPL during the reporting period, and only holds financial asset measured at amortised cost.

(b) *Subsequent measurement of financial assets*

- Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL, financial guarantee liabilities or amortised cost.

— *Financial liabilities at FVTPL*

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

— *Financial guarantee liabilities*

Financial guarantees are contracts that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee liability is measured at the higher of the amount of the loss allowance determined in accordance with impairment policies of financial instruments (see Note V.10(6)), and the amount initially recognised less the cumulative amount of income.

— *Financial liabilities at amortised cost*

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

The group does have neither financial liability at FVTPL nor financial guarantee liability during the reporting period, and only holds financial liability measured at amortised cost.

(4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied.

- the Group currently has a legally enforceable right to set off the recognised amounts;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

Financial assets is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire; or
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset;
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(6) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for trade receivables, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date; or
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. For a financial asset measured at amortised cost, the provision for loss is offset against the carrying amount of such financial asset presented in the balance sheet.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

11. Accounts receivable

(1) Accounts receivables that are individually significant and assessed individually for impairment

☐ Applicable ☒ Not applicable

(2) Accounts receivable that are collectively assessed for impairment based on credit risk characteristics:

☐ Applicable ☒ Not applicable

Impairment provision of portfolios using aging analysis method

☐ Applicable ☒ Not applicable

Impairment provision of portfolios using percentage of balance method

☐ Applicable ☒ Not applicable

Impairment provision of portfolios using other methods

☐ Applicable ☒ Not applicable

(3) Accounts receivable that are individually insignificant but assessed individually for impairment:

☐ Applicable ☒ Not applicable

72

12. Inventories

☒ Applicable ☐ Not applicable

(1) Classification and cost

Inventories include raw materials, work in progress, finished goods and turnover materials. Turnover materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

Inventories are initially measured at cost. Cost of inventories comprises costs of purchase, costs of conversion and other expenditure incurred in bringing the inventories to their present location and condition.

(2) Measurement method of cost of inventories

Cost of inventories recognised is calculated using the weighted average method on a monthly basis.

Turnover materials including low-value consumables and packaging materials are amortised when they are used. The amortisation charge is included in the cost of the related assets or recognised in profit or loss for the current period.

(3) Basis for determining the net realisable value and method for provision for obsolete inventories

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of materials held for use in the production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

Any excess of the cost over the net realisable value of each item of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss.

(4) Inventory count system

The Group maintains a periodic inventory system.

73

13. Assets held for sale

☐ Applicable ☒ Not applicable

14. Long-term equity investments

✓ Applicable ☐ Not applicable

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings.
- For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

(b) Long-term equity investments acquired other than through a business combination

A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash.

(2) Subsequent measurement and recognition in profit or loss of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment test of the investments in subsidiaries, please refer to Note V.22.

In the Group's consolidated financial statements, subsidiaries are accounted for in accordance with the policies described in Note V.6.

(b) *Investment in joint ventures*

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note V.14(3)) and rights to the net assets of the arrangement.

A long-term equity investment in a joint venture is accounted for using the equity method for subsequent measurement.

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.
- After the acquisition of the investment, the Group recognises its share of the investee's net profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in joint ventures. Unrealised losses resulting from transactions between the Group and its joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.
- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised.

For the impairment of the investments in joint ventures, please refer to Note V.22.

(3) Criteria for determining the existence of joint control over an investee

Joint control is the agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's relevant activities unilaterally;
- Whether strategic decisions relating to the investee's relevant activities require the unanimous consent of all the parties sharing control.

15. Fixed assets

(1) Recognition of fixed assets

✓ Applicable ☐ Not applicable

Fixed assets represent the tangible assets held by the Group for use in production of goods, for use in supply of services or for administrative purposes with useful lives over one accounting year.

The initial cost of a purchased fixed asset comprises the purchase price, related taxes, and any attributable expenditure for bringing the asset to working condition for its intended use.

Where the parts of an item of fixed assets have different useful lives or provide economic benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation of fixed assets

✓ Applicable ☐ Not applicable

Class	Depreciation method	Useful life (years)	Residual value rate (%)	Depreciation rate (%)
Motor vehicles	Straight-line method	5 years	5%	19%
Office and other equipment	Straight-line method	5 years	5%	19%

Useful lives, estimated residual values and depreciation methods are reviewed at each year-end.

(3) For the impairment test and provisioning of the fixed assets, please refer to Note V.22.

(4) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- when the fixed asset is holding for disposal; or
- when no economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

(5) Recognition basis, measurement and depreciation method of fixed assets acquired under financial lease

☐ Applicable ✓ Not applicable

16. Construction in progress

☐ Applicable ✓ Not applicable

17. Borrowing costs

☒ Applicable ☐ Not applicable

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as financial expenses when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition and construction of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- To the extent that the Group borrows funds generally and uses them for the acquisition and construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific purpose borrowing are recognised as a financial expense when incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition and construction that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. Capitalisation of borrowing costs is suspended when the acquisition and construction activities are interrupted abnormally for a period of more than three months.

18. Biological assets

☐ Applicable ☒ Not applicable

19. Oil and gas assets

☐ Applicable ☒ Not applicable

20. Intangible assets

(1) Measurement method, useful life and impairment test

✓ Applicable ☐ Not applicable

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note V.22). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life.

The respective amortisation periods for intangible assets are as follows:

Item	Amortisation period
Operating rights	23–30 years
Software	10 years

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

(1) *Operating rights*

The Group has entered into service concession arrangements with different local governments in China (“the grantor”) in respect of its waste-to-energy (“WTE”) projects on a Build-Operate-Transfer (“BOT”) basis. Under the service concession arrangements, the Group builds WTE plants (construction period) and operates these WTE plants (operation period) for a concession period of 23 to 30 years. Upon the expiry of the concession period, the Group would transfer these WTE plants to respective grantor without consideration. The terms of the service concession arrangements allow the Group to earn waste treatment fees and electricity tariffs for the processing of waste and generation of electricity during the operation period.

The Group recognises construction costs as financial assets to the extent that it has an unconditional contractual right to receive specified or determinable amount of cash or another financial asset from the grantor, or to receive the shortfall, if any, between the amount received from grantor and the specified or determinable amount, and accounts for the financial asset in accordance with the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments (see Note V.10). The Group recognises construction costs as intangible assets (WTE project operating rights) to the extent that it has a right to receive unspecified or indeterminable amount of fees from the users of service within a certain operating period after the completion of the relevant infrastructure where such right does not constitute an unconditional right to receive cash.

(2) *Research and development expenditure*

Expenditure on an internal research and development projects is classified into expenditure incurred during the research phase and expenditure incurred during the development phase.

Expenditure during the research phase is expensed when incurred. Expenditure during the development phase is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Capitalised development costs are stated in the balance sheet at cost less impairment losses. Other development expenditure is recognised as an expense in the period in which it is incurred.

(2) Accounting policy for internal research and development expenditure

☐ Applicable ☒ Not applicable

21. Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note V.22). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

22. Impairment of assets other than inventories and financial assets

☒ Applicable ☐ Not applicable

The carrying amount of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- intangible assets
- long-term equity investments in associates
- long-term deferred expenses
- goodwill etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually at each year-end, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note V.23) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash-generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

23. Fair value measurement

✓ Applicable ☐ Not applicable

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

81

24. Long-term deferred expenses

✓ Applicable ☐ Not applicable

Long-term deferred expenses are amortised using a straight-line method within the benefit period. The respective amortisation periods for such expenses are as follows:

Item	Amortisation period
Renovation costs for office under operating lease	3 years

25. Employee benefits

(1) Short-term employee benefits

☒ Applicable ☐ Not applicable

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate

(2) Post-employment benefits

☒ Applicable ☐ Not applicable

Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government authorities. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or include in the cost of assets where appropriate.

(3) Termination benefits

☒ Applicable ☐ Not applicable

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(4) Accounting treatment for other long-term employee benefits

☐ Applicable ☒ Not applicable

26. Provisions

☒ Applicable ☐ Not applicable

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

27. Share-based payment

☐ Applicable ☒ Not applicable

83

28. Preferred shares, perpetual bonds and other financial instruments

☐ Applicable ☒ Not applicable

29. Revenue

☒ Applicable ☐ Not applicable

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The consideration which the Group expects to refund to the customer is recognised as refund liabilities and excluded from transaction price. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the economic benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance;
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the progress of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods to the customer;
- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on factors other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets. Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The specific accounting policies related to the major activities of the Group to derive revenue are as follows:

(1) Revenue from BOT and Build-Transfer (“BT”) projects

With respect to the public infrastructure construction business participated in on a BOT and BT basis, the Group, instead of recognising the revenue for those infrastructure construction being subcontracted to the third parties other than providing actual construction service, recognises financial assets and intangible assets based on the construction costs incurred and contract arrangement of each project in accordance with the Interpretation No. 2 on Accounting Standards for Business Enterprises.

During the operating period, the Group recognises the electricity tariff, waste treatment fees and BOT/BT interest income according to the following principles respectively.

(a) Electricity tariff

The Group recognises the electricity tariff according to the actual volume of electricity supplied and the unit price and on-grid electricity as agreed in the electricity purchase and sale contracts.

(b) Waste treatment fees

The Group recognises the waste treatment fees according to the actual volume of waste treated and the unit price as agreed in the BOT agreements, deducting the portion recognised as financial assets.

(c) Interest income

The Group recognises the relevant interest income at amortised cost using the effective interest method for the financial assets recognised in the course of BOT/BT construction.

85

(2) Interest income

Interest income is recognised at amortised cost using the effective interest method.

30. Contract cost

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the “assets related to contract costs”) are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period. The Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

31. Government grants

(1) Recognition basis and accounting treatment of government grants related to assets

☒ Applicable ☐ Not applicable

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets.

(2) Recognition basis and accounting treatment of government grants related to income

✓ Applicable ☐ Not applicable

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to assets is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A government grant related to income that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognised, otherwise, the grant is included in other income or non-operating income directly.

32. Income tax

✓ Applicable ☐ Not applicable

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in shareholders' equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is not recognised for the temporary differences arising from the transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

33. Leases

(1) Accounting treatment for operating leases

☒ Applicable ☐ Not applicable

Rental payments under operating leases are recognised as part of the cost of related asset or as expenses on a straight-line basis over the lease term.

(2) Accounting treatment for financing leases

☐ Applicable ☒ Not applicable

34. Profit distributions

88

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

35. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

36. Segment reporting

✓ Applicable ☐ Not applicable

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

The Group operates as a whole with a unified internal organisational structure, management evaluation system and internal reporting system. Management conducts resource allocation and performance evaluation by regularly reviewing the financial information of the Group. The Group does not have any operating segment under separate management and therefore the Group has only one operating segment.

37. Other significant accounting policies and accounting estimates

✓ Applicable ☐ Not applicable

The preparation of the financial statements requires management of the Group to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Except for accounting estimates relating to depreciation and amortisation of assets such as fixed assets and intangible assets (see Notes V.15 and 20) and provision for impairment of various types of assets (see Notes VII.5, 9, 10, 18 and 24, and Note XVII.1 and 2). Other significant accounting estimates are as follows:

- (1) As referred in Note V.29(1), the Group recognises financial assets and intangible assets based on the construction costs incurred and contract arrangement of each project. The Group recognises the financial assets and intangible assets at the end of each reporting period based on the aggregate of the financial assets and intangible assets of each BOT project that can be recognised and the stage of completion of each project at the reporting date. In the course of project construction, the Group reviews and revises the carrying amounts of the financial assets and intangible assets based on the budgeted construction costs and the estimated construction period.
- (2) Recognition of deferred assets (see Notes VII.28)

38. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

✓ Applicable ☐ Not applicable

(a) *Description and reasons for changes in accounting policies*

The MOF issued the following revised accounting standards and interpretations in 2017:

- CAS No.14 —Revenue (Revised) (the “new revenue standard”)
- CAS No.22 — Financial Instruments: Recognition and Measurement (Revised), CAS No.23 — Transfer of Financial Assets (Revised), CAS No.24 — Hedge Accounting (Revised) and CAS No.37 — Presentation and Disclosures of Financial Instruments (Revised) (collectively the “new financial instruments standards”)
- CAS Bulletin No.9 — Accounting of Net Investment Losses under Equity Method, CAS Bulletin No.10 — Applying Revenue-based Depreciation Method on Fixed Assets, CAS Bulletin No.11 — Applying Revenue-based Amortisation Method on Intangible Assets and CAS Bulletin No.12 — Determination of Whether the Provider and Receiver of Key Management Personnel Services are Related Parties (collectively the “CAS Bulletins No.9-12”)
- Notice on Revision of the 2018 Illustrative Financial Statements (Caikuai [2018] No.15)

The Group has applied the above revised accounting standards and interpretations since 1 January 2018 and adjusted the related accounting policies.

(b) *Major Impacts of changes in accounting policies*

(i) New Revenue Standard

The new revenue standard replaces CAS No.14 — Revenue and CAS No.15 — Construction Contracts issued by the MOF in 2006 (the “old revenue standard”).

Under old revenue standard, the Group recognised revenue when the risks and rewards had passed to the customers. The Group’s revenue from sales of goods was recognised when the following conditions were met: the significant risks and rewards of ownership of the goods had been transferred to the customer, the amount of revenue and related costs could be reliably measured, the relevant economic benefits would probably flow to the Group and the Group retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from rendering of services and revenue from construction contracts were recognised by reference to the stage of completion of the transaction at the balance sheet date.

Under new revenue standard, revenue is recognised when the customer obtains control of the promised goods or services in the contract:

- Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers. The Group satisfies a performance obligation over time if certain criteria is met; or otherwise, a performance obligation is satisfied at a point in time. Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term.
- The Group have adjusted the relevant accounting policies in accordance with the specific provisions on specific matters or transactions under new revenue standard, such as advance receipts, etc.
- Under new revenue standard, the Group presents a contract asset or a contract liability in the balance sheet based on the relationship between the Group's performance and the customer's payment. At the same time, the Group provides more disclosures on revenue and related information based on the disclosure requirements under new revenue standard, such as relevant accounting policies, significant judgements (measurement of variable consideration, the method used to allocate the transaction price to each performance obligation, the assumption used for estimating stand-alone selling price of each performance obligation, etc.), information of contracts with customers (revenue recognised in current period, contract balance, performance obligation, etc.), information of assets related to contract costs, etc.

Before adopting the New Revenue Standard, the advances received by the Group from customers for the transfer of goods or services was presented as "advances from customers". The above-mentioned advances are presented as "contract liabilities" under New Revenue Standard. Apart from this, the New Revenue Standard does not have material impact on the timing and method of recognition of the Group's all kinds of revenue, and the financial position and financial performance of the Group.

(ii) New financial instruments standards

The new financial instruments standards revise CAS No.22—Financial instruments: Recognition and measurement, CAS No.23—Transfer of Financial assets and CAS No.24—Hedging issued by the MOF in 2006 and CAS No.37—Presentation and Disclosures of Financial Instruments (collecting the “old financial instruments standards”).

The new financial instruments standards contain three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under the new financial instruments standards is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The new financial instruments standards cancel the previous categories of held to maturity investments, loans and receivables and available for sale financial assets under the old financial instruments standards. Under the new financial instruments standards, derivatives embedded in contracts where the host is a financial asset are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The adoption of new financial instruments standards have not had a significant effect on the Group's accounting policies for financial liabilities.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

The new financial instruments standards replace the “incurred loss” model in the old financial instruments standards with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in the old financial instruments standards.

The new ECL model applies to financial assets measured at amortised cost.

The new ECL model does not apply to investments in equity instruments.

The financial assets of the Group only include receivables during the reporting period. The adoption of the New Financial Instruments Standards does not have material on the financial position and financial performance of the Group.

(iii) CAS Bulletins No.9-12

The Group has reviewed the relevant accounting policies in accordance with the requirements related to the accounting of net investment losses under equity method, the depreciation and amortisation methods of fixed assets and intangible assets and the related party identification and disclosure of key management personnel services of CAS Bulletins No.9-12.

The adoption of CAS Bulletins No.9-12 does not have material impact on the financial position and financial performance of the Group.

(iv) Presentation of financial statements

The Group has prepared the 2018 interim financial report in accordance with the presentation format of financial statements specified in Cai Kuai [2018] No. 15. The Group has applied the new presentation requirements retrospectively.

The following table provides the effect of adjustments:

Affected assets and liabilities items in the consolidated balance sheet and company balance sheet as at 31 December 2017:

Item	The Group		
	Before adjustment	Adjustment	After adjustment
Bills receivable	1,188,000.00	(1,188,000.00)	—
Accounts receivable	137,882,371.30	(137,882,371.30)	—
Bills and accounts receivable	—	139,070,371.30	139,070,371.30
Accounts payable	480,416,745.67	(480,416,745.67)	—
Bills and accounts payable	—	480,416,745.67	480,416,745.67
Interest payable	10,553,478.35	(10,553,478.35)	—
Dividends payable	1,287,651.80	(1,287,651.80)	—
Other payables	38,849,745.68	11,841,130.15	50,690,875.83
Total		—	

Item	The Company		
	Before adjustment	Adjustment	After adjustment
Accounts receivable	23,432,152.99	(23,432,152.99)	—
Bills and accounts receivable	—	23,432,152.99	23,432,152.99
Interest receivable	20,899,731.15	(20,899,731.15)	—
Other receivables	206,147,678.18	20,899,731.15	227,047,409.33
Accounts payable	5,308,301.28	(5,308,301.28)	—
Bills and accounts payable	—	5,308,301.28	5,308,301.28
Interest payable	8,330,114.40	(8,330,114.40)	—
Dividends payable	1,287,651.80	(1,287,651.80)	—
Other payables	13,309,379.97	9,617,766.20	22,927,146.17
Total		—	

Affected income and expenses items in the consolidated income statement and company income statement for the year ended 31 December 2017:

Item	Before adjustment	The Group	
		Adjustment	After adjustment
General and administrative expenses	43,511,958.57	(4,331,570.07)	39,180,388.50
Research and development expenses	—	4,331,570.07	4,331,570.07
Total		—	

Item	Before adjustment	The Company	
		Adjustment	After adjustment
General and administrative expenses	15,907,200.32	(4,331,570.07)	11,575,630.25
Research and development expenses	—	4,331,570.07	4,331,570.07
Total		—	

- (c) Based on the Group's comparative figures retrospectively adjusted in accordance with Caikuai [2018] No.15 (Note V.38(b)(iv), the changes of accounting policy in Note V.38(b)(i)-(iii) which are not applied retrospectively do not have impact on the consolidate balance sheet as at 1 January 2018, which have the following impact on the company balance sheet as at 1 January 2018:

Item	Carrying amount at 1 January 2018 before adjustment	The Company				Carrying amount at 1 January 2018 after adjustment
		Reclassification		Remeasurement		
		Effect of new revenue standard	Effect of new financial instruments standard	Effect of new revenue standard	Effect of new financial instruments standard	
Liabilities:						
Advance payments received	19,059,400.00	(19,059,400.00)	—	—	—	—
Contract liabilities	—	19,059,400.00	—	—	—	19,059,400.00

(2) Changes in significant accounting estimates

☐ Applicable ☒ Not applicable

39. Others

☐ Applicable ☒ Not applicable

VI. TAXATION

1. Main types of taxes and corresponding tax rates

Main types of taxes and corresponding tax rates

☒ Applicable ☐ Not applicable

Tax type	Tax basis	Tax rate
Value-added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable.	3%*, 6%, 16%* and 17%
City maintenance and construction tax	Based on VAT paid	5% and 7%
Education surcharges	Based on VAT paid	3%
Local education surcharges	Based on VAT paid	2%
Corporate income tax ("CIT")	Based on taxable profits	25%
PRC withholding income tax	Based on dividends declared to foreign investors	10%

* Qingdao Dynagreen Renewable Energy Co., Ltd. (青島綠色動力再生能源有限公司) ("Qingdao Company"), Zhejiang Dongyang Fuli Construction Limited Company (浙江省東陽富力建設有限公司) ("Dongyang Fuli"), Hongan Dynagreen Renewable Energy Co., Ltd. (紅安綠色動力再生能源有限公司) and Beijing Dynagreen Environmental Protection Technology Research Institute Co., Ltd. (北京環保技術研究院有限公司) ("Beijing Research Institute"), which all were subsidiaries of the Company, were small-scale VAT taxpayers and their applicable tax rate was 3%.

* Pursuant to Caishui [2018] No. 32 issued by MOF the State Administration of Taxation the applicable VAT tax rate for general VAT tax payer was adjusted to 16% since 1 May 2018.

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

☒ Applicable ☐ Not applicable

Name of taxable entities	Income tax rate (%)
Blue-ocean Environment Investment Holding Company Limited (藍洋環保投資控股有限公司)	16.5%

According to the Enterprise Income Tax Law, a 10% withholding tax will be levied on the dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement has been effective from 1 January 2008 and applied to profit earned after 31 December 2007.

2. Tax preferential benefits

☒ Applicable ☐ Not applicable

The operating earnings of Bengbu Dynagreen Renewable Energy Co., Ltd. (蚌埠綠色動力再生能源有限公司) (“Bengbu Company”), which was a subsidiary of the Company, were qualified for the earnings from environmental protection, water and energy conservation as stipulated under the Enterprise Income Tax Law, were eligible for a tax exemption for the first year to the third year, and a 50% reduction in CIT for the fourth year to the sixth year from 2017 to 2022 (the “3+3 tax holiday”) after obtaining the Notification of CIT 3+3 tax holiday in 2018;

Tianjin Dynagreen Environmental Energy Co., Ltd. (天津綠動環保能源有限公司) (“Ninghe Company”) obtained the Notification of tax holiday in 2018. The operating earnings from the straw-to-energy projects of Ninghe Company in 2018 were qualified for the earnings from environmental protection, water and energy conservation as stipulated as stipulated under the Enterprise Income Tax Law and it was entitled to a 10% reduction in the CIT based on the taxable revenue.

Anshun Dynagreen Renewable Energy Co., Ltd. (安順綠色動力再生能源有限公司) (“Anshun Company”) is engaged in the encouraged industries in the Northwest region, and obtained the Notification in 2018, under which, its taxable income enjoys a preferential tax rate of 15%.

Except for the above matters, the tax rates and preferential tax rate policies applicable to the Group and its subsidiaries had no change from the last year.

3. Others

☐ Applicable ☒ Not applicable

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Cash on hand	40,053.20	27,274.70
Deposits with banks	824,094,061.49	665,265,094.52
Other monetary funds	17,600,000.00	29,200,000.00
Total	841,734,114.69	694,492,369.22
Including: Total overseas deposits	27,794,204.07	98,240,619.39

Other explanation

As at 30 June 2018, the Group did not hold time deposits. (31 December 2017: RMB15,000,000.00). The term of time deposits ranged from one month to one year.

Other monetary funds of the Group mainly comprised the retention money for BOT projects and letter of credit with restricted use.

97

2. Financial assets at fair value through profit or loss

☐ Applicable ☒ Not applicable

3. Derivative financial assets

☐ Applicable ☒ Not applicable

4. Bills receivable

(1) Bills receivable by category

☐ Applicable ☒ Not applicable

(2) Pledged bills receivable at the end of the period

☐ Applicable ☒ Not applicable

(3) Outstanding endorsed or discounted bills that had not matured at the balance sheet date at the end of the period:

☐ Applicable ☒ Not applicable

(4) Bills transferred to accounts receivable due to non-performance of the issuers at the end of the period

☐ Applicable ☒ Not applicable

Other explanation

☐ Applicable ☒ Not applicable

5. Bills receivable and accounts receivable

(1) Bills receivable and accounts receivable by category

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Bills receivable	—	1,188,000.00
Accounts receivable	204,406,245.79	137,882,371.30
Total	204,406,245.79	139,070,371.30

(2) Bills receivable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Bank acceptance bills	—	1,188,000.00

(a) All of the above bills were due within one year.

(b) As at 30 June 2018 and 31 December 2017, the Group did not have any pledged bills receivable.

- (c) As at 30 June 2018 and 31 December 2017, the Group did not have any outstanding endorsed or discounted bills that had not matured at the balance sheet date.
- (d) As at 30 June 2018 and 31 December 2017, the Group did not have any bills transferred to accounts receivable due to non-performance of the issuers.

(3) Accounts receivable

- (a) *Accounts receivable by customer type are as follows:*

Unit: RMB		
Customer type	Balance at the end of the period	Balance at the beginning of the period
Due from third parties	215,368,275.40	145,165,378.93
Less: Provision for bad and doubtful debts	10,962,029.61	7,283,007.63
Total	204,406,245.79	137,882,371.30

- (b) *The ageing analysis of accounts receivable is as follows:*

Unit: RMB		
Ageing	Balance at the end of the period	Balance at the beginning of the period
Within 1 year (inclusive)	211,495,958.61	144,670,605.31
Over 1 year but within 2 years (inclusive)	3,872,316.79	494,773.62
Sub-total	215,368,275.40	145,165,378.93
Less: Provision for bad and doubtful debts	10,962,029.61	7,283,007.63
Total	204,406,245.79	137,882,371.30

The ageing is counted starting from the date when accounts receivables are recognised.

Accounts receivables that are individually significant and assessed individually for impairment

☐ Applicable ☒ Not applicable

Impairment provision of portfolios using aging analysis method:

☐ Applicable ☒ Not applicable

Impairment provision of portfolios using percentage of balance method:

☐ Applicable ☒ Not applicable

Impairment provision of portfolios using other methods:

☐ Applicable ☒ Not applicable

(4) Additions, recoveries or reversals of provision for bad and doubtful debts during the period:

During the period, the provision for bad debts amounted to RMB3,679,021.98. During the period, RMB0.00 of provision for bad debts was recovered or reversed.

For the reporting period, the Group did not write off any significant accounts receivable. For the accounts receivable with restricted ownership, please see Note VII.81.

In which, significant provision for bad and doubtful debts recovered or reversed during the period:

☐ Applicable ☒ Not applicable

(5) Actual written-offs of accounts receivable during the period

☐ Applicable ☒ Not applicable

(6) Five largest accounts receivable by debtor at the end of the period:

☒ Applicable ☐ Not applicable

As at 30 June 2018, the subtotal of five largest accounts receivable of the Group amounted to RMB146,209,188.84, representing 68% of the total accounts receivable at the end of the period, and the provisions of bad and doubtful debts amounted to RMB7,310,459.44.

(7) Accounts receivable derecognised due to transfer of financial assets:

☐ Applicable ☒ Not applicable

(8) Assets or liabilities formed by its continuous involvement of transferring accounts receivable:

☐ Applicable ☒ Not applicable

Other explanation:

☐ Applicable ☒ Not applicable

6. Prepayments

(1) Prepayments by ageing

☒ Applicable ☐ Not applicable

Unit: RMB

Ageing	Balance at the end of the period		Balance at the beginning of the period	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	12,701,506.89	100.00	10,665,860.03	100.00
Total	12,701,506.89	100.00	10,665,860.03	100.00

The ageing is counted starting from the date when prepayments are recognised. As at 30 June 2018 and 31 December 2017, the ageing of the Group's prepayments were within one year and the Group did not need to make provisions for impairment.

(2) Five largest prepayments by debtor at the end of the period:

☒ Applicable ☐ Not applicable

As at 30 June 2018, the subtotal of five largest prepayments of the Group amounted to RMB5,748,677.03, representing 45% of the total prepayments at the end of the year, and no provisions for bad and doubtful debts had been made.

Other explanation

☐ Applicable ☒ Not applicable

7. Interest receivable

(1) Interest receivable by category

☐ Applicable ☒ Not applicable

(2) Significant interest overdue

☐ Applicable ☒ Not applicable

Other explanation:

☐ Applicable ☒ Not applicable

8. Dividends receivable

(1) Dividends receivable

☐ Applicable ☒ Not applicable

(2) Significant dividends receivable aged over one year:

☐ Applicable ☒ Not applicable

Other explanation:

☐ Applicable ☒ Not applicable

9. Other receivables

(1) Other receivables by category

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Others	41,638,954.69	43,025,535.20
Total	41,638,954.69	43,025,535.20

(2) Others

(a) Others by customer type:

Unit: RMB

Customer type	Balance at the end of the period	Balance at the beginning of the period
Due from third parties	60,347,973.80	60,806,060.32
Less: Provision for bad and doubtful debts	18,709,019.11	17,780,525.12
Total	41,638,954.69	43,025,535.20

(b) The ageing analysis of others is as follows:

Unit: RMB		
Ageing	Balance at the end of the period	Balance at the beginning of the period
Within 1 year (inclusive)	36,391,890.44	28,818,304.95
Over 1 year but within 2 years (inclusive)	4,311,904.67	12,095,456.48
Over 2 years but within 3 years (inclusive)	263,672.54	265,672.54
Over 3 years but within 4 years (inclusive)	877,103.56	984,448.56
Over 4 years but within 5 years (inclusive)	116,145.00	4,262,570.00
Over 5 years	18,387,257.59	14,379,607.79
Sub-total	60,347,973.80	60,806,060.32
Less: Provision for bad and doubtful debts	18,709,019.11	17,780,525.12
Total	41,638,954.69	43,025,535.20

The ageing is counted starting from the date when other receivables are recognised.

Other receivables that are individually significant and assessed individually for impairment

☐ Applicable ☒ Not applicable

Impairment provision of portfolios using aging analysis method:

☐ Applicable ☒ Not applicable

Impairment provision of portfolios using percentage of balance method:

☐ Applicable ☒ Not applicable

Impairment provision of portfolios using other methods:

☐ Applicable ☒ Not applicable

(3) Additions, recoveries or reversals of provision for bad and doubtful debts during the period:

During the period, the provision for bad and doubtful debts amounted to RMB928,493.99. During the period, RMB0.00 of provision for bad and doubtful debts was recovered or reversed.

In which, significant provision for bad and doubtful debts recovered or reversed during the period:

☐ Applicable ☒ Not applicable

(4) Actual written-offs of other receivables during the period

☐ Applicable ☒ Not applicable

(5) Other receivables by nature

☒ Applicable ☐ Not applicable

Unit: RMB

Nature of the receivable	Book value at the end of the period	Book value at the beginning of the period
Performance bond	18,680,000.00	24,410,000.00
VAT refunds receivable and other tax refunds receivable	16,386,636.40	9,309,163.32
Others	25,281,337.40	27,086,897.00
Total	60,347,973.80	60,806,060.32

(6) Five largest other receivables by debtor at the end of the period:

☒ Applicable ☐ Not applicable

Unit: RMB

Entity name	Nature of the receivable	Balance at the end of the period	Ageing	Percentage of total other receivables at the end of the period (%)	Provision for bad and doubtful debts
State Administration of Taxation of Xixiu District (西秀區國稅局)	VAT refunds receivable	7,850,822.30	Within 1 year	13	—
Shenzhen Hanyang Holdings Company (深圳瀚洋控股公司)	Current accounts of a former shareholder	6,988,073.50	Over 5 years	12	(6,988,073.50)
Dynagreen Environment Investment Limited (綠色動力環保投資有限公司)	Current accounts of a former shareholder	5,160,600.00	Over 5 years	9	(5,160,600.00)
Ninghe County City Appearance and Landscape Management Committee (寧河縣市容和園林管理委員會)	Performance bond	5,000,000.00	Within 1 year	8	—
Guoxin Tendering Group Liaoning Branch (國信招標集團股份有限公司遼寧分公司)	Performance bond	5,000,000.00	Within 1 year	8	—
Total	/	29,999,495.80	/	50	(12,148,673.50)

(7) Receivables in relation to government grants

☐ Applicable ☒ Not applicable

(8) Other receivables derecognised due to transfer of financial assets:

☐ Applicable ☒ Not applicable

(9) Assets or liabilities formed by its continuous involvement of transferring other receivables:

☐ Applicable ☒ Not applicable

Other explanation:

☐ Applicable ☒ Not applicable

10. Inventories

(1) Inventories by category

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period			Balance at the beginning of the period		
	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Turnover materials	16,043,149.30	—	16,043,149.30	13,468,671.92	—	13,468,671.92
Total	16,043,149.30	—	16,043,149.30	13,468,671.92	—	13,468,671.92

Changes of inventories are as follows:

Type of inventories	Balance at the beginning of the period	Additions during the period	Reductions during the period	Balance at the end of the period
Turnover materials	13,468,671.92	72,341,956.09	69,767,478.71	16,043,149.30
Sub-total	13,468,671.92	72,341,956.09	69,767,478.71	16,043,149.30
Less: Provision for impairment of inventories	—	—	—	—
Total	13,468,671.92	72,341,956.09	69,767,478.71	16,043,149.30

(2) Provision for impairment of inventories

☐ Applicable ☒ Not applicable

(3) Balance of inventories at the end of the period including capitalised borrowing costs:

☐ Applicable ☒ Not applicable

(4) Balance of assets from completed but not settled projects formed by construction contracts at the end of the period:

☐ Applicable ☒ Not applicable

Other explanation

☒ Applicable ☐ Not applicable

11. Assets held for sale

☐ Applicable ☒ Not applicable

12. Long-term receivables due within one year

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
BOT projects	38,206,133.65	34,968,961.67
BT projects	28,264,908.52	25,284,507.87
Total	66,471,042.17	60,253,469.54

Other explanation

For the long-term receivables due within one year with restricted ownership, please see Note VII.81.

13. Other current assets

☒ Applicable ☐ Not applicable

Other explanation

As at the end of each accounting period/year, the other current assets of the Group comprise deductible VAT, listing expenses of A shares, prepaid income tax and investment capital receivables.

14. Available-for-sale financial assets

(1) Available-for-sale financial assets

☐ Applicable ☒ Not applicable

(2) Available-for-sale financial assets measured at fair value at the end of the period

☐ Applicable ☒ Not applicable

(3) Available-for-sale financial assets measured at cost at the end of the period

☐ Applicable ☒ Not applicable

(4) Change in impairment of available-for-sale financial assets during the reporting period

☐ Applicable ☒ Not applicable

(5) Significant decrease or non-temporary decrease but without provision for impairment in the fair value of the available-for-sale equity instruments at the end of the period:

☐ Applicable ☒ Not applicable

Other explanation

☐ Applicable ☒ Not applicable

15. Held-to-maturity investments

(1) Held-to-maturity investments:

☐ Applicable ☒ Not applicable

(2) Significant held-to-maturity investments at the end of the period:

☐ Applicable ☒ Not applicable

(3) Reclassified held-to-maturity investments during the period:

☐ Applicable ☒ Not applicable

Other explanation:

☐ Applicable ☒ Not applicable

16. Long-term receivables

(1) Long-term receivables:

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period			Balance at the beginning of the period			Range of discount rate
	Book value	Provision for bad and doubtful debts		Book value	Provision for bad and doubtful debts		
		Carrying amount	Carrying amount		Carrying amount	Carrying amount	
BOT projects	3,105,252,363.64	—	3,105,252,363.64	2,801,580,953.46	—	2,801,580,953.46	5.03%–8.53%
BT projects	84,120,352.82	—	84,120,352.82	80,512,693.80	—	80,512,693.80	6.99%
Performance bond	28,992,638.50	—	28,992,638.50	29,615,432.83	—	29,615,432.83	
Subtotal	3,218,365,354.96	—	3,218,365,354.96	2,911,709,080.09	—	2,911,709,080.09	
Less : Due within one year	66,471,042.17	—	66,471,042.17	60,253,469.54	—	60,253,469.54	
Total	3,151,894,312.79	—	3,151,894,312.79	2,851,455,610.55	—	2,851,455,610.55	/

(2) Long-term receivables derecognised due to transfer of financial assets

☐ Applicable ☒ Not applicable

(3) Assets or liabilities formed by its continuous involvement of transferring long-term receivables:

☐ Applicable ☒ Not applicable

Other explanation

☒ Applicable ☐ Not applicable

As at 30 June 2018 and 31 December 2017, the ranges of discount rate of the long-term receivables of BOT projects were 5.03%–8.53% and 4.90%–8.53%; the ranges of discount rate of the long-term receivables of BT projects were 6.99%.

For the long-term receivables with restricted ownership, please see Note VII.81.

17. Long-term equity investments

☒ Applicable ☐ Not applicable

Unit: RMB

Investee	Movement during the period				Balance of provision for impairment at the end of the period
	Balance at the beginning of the period	Increase in capital	Provision for impairment	Balance at the end of the period	
I. Joint ventures					
Fengcheng Dynagreen Environmental Protection Co.,Ltd. (豐城綠色動力環保有限公司)	—	3,000,000.00	—	3,000,000.00	—
Beijing Shengjing Jiachuang Investment Center (Limited Partnership) (北京盛景嘉創投資中心(有限合伙))	—	31,000,000.00	—	31,000,000.00	—
Subtotal	—	34,000,000.00	—	34,000,000.00	—
Total	—	34,000,000.00	—	34,000,000.00	—

18. Fixed assets

(1) Fixed assets

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Motor vehicles	Office and other equipment	Total
I. Original book value:			
1. Balance at the beginning of the period	10,673,916.25	17,317,783.54	27,991,699.79
2. Additions during the period	667,867.69	1,861,273.08	2,529,140.77
(1) Purchases	667,867.69	1,836,446.08	2,504,313.77
(2) Transfers from construction in progress	—	—	—
(3) Increases from business combination	—	24,827.00	24,827.00
3. Reductions during the period	(77,817.58)	(125,500.59)	(203,318.17)
(1) Disposals or scrapping	(77,817.58)	(125,500.59)	(203,318.17)
4. Balance at the end of the period	11,263,966.36	19,053,556.03	30,317,552.39
II. Accumulated depreciation			
1. Balance at the beginning of the period	7,753,246.95	9,015,833.77	16,769,080.72
2. Additions during the period	489,197.60	1,268,027.69	1,757,225.29
(1) Provisions	489,197.60	1,257,904.81	1,747,102.41
(2) Increases from business combination	—	10,122.88	10,122.88
3. Reductions during the period	(64,068.68)	(104,605.44)	(168,674.12)
(1) Disposals or scrapping	(64,068.68)	(104,605.44)	(168,674.12)
4. Balance at the end of the period	8,178,375.87	10,179,256.02	18,357,631.89
III. Provision for impairment			
1. Balance at the beginning of the period	—	—	—
2. Additions during the period	—	—	—
3. Reductions during the period	—	—	—
4. Balance at the end of the period	—	—	—
IV. Carrying amount			
1. Carrying amount at the end of the period	3,085,590.49	8,874,300.01	11,959,890.50
2. Carrying amount at the beginning of the period	2,920,669.30	8,301,949.77	11,222,619.07

(2) Temporarily idle fixed assets

☐ Applicable ☒ Not applicable

(3) Fixed assets under financing leases

☐ Applicable ☒ Not applicable

(4) Fixed assets under operating leases

☐ Applicable ☒ Not applicable

(5) Fixed assets pending certificate of ownership

☐ Applicable ☒ Not applicable

Other explanation:

☐ Applicable ☒ Not applicable

19. Construction in progress

(1) Construction in progress

☐ Applicable ☒ Not applicable

(2) Changes in major construction in progress during the period

☐ Applicable ☒ Not applicable

(3) Provision for impairment of construction in progress during the period:

☐ Applicable ☒ Not applicable

Other explanation

☐ Applicable ☒ Not applicable

20. Construction materials

☐ Applicable ☒ Not applicable

21. Disposal of fixed assets

☐ Applicable ☒ Not applicable

22. Productive biological assets

(1) Productive biological assets at cost

☐ Applicable ☒ Not applicable

(2) Productive biological assets at fair value

☐ Applicable ☒ Not applicable

Other explanation

☐ Applicable ☒ Not applicable

23. Oil and gas assets

☐ Applicable ☒ Not applicable

24. Intangible assets

(1) Intangible assets

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Operating rights	Software	Construction license	Total
I. Original book value:				
1. Balance at the beginning of the period	2,530,056,564.11	710,022.57	6,529,123.58	2,537,295,710.26
2. Additions during the period	350,899,885.41	21,249.42	—	350,921,134.83
(1) Purchases	273,991,970.28	21,249.42	—	274,013,219.70
(2) Internal research and development	—	—	—	—
(3) Increases from business combination	76,795,680.98	—	—	76,795,680.98
(4) Exchange rate translation difference	112,234.15	—	—	112,234.15
3. Reductions during the period	—	—	—	—
4. Balance at the end of the period	2,880,956,449.52	731,271.99	6,529,123.58	2,888,216,845.09
II. Accumulated amortisation				
1. Balance at the beginning of the period	279,463,609.64	346,830.66	3,396,442.65	283,206,882.95
2. Additions during the period	36,024,900.96	34,889.93	—	36,059,790.89
(1) Provisions	35,988,963.57	34,889.93	—	36,023,853.50
(2) Exchange rate translation difference	35,937.39	—	—	35,937.39
3. Reductions during the period	—	—	—	—
4. Balance at the end of the period	315,488,510.60	381,720.59	3,396,442.65	319,266,673.84
III. Provision for impairment				
1. Balance at the beginning of the period	—	—	3,132,680.93	3,132,680.93
2. Additions during the period	—	—	—	—
3. Reductions during the period	—	—	—	—
4. Balance at the end of the period	—	—	3,132,680.93	3,132,680.93
IV. Carrying amount				
1. Carrying amount at the end of the period	2,565,467,938.92	349,551.40	—	2,565,817,490.32
2. Carrying amount at the beginning of the period	2,250,592,954.47	363,191.91	—	2,250,956,146.38

The intangible assets derived from the Company's internal R&D accounted for 0.00% of the closing balance of intangible assets as at the end of the period.

(2) Land use rights pending certificate of ownership:

☐ Applicable ☒ Not applicable

Other explanation:

☒ Applicable ☐ Not applicable

For the intangible assets with restricted ownership, please see Note VII.81.

25. Development expenditure

☐ Applicable ☒ Not applicable

26. Goodwill

(1) Original book value of goodwill

☒ Applicable ☐ Not applicable

Unit: RMB

The name of the investee or the matter of forming goodwill	Balance at the beginning of the period	Additions during the period Formed by business combination	Reductions during the period Disposals	Balance at the end of the period
Lyvi (Huludao) Environmental Services Limited* (綠益(葫蘆島)環境服務有限公司)	—	43,910,821.67	—	43,910,821.67
Total	—	43,910,821.67	—	43,910,821.67

(2) Impairment provision of goodwill

☐ Applicable ☒ Not applicable

Goodwill impairment testing, parameters and recognition method for impairment loss of goodwill

☐ Applicable ☒ Not applicable

Other explanation

☐ Applicable ☒ Not applicable

27. Long-term deferred expenses

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the beginning of the period	Additions during the period	Amortisation for the year	Other reductions	Balance at the end of the period
Others	1,252,282.08	—	(172,748.71)	—	1,079,533.37
Total	1,252,282.08	—	(172,748.71)	—	1,079,533.37

28. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets without offsetting

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period		Balance at the beginning of the period	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deductible losses	69,449,307.40	12,404,889.23	25,153,744.66	4,328,272.17
Provision for impairment	16,467,977.28	2,919,383.74	12,474,935.93	2,088,446.22
Unrealised profits	644,961,706.44	150,193,646.74	612,993,194.73	143,133,900.42
Total	730,878,991.12	165,517,919.71	650,621,875.32	149,550,618.81

(2) Deferred tax liabilities without offsetting

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period		Balance at the beginning of the period	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Temporary difference from operating rights and long-term receivables	(166,527,616.44)	(41,631,904.11)	(124,572,475.80)	(31,143,118.95)
PRC withholding tax on dividends	(14,839,442.39)	(1,482,611.45)	(25,195,219.85)	(2,519,521.98)
Appreciation of assets from Business combination involving entities not under common control	(76,795,680.98)	(19,198,920.25)	—	—
Total	(258,162,739.81)	(62,313,435.81)	(149,767,695.65)	(33,662,640.93)

(3) Deferred tax assets or liabilities presented in net amount after offsetting:

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Amount offset between deferred tax assets and liabilities at the end of the period	Balance of deferred tax assets or liabilities after offset at the end of the period	Amount offset between deferred tax assets and liabilities at the beginning of the period	Balance of deferred tax assets or liabilities after offset at the beginning of the period
Deferred tax assets	(7,287,876.55)	158,230,043.16	(4,059,934.48)	145,490,684.33
Deferred tax liabilities	7,287,876.55	(55,025,559.26)	4,059,934.48	(29,602,706.45)

(4) Details of unrecognised deferred tax assets

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Deductible temporary differences	13,198,771.15	12,585,399.18
Deductible losses	5,220,956.59	3,542,527.56
Total	18,419,727.74	16,127,926.74

(5) Expiration of deductible tax losses for unrecognised deferred tax assets in the following years

☒ Applicable ☐ Not applicable

Unit: RMB

Year	Amount at the end of the period	Amount at the beginning of the period	Remarks
2018	463,195.99	564,458.75	
2019	—	—	
2020	—	—	
2021	1,822,743.39	1,822,743.39	
2022	1,128,164.72	1,155,325.42	
2023	1,806,852.49	—	
Total	5,220,956.59	3,542,527.56	/

Other explanation:

☐ Applicable ☒ Not applicable

116

29. Other non-current assets

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Prepayments for BOT projects and equipment	240,226,367.00	192,111,846.76
Prepayments for acquisition of operating rights (Note 1)	204,980,241.62	203,815,324.54
Deductible VAT	178,271,795.03	119,709,404.61
Total	623,478,403.65	515,636,575.91

Other explanation:

Note 1: The Group paid a total of RMB200 million to City Appearance Management Committee of Miyun County, Beijing (RMB100 million each in April 2016 and April 2017) for the acquisition of operating rights of a construction project of an integrated waste treatment centre in Miyun County. In addition, as at 30 June 2018, other expenses directly attributable to such operating rights of the Group amounted to RMB4,980,241.62.

30. Short-term loans

(1) Short-term loans by category

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Credit loans	154,000,000.00	310,154,600.00
Total	154,000,000.00	310,154,600.00

Explanation of short-term loans by category:

At the end of each accounting period/year, the Group did not have past due short-term loans.

(2) Past due short-term loans

☐ Applicable ☒ Not applicable

Other explanation

☐ Applicable ☒ Not applicable

117

31. Financial liabilities at fair value through profit or loss

☐ Applicable ☒ Not applicable

32. Derivative financial liabilities

☐ Applicable ☒ Not applicable

33. Bills payable

☐ Applicable ☒ Not applicable

34. Bills and accounts payable

(1) Bills and accounts payable

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Payables for the purchase of materials, equipment and construction	457,255,667.37	480,416,745.67
Total	457,255,667.37	480,416,745.67

On June 30 2018 and 31 December 2017, the Group did not have bills payable.

(2) The ageing analysis of accounts payable is as follows:

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Within 1 year (inclusive)	386,771,205.97	398,927,290.77
Over 1 year but within 2 years (inclusive)	47,569,884.11	50,629,132.17
Over 2 years but within 3 years (inclusive)	15,561,316.74	30,860,322.73
Over 3 years	7,353,260.55	—
Total	457,255,667.37	480,416,745.67

The ageing is counted starting from the day when accounts payable are recognised.

(3) Significant accounts payable aged over one year

☐ Applicable ☒ Not applicable

Other explanation

☐ Applicable ☒ Not applicable

35. Advances from customers

(1) Advances from customers

☒ Applicable ☐ Not applicable

Item	Balance at the end of the period	Unit: RMB
		Balance at the beginning of the period
Water and electricity fees received in advance	368,370.67	368,370.67
Others	500,000.00	500,000.00
Total	868,370.67	868,370.67

(2) Significant advances from customers aged over one year

☐ Applicable ☐ Not applicable

(3) Settled but not completed projects formed by construction contracts at the end of the period:

☐ Applicable ☒ Not applicable

Other explanation

☒ Applicable ☐ Not applicable

On 30 June 2018 and 31 December 2017, the Group did not have significant advances from customers aged over one year.

36. Contract liabilities

(1) Contract liabilities

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period
Electricity fees and waste treatment fees received in advance	5,757,541.13
Total	5,757,541.13

Contract liabilities mainly consist of electricity fees and waste treatment fees received in advance by the Group from Wuhan City Municipal Council (武漢市城市管理委員會), Huizhou Power Supply Bureau of Guangdong Power Grid Co., Ltd (廣東電網有限責任公司惠州供電局) and Hongdafu Environmental Protection Technology Co., Ltd. (鴻達富環保科技有限公司). The fees received in advance are electricity fees and waste treatment fees for that year paid by the clients at the beginning of each year in accordance with the settlement of the prior year. The relevant revenue from that contract will be recognized upon the execution of the contractual obligation by the Group.

37. Employee benefits payable

(1) Employee benefits payable:

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the beginning of the period	Accrued during the year	Decreased during the year	Balance at the end of the period
I. Short-term employee benefits	48,982,472.14	96,282,640.58	118,680,499.08	26,584,613.64
II. Post-employment benefits				
— defined contribution plans	3,778,945.02	9,831,754.31	9,804,891.37	3,805,807.96
Total	52,761,417.16	106,114,394.89	128,485,390.45	30,390,421.60

(2) Short-term employee benefits:

Unit: RMB

	Balance at the beginning of the year	Accrued during the year	Decreased during the year	Balance at the end of the year
I. Salaries, bonuses, allowances	42,042,922.59	73,926,521.44	96,555,679.39	19,413,764.64
II. Staff welfare	324,736.99	5,299,038.99	5,280,276.16	343,499.82
III. Social insurance	163,489.34	5,299,677.09	5,283,354.86	179,811.57
Including: Medical insurance	136,376.80	4,605,058.37	4,590,738.07	150,697.10
Work-related injury insurance	14,756.58	297,576.05	296,557.26	15,775.37
Maternity insurance	12,355.96	397,042.67	396,059.53	13,339.10
IV. Housing fund	441,867.79	7,567,725.12	7,530,155.12	479,437.79
V. Labour union fee, staff and workers' education fee	5,968,210.86	1,933,375.61	1,854,584.93	6,047,001.54
VI. Commercial insurance	41,244.57	1,801,830.76	1,721,977.05	121,098.28
VII. Others	—	454,471.57	454,471.57	—
Total	48,982,472.14	96,282,640.58	118,680,499.08	26,584,613.64

(3) Post-employment benefits — defined contribution plans

Unit: RMB

	Balance at the beginning of the year	Accrued during the year	Decreased during the year	Balance at the end of the year
1. Basic pension insurance	3,769,241.64	9,572,242.06	9,546,533.05	3,794,950.65
2. Unemployment insurance	9,703.38	259,512.25	258,358.32	10,857.31
Total	3,778,945.02	9,831,754.31	9,804,891.37	3,805,807.96

Other explanation:

☐ Applicable ☒ Not applicable

38. Taxes payable

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
CIT	24,354,378.19	23,020,489.08
Individual income tax	463,975.92	465,417.87
City maintenance and construction tax	563,467.52	574,388.46
Urban land use tax	587,003.22	584,478.04
Property tax	1,828,470.61	1,459,194.16
VAT	14,553,843.88	7,324,820.11
Others	958,794.97	527,786.11
Total	43,309,934.31	33,956,573.83

39. Interest payable

☐ Applicable ☒ Not applicable

Significant overdue interest:

☐ Applicable ☒ Not applicable

Other explanation:

☐ Applicable ☒ Not applicable

40. Dividends payable

☐ Applicable ☒ Not applicable

41. Other payables

(1) Other payables by nature

✓ Applicable □ Not applicable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Interest payable	11,263,024.01	10,553,478.35
Dividends payable	—	1,287,651.80
Others	60,105,232.01	38,849,745.68
Total	71,368,256.02	50,690,875.83

(2) Interest payable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Interest payable for long-term loans with interest paid in instalments and principal repaid on maturity	11,081,774.02	10,360,145.02
Interest payable on short-term loans	181,249.99	193,333.33
Total	11,263,024.01	10,553,478.35

(3) Dividends payable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Interest payable on short-term loans	—	1,287,651.80
Total	—	1,287,651.80

(4) Others

(a) Others by nature

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Payables for power grid lines construction projects	10,022,705.35	10,022,705.35
Intermediary fees payable	600,000.00	3,250,000.00
Risk guarantees due to suppliers	10,099,831.40	10,391,366.30
Others	39,382,695.26	15,185,674.03
Total	60,105,232.01	38,849,745.68

(b) Significant other items aged over one year

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period	Reason for no repayment or settlement
Payables for power grid lines construction projects	10,022,705.35	Creditors did not request for repayment
Risk guarantees for suppliers	5,600,000.00	Risk guarantees for suppliers
Slag processing fee	1,077,483.85	Creditors did not request for repayment
Total	16,700,189.20	

Item	Balance at the beginning of the period	Reason for no repayment or settlement
Payable for power grid lines construction projects	10,022,705.35	Creditors did not request for repayment
Risk guarantees for suppliers	6,600,000.00	Risk guarantees for suppliers
Total	16,622,705.35	

Other explanation

☐ Applicable ☒ Not applicable

42. Liabilities held for sale

☐ Applicable ☒ Not applicable

43. Non-current liabilities due within one year

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Long-term loans due within one year (Note)	409,171,000.58	353,058,281.54
Long-term payables due within one year	9,519,212.76	11,874,403.43
Total	418,690,213.34	364,932,684.97

Other explanation:

Note: As at the end of each accounting period/year, the Group did not have overdue long-term loans due within one year.

44. Other current liabilities

Other current liabilities

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Deferred income due within one year	666,666.68	666,666.68
Total	666,666.68	666,666.68

For government grants of the Group recognised as deferred income, please see Note VII.81.

Changes in short-term bonds payable:

☐ Applicable ☒ Not applicable

Other explanation:

☐ Applicable ☒ Not applicable

45. Long-term loans

(1) Long-term loans by category

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Credit loans	126,000,000.00	126,000,000.00
Guaranteed and pledged loans	3,797,912,672.09	3,141,143,903.74
Less: Long-term loans due within one year	409,171,000.58	353,058,281.54
Total	3,514,741,671.51	2,914,085,622.20

Long-term loans by category:

As at 30 June 2018 and 31 December 2017, the bank loans amounting to RMB1,043,234,304.28 and RMB1,114,713,628.58 of the Group were secured by certain accounts receivable relating to the Group's concessionary projects and operating rights (Note VII.78).

As at 30 June 2018 and 31 December 2017, the bank loans amounting to RMB1,125,443,756.66 and RMB835,481,587.33 were secured by the guarantees provided by the parent company of the Group (Note XII.5(4)).

Other explanation, including ranges of interest rates:

✓ Applicable ☐ Not applicable

The Group did not have long-term loans formed from overdue loans with extended term at the end of each accounting period/year.

As at 30 June 2018 and 31 December 2017, the interest rates of the Group's long-term loans were 4.41%–5.95% and 4.41%–6.70% respectively.

Maturity of the long-term payables are as follows:

	Balance at the end of the period	Balance at the beginning of the period
After 1 year but within 2 years (inclusive)	556,596,441.85	435,348,055.40
After 2 years but within 5 years (inclusive)	1,464,799,668.20	1,229,774,996.63
After 5 years	1,493,345,561.46	1,248,962,570.17
Total	3,514,741,671.51	2,914,085,622.20

46. Bonds payable

(1) Bonds payable

☐ Applicable ☒ Not applicable

(2) Changes in bonds payable: (excluding preferred shares and perpetual bonds classified as financial liabilities and other financial instruments)

☐ Applicable ☒ Not applicable

(3) Conversion conditions and time of convertible corporate bonds:

☐ Applicable ☒ Not applicable

(4) Other financial instruments classified as financial liabilities:

Basic information on other financial instruments such as preferred shares and perpetual bonds issued at the end of the period

☐ Applicable ☒ Not applicable

Changes in other financial instruments such as preferred shares and perpetual bonds issued at the end of the period

☐ Applicable ☒ Not applicable

Basis for other financial instruments classified as financial liabilities

☐ Applicable ☒ Not applicable

Other explanation:

☐ Applicable ☒ Not applicable

47. Long-term payables

(1) Long-term payables by nature:

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the beginning of the period	Balance at the end of the period
Long-term payables for leachate treatment stations	631,620,811.45	655,999,801.97
Less: Long-term payables due within one year	30,755,656.65	34,022,005.15
Sub-total	600,865,154.80	621,977,796.82
Less: Unrecognised financing expenses	292,121,978.19	302,284,621.21
Total	308,743,176.61	319,693,175.61

Other explanation:

☒ Applicable ☐ Not applicable

The net amount of the above long-term payables due within one year deducting the unrecognised financing expenses is disclosed in Note VII.43.

48. Long-term employee benefits payable

☐ Applicable ☒ Not applicable

49. Special payables

☐ Applicable ☒ Not applicable

50. Provisions

☐ Applicable ☒ Not applicable

51. Deferred income

Deferred income

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the beginning of the period	Additions during the period	Reductions during the period	Balance at the end of the period	Reason
Government grant	17,666,666.72	—	333,333.28	17,333,333.44	Granted by the government
Total	17,666,666.72	—	333,333.28	17,333,333.44	

Projects entitled to government grants:

☐ Applicable ☒ Not applicable

Other explanation:

☒ Applicable ☐ Not applicable

Note: For the government grant of the Group recognised as deferred income, please see Note VII.81.

129

52. Other non-current liabilities

☐ Applicable ☒ Not applicable

53. Share capital

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the beginning of the period	Changes ("+" / "-")			Balance at the end of the period
		Issuance of new shares	Transfer from reserve	Subtotal	
Total number of shares	1,045,000,000.00	116,200,000.00	—	116,200,000.00	1,161,200,000.00

Other explanation:

On 11 June 2018, the Company issued 116,200,000.00 RMB ordinary shares with a nominal value of RMB1 per share under the initial public offering on the Shanghai Stock Exchange at a price of RMB3.29 per share. The amount of the total proceeds is RMB382,298,000.00, including the issuance expenses RMB36,279,200.00 (tax not included). After deducting the issuance expenses, RMB116,200,000.00 was included in the share capital and RMB229,818,800.00 was included in the capital reserve of the Company.

54. Other equity instruments

(1) Basic information on other financial instruments such as preferred shares and perpetual bonds issued at the end of the period

☐ Applicable ☒ Not applicable

(2) Changes in other financial instruments such as preferred shares and perpetual bonds issued at the end of the period

☐ Applicable ☒ Not applicable

Changes in other equity instruments during the period, the reasons for the changes, and the basis for relevant accounting treatment:

☐ Applicable ☒ Not applicable

Other explanation:

☐ Applicable ☒ Not applicable

55. Capital reserve

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the beginning of the period	Additions during the period	Reductions during the period	Balance at the end of the period
Capital premium (share capital premium)	628,984,641.83	229,818,800.00	—	858,803,441.83
Total	628,984,641.83	229,818,800.00	—	858,803,441.83

Other explanation, including changes during the period and the reasons for the changes:

Note: For the changes in capital reserve during the period, please see Note VII.53.

56. Treasury shares

☐ Applicable ☒ Not applicable

57. Other comprehensive income

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Balance at the beginning of the period	Amount during the period					Balance at the end of the period
		Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After-tax amount attributable to the Company	After-tax amount attributable to non-controlling interests	
I. Other comprehensive income that may not be reclassified subsequently to profit or loss							
II. Other comprehensive income that may be reclassified to profit or loss							
Translation differences arising from translation of foreign currency financial statements	(10,098,220.33)	542,324.28	—	—	542,324.28	—	(9,555,896.05)
Total other comprehensive income	(10,098,220.33)	542,324.28	—	—	542,324.28	—	(9,555,896.05)

Item	Balance at the beginning of the period: attributable to shareholders of the company	Amount during last period					Balance at the end of the period attributable to shareholders of the company
		Before-tax amount	Less: transferred to profit or loss	Less:		After-tax amount attributable to the company	
				Income tax expenses	After-tax amount attributable to non-controlling interests		
Other comprehensive income to be reclassified subsequently to profit or loss							
Including:	Translation differences arising from translation of foreign currency financial statements	(4,313,765.13)	(2,025,602.91)	—	—	(2,025,602.91)	—
							(6,339,368.04)

58. Special reserve

☐ Applicable ☒ Not applicable

59. Surplus reserve

☐ Applicable ☒ Not applicable

60. Retained earnings

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Current period	Prior period
Adjustment on retained earnings at the beginning of the period	511,374,037.71	390,468,518.09
Adjustment on opening balance of retained earnings (increase+, decrease -)		
Opening balance of the retained earnings of the year after adjustment	511,374,037.71	390,468,518.09
Add: Net profits for the period attributable to shareholders of the company	168,086,711.59	145,854,022.43
Less: appropriation to statutory surplus reserve	—	—
appropriation to discretionary surplus reserve	—	—
appropriation to general risk allowance	—	—
ordinary share dividends payable	—	62,700,000.00
ordinary share dividends		
Retained earnings at the end of the period	679,460,749.30	473,622,540.52

Note 1: Distributions to shareholders

In June 2017, as resolved at the general meeting, the Company distributed dividends of RMB62,700,000.00 at RMB0.06 per share to shareholders and completed the payment of such dividends in January 2018. No resolution has been made on dividends distribution for the period.

Note 2: Retained earnings at the end of period

As at 30 June 2018, the consolidated retained earnings attributable to the company included appropriation to surplus reserves made by the company's subsidiaries amounting to RMB92,682,555.11 (30 June 2017: RMB68,053,838.64).

61. Operating income and operating costs

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period		Amount for the prior period	
	Income	Costs	Income	Costs
Principal operations	501,331,167.93	(195,970,431.36)	418,265,567.69	(146,890,509.24)
Others	—	—	—	—
Total	501,331,167.93	(195,970,431.36)	418,265,567.69	(146,890,509.24)

Operating income by categories:

Item	Amount for the current period	Amount for the prior period
Operation income from electricity generation	335,482,340.08	271,798,526.80
Operation income from waste treatment	46,390,648.43	33,638,494.14
Interest income from BOT and BT operations	105,903,694.25	86,965,354.41
Others	13,554,485.17	25,863,192.34
Total	501,331,167.93	418,265,567.69

As at 30 June 2018, the group have neither transaction price to be allocated to remaining performance obligation nor variable consideration not included in transaction price.

62. Taxes and surcharges

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Business tax	—	(535,583.05)
City maintenance and construction tax	2,820,772.00	2,297,069.92
Education surcharges	2,507,162.62	1,682,210.88
Property tax	4,418,713.72	3,746,099.65
Land use tax	1,643,255.47	1,263,987.07
Others	1,449,200.30	445,500.64
Total	12,839,104.11	8,899,285.11

63. Sales expenses

☐ Applicable ☒ Not applicable

64. General and administrative expenses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Staff cost	22,584,430.69	18,887,422.02
Depreciation and amortisation	1,261,758.10	1,450,046.26
Utilities and leasing expenses	1,377,752.58	1,001,840.68
Business entertainment expenses	942,980.13	1,886,570.04
Transportation expenses	2,202,327.03	2,260,864.45
Intermediary service fees	2,324,472.80	3,680,869.12
External labour costs	3,490,628.79	3,526,318.62
Tax expenses	114,888.09	14,458.90
Others	7,433,293.37	6,471,998.41
Total	41,732,531.58	39,180,388.50

65. Research and development expenses

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Staff cost	3,222,512.46	3,582,845.16
Depreciation and amortisation	36,064.19	37,300.07
Others	963,754.07	711,424.84
Total	4,222,330.72	4,331,570.07

66. Financial expenses

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Interest expenses from loans and accounts payable	106,717,082.09	80,608,774.71
Less: Borrowing costs capitalised	4,075,779.58	11,253,888.40
Interest income from deposits and accounts payable	(1,463,045.78)	(1,987,956.27)
Net exchange losses	634,443.25	396,573.86
Other financial expenses	1,582,426.79	889,701.35
Total	103,395,126.76	68,653,205.25

Other explanation:

During the period of this interim financial report, the interest rates at which the borrowing costs were capitalised by the Group were 4.41%–5.77% as at 30 June 2018 and 4.41%–5.77% as at 30 June 2017.

67. Impairment loss of assets

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Bills and accounts receivable	—	2,899,018.84
Other receivables	—	1,874,251.57
Total	—	4,773,270.41

68. Impairment loss of credit

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period
Bills and accounts receivable	3,679,021.98
Other receivables	928,493.99
Total	4,607,515.97

69. Investment income

☐ Applicable ☒ Not applicable

70. Gains from disposal of assets

☐ Applicable ☒ Not applicable

71. Other income

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Government grants related to assets	333,333.28	333,333.32
Government grants related to income	47,014,362.63	34,747,979.38
Total	47,347,695.91	35,081,312.70

Other explanation:

☒ Applicable ☐ Not applicable

For the government grants recognised in other income during the period, please see Note VII.81 to these financial statements.

72. Non-operating income

Non-operating income

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in extraordinary gains and losses for the period
Total gains from disposal of non-current assets	18,151.28	714.76	18,151.28
Including: Gains from disposal of fixed assets	18,151.28	714.76	18,151.28
Others	100,154.19	210,221.68	100,154.19
Total	118,305.47	210,936.44	118,305.47

Government grants included in profit or loss

☐ Applicable ☒ Not applicable

Other explanation:

☐ Applicable ☒ Not applicable

73. Non-operating expenses

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in extraordinary gains and losses for the period
Total losses from disposal of non-current assets	15,324.56	2,000.14	15,324.56
Including: Losses from disposal of fixed assets	15,324.56	2,000.14	15,324.56
Others	1,088,143.60	243,893.34	1,088,143.60
Total	1,103,468.16	245,893.48	1,103,468.16

74. Income tax expenses

(1) Income tax expenses

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Current tax expenses for the year based on tax law and relevant regulations	23,835,540.85	22,526,064.40
Adjustments for tax filling differences	(480,216.65)	(158,556.78)
Changes in deferred income tax expenses	(6,515,426.27)	12,362,164.72
Total	16,839,897.93	34,729,672.34

(2) The analysis of changes in deferred income tax is set out below:

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Arising of temporary differences	(6,515,426.27)	12,362,164.72

(3) Reconciliation between accounting profit and income tax expenses:

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Profits before taxation	184,945,094.86	180,583,694.77
CIT based on statutory tax rate	46,236,273.72	45,145,923.69
Effect of tax preferential benefits and tax rate differences	(23,664,723.06)	(13,724,963.27)
Non-deductible expenses	1,105,772.60	643,728.00
Effect on temporary differences of deferred tax assets not recognised for the period	114,283.65	4,616.95
Effect of temporary differences for which deferred tax asset was not recognised in previous years but recognised this year	(1,913,386.26)	—
Tax losses for which no deferred income tax was recognised	940,592.32	3,138,099.66
Adjustments for tax filling differences	(480,216.65)	(158,556.78)
Tax effect of utilisation of tax losses not recognised of previous years	(5,368,927.59)	(28,303.70)
PRC withholding tax on dividends	272,770.78	54,627.37
Others	(402,541.58)	(345,499.58)
Income tax expenses	16,839,897.93	34,729,672.34

Other explanation:

☐ Applicable ✓ Not applicable

139

75. Other comprehensive income

☐ Applicable ✓ Not applicable

76. Calculation of basic earnings per share and diluted earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated based on the net profit attributable to shareholders of the Company being divided by the weighted average of ordinary shares of the Company in issue:

	Amount for the current period	Amount for the prior period
Net profit attributable to shareholders of the Company	168,086,711.59	145,854,022.43
Weighted average of ordinary shares of the Company in issue	1,057,839,779.01	1,045,000,000.00
Basic earnings per share (RMB/share)	0.16	0.14

The calculation of the weighted average of ordinary shares of the Company in issue is as follows:

	Amount for the current period	Amount for the prior period
Number of ordinary shares in issue at the beginning of the period	1,045,000,000.00	1,045,000,000.00
Effect of the issue of shares under the initial public offering on the Shanghai Stock Exchange	12,839,779.01	—
Weighted average of the ordinary shares at the end of the period	1,057,839,779.01	1,045,000,000.00

(2) Diluted earnings per share

There are no potentially dilutive shares of the Company during the reporting period, therefore, the diluted earnings per share is the same as basic earnings per share.

77. Supplementary information on income statement

Expenses in the income statement are analysed by their nature:

Item	Amount for the current period	Amount for the prior period
Operating income	501,331,167.93	418,265,567.69
Less: waste treatment and power generation costs	99,503,140.34	69,275,225.35
Depreciation and amortisation	37,943,704.62	33,349,327.15
Employee benefits	91,125,842.72	80,498,378.80
Auditors' fees — audit services	731,586.41	197,763.47
Losses of impairment of assets	—	4,773,270.41
Loss of impairment of credit	4,607,515.97	—
Rental expenses	1,012,586.93	1,051,088.56
Financial expenses	103,395,126.76	68,653,205.25
Other income	(47,347,695.91)	(35,081,312.70)
Other expenses	24,429,102.54	14,929,969.59
Operating profit	185,930,257.55	180,618,651.81

78. Cash flow statement items

(1) Cash received from other operating activities:

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Retention money	13,030,000.00	40,200,000.00
Government grants and others (Note)	8,755,574.55	1,200,167.64
Other monetary funds with restricted use	11,600,000.00	16,578,000.00
Total	33,385,574.55	57,978,167.64

Cash received from other operating activities:

Note: These government grants comprise the government grants related to the increase in principal of BOT long-term receivables and the government grants related to income other than VAT refunds.

(2) Cash paid for other operating activities:

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Retention money	(7,300,000.00)	(300,000.00)
Intermediary service fee, travel and communication expenses and others	(14,806,691.92)	(25,454,421.78)
Total	(22,106,691.92)	(25,754,421.78)

(3) Cash received from other investing activities

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Interest income from deposits	1,285,840.11	1,819,936.81
Total	1,285,840.11	1,819,936.81

(4) Cash paid for other investing activities

☐ Applicable ☒ Not applicable

(5) Cash received from other financing activities

☐ Applicable ☒ Not applicable

(6) Cash paid for other financing activities

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Financing expenses (Note)	(29,945,480.77)	(5,014,586.76)
Total	(29,945,480.77)	(5,014,586.76)

Note: Cash paid for other financing activities mainly comprises the issuance expenses.

(7) Cash received from selling goods, rendering services and BOT and BT projects comprises the receipt of the principal and interest of long-term receivables. The increase in the principal of BOT and BT long-term receivables is listed in the cash outflows for operating activities item.

79. Supplementary information on cash flow statement

(1) Supplementary information on cash flow statement

✓ Applicable □ Not applicable

Unit: RMB

Supplementary information	Amount for the current period	Amount for the prior period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	168,105,196.93	145,854,022.43
Add: Impairment losses of assets	—	4,773,270.41
Impairment losses of credit	4,607,515.97	—
Depreciation of fixed assets	1,747,102.41	1,528,839.53
Amortisation of intangible assets	36,023,853.50	31,632,684.28
Amortisation of long-term deferred expenses	172,748.71	187,803.34
Gains from disposal of fixed asset	(18,434.21)	—
Gains from scrapping of fixed assets	(2,826.72)	2,000.14
Financial expenses	90,738,899.12	56,316,635.32
Changes in deferred tax assets	(12,739,358.83)	5,009,802.64
Changes in deferred tax liabilities	6,223,932.56	7,352,359.91
(Increase)/decrease in inventories	(2,574,477.38)	10,224,806.59
Increase in operating receivables	(463,939,967.02)	(295,043,076.20)
Decrease in operating payables	(29,067,045.63)	36,563,247.02
Changes in restricted deposits	11,600,000.00	16,578,000.00
Net cash generated from operating activities	(189,122,860.59)	20,980,397.58
2. Net changes in cash and cash equivalents:		
Cash at the end of the period	824,134,114.69	650,028,422.33
Less: Cash at the beginning of the period	665,292,369.22	535,412,612.93
Net increase in cash	158,841,745.47	114,615,809.40
3. Net movement in cash and cash equivalents:		
Cash balance at the end of the period	824,134,114.69	650,028,422.33
Less: cash balance at the beginning of the period	665,292,369.22	535,412,612.93
Add: cash equivalents balance at the end of the period		
Less: cash equivalents balance at the beginning of the period		
Net increase in cash and cash equivalents	158,841,745.47	114,615,809.40

(2) Net cash paid for acquisition of subsidiary and other business units during the period

☒ Applicable ☐ Not applicable

Unit: RMB

	Amount
Cash or cash equivalents paid during the period for business combinations during the period	116,000,000.00
Including: Lvyi (Huludao) Environmental Services Limited* (綠益(葫蘆島)環境服務有限公司)	82,000,000.00
Shengjing Jiachuang	31,000,000.00
Fengcheng Company	3,000,000.00
Less: Cash and cash equivalents held by subsidiaries on the date of acquisition	(8.06)
Lvyi (Huludao) Environmental Services Limited* (綠益(葫蘆島)環境服務有限公司)	(8.06)
Add: cash and cash equivalents paid during the current period for business combinations which occurred during prior periods	
Net cash paid for acquisition of subsidiaries	115,997,991.94

(3) Net cash received from disposal of subsidiaries during the period

☐ Applicable ☒ Not applicable

(4) Components of cash and cash equivalents

☒ Applicable ☐ Not applicable

145

Unit: RMB

Item	Account for the current period	Account for the prior period
I. Cash at bank and on hand		
Including: Cash on hand	40,053.20	59,212.20
Bank deposits available on demand	824,094,061.49	649,969,210.13
II. Cash equivalents		
III. Balance of cash and cash equivalents at the end of the period	824,134,114.69	650,028,422.33

Other explanation:

☐ Applicable ☒ Not applicable

80. Notes to the statements of changes in owners' equity

"Other" adjustments to the balance at the end of the period of last year and amounts thereof:

☐ Applicable ☒ Not applicable

81. Assets with restrictive ownership title or right of use

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Carrying amount at the end of the period	Reason for restriction
Cash at bank and on hand	17,600,000.00	Issuing performance bond
Accounts receivable	153,397,025.24	Providing guarantees for loans
Long-term receivables due within one year	19,756,738.18	Providing guarantees for loans
Long-term receivables	914,290,631.70	Providing guarantees for loans
Intangible assets	1,610,941,578.96	Providing guarantees for loans
Total	2,715,985,974.08	/

82. Foreign currency monetary items

(1) Foreign currency monetary items:

☐ Applicable ☒ Not applicable

(2) Explanation on overseas operating entities (including major overseas operating entities), which shall disclose their overseas principal places of business, functional currency and basis. Reasons shall also be disclosed if there is any change in the functional currency.

☒ Applicable ☐ Not applicable

Blue-ocean Environment is registered in Hong Kong and its financial statements are stated in Hong Kong dollars. The accounting policy used by the Company in the translation of the financial statements of Blue-ocean Environment is stated in Note V.8. The spot exchange rates adopted in the translation of the financial statements at the balance sheet date are as follows:

Item	At the end of the reporting period	At the beginning of the reporting period
HKD	0.8431	0.8652

83. Hedging

☐ Applicable ☒ Not applicable

84. Government grants

1. Basic information on government grants

✓ Applicable ☐ Not applicable

Unit: RMB

Type	Amount	Items presented	Amount included in profit or loss
Related to assets	18,000,000.12	Deferred income	333,333.28
Related to income	47,014,362.63	Other income	47,014,362.63

2. Government grants related to assets

Unit: RMB

Item	Balance of deferred income at the beginning of the period	Grants obtained during the period	Included in other income	Included in non-operating income	Balance of deferred income at the end of the period
Infrastructure subsidies for the Anshun WTE project	18,333,333.40		(333,333.28)		18,000,000.12

Anshun Company received government grant in a total of RMB20,000,000.00 from Finance Bureau of Xixiu District, Anshun as the infrastructure subsidies for the Anshun WTE project in February 2016 and December 2016 respectively (RMB10,000,000.00 for each time). The government grant is related to assets and is amortised as BOT assets within 30 years, the operating period of the BOT assets of Anshun Company.

3. Government grants related to income

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Property tax and land use tax refunds	1,072,809.10	411,552.00
Refunds of handling fees of Shenzhen withholding local tax	339,622.64	—
Subsidy for the upgrading and reconstruction of the environmental protection facilities for the industrial enterprises at the upstream of Hongfenghu, Anshun	—	200,000.00
Foreign trade promotion policy funds of Bengbu	197,000.00	—
Environmental protection guiding funds of Taizhou Company	—	760,000.00
VAT refund income	44,922,516.00	33,194,700.00
Others	482,414.89	181,727.38
Total	47,014,362.63	34,747,979.38

During the six-month period from 1 January 2017 to 30 June 2017, Taizhou Dynagreen Renewable Energy Co., Ltd. (泰州綠色動力再生能源有限公司) (the "Taizhou Company") diverted RMB760,000.00 as the second batch of funds provided to the Taizhou Company by Taizhou Municipal Finance Bureau and Taizhou Environmental Protection Agency for prevention and control of pollution and protection of ecosystem. Taizhou Company received and utilized the funds during the first half of 2017.

148

4. Return of government grants

☐ Applicable ☒ Not applicable

Other explanation

85. Others

☐ Applicable ☒ Not applicable

VIII. CHANGE OF CONSOLIDATION SCOPE

1. Business combination involving entities not under common control

✓ Applicable ☐ Not applicable

(1) Business combination involving entities not under common control during the period

✓ Applicable ☐ Not applicable

Unit: RMB

Name of acquiree	Date of equity acquisition	Consideration of equity acquired	Percentage of equity Acquired (%)	Way of equity acquisition	Acquisition date	Determination of the acquisition date	Revenue of acquire from	Net profit of acquire from
							the acquisition date to the end of the period	the acquisition date to the end of the period
Lvyi (Huludao) Environmental Services Limited* (綠益(葫蘆島)環境服務有限公司)	5 January 2018	90,000,000.00	80.00	Equity transfer	5 January 2018	Transfer of control	—	—

Other explanation:

Lvyi (Huludao) Environmental Services Limited*(綠益(葫蘆島)環境服務有限公司, "Lvyi Environmental Services") was incorporated in Huludao, Liaoning province on 27 May 2016, the headquarters of which is located in Huludao. It is principally engaged in treatment, disposal, recycle, collection, storage and transportation of industrial solid waste, industrial liquid waste and industrial hazardous waste. Before combination, the ultimate controlling party of Lvyi Environmental Services was Fan Jie, a natural person. During the period from 2 January 2018 to 5 January 2018, Lvyi Environmental Services completed the procedures, among other things, of amendments to the Articles of Association, change of the board of directors, change of industrial and commercial registration and completion of asset transfer. On 5 January 2018, the Company paid partial consideration and obtained the control over Lvyi Environmental Services, which became a subsidiary of the Company since then.

The excess of the acquisition consideration over the fair value of the identifiable assets and liabilities of Lvyi Environmental Services as at the acquisition date of RMB43,910,821.67 was recognised as goodwill.

(2) Combination costs and goodwill

✓ Applicable ☐ Not applicable

Unit: RMB

Combination costs	Lvyi Environmental Services
— Cash	90,000,000.00
Total combination costs	90,000,000.00
Less: Share of fair value of identifiable net assets acquired	46,089,178.33
The amount that goodwill/combination costs less than the share of fair value of identifiable net assets acquired	43,910,821.67

Determination, contingent consideration and changes of the fair value of combination costs:

For the above identifiable assets which have an active market, the quoted prices in the active market are used to establish their fair value; if there is no active market, their fair value is estimated based on the market price of the same or similar types of assets which have an active market; if there is no active market for even the same asset or similar types of assets, valuation techniques are used to determine the fair value.

(3) Identifiable assets and liabilities of acquiree as at the acquisition date

✓ Applicable ☐ Not applicable

Unit: RMB

	Fair value as at the acquisition date	Carrying amount as at the acquisition date
Assets:		
Cash at bank and on hand	8.06	8.06
Fixed assets	14,704.12	14,704.12
Intangible assets	76,795,680.98	—
Liabilities:		
Deferred tax liabilities	(19,198,920.24)	—
Net assets	57,611,472.92	14,712.18
Less: Non-controlling interests	11,522,294.59	—
Net assets acquired	46,089,178.33	14,712.18

Determination of the fair value of identifiable assets and liabilities:

For the above identifiable assets which have an active market, the quoted prices in the active market are used to establish their fair value; if there is no active market, their fair value is estimated based on the market price of the same or similar types of assets which have an active market; if there is no active market for even the same asset or similar types of assets, valuation techniques are used to determine the fair value.

(4) Gains or losses from re-measurement of the fair value of equity held before the acquisition date

Whether there was transaction achieving business combination through several transactions that acquired control during the reporting period

☐ Applicable ☒ Not applicable

(5) The combination consideration or fair value of identifiable assets and liabilities of the acquiree on the acquisition date or at the end of the combination period which could not be reasonably determined

☐ Applicable ☒ Not applicable

(6) Other explanation:

☐ Applicable ☒ Not applicable

2. Business combination involving entities under common control

151

☐ Applicable ☒ Not applicable

3. Counter purchase

☐ Applicable ☒ Not applicable

4. Disposal of subsidiaries

Whether there is a loss of control over investment in subsidiaries in a single disposal

☐ Applicable ☒ Not applicable

Other explanation:

☐ Applicable ☒ Not applicable

Whether there was disposal of investment in subsidiaries through several transactions that led to loss of control during the period

☐ Applicable ☒ Not applicable

5. Changes in scope of combination due to other reasons

Changes in the scope of combination (e.g. newly established subsidiaries, liquidation of subsidiaries) due to other reasons and relevant circumstances:

☒ Applicable ☐ Not applicable

During the year, subsidiary, namely Huizhou Dynagreen Renewable Energy Co., Ltd. (惠州綠色動力再生能源有限公司) ("Huizhou Dynagreen"), was established.

6. Others

☐ Applicable ☒ Not applicable

IX. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

✓ Applicable □ Not applicable

Name of subsidiary	Principal place of business	Registration place	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
Taizhou Company	Taizhou, Jiangsu	Taizhou, Jiangsu	Waste treatment and power generation	100	—	Establishment
Yongjia Dynagreen Renewable Energy Co., Ltd. (永嘉綠色動力再生能源有限公司) (“Yongjia Company”)	Yongjia, Zhejiang	Yongjia, Zhejiang	Waste treatment and power generation	100	—	Establishment
Pingyang Dynagreen Renewable Energy Co., Ltd. (平陽綠色動力再生能源有限公司) (“Pingyang Company”)	Pingyang, Zhejiang	Pingyang, Zhejiang	Waste treatment and power generation	100	—	Establishment
Rushan Dynagreen Renewable Energy Co., Ltd. (乳山綠色動力再生能源有限公司) (“Rushan Company”)	Rushan, Shandong	Rushan, Shandong	Waste treatment and power generation	100	—	Establishment
Beijing Research Institute	Beijing	Beijing	Environmental protection project research	100	—	Establishment
Zhangqiu Dynagreen Renewable Energy Co., Ltd. (章丘綠色動力再生能源有限公司) (“Zhangqiu Company”)	Zhangqiu, Shandong	Zhangqiu, Shandong	Waste treatment and power generation	100	—	Establishment
Anshun Company	Anshun, Guizhou	Anshun, Guizhou	Waste treatment and power generation	98	2(a)	Establishment
Jurong Dynagreen Renewable Energy Co., Ltd. (句容綠色動力再生能源有限公司) (“Jurong Company”)	Jurong, Jiangsu	Jurong, Jiangsu	Waste treatment and power generation	98	2(a)	Establishment
Pingyao Dynagreen Renewable Energy Co., Ltd. (平遙縣綠色動力再生能源有限公司) (“Pingyao Company”)	Pingyao, Shanxi	Pingyao, Shanxi	Waste treatment and power generation	99	1(b)	Establishment
Huizhou Dynagreen Environment Co., Ltd. (惠州綠色動力環保有限公司) (“Huizhou Company”)	Huiyang, Guangdong	Huiyang, Guangdong	Waste treatment and power generation	99	1(b)	Establishment
Tianjin Dynagreen Renewable Energy Co., Ltd. (天津綠色動力再生能源有限公司) (“Jixian Company”)	Tianjin	Tianjin	Waste treatment and power generation	60	40(c)	Establishment
Tianjin Dynagreen Environmental Energy Co., Ltd. (天津綠動環保能源有限公司) (“Ninghe Company”)	Ninghe, Tianjin	Ninghe, Tianjin	Waste treatment and power generation	99	1(b)	Establishment

Name of subsidiary	Principal place of business	Registration place	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
Hongan Dynagreen Renewable Energy Co., Ltd. (紅安綠色動力再生能源有限公司) ("Hongan Company")	Hongan, Hubei	Hongan, Hubei	Waste treatment and power generation	99	1(b)	Establishment
Beijing Dynagreen Environment Co., Ltd. (北京綠色動力環保有限公司) ("Tongzhou Company")	Beijing	Beijing	Waste treatment and power generation	99.73	0.27 (d)	Establishment
Shantou Dynagreen Renewable Energy Co., Ltd. (汕頭市綠色動力再生能源有限公司) ("Shantou Company")	Shantou, Guangdong	Shantou, Guangdong	Waste treatment and power generation	75	25(e)	Establishment
Longhui Dynagreen Renewable Energy Co., Ltd. (隆回綠色動力再生能源有限公司) ("Longhui Company")	Longhui, Hunan	Longhui, Hunan	Waste treatment and power generation	100	—	Establishment
Bobai Dynagreen Renewable Energy Co., Ltd. (博白綠色動力再生能源有限公司) ("Bobai Company")	Bobai, Guangxi	Bobai, Guangxi	Waste treatment and power generation	75	25(e)	Establishment
Bengbu Company	Bengbu, Anhui	Bengbu, Anhui	Waste treatment and power generation	100	—	Establishment
Changzhou Dynagreen Environmental and Thermoelectric Co., Ltd. (常州綠色動力環保熱電有限公司) ("Changzhou Company")	Changzhou, Jiangsu	Changzhou, Jiangsu	Waste treatment and power generation	75	25(e)	Business combination involving entities under common control
Qingdao Company	Qingdao, Shandong	Qingdao, Shandong	Waste treatment and power generation	75	25(e)	Business combination involving entities under common control
Wuhan Dynagreen Renewable Energy Co., Ltd. (武漢綠色動力再生能源有限公司) ("Wuhan Company")	Wuhan, Hubei	Wuhan, Hubei	Waste treatment and power generation	100	—	Business combination involving entities under common control
Blue-ocean Environment	Hong Kong	Hong Kong	Investment holding	100	—	Business combination involving entities under common control
Haining Dynagreen Renewable Energy Co., Ltd. (海寧綠色動力再生能源有限公司) ("Haining Company")	Haining, Zhejiang	Haining, Zhejiang	Waste treatment and power generation	100	—	Business combination involving entities not under common control

Name of subsidiary	Principal place of business	Registration place	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
Dongyang Fuli	Dongyang, Zhejiang	Dongyang, Zhejiang	Construction project	100	—	Business combination involving entities not under common control
Beijing Dynagreen Renewable Energy Co., Ltd. (北京綠色動力再生能源有限公司) ("Miyun Company")	Miyun, Beijing	Miyun, Beijing	Waste treatment and power generation	100	—	Establishment
Yichun Dynagreen Renewable Energy Co., Ltd. (宜春綠色動力再生能源有限公司) ("Yichun Company")	Yichun, Jiangxi	Yichun, Jiangxi	Waste treatment and power generation	90(f)	—	Establishment
Wenzhou Dynagreen Environmental Energy Co., Ltd. (溫州綠動環保能源有限公司) ("Wenzhou Company")	Yongjia, Zhejiang	Yongjia, Zhejiang	Waste treatment and power generation	51	49(g)	Establishment
Lyvi Environmental Services	Huludao, Liaoning	Huludao, Liaoning	Treatment of hazardous waste	80(h)	—	Business combination involving entities not under common control
Huizhou Dynagreen	Huizhou, Guangdong	Huizhou, Guangdong	Waste treatment and power generation	100	—	Establishment

Other explanation:

- (a) 2% held by Beijing Research Institute;
- (b) 1% held by Beijing Research Institute;
- (c) 40% held by Blue-ocean Environment;
- (d) 0.27% held by Beijing Research Institute;
- (e) 25% held by Blue-ocean Environment;
- (f) 10% of equity interest in Yichun Company is held by Yichun City Development Co., Ltd. (宜春市城市發展有限公司);

(g) 49% held by Blue-ocean Environment;

(h) 20% held by Fan Jie;

(2) Major non-wholly owned subsidiaries

☐ Applicable ☒ Not applicable

(3) Key financial information of major non-wholly owned subsidiaries

☐ Applicable ☒ Not applicable

(4) Significant restrictions on using group's assets and settling group's debts:

☐ Applicable ☒ Not applicable

(5) Financial or other support providing for structural entities incorporated into the consolidated financial statements:

☐ Applicable ☒ Not applicable

Other explanation:

☐ Applicable ☒ Not applicable

156

2. Transactions that changing owners' equity in subsidiaries but not causing loss of control over subsidiaries

☐ Applicable ☒ Not applicable

3. Interests in joint ventures or associates

☒ Applicable ☐ Not applicable

(1) Major joint ventures or associates

☐ Applicable ☒ Not applicable

(2) Key financial information of major joint ventures

☐ Applicable ☒ Not applicable

(3) Key financial information of major associates

☐ Applicable ☒ Not applicable

(4) Summarised financial information of insignificant joint ventures and associates

✓ Applicable ☐ Not applicable

Unit: RMB

	Balance at the end of the period/ amount for the current period	Balance at the beginning of the period/amount for the prior period
Joint venture:		
Fengcheng Dynagreen Environment Protection Co., Ltd. (豐城綠色動力環保有限公司) (Note 2)	3,000,000.00	
Beijing Shengjing Jiachuang Investment Center (Limited Partnership) (北京盛景嘉創投資中心(有限合伙)) (Note1)	31,000,000.00	
Total carrying amount of the investment	34,000,000.00	

Note: During the reporting period, the Group made joint investment with other partners to establish Shengjing Jiachuang, in which, the Group held 93.94% shares. The decisions in relation to external investment and other activities of the partnership shall be subject to the unanimous agreement at the partners' meetings. The partners' meeting comprises three members (including the Group), so the Group holds 33.33% voting rights. As the Group cannot solely decide on the operations of the partnership, it does not have control over the partnership.

During the reporting period, the Group made joint investment with other partners to establish Fengcheng Company, in which, the Group held 51% shares. Pursuant to the articles of association of Fengcheng Company, its highest authority shall be its general meetings. The decisions in relation to business policies, investment plans and others of the company shall be subject to the agreement of shareholders holding more than two-thirds of its shares. Shareholders have the right to vote at the general meetings based on the proportion of their paid-in capital contribution. As the Group cannot solely decide on the main operations of the Fengcheng Company, it does not have control over that company.

157

(5) Significant restrictions of the ability of joint ventures or associates to transfer funds to the Company:

☐ Applicable ✓ Not applicable

(6) Excess losses incurred by joint ventures or associates

☐ Applicable ✓ Not applicable

(7) Unrecognised commitments relating to the investments in joint ventures

☐ Applicable ☒ Not applicable

(8) Contingent liabilities relating to the investments in joint ventures or associates

☐ Applicable ☒ Not applicable

4. Major joint operations

☐ Applicable ☒ Not applicable

5. Interest in structural entities not incorporated into the consolidated financial statements

Structural entities not incorporated into the consolidated financial statements:

☐ Applicable ☒ Not applicable

6. Others

☐ Applicable ☒ Not applicable

X. RISK RELATED TO FINANCIAL INSTRUMENTS

✓ Applicable ☐ Not applicable

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

The following mainly presents information on the Group's exposure to each of the above risks and their sources, their changes during the period, and the Group's objectives, policies and processes for risk management, the method used in measuring risk, and their changes during the period.

The objectives of the Group's risk management are to seek appropriate balance between the risks, and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate and acceptable risk limits and design corresponding internal controls processes, and to monitor risks and adherence to limits. Risk management policies and the relevant internal control systems are reviewed regularly to reflect changes in market conditions and the Group's operating activities. The internal audit department of the Group undertakes both regular and random inspection of the internal control system for its compliance with risk management policies.

159

1. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank and on hand as well as receivables. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with reputable financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset (including derivative financial instrument) in the balance sheet. The Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of the above financial guarantees at the balance sheet date is disclosed in Note V.45.

(1) Accounts receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant receivables from individual customers. At the balance sheet date, 62% (2017: 47%) of the total accounts receivable of the Group were due from the five largest customers of the Group.

In respect of accounts receivable, the Group has established a practicable credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations mainly focus on the financial position and the external ratings of the customers. Accounts receivable are due within 10–30 days from the date when the amount was confirmed by both parties. In general, the Group does not require collateral from customers.

(a) Credit risk exposure and expected credit loss assessment

The Group always measures its provision for impairment of accounts receivable based on the lifetime expected credit losses, and calculates its expected credit losses based on the comparison of the days of aging and the loss given default. Based on the Group's historical experience, there was no significant difference in the loss incurred by different customer groups. Therefore, different customer groups were not further segmented when calculating the impairment provision based on the ageing information.

The following table sets out the relevant information on the credit risk exposure and expected credit loss of the accounts receivable of the Group as at 30 June 2018.

Unit: RMB

Ageing	Loss given default	Book value	Provision for bad and doubtful debts
Within 1 year (inclusive)	5%	211,495,958.61	10,574,797.93
Over 1 year but within 2 years (inclusive)	10%	3,872,316.79	387,231.68
Total		215,368,275.40	10,962,029.61

The loss given default is calculated based on the past experience on actual credit losses and adjusted based on the economic conditions during the historical data collection period, the prevailing economic situation and the economic conditions considered by the Group during the expected lifetime.

Under the Original Financial Instruments Standards, provision for impairment is made when there is objective evidence that the impairment has occurred. The following table sets out the Group's provision for bad debts in respect of accounts receivable as at 31 December 2017.

Unit: RMB

Category	31 December 2017				Carrying amount
	Book value		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivables that are individually significant and assessed individually for impairment	—	—	—	—	—
Accounts receivable that are collectively assessed for impairment based on credit risk characteristics	145,165,378.93	100	(7,283,007.63)	100	137,882,371.30
Accounts receivable that are individually insignificant but assessed individually for impairment	—	—	—	—	—
Total	145,165,378.93	100	(7,283,007.63)	100	137,882,371.30

Note*: This category includes accounts receivable assessed individually without impairment.

As at 31 December 2017, the Group did not have any receivables that were past due but not impaired after being assessed both on an individual basis and on a collective group basis.

(b) *Changes in provisions for impairment*

For changes in the provisions for impairment of the accounts receivables of the Group, please see Note VII.5(4).

161

2. Liquidity risk

Liquidity risk is the risk that an enterprise may encounter shortage of fund in meeting obligations that are settled by the delivery of cash or another financial asset. The Company and its individual subsidiaries are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's Board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its short-term and long-term liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions, so as to meet its liquidity requirements in the short and longer term.

The following tables set out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at 30 June/31 December) and the earliest date the Group can be required to pay:

Unit: RMB

Item	Contractual undiscounted cash flow as at 30 June 2018					Carrying amount at the end of the period
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
Short-term loans	157,571,290.41	—	—	—	157,571,290.41	154,000,000.00
Bills payable and accounts payable	457,255,667.37	—	—	—	457,255,667.37	457,255,667.37
Other payables	71,368,256.02	—	—	—	71,368,256.02	71,368,256.02
Non-current liabilities due within one year	611,574,171.53	—	—	—	611,574,171.53	418,690,213.34
Long-term payables	—	28,216,534.15	84,649,602.45	479,731,645.86	592,597,782.46	308,743,176.61
Long-term loans	—	697,152,697.47	1,655,052,831.63	1,549,916,607.88	3,902,122,136.98	3,514,741,671.51
Total	1,297,769,385.33	725,369,231.62	1,739,702,434.08	2,029,648,253.74	5,792,489,304.77	4,924,798,984.85

Continued:

Item	Contractual undiscounted cash flow as at 31 December 2017					Carrying amount at the end of the period
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
Short-term loans	317,253,430.58	—	—	—	317,253,430.58	310,154,600.00
Bills payable and accounts payable	480,416,745.67	—	—	—	480,416,745.67	480,416,745.67
Other payables	50,690,875.83	—	—	—	50,690,875.83	50,690,875.83
Non-current liabilities due within one year	539,872,973.05	—	—	—	539,872,973.05	364,932,684.97
Long-term payables	—	28,943,760.15	86,831,280.45	506,202,754.93	621,977,795.53	319,693,175.61
Long-term loans	—	576,498,390.41	1,716,579,222.72	1,541,500,386.72	3,834,577,999.85	2,914,085,622.20
Total	1,388,234,025.13	605,442,150.56	1,803,410,503.17	2,047,703,141.65	5,844,789,820.51	4,439,973,704.28

3. Interest rate risk

Interest-bearing financial instruments at fixed rates and at floating rates expose the Group to fair value interest risk and cash flow interest rate risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to maintain an appropriate mix of fixed and floating rate instruments. The Group does not use derivative financial instruments to hedge interest rate risk.

(a) As at 30 June 2018 and 31 December 2017, the Group held the following interest-bearing financial instruments:

Fixed rate financial instruments:

Unit: RMB

Item	Balance at the end of the period		Balance at the beginning of the period	
	Effective interest rate (%)	Amount	Effective interest rate (%)	Amount
Financial assets				
— Cash at bank and on hand	—	—	1.10	15,000,000.00
— Long-term receivables due within 1 year	4.52–8.53	66,471,042.17	4.52–8.00	60,253,469.54
— Long-term receivables	5.03–8.53	3,129,561,198.34	4.90–8.53	2,828,322,496.08
Financial liabilities				
— Short-term loans	4.35	(154,000,000.00)	0.00–4.35	(310,154,600.00)
— Long-term loans	4.51–5.38	(963,394,761.96)	4.51–5.38	(810,449,196.46)
— Long-term payables due within 1 year	5.73–8.51	(9,519,212.76)	5.73–8.51	(11,874,403.43)
— Long-term loans due within 1 year	4.51–5.38	(84,723,809.50)	4.51–5.38	(106,893,724.30)
— Long-term payables	5.73–8.51	(308,743,176.61)	5.73–8.51	(319,693,175.61)
Total		1,675,651,279.68		1,344,510,865.82

163

Floating rate financial instruments:

Unit: RMB

Item	Balance at the end of the period		Balance at the beginning of the period	
	Effective interest rate (%)	Amount	Effective interest rate (%)	Amount
Financial assets				
— Cash at bank and on hand	0.35	841,694,061.49	0.35	679,465,094.52
Financial liabilities				
— Short-term loans	—	—	—	—
— Long-term loans due within 1 year	4.41–5.95	(324,447,191.08)	4.41–6.70	(246,164,557.24)
— Long-term loans	4.41–5.95	(2,551,346,909.56)	4.41–6.70	(2,103,636,425.74)
Total		(2,034,100,039.15)		(1,670,335,888.46)

(b) Sensitivity analysis

As at 30 June 2018 and 31 December 2017, it was assumed that an increase of 100 basis points in interest rates, with all other variables held constant, would decrease the Group's net profit and shareholders' equity by RMB16,753,067.81 and RMB14,760,058.88, respectively.

In respect of the cash flow interest rate risk arising from floating rate non-derivative instruments, which were held by the Group at the balance sheet date, the impact on the Group's net profit and shareholders' equity mentioned in the above sensitivity analysis was estimated as an annualised impact on interest expense or income of such a change in interest rates.

4. Foreign currency risk

In respect of assets and liabilities denominated in foreign currencies other than the functional currency, such as cash at bank and on hand, bills payable and accounts payable, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

- (1) As at 30 June 2018 and 31 December 2017, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies was presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of foreign currency financial statements are excluded.

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Cash at bank and on hand		
— HKD	78,038,504.77	114,858,347.00
— EUR	2,385.91	18,569.47
— USD	3,955,794.56	59,494,751.55
— JPY	11.00	—
Bills payable and accounts payable		
— JPY	—	(9,398,328.00)
Gross balance sheet exposure	81,996,696.24	164,973,340.02

(2) The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

Unit: RMB

Item	Average rate		Reporting date mid-spot rate	
	At the end of the reporting period	At the beginning of the reporting period	At the end of the reporting period	At the beginning of the reporting period
HKD	0.8395	0.8652	0.8431	0.8359
EUR	7.7269	7.5546	7.6515	7.8023
USD	6.5754	6.7356	6.6166	6.5342
JPY	0.0589	0.0587	0.0599	0.0579

(3) Sensitivity analysis

Assuming all other risk variables remained constant (except for foreign exchange rate), a 1% strengthening of the Renminbi against the Hong Kong dollar, Euro, US dollar and Japanese Yen at 30 June 2018 and 31 December 2017 would have decreased the Group's shareholders' equity and net profit by the amount shown below, whose effect was in Renminbi and translated using the spot rate at the balance sheet date:

Unit: RMB

Item	At the end of the reporting period	At the beginning of the reporting period
HKD	(494,828.75)	(894,000.66)
EUR	(155.17)	(157.84)
USD	(218,552.00)	(496,781.18)
JPY	—	78,476.00
Total	(713,535.92)	(1,312,463.68)

A 1% weakening of the Renminbi against Hong Kong dollar, Euro, US dollar and Japanese Yen at 30 June 2018 and 31 December 2017 would have had the equal but opposite effect to the Group's shareholders' equity and net profit by the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which exposed the Group to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of foreign currency financial statements. The analysis is performed on the same basis using identical methods each year.

XI. FAIR VALUE DISCLOSURE

1. Fair value of assets and liabilities measured at fair value at the end of the period

☐ Applicable ☒ Not applicable

2. Determination of market prices of items measured Level 1 fair value on a recurring or non-recurring basis

☒ Applicable ☐ Not applicable

The following table presents the fair value information and the hierarchy of fair value measurement at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which the result of fair value measurement is categorised is determined by the lowest level input that is significant to the entire fair value measurement. The three levels of input are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

3. Items measured at Level 2 fair value on a recurring or non-recurring basis, valuation techniques and qualitative and quantitative information used for key parameters

☐ Applicable ☒ Not applicable

4. Items measured at Level 3 fair value on a recurring or non-recurring basis, valuation techniques, and qualitative and quantitative information used for key parameters

☐ Applicable ☒ Not applicable

5. Items measured at Level 3 fair value on a recurring basis, reconciliation between the carrying amounts at the beginning and end of the period, and sensitivity analysis of unobservable inputs

☐ Applicable ☒ Not applicable

6. Items measured at fair value on a recurring basis, if any transfer between levels occurred during the period, reasons for the transfer and policies on determining the time of transfer

☐ Applicable ☒ Not applicable

7. Changes in valuation techniques during the period and reasons for the changes

☐ Applicable ☒ Not applicable

8. Fair value of financial assets and financial liabilities not measured at fair value

☒ Applicable ☐ Not applicable

The financial assets and liabilities of the Group mainly include cash at bank and on hand, receivables and payables. There is no significant difference between the carrying amounts and fair values of these financial assets and liabilities.

9. Others

☐ Applicable ☒ Not applicable

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on the parent of the Company

☒ Applicable ☐ Not applicable

Unit: RMB'0000

Company name	Registered place	Business nature	Registered capital	Shareholding percentage of the parent company in the Company (%)	Parent company's percentage of voting rights in the Company (%)
BSAM	Beijing	Investment management	1,000,000	43.16	43.16

The ultimate controlling party of the Company is Beijing SASAC.

2. Information on the subsidiaries of the Company

For information on the subsidiaries of the Company, please refer to Note IX.1.

☐ Applicable ☒ Not applicable

3. Information on joint ventures and associates of the Company

For information on the major joint ventures and associates of the Group, please refer to Note IX.3.

☐ Applicable ☒ Not applicable

Other joint ventures or associates that had related party transactions with the Company during the period or formed balances from the related party transactions with the Company in prior periods are as follows

☐ Applicable ☒ Not applicable

4. Information on other related parties

✓ Applicable ☐ Not applicable

Name of other related parties	Related party relationship
Beijing State-owned Assets Management (Hong Kong) Company Limited	Shareholder and a subsidiary of the Company's ultimate controlling party
Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership)	Shareholder
Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership)	Shareholder
Beijing Venture Capital Co., Ltd. ("Beijing Venture Capital")*	Shareholder and a subsidiary of the Company's ultimate controlling party
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)# (共青城景秀投資合夥企業(有限合夥))	Shareholder
Zhongshang Longrun Huanke Investment Co., Ltd. (中商龍潤環科投資有限公司)	Shareholder
Beijing Huitai Hengrui Investment Co., Ltd. (北京惠泰恒瑞投資有限公司)	Shareholder
Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	A subsidiary of the Company's ultimate controlling party
Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司)	A subsidiary of the Company's ultimate controlling party
Beijing Crystal Digital Technology Co., Ltd. (北京水晶石數字科技有限公司)	A subsidiary of the Company's ultimate controlling party

Other explanation

* 1.87% equity interest of the Company held by Beijing Venture Capital was transferred to BASM in February 2017. The registration of share transfer was completed in July 2017.

The senior management of the Company held shares in this company.

169

5. Transactions with related parties

The transactions below with related parties were conducted under normal commercial terms or agreements.

(1) Related party transactions regarding purchase and sale of goods and provision and receipt of services

Statement of purchase of goods/receipt of services

✓ Applicable ☐ Not applicable

Unit: RMB

Related party	Related party transactions	Amount for the current period	Amount for the prior period
Shenzhen Crystal Digital technology Co., Ltd. (深圳水晶石數字科技有限公司)	Receipt of services	—	6,781,171.75
Beijing Crystal Digital technology Co., Ltd. (北京水晶石數字科技有限公司)	Receipt of services	6,995,900.00	—

Statement of sale of goods/provision of services

☐ Applicable ☒ Not applicable

Related party transactions regarding purchase and sale of goods and provision and receipt of services

☐ Applicable ☒ Not applicable

(2) Trusteeship/contracting and entrusted management/outsourcing

Statement of the trusteeship/contracting of the Company:

☐ Applicable ☒ Not applicable

Trusteeship/contracting

☐ Applicable ☒ Not applicable

Statement of the entrusted management/outsourcing of the Company:

☐ Applicable ☒ Not applicable

Entrusted management/outsourcing

☐ Applicable ☒ Not applicable

(3) Leases

The Company as a lessor:

☐ Applicable ☒ Not applicable

The Company as a lessee:

☐ Applicable ☒ Not applicable

Leases

☐ Applicable ☒ Not applicable

(4) Guarantee

The Company as a guarantor

☒ Applicable ☐ Not applicable

For the six-month period ended 30 June 2018

Unit: RMB

Guaranteed party	Amount of guarantee	Commencement date of guarantee	Maturity date of guarantee	Guarantee completed (Y/N)
BSAM*	502,453,756.66	9 December 2013	9 December 2023	N
BSAM*	50,000,000.00	26 May 2017	9 December 2023	N
BSAM*	240,000,000.00	26 August 2017	9 December 2023	N
BSAM*	300,000,000.00	30 January 2018	9 December 2023	N
BSAM*	32,990,000.00	21 June 2018	9 December 2023	N

For the six-month period ended 30 June 2017

Guaranteed party	Amount of guarantee	Commencement date of guarantee	Maturity date of guarantee	Guarantee completed (Y/N)
BSAM*	622,990,000.00	9 December 2013	9 December 2023	N
BSAM*	50,000,000.00	26 May 2017	9 December 2023	N

171

The Company as a guaranteed party

☐ Applicable ☒ Not applicable

(5) Related-party loans

☒ Applicable ☐ Not applicable

Unit: RMB

Related party	Loan amount	Commencement date	Maturity date	Explanation
Borrowed from BSAM*	30,000,000.00	10 February 2017	7 February 2018	Note 1

Note 1: For the period ended 30 June 2018, the Group obtained an interest-free loan of RMB30,000,000.00 from BSAM, which was repaid on 7 February 2018.

The maturity dates of the Group's related-party loans are the repayment date or actual repayment date as agreed in relevant contracts, whichever is earlier.

(6) Interest income and expense on related-party loans

Unit: RMB

Related party	Amount for the current period	Amount for the prior period
Payments of interests on related-party loans Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	2,066,261.95	2,564,789.09
Total	2,066,261.95	2,564,789.09

(7) Asset transfer and debt restructuring of related parties

☐ Applicable ☒ Not applicable

(8) Remuneration of key management personnel

☒ Applicable ☐ Not applicable

Unit: RMB'0000

Item	Amount for the current period	Amount for the prior period
Remuneration of key management personnel	2,691,667.20	2,700,274.62

(9) Other related party transactions

☒ Applicable ☐ Not applicable

Beijing Research Institute, a subsidiary of the Company, used the premise of BSAM as its registered address. The area of such premise was approximately 20 square meters and located in Room 1511, Block B, Fu Kai Building, 19 Financial Street, Xicheng District, Beijing. Beijing Research Institute entered into an agreement with BSAM with no consideration to fulfil relevant registration requirements. Such premise was not occupied by Beijing Research Institute and was still under the use of BSAM. The aforementioned agreement was entered into in December 2010 and renewed in June 2014. In October 2017, Beijing Research Institute submitted an application to change its registered address, and no longer used the aforesaid premise as its registered place.

* Those are connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

6. Receivables from and payables to related parties

(1) Receivables

☐ Applicable ☒ Not applicable

(2) Payables

☒ Applicable ☐ Not applicable

Unit: RMB		
Related party	Book value at the end of the period	Book value at the beginning of the period
Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司)	863,316.60	863,316.60
Beijing Crystal Digital Technology Co., Ltd. (北京水晶石數字科技有限公司)	4,769,400.00	—

(3) Long-term loans with related party

Unit: RMB		
Related party	Book value at the end of the period	Book value at the beginning of the period
Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	64,897,576.53	73,852,444.56

(4) Short-term loans with related parties

Unit: RMB

Related party	Book value at the end of the period	Book value at the beginning of the period
BSAM	—	30,000,000.00

7. Commitments of related parties

☐ Applicable ☒ Not applicable

8. Others

☐ Applicable ☒ Not applicable

XIII. SHARE-BASED PAYMENTS

1. Share-based payments

☐ Applicable ☒ Not applicable

2. Equity-settled share-based payments

☐ Applicable ☒ Not applicable

3. Cash-settled share-based payments

☐ Applicable ☒ Not applicable

4. Modification and termination of share-based payments

☐ Applicable ☒ Not applicable

5. Others

☐ Applicable ☒ Not applicable

XIV. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

☒ Applicable ☐ Not applicable

Major commitments as at the balance sheet date and their nature and amount

(1) Capital commitments

Item	Balance at the end of the period	Balance at the beginning of the period
Infrastructure construction contract authorised but not contracted for	504,151,357.67	1,122,910,371.02
Infrastructure construction contract contracted for and is or going to be effective	1,025,935,251.59	981,083,543.85
Equity investment contracted for but not paid	74,041,250.00	90,000,000.00
Total	1,604,560,081.52	2,193,993,914.87

(2) Operating lease commitments

As at the end of each accounting year during the period for these financial statements, the total future minimum lease payment of the Group under non-cancellable operation leases of relevant properties were payable as follows:

Item	Balance at the end of the period	Balance at the beginning of the period
Within 1 year (inclusive)	2,446,936.00	728,382.00
After 1 year but within 2 years (inclusive)	—	211,788.00
Total	2,446,936.00	940,170.00

2. Contingencies

(1) Significant contingencies as at the balance sheet date

☐ Applicable ☒ Not applicable

(2) The Company shall give explanation even if it has no significant contingency which need to be disclosed:

☒ Applicable ☐ Not applicable

The Group has no material contingency which need to be disclosed.

3. Others

☐ Applicable ☒ Not applicable

XV. SUBSEQUENT EVENTS

1. Significant non-adjusting events

☒ Applicable ☐ Not applicable

Item	Details	Effects to the financial position and operating results	Reasons for impossibility to estimate the effects
Major external investment	On 23 August 2018, the Company entered into the Equity Acquisition Agreement with China Western Power Industrial Co., Ltd. (華西能源工業股份有限公司), Dongguan Weiye Investment Limited (東莞市偉業投資有限公司) and Dongguan Baorui Environmental Engineering Limited (東莞市寶瑞環保工程有限公司). The Company intended to acquire 100% equity interest in Guangdong Promising Environmental Protection Company Limited (廣東博海昕能環保有限公司) in cash at a consideration of RMB610 million. The above agreement is subject to approval of the related asset valuation report by a competent authority of the State-owned Assets Supervision and Administration Commission.	Uncertain	As at the disclosure date of the interim report, the equity acquisition agreement was not effective.

2. Distribution of profits

☐ Applicable ☒ Not applicable

3. Sales returns

☐ Applicable ☒ Not applicable

4. Other subsequent events

☐ Applicable ☒ Not applicable

XVI. OTHER SIGNIFICANT ITEMS

1. Correction of previous accounting errors

(1) Retrospective restatement method

☒ Applicable ☐ Not applicable

The Company's affected amount using the retrospective restatement method due to changes in accounting policies, please refer to Note V.33.

(2) Prospective application method

☐ Applicable ☒ Not applicable

2. Debt restructuring

☐ Applicable ☒ Not applicable

3. Assets swap

(1) Non-monetary assets swap

☐ Applicable ☒ Not applicable

(2) Other assets swap

☐ Applicable ☒ Not applicable

4. Annuity plan

☐ Applicable ☒ Not applicable

5. Discontinued operations

☐ Applicable ☒ Not applicable

6. Segment information

(1) Determination and accounting policies of reporting segments:

☐ Applicable ☒ Not applicable

(2) Financial information of reporting segments

☐ Applicable ☒ Not applicable

177

(3) The Company shall explain the reasons if it has no reporting segment or cannot give disclosures on the total assets and liabilities of each reporting segment

☒ Applicable ☐ Not applicable

The Group conducted an evaluation in accordance with the requirements set out in note V.36 for the classification of operating segments. Based on the internal organisational structure, management requirements and internal reporting system of the Group, its operating and strategies-making functions are run as a whole. The financial information provided to the chief operating decision maker does not contain profit or loss information on each operating activity. Therefore, the management considers that the Group has only one operating segment, thus the Group does not have to prepare segment report.

(4) Other explanation:

☒ Applicable ☐ Not applicable

The external transaction income and non-current assets (excluding financial assets and deferred income tax assets) acquired by the Group were primarily derived from or located in Mainland China.

7. Other material transactions and matters affecting investors' decisions

☐ Applicable ☒ Not applicable

8. Others

☒ Applicable ☐ Not applicable

For the six-month period ended 30 June 2018, there was 1 customer (for the six-month period ended 30 June 2017:2) among the Group's customers, the separate income from which accounted for over 10% of the Group's total income, representing approximately 14% (for the six-month period ended 30 June 2017:26%) of the Group's total income. The income from these customers are summarised as follows:

Item	Amount for the current period	Amount for the prior period
Jiangsu State Grid Power Company (國網江蘇省電力公司)	69,218,901.65	60,857,735.62
Wenzhou Power Supply Company under Zhejiang State Grid Power Company (國網浙江省電力公司溫州供電公司)	below 10% of the Group's total income	49,323,719.74

XVII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1. Bills and accounts receivable

As at 31 December 2017 and 30 June 2018, the Company did not have any bills receivable.

(1) Accounts receivable by category:

☒ Applicable ☐ Not applicable

Unit: RMB

Customer type	Balance at the end of the period	Balance at the beginning of the period
Related party	12,586,463.68	11,279,753.00
Third party	3,198,000.00	12,792,000.00
Sub-total	15,784,463.68	24,071,753.00
Less: Provision for bad debts	159,900.00	639,600.01
Total	15,624,563.68	23,432,152.99

The ageing is counted starting from the date when accounts receivable are recognised. As at 31 December 2017 and 30 June 2018, the ageing of the Company's accounts receivable were within one year.

Accounts receivables that are individually significant and assessed individually for impairment:

☐ Applicable ☒ Not applicable

Impairment provision of portfolios using aging analysis method:

☐ Applicable ☒ Not applicable

Impairment provision of portfolios using percentage of balance method:

☐ Applicable ☒ Not applicable

Impairment provision of portfolios using other methods:

☒ Applicable ☐ Not applicable

(2) Additions, recoveries or reversals of provision for bad and doubtful debts during the period:

During the period, RMB479,700.01 for bad and doubtful debts was reversed, and the Company did not write off any accounts receivable.

In which, significant provision for bad and doubtful debts recovered or reversed during the period:

☐ Applicable ☒ Not applicable

(3) Actual written-offs of accounts receivable during the period

☐ Applicable ☒ Not applicable

(4) Five largest accounts receivable by debtor at the end of the period:

☒ Applicable ☐ Not applicable

At 30 June 2018, the five largest accounts receivable of the Company amounted to RMB15,784,463.68 in total, accounting for 100% of the total accounts receivable at the end of the year, and the corresponding balance of provision for bad debts was RMB159,900.00 in total.

2. Other receivables

Unit: RMB

	Note	Balance at the end of the period	Balance at the beginning of the period
Interest receivable		21,686,605.65	20,899,731.15
Dividends receivable		46,000,000.00	—
Others	(1)	341,735,857.51	206,147,678.18
Total		409,422,463.16	227,047,409.33

(1) Others

(a) Other receivables by customer type:

Unit: RMB

Customer type	Balance at the end of the period	Balance at the beginning of the period
Receivables from third party	25,305,000.47	23,335,187.75
Receivables from related party	326,298,638.91	191,627,732.76
Sub-total	351,603,639.38	214,962,920.51
Less: Provision for bad debts	9,867,781.87	8,815,242.33
Total	341,735,857.51	206,147,678.18

- (b) The ageing analysis is as follows:

Ageing	Balance at the end of the period	Balance at the beginning of the period
Within 1 year (inclusive)	337,168,078.38	200,397,591.46
Over 1 years but within 2 years (inclusive)	3,811,732.65	3,913,250.70
Over 2 years but within 3 years (inclusive)	—	28,250.00
Over 3 years but within 4 years (inclusive)	638,640.00	638,640.00
Over 4 years but within 5 years (inclusive)	—	4,000,000.00
Over 5 years	9,985,188.35	5,985,188.35
Subtotal	351,603,639.38	214,962,920.51
Less: Provision for bad debts	9,867,781.87	8,815,242.33
Total	341,735,857.51	206,147,678.18

The ageing is counted starting from the date when other receivables are recognised.

- (c) Additions, reversals or written-offs of provision for bad and doubtful debts during the period:

Item	Balance at the end of the period
Balance at the beginning of the period	8,815,242.33
Bad and doubtful debts during the period	1,052,539.54
Balance at the end of the period	9,867,781.87

During the reporting period, the Group did not write off any significant other receivables.

(d) Other receivables by nature

Nature of the receivable	Balance at the end of the period	Balance at the beginning of the period
Performance bond	11,300,000.00	7,030,000.00
Accounts receivable from subsidiaries of the Group	326,298,638.91	191,627,732.76
Others	14,005,000.47	16,305,187.75
Subtotal	351,603,639.38	214,962,920.51
Less: Provision for bad debts	9,867,781.87	8,815,242.33
Total	341,735,857.51	206,147,678.18

(e) Five largest other receivables by debtor at the end of the period

Debtor	Nature of receivables	Balance at the end of the period			Provision for bad and doubtful debts at period-end
		Balance at the end of the period	Ageing	Percentage of total other receivables	
Ninghe Company	Subsidiary transactions	106,501,452.20	Within 1 year	30%	—
Taizhou Company	Subsidiary transactions	47,000,000.00	Within 1 year	13%	—
Shantou Company	Subsidiary transactions	37,202,091.38	Within 1 year	11%	—
Rushan Company	Subsidiary transactions	35,000,000.00	Within 1 year	10%	—
Bengbu Company	Subsidiary transactions	30,926,167.34	Within 1 year	9%	—
Total		256,629,710.92		73%	—

3. Long-term receivables

Item	Book balance	Balance at the end of the period		Interest rate range
		Bad debt provision	Book value	
Entrusted loans to subsidiaries	344,000,000.00	—	344,000,000.00	4.35%–5.95%
Performance bond	1,920,000.00	—	1,920,000.00	
Less: Due within one year	28,190,476.16	—	28,190,476.16	
Total	317,729,523.84	—	317,729,523.84	

Item	Book balance	Balance at the beginning of the period		Interest rate range
		Bad debt provision	Book value	
Entrusted loans to subsidiaries	459,000,000.00	—	459,000,000.00	4.35%–6.70%
Performance bond	2,720,000.00	—	2,720,000.00	
Less: Due within one year	75,203,703.66	—	75,203,703.66	
Total	386,516,296.34	—	386,516,296.34	

4. Long-term equity investments

(1) Long-term equity investments by category:

Unit: RMB

Item	Balance at the end of the period		
	Book value	Provision for impairment	Carrying amount
Investments in subsidiaries	2,791,207,957.77	(11,149,297.53)	2,780,058,660.24
Investment in associates and joint ventures	34,000,000.00	—	34,000,000.00
Total	2,825,207,957.77	(11,149,297.53)	2,814,058,660.24

183

Item	Balance at the beginning of the period		
	Book value	Provision for impairment	Carrying amount
Investments in subsidiaries	2,528,207,957.77	(11,149,297.53)	2,517,058,660.24
Total	2,528,207,957.77	(11,149,297.53)	2,517,058,660.24

(2) Investments in subsidiaries

Investee	30 June 2018				Provision made during the period	Impairment at the end of the period
	Balance at the beginning of the period	Additions during the period	Reductions during the period	Balance at the end of the period		
Haining Company	86,000,000.00	—	—	86,000,000.00	—	—
Taizhou Company	180,000,000.00	—	—	180,000,000.00	—	—
Yongjia Company	100,000,000.00	—	—	100,000,000.00	—	—
Rushan Company	100,880,000.00	—	—	100,880,000.00	—	—
Pingyang Company	100,000,000.00	—	—	100,000,000.00	—	—
Beijing Research Institute	15,000,000.00	—	—	15,000,000.00	—	—
Changzhou Company	220,221,697.72	—	—	220,221,697.72	—	—
Wuhan Company	127,874,320.40	—	—	127,874,320.40	—	—
Qingdao Company	63,091,383.59	—	—	63,091,383.59	—	(4,620,173.95)
Anshun Company	98,000,000.00	—	—	98,000,000.00	—	—
Zhangjiu Company	120,880,000.00	—	—	120,880,000.00	—	—
Jurong Company	98,000,000.00	—	—	98,000,000.00	—	—
Huizhou Company	217,800,000.00	—	—	217,800,000.00	—	—
Pingyao Company	19,800,000.00	—	—	19,800,000.00	—	—
Jixian Company	60,000,000.00	—	—	60,000,000.00	—	—
Blue-ocean Environment	163,613,261.06	—	—	163,613,261.06	—	—
Ninghe Company	99,000,000.00	—	—	99,000,000.00	—	—
Dongyang Fuli	27,047,295.00	—	—	27,047,295.00	—	(6,529,123.58)
Tongzhou Company	149,000,000.00	50,000,000.00	—	199,000,000.00	—	—
Hongan Company	13,000,000.00	50,000,000.00	—	63,000,000.00	—	—
Longhui Company	20,000,000.00	—	—	20,000,000.00	—	—
Shantou Company	107,000,000.00	13,000,000.00	—	120,000,000.00	—	—
Bobai Company	75,000,000.00	—	—	75,000,000.00	—	—
Bengbu Company	166,000,000.00	—	—	166,000,000.00	—	—
Miyun Company	101,000,000.00	—	—	101,000,000.00	—	—
Huludao Company	—	130,000,000.00	—	130,000,000.00	—	—
Huizhou Dynagreen Company	—	20,000,000.00	—	20,000,000.00	—	—
Total	2,528,207,957.77	263,000,000.00	—	2,791,207,957.77	—	(11,149,297.53)

For information about the subsidiaries of the Company, refer to Note IX.

(3) Investments in joint ventures

For the six months ended 30 June 2018 and the year ended 31 December 2017, please refer to Note IX.3 for the Company's investments in joint ventures.

5. Capital reserve

Item	30 June 2018			
	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period
Capital premium	628,984,641.83	229,818,800.00	—	858,803,441.83
Other capital reserve	47,361,993.67	—	—	47,361,993.67
Total	676,346,635.50	229,818,800.00	—	906,165,435.50

Note: For reasons of the changes in capital reserve during the current period, refer to Note VII.53.

6. Retained Earnings

Item	Amount for the current period	Amount for the prior period
Retained earnings at the beginning of the period	319,978,091.00	176,830,887.23
Add: Net profits for the period	92,571,575.99	119,813,770.56
Less: Distributions to shareholders	—	(62,700,000.00)
Retained earnings at the end of the period	412,549,666.99	233,944,657.79

For the actual dividend distribution of the Company, please refer to Note VII.60.

7. Operating income and operating costs:

(1) Operating income and operating costs

Item	Unit: RMB	
	Amount for the current period	Amount for the prior period
Income from principal operations	49,999,632.70	50,507,932.46
Cost of principal operations	(4,570,581.49)	(14,213,220.95)

(2) Breakdown of operating income

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Income from management service	49,999,632.70	36,841,265.79
Income from sales of goods	—	13,666,666.67
Total	49,999,632.70	50,507,932.46

8. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Income from long-term equity investments accounted for using cost method	84,500,000.00	115,000,000.00
Income from entrusted loan interest	14,614,000.65	14,909,817.31
Total	99,114,000.65	129,909,817.31

9. Information on cash flow statement

(1) Supplement to cash flow statement

(a) Reconciliation of net profit to cash flows from operating activities:

Item	Amount for the current period	Amount for the prior period
Net profit	92,571,575.99	119,813,770.56
Add: Provisions/(reversal) for impairment of assets	—	1,767,660.72
Provisions/(reversal) for impairment of credit	572,839.53	—
Depreciation of fixed assets	190,494.20	159,094.80
Amortisation of intangible assets	14,010.60	14,010.60
Amortisation of long-term deferred expenses	—	15,054.61
Financial expenses	34,119,250.16	28,176,294.16
Investment income	(99,114,000.65)	(129,909,817.31)
Decrease/(increase) in inventories	—	10,923,401.71
Changes in deferred tax assets	(27,746.53)	(265,149.11)
Changes in restricted deposit	11,600,000.00	17,627,000.00
Decrease/(increase) in operating receivables	(15,361,165.57)	57,687,236.90
(Decrease)/increase in operating payables	(7,673,191.07)	(72,883,392.54)
Net cash inflow/(outflow) from operating activities	16,892,066.66	33,125,165.10

(b) Net changes in cash and cash equivalents

Item	Amount for the current period	Amount for the prior period
Cash and cash equivalents at the end of the period	379,826,651.72	168,624,320.87
Less: Cash and cash equivalents at the beginning of the period	(112,681,313.36)	(107,329,347.71)
Net increase/(decrease) in cash and cash equivalents	267,145,338.36	61,294,973.16

187

(2) Composition of cash

Item	Amount for the current period	Amount for the prior period
Cash		
Including: Cash on hand	18,416.44	59,212.20
Bank deposits available on demand	379,808,235.28	168,565,108.67
Other monetary funds restricted	8,600,000.00	19,800,000.00
Cash and cash equivalents at the end of the period	388,426,651.72	188,424,320.87
Less: Other monetary funds restricted	(8,600,000.00)	(19,800,000.00)
Cash balance available on demand at the end of the period	379,826,651.72	168,624,320.87

XVIII.Extraordinary gains and losses for the period

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Disposal of non-current assets	21,260.93	(1,285.38)
Government grants recognised through profit or loss (excluding those having close relationships with the Group's operation and enjoyed in fixed amount or quantity according to uniform national standard)	2,425,179.91	1,886,612.70
Other non-operating income and expenses besides items above	(987,989.41)	(33,671.66)
Subtotal	1,458,451.43	1,851,655.66
Less: Income tax expense	335,433.56	152,661.34
EXTRAORDINARY GAINS AND LOSSES	1,123,017.87	1,698,994.32
Including: extraordinary gains and losses affecting the net profit of the shareholders of the parent company	1,123,017.87	1,698,994.32

XIX. Return on net assets and earnings per share

For the six-month period between 1 January to 30 June 2018	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company's ordinary equity shareholders	7.26	0.16	0.16
Net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	7.21	0.16	0.16

XI. DOCUMENTS AVAILABLE FOR INSPECTION

Documents available for inspection

The financial statements signed and sealed by the legal representative, Chief Financial Officer and Chief Accountant of the Company.

The original copies of all of the documents and announcements of the Company disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) and in China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times during the Reporting Period.

Chairman: Zhi Jun

Date of submission approved by the Board: 23 August 2018

By Order of the Board
Dynagreen Environmental Protection Group Co., Ltd.*
Zhi Jun
Chairman

Shenzhen, the PRC
23 August 2018

As at the date of this announcement, the non-executive directors of the Company are Mr. Zhi Jun, Mr. Guo Yitao, Mr. Liu Shuguang and Mr. Feng Changzheng, the executive directors of the Company are Mr. Qiao Dewei and Mr. Hu Shengyong and the independent non-executive directors of the Company are Ms. Chen Xin, Mr. Ou Yuezhou and Ms. Fu Jie.

** For identification purposes only*