



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

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

Stock Code: 1272

2020
INTERIM REPORT



* For identification purpose only

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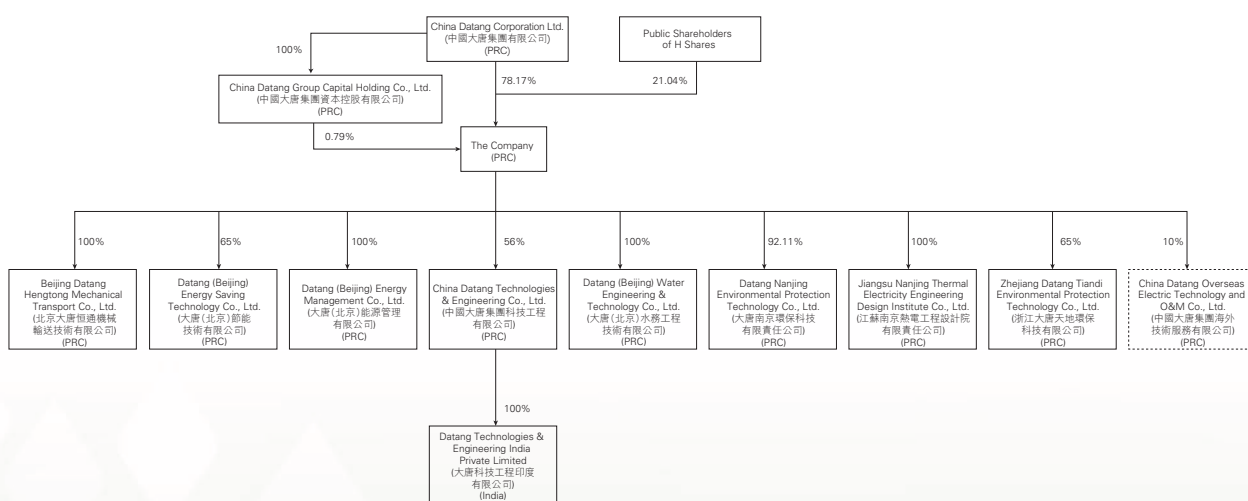


Company Profile

The predecessor of the Company (stock code: 1272) was China Datang Group Environment Technology Co., Ltd. (中國大唐集團環境技術有限公司), which was established in July 2011. Since the establishment of the Company and after several years of rapid development and a series of business restructuring, the Company has been successfully listed on the Main Board of the Stock Exchange since 15 November 2016. As at 30 June 2020, the Company had a total of 2,967,542,000 issued Shares, among which the Controlling Shareholder, China Datang, holds, directly and indirectly, an aggregate of approximately 78.96%.

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

As at 30 June 2020, the Company's major corporate structure was as follows:



Financial Highlights

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

	<u>For the six months ended 30 June</u>	
	2020 (unaudited) <i>RMB'000</i>	2019 (unaudited) <i>RMB'000</i>
Revenue	2,867,941	2,418,489
Cost of sales	(2,443,412)	(1,906,557)
Gross profit	424,529	511,932
Selling and distribution expenses	(10,046)	(17,666)
Administrative expenses	(193,474)	(295,172)
Other income and losses	56,614	46,202
Other expenses	(98,865)	–
Finance costs	(137,170)	(119,521)
Impairment losses on financial and contract assets	(8,394)	(4,219)
Profit before tax	33,194	121,556
Income tax expense	(29,005)	(30,279)
PROFIT FOR THE PERIOD	4,189	91,277
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(736)	(621)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(736)	(621)

Financial Highlights (Continued)

	For the six months ended 30 June	
	2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	1,730	(2,224)
Impact of income tax	(260)	334
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	1,470	(1,890)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	734	(2,511)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	4,923	88,766
Profit attributable to:		
Owners of the parent	50,299	89,880
Non-controlling interests	(46,110)	1,397
	4,189	91,277
Total comprehensive income attributable to:		
Owners of the parent	51,357	87,642
Non-controlling interests	(46,434)	1,124
	4,923	88,766
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted (RMB)	0.02	0.03

Financial Highlights (Continued)

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

	As at 30 June 2020 (unaudited) <i>RMB'000</i>	As at 31 December 2019 (audited) <i>RMB'000</i>
ASSETS		
Total current assets	12,467,174	12,459,102
Total non-current assets	8,359,188	8,711,657
Total assets	20,826,362	21,170,759
LIABILITIES AND EQUITY		
Total current liabilities	10,449,223	10,574,779
Total non-current liabilities	3,240,423	3,362,099
Total equity	7,136,716	7,233,881
Total liabilities and equity	20,826,362	21,170,759

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

	<u>For the six months ended 30 June</u>	
	2020 (unaudited) <i>RMB'000</i>	2019 (unaudited) <i>RMB'000</i>
Net cash flows generated from/(used in) operating activities	628,682	(673,764)
Net cash flows used in investing activities	(142,890)	(454,105)
Net cash flows (used in)/generated from financing activities	(766,650)	993,852

Management Discussion and Analysis

As an environmental protection and energy conservation solution provider, the principal business of the Group includes environmental protection facility concession operation, the manufacture and sale of denitrification catalysts, environmental protection facilities engineering, water treatment business, energy conservation business and renewable energy engineering business. Customers of the Group spread over 30 provinces, autonomous regions and municipal cities in the PRC as well as 8 countries.

I. INDUSTRY OVERVIEW

1. Endeavor to protect our blue skies, clear waters and clean lands and comprehensively deploy key environmental protection tasks

The 2020 Government Work Report requires that, in 2020, the energy consumption per unit of gross domestic product and the emission of major pollutants will continue to decline, and efforts will be made to fulfill the goals and tasks of the 13th Five-Year Plan. We will endeavor to protect our blue skies, clear waters, and clean lands, and meet the goals for the critical battle of pollution prevention and control. We will advance well-coordinated environmental conservation in the Yangtze Economic Belt. An overall plan will be formulated for ecological protection and high-quality development in the Yellow River basin. Priority will be placed on curbing pollution in a law-based, scientific, and targeted way. We will ensure more effective protection of ecosystems and the environment. We will intensify efforts to control air pollution in key areas. We will step up the construction of sewage and garbage treatment facilities and move ahead with the sorting of household waste. The relocation and transformation of producers of hazardous chemical products will be accelerated. We will boost the development of energy-saving and environmental protection industries. We will carry out major projects for protecting and restoring key ecosystems to promote ecological conservation. We will invest more funds raised through special bonds to support modern agricultural facilities, safe drinking water projects, and the improvement of living environments. This will promote steady improvements in rural living and working conditions.

2. Build a scientific evaluation index system to continuously promote the construction of ecological civilization

On 28 February 2020, the National Development and Reform Commission formulated and released the “Beautiful China Construction Evaluation Index System and Implementation Plan”, which is oriented to the vision of “basically realizing the goal of beautiful China” in 2035. According to the requirements of reflecting universality, stage and different regional characteristics, the Company focuses on the aspects of good ecological environment and clean living environment, and develops an evaluation system for five indicators, including fresh air, clean water and soil safety, good ecology and clean living environment. It is proposed that the Ministry of Natural Resources, the Ministry of Ecological Environment, the Ministry of Housing and Urban Rural Development, the Ministry of Water Resources, the Ministry of Agriculture and Rural Affairs, and the State Forestry and Administration, according to their work responsibilities, put forward the expected goals of Beautiful China Construction in 2025, 2030 and 2035, and reasonably achieve the regional goals in accordance with local science.

3. Continuously improve the financing environment and increase the financial support in key areas

The requirements of national financial work meeting held on 30 December 2019 was pointed out that the financial policy in 2020 will focus on supporting the three major battles and promoting the realization of the phased objectives of pollution prevention and control. Since February 2020, various ministries and commissions have issued a number of documents aiming at ensuring and improving the financial investment in the field of environmental protection. In the fields of soil pollution prevention and control, sewage treatment, power generation with incinerated waste, ecological protection and restoration of river basin, solid waste and hazardous waste treatment, various supporting measures have been proposed, such as the establishment of pollution prevention and control fund, the improvement of charging standard mechanism, and the pilot REITs supporting policies will be issued to provide corresponding policy support for the smooth development of environmental protection projects in local key areas.

All in all, 2020 is the closing year of the development stage of the 13th Five-Year Plan, and also a phased assessment year for the three major environmental protection battles. With the impact of the backlog of stock projects brought by the new epidemic situation in the first half of the year, it is expected that the central and local environmental protection market projects will be released in the second half of this year, and the Company has a good market prospect. It is expected that the development stage of the “14th Five Year Plan” is not only the 14th Five-Year Plan period of the PRC’s economic and social development, but also a critical period for the success of the crucial task of pollution prevention and control and the continuous promotion of the construction of a beautiful China. According to the existing policy expectation, in the process of promoting the national economic development, the state will accelerate the transformation and upgrading of economic structure, further play the role of ecological environment protection, and continue to expand the energy conservation and environmental protection industry. With the continuous improvement of environmental protection policies and market-oriented system, the environmental protection market direction of traditional electric power field will develop in depth, and the market space of non-electric field will be further expanded. The Company will realize high-quality, sustainable and healthy development by virtue of years of experience accumulated in the field of environmental governance.

II. BUSINESS OVERVIEW

1. Environmental Protection and Energy Conservation Solution Business

Environmental protection facility concession operation business

As of 30 June 2020, the cumulative installed capacity in operation for desulfurization concession operations of the Group reached 47,300MW and the installed capacity for desulfurization concession operation projects under construction reached 3,320MW. The cumulative installed capacity in operation for denitrification concession operations reached 37,890MW, and the installed capacity for denitrification concession operation projects under construction reached 3,320MW. The installed capacity for desulfurization entrusted operation project reached 1,960MW.

During January to June 2020, the Group was devoted to optimizing the operation and energy consumption diagnosis, intensifying the indicator management and control and first-rate benchmarking, and realizing the consecutive reduction of electricity consumption and limestone consumption. The Group also sped up the application of new technologies, such as the renovation of energy conservation for slurry circulation pumps and the intelligent control technology of denitrification and ammonia injection, with decrease in 19–25% of the electricity consumption rate of circulation pumps and reduction of 10% of ammonia injection volume.

Denitrification catalysts business

During January to June 2020, the production volume and the sales volume of the denitrification catalysts business of the Group were 17,331.5m³ and 19,693.4m³, respectively. The following table sets forth the breakdown of the key figures of the Group's denitrification catalysts business during January to June 2020:

(Unit: m³)

Production volume	Sales volume	Delivery volume
17,331.5	19,693.4	14,254.7

During January to June 2020, the Group sold 9,967.1m³ of catalyst to customers other than China Datang Group, among which, 3,029.6m³ of catalyst was sold to overseas customers and 1,561.0m³ of catalyst was sold to customers from non-electric industry such as glass and alumina sectors.

In addition, during January to June 2020, the Group conducted business in relation to integrated use of an aggregate of 3,204.3m³ of spent denitrification catalysts.

Management Discussion and Analysis (Continued)

Environmental protection facilities engineering business

The following table sets forth the breakdown of the environmental protection facilities engineering business in the power industry of the Group as at 30 June 2020:

Projects	Bid winning projects		Projects put into operation		Projects under construction	
	Number	Capacity (MW)	Number	Capacity (MW)	Number	Capacity (MW)
Desulfurization	1	119	0	0	10	5,959
Denitrification	1	119	2	2,600	13	11,189
Dust removal	1	119	2	1,400	10	7,419
Ultra-low emission	1	119	0	0	1	119
Industrial site dust treatment	3	2,360	4	4,560	6	11,240

Water treatment business

During January to June 2020, the Group entered into contracts for 2 new water engineering projects. As at 30 June 2020, the Group has four water treatment operation projects, 3 of which have been put into operation, and 1 is under construction; 14 water engineering projects are under construction, 5 of which are water treatment island projects.

Energy conservation business

As at 30 June 2020, the Group has five energy conservation engineering projects under construction with a total contract value of RMB156 million; the Group has ten energy management contract project under execution with a total investment of RMB340.2 million.

2. Renewable Energy Business

Affected by the COVID-19, during January to June 2020, the Group has not entered into renewable energy projects contracts. As at 30 June 2020, the Group has a total of 5 renewable energy projects under construction with an installed capacity of 580MW.

3. Thermal Power Engineering Business

From January to June 2020, the Group has yet to commence the thermal power engineering business.

Management Discussion and Analysis (Continued)

4. Other Businesses

During January to June 2020, the Group continued to carry out air-cooling system EPC business, and as at 30 June 2020, the Group has two projects under construction with an installed capacity of 1,200MW.

5. Overseas Business

In the first half of 2020, the Group focused on dust desulfurization and denitrification of environmental protection markets in India and actively develops renewable energy markets such as biomass power stations in Southeast Asia. Due to the impact of worldwide COVID-19, during January to June 2020, the Group has not signed newly overseas project. As at 30 June 2020, the Group has 5 overseas projects under execution.

6. Research and Development

The ISO international standard "Guidelines for Wastewater Treatment and Reuse of Thermal Power Plants" jointly applied by the Group and Nanjing University has been approved on 30 March 2020. As at 30 June 2020, the Group has completed and issued and implemented 26 different technical standards. The Group has 42 technical standards under preparation.

During January to June 2020, the Group obtained a total of 37 utility model patents and 8 invention patents. As at 30 June 2020, the Group has obtained a total of 1,113 utility model patents and 133 invention patents.

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

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

There are inter-segment sales among the Group's segments and sub-segments, and accordingly the Group records intra-segment elimination and inter-segment elimination among these segments/sub-segments for the relevant revenue and cost of sales. In this interim report, unless otherwise specified herein, (i) all discussion about total revenue, total gross profit and overall gross profit margin are based on the amounts after all intra- and inter-segment elimination among the segments/sub-segments (being the figures reflected in our consolidated statement of profit or loss and other comprehensive income), and (ii) all discussion about the revenue, gross profit and gross profit margin of business segments and sub-segments are based on the amounts before any intra- or inter-segment elimination of such segment or sub-segment.

Management Discussion and Analysis (Continued)

1. Overview

The Group's revenue increased by 18.6% to RMB2,867.9 million for the six months ended 30 June 2020 as compared with RMB2,418.5 million for the same period in 2019. The Group's profit for the six months ended 30 June 2020 amounted to RMB4.2 million, representing a decrease of RMB87.1 million as compared with RMB91.3 million for the same period in 2019. Profit attributable to the owners of the parent amounted to RMB50.3 million for the six months ended 30 June 2020. As at 30 June 2020, the Group's cash and cash equivalents decreased by 17.8% to RMB1,299.3 million as compared with RMB1,580.4 million as at 31 December 2019. The Group's total assets decreased by 1.6% to RMB20,826.4 million as at 30 June 2020 as compared with RMB21,170.8 million as at 31 December 2019. The Group's total liabilities decreased by 1.8% to RMB13,689.6 million as at 30 June 2020 as compared with RMB13,936.9 million as at 31 December 2019. The Group's return on total assets for the six months ended 30 June 2020 was 0.02%, as compared with 0.4% for the same period in 2019.

2. Results of Operation

Revenue

The Group's revenue increased by 18.6% to RMB2,867.9 million for the six months ended 30 June 2020 as compared with RMB2,418.5 million for the same period in 2019 primarily due to the increase in revenue of renewable energy engineering business.

Cost of sales

The Group's cost of sales increased by 28.2% to RMB2,443.4 million for the six months ended 30 June 2020 as compared with RMB1,906.6 million for the same period in 2019. The increase of the Group's cost of sales was due to the increase in costs along with the increase in revenue of renewable energy engineering projects.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by 43.5% to RMB10.0 million for the six months ended 30 June 2020 as compared with RMB17.7 million for the same period in 2019, mainly due to conservation of selling and distribution expenses through delicacy management of the Group.

Management Discussion and Analysis (Continued)

Administrative expenses

The Group's administrative expenses decreased by 34.5% to RMB193.5 million for the six months ended 30 June 2020 as compared with RMB295.2 million for the same period in 2019, mainly due to the provision of impairment losses for buildings and other infrastructure and machinery of the Group's environmental protection and energy saving solutions business in the same period in 2019, and no similar situations occurred in 2020.

Other income and losses

The Group's other income and losses increased by 22.5% to RMB56.6 million for the six months ended 30 June 2020 as compared with RMB46.2 million for the same period in 2019.

Other expenses

The Group's other expenses increased to RMB98.9 million for the six months ended 30 June 2020 as compared with the same period in 2019, mainly due to the arbitration disputes between China Datang Technologies & Engineering Co., Ltd. ("**Technologies & Engineering Company**"), a subsidiary of the Company and being the general construction contractor, Datang Xinjiang Clean Energy Co., Ltd. ("**Datang Xinjiang**"), its proprietor, and Jiangsu Jiuding Tiandi Wind Power Co., Ltd. ("**Jiuding Tiandi Wind Power**"), its main equipment supplier.

Technologies & Engineering Company received the arbitration award (the "**Award**") dated 8 June 2020. Pursuant to the Award, Technologies & Engineering Company shall compensate Jiuding Tiandi Wind Power for economic losses in an aggregate amount of RMB98,865,000 (the "**Arbitration Decision**"). Please refer to the announcement of the Company dated 18 June 2020 for the details of the Award.

Technologies & Engineering Company submitted an application to the local court to overrule the Arbitration Decision. Currently, the application has been duly accepted by the court and is in the stage of internal discussion and process approval of the court. The outcomes cannot be determined at present and it is not probable that the court will overrule the Arbitration Decision, so full provision has been recognised by the Group for this matter.

Management Discussion and Analysis (Continued)

Finance costs

The Group's finance costs increased by 14.8% to RMB137.2 million for the six months ended 30 June 2020 as compared with RMB119.5 million for the same period in 2019, due to the increase in debt scale of the Group in the first half of 2020 as compared with the same period of last year arising from the issuance of ultra-short term financing bonds and the issuance of corporate bonds at the end of last year, leading to the increase in finance costs, amid the decrease in bank borrowings and balance of other loans for the end of the period.

Profit before tax

As a result of the foregoing factors, the Group's profit before tax decreased by 72.7% to RMB33.2 million for the six months ended 30 June 2020 as compared with RMB121.6 million for the same period in 2019.

Income tax expense

The Group's income tax expense was RMB29.0 million for the six months ended 30 June 2020, representing a decrease of 4.3% from RMB30.3 million for the same period in 2019.

Profit for the period

The Group's profit for the Reporting Period decreased by RMB87.1 million from RMB91.3 million for the six months ended 30 June 2019 to RMB4.2 million for the six months ended 30 June 2020. For the six months ended 30 June 2020, the Group's profit for the Reporting Period as a percentage of its total revenue decreased to 0.1% as compared with 3.8% for the same period in 2019.

Profit attributable to owners of the parent

The profit attributable to owners of the parent decreased by RMB39.6 million to RMB50.3 million for the six months ended 30 June 2020 as compared with RMB89.9 million for the same period in 2019.

Profit attributable to non-controlling interests

The profit attributable to non-controlling interests decreased by 3,392.9% to RMB-46.1 million for the six months ended 30 June 2020 as compared with RMB1.4 million for the same period in 2019.

Management Discussion and Analysis (Continued)

3. Results on Business Segments

The following table sets forth a breakdown of the Group's revenue by segment/sub-segment and each segment/sub-segment as a percentage of total revenue for the six months ended 30 June 2020 and 30 June 2019, respectively, as well as the percentage of change:

	For the six months ended 30 June				
	2020		2019		Change %
	Revenue <i>RMB'000</i>	Percentage of total revenue before elimination ⁽¹⁾ %	Revenue <i>RMB'000</i>	Percentage of total revenue before elimination ⁽¹⁾ %	
Environmental Protection and Energy Conservation Solutions:					
Environmental protection facilities concession operation	1,528,930	52.3	1,478,829	58.9	3.4
Denitrification catalysts	193,667	6.6	207,336	8.3	(6.6)
Environmental protection facilities engineering	307,463	10.5	511,077	20.4	(39.8)
Water treatment business	48,272	1.7	153,371	6.1	(68.5)
Energy conservation business	26,064	0.8	20,593	0.8	26.6
Total revenue of environmental protection	2,104,396	71.9	2,371,206	94.5	(11.3)
Intra-segment elimination ⁽²⁾	(46,090)		(76,578)		
Total revenue of environmental protection and energy conservation solutions after intra-segment elimination	2,058,306		2,294,628		(10.3)
Inter-segment elimination ⁽³⁾	-		(31)		
External revenue of environmental protection and energy conservation solutions	2,058,306		2,294,597		(10.3)

Management Discussion and Analysis (Continued)

	For the six months ended 30 June				
	2020		2019		Change %
	Revenue <i>RMB'000</i>	Percentage of total revenue before elimination ⁽¹⁾ %	Revenue <i>RMB'000</i>	Percentage of total revenue before elimination ⁽¹⁾ %	
Renewable Energy Engineering:					
Total revenue of renewable energy engineering business	752,011	25.8	36,591	1.5	1,955.2
Inter-segment elimination	-		-		
External revenue of renewable energy engineering business					
	752,011		36,591		1,955.2
Thermal Power Engineering:					
Total revenue of thermal power engineering	-	-	30,382	1.2	(100.0)
Inter-segment elimination	-		-		
External revenue of thermal power engineering					
	-		30,382		(100.0)
Other Businesses:					
Total revenue of other businesses	68,598	2.3	70,988	2.8	(3.4)
Inter-segment elimination ⁽⁴⁾	(10,974)		(14,069)		
External revenue of other businesses					
	57,624		56,919		1.2
Total revenue before intra- and inter-segment elimination⁽⁵⁾					
	2,925,005	100.0	2,509,167	100.0	16.6
Total intra- and inter-segment elimination⁽⁶⁾					
	(57,064)		(90,678)		
Total revenue					
	2,867,941		2,418,489		18.6

Management Discussion and Analysis (Continued)

Notes:

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

The following table sets forth a breakdown of the Group's gross profit by segment/sub-segment and gross profit margin of each business segment/sub-segment for the six months ended 30 June 2020 and 30 June 2019, respectively, as well as the percentage of change in gross profit:

	For the six months ended 30 June				
	2020		2019		Change of gross profit %
	Gross profit ⁽¹⁾ <i>RMB'000</i>	Gross profit margin ⁽²⁾ %	Gross profit ⁽¹⁾ <i>RMB'000</i>	Gross profit margin ⁽²⁾ %	
Environmental Protection and Energy Conservation Solutions:					
Environmental protection facilities concession operation	336,038	22.0	400,702	27.1	(16.1)
Denitrification catalysts	56,851	29.4	51,491	24.8	10.4
Environmental protection facilities engineering	(1,410)	(0.5)	70,700	13.8	(102.0)
Water treatment business	(584)	(1.2)	24,251	15.8	(102.4)
Energy conservation business	6,769	26.0	(631)	(3.1)	(1,172.7)

Management Discussion and Analysis (Continued)

	For the six months ended 30 June				
	2020		2019		Change of gross profit %
	Gross profit ⁽¹⁾ RMB'000	Gross profit margin ⁽²⁾ %	Gross profit ⁽¹⁾ RMB'000	Gross profit margin ⁽²⁾ %	
Total gross profit of environmental protection and energy conservation solutions	397,664	18.9	546,513	23.0	(27.2)
Total gross profit of renewable energy engineering	6,839	0.9	2	-	341,850.0
Total gross profit of thermal power engineering	(659)	-	1,466	4.8	(145.0)
Total gross profit of other businesses	11,769	17.2	(28,434)	(40.1)	(141.4)
Total gross profit and gross profit margin ⁽³⁾	424,529	14.8	511,932	21.2	(17.1)

Notes:

- (1) Calculated based on the revenue of each segment or sub-segment (before any intra- or inter-segment elimination) minus the cost of sales of such segment or sub-segment (before any intra- or inter-segment elimination).
- (2) Calculated based on the gross profit of each segment or sub-segment calculated according to note (1) divided by the revenue of such segment or sub-segment (before any intra- or inter-segment elimination).
- (3) Total gross profit equals total revenue (being the revenue reflected on our consolidated statement of profit or loss and other comprehensive income) minus total cost of sales (being the cost of sales reflected on our consolidated statement of profit or loss and other comprehensive income). Overall gross profit margin equals total gross profit divided by total revenue.

Management Discussion and Analysis (Continued)

4. Cash Flows

As at 30 June 2020, the Group's cash and cash equivalents decreased by 17.8% to RMB1,299.3 million as compared with RMB1,580.4 million as at 31 December 2019. Such decrease was mainly attributable to the increase in the cash flow used in financing activities of the Group.

5. Working Capital

As at 30 June 2020, the Group's net current assets increased by 7.1% to RMB2,018.0 million as compared with RMB1,884.3 million as at 31 December 2019, primarily due to the increase of receivables, and the decrease of interest-bearing bank borrowings and other loans.

6. Indebtedness

As at 30 June 2020, the Group's borrowings decreased by 9.0% to RMB6,414.3 million as compared with RMB7,045.9 million as at 31 December 2019.

7. Capital Expenditure

The Group's capital expenditure decreased by 85.9% to RMB38.0 million for the six months ended 30 June 2020 as compared with RMB269.9 million for the six months ended 30 June 2019. Capital expenditure mainly comprises the construction costs of concession projects for newly developed environmental protection facilities and water treatment facilities projects.

8. Net Gearing Ratio

As at 30 June 2020, the Group's net gearing ratio (net debt (total borrowings minus cash and cash equivalents) divided by the sum of net debt and total equity) was 41.7%, representing a decrease of 1.3 percentage points as compared with 43.0% as at 31 December 2019, which was mainly due to the decrease in the total amount of borrowings arising from the decrease in the demand for working capital during the current period and the maturity of part of the debt.

IV. RISK FACTORS AND RISK MANAGEMENT

Risks on environmental protection and energy conservation policies

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

Risks on connected transactions with China Datang Group

The Group has been conducting various transactions with China Datang Group, and will continue to enter into such transactions in the future. During January to June 2020, the total value of products and services provided by the Group to China Datang Group (other than concession operations) was approximately RMB1.16 billion, representing approximately 40.4% of the total revenue of the Group. During January to June 2020, the total value of the services provided by the Group to China Datang Group under the concession operations (desulfurization and denitrification) was approximately RMB1.45 billion, representing approximately 50.5% of the total revenue of the Group. The Group has been actively expanding its client base, for example, during January to June 2020, the Group entered into contracts in the amount of RMB0.232 billion with clients other than China Datang Group, representing 36.9% of the total of contracts entered into during January to June 2020.

Cash flow risks

The Group had positive operating cash flows for the six months ended 30 June 2020. The Group cannot assure that its operating cash flows for any future period will be positive. The Group's ability to generate cash inflows from operating activities in the future will depend in large part on project schedule and billing arrangement, its ability to collect receivables from its customers in a timely manner and the credit terms it can obtain. If the Group is not able to generate sufficient cash flows from its operations or obtain sufficient financing to support its business operation, the Group's growth prospects may be materially and adversely affected. The Group plans to adopt various measures to collect receivables in order to significantly improve operating cash flow. In addition, the Group has been proactively seeking finance to support the development and expansion of its business. As at 30 June 2020, the Group had available bank facilities of RMB20.062 billion.

Management Discussion and Analysis (Continued)

Industry risks

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

Risks on overseas business

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

Management Discussion and Analysis (Continued)

V. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, we had 1,085 employees, substantially all of whom were based in the PRC. The Group has individually established labor union branches. Currently, the Group has entered into employment agreements with all employees, in which the position, duties, remuneration, employment benefits, training, confidentiality obligations relating to trade secrets and grounds for termination are specified pursuant to the PRC Labor Law and other relevant regulations.

The table below sets forth the number of employees as at 30 June 2020 by their functions:

Function	Number of employees	Percentage of the total number of employees
Concession operation management personnel	315	29.03%
Engineering and technical personnel	201	18.53%
Sales personnel	99	9.12%
Research and development personnel	356	32.82%
Administrative and management personnel	79	7.28%
Manufacture personnel	20	1.84%
Others	15	1.38%
Total	1,085	100.00%

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

Management Discussion and Analysis (Continued)

The remuneration package of our employees includes salaries, bonuses and allowances. Our employees also receive welfare benefits, including medical care, housing subsidies, retirement and other benefits. We carry out employee performance appraisals, establish diversified and dynamic appraisal mechanisms. The department heads' salaries and remunerations will be adjusted corresponding to the results of their performance appraisals. Pursuant to applicable PRC regulations, we have contributed to social insurance funds, including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and housing funds for our employees.

In order to attract and retain high-quality employees and further improve their knowledge, skill level and professional attainments, we place a strong emphasis on the training of our employees. We offer in-service education, training and other opportunities to our managers and employees to improve their professional skills and knowledge.

During the Reporting Period, the Group provided 4 training programs on business management, professional techniques and production skills, with 100% employees attending the trainings.

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

VI. OUTLOOK ON THE GROUP'S FUTURE DEVELOPMENT

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

1. Taking the road of high-quality development and draw up the blueprint of "14th Five-Year" Plan

The Group will strive to open up a new path for high-quality development in the new era by taking the opportunity of the "14th Five-Year" Plan. The Group will continue to strengthen and optimize the environmental protection facilities concession operation, strictly control the consumption of bulk materials, optimize the daily equipment maintenance, continuously optimize the inventory and strive to seize the increment; the Group will expand and strengthen the denitrification catalyst business, accelerate the capacity expansion of the recycling and disposal facilities for honeycomb catalysts and spent catalysts and strengthen the research and development and manufacturing of new products; the Group will enhance and optimize the engineering business, optimize the engineering management model, provide professional management services for infrastructure projects, and take the road to transform into new energy and smart energy enterprises.

Management Discussion and Analysis (Continued)

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

The Group will implement the Three-Year Plan and the “Double Hundred Actions” for Reform of State-owned Enterprises, and push forward the implementation of key reform tasks based on the bottleneck in the development of each business segment and the “syndrome-based medicine”, and build a market-oriented management mechanism comprehensively. The Group will innovate the management model for engineering projects, establish a full-cycle management mechanism for projects, and improve the project execution capability in an all-round manner. The Group will deepen the reform of the scientific research system and mechanism, and establish the scientific and technological innovation management system and new technology transformation mechanism in line with high-quality development.

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

In terms of domestic market, the Group will consolidate the market position of the existing engineering businesses such as flue gas treatment, water treatment and coal yard closure, seize the existing market share, polish its core business and improve its profitability; the Group will focus on green industry, continue to explore new business such as new energy, smart energy and municipal pollution treatment, accelerate transformation and upgrade, and establish new competitive advantages in the market. In terms of overseas market, the Group will take the direction of developing environmental protection and renewable energy, being guided by the ideas of “five stability, four steps and three strengthens”, transform towards the integration of investment, construction and operation, and promote the high-quality development of overseas business.

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

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

Changes in Share Capital and Shareholdings of Substantial Shareholders

I. CHANGES IN SHARE CAPITAL OF THE COMPANY

	Number of Shares as at 30 June 2020	Number of Shares as at 31 December 2019	Increase/ decrease (+, -) during the Reporting Period
Domestic Shares	2,343,245,800	2,343,245,800	0
H Shares	624,296,200	624,296,200	0
Total	2,967,542,000	2,967,542,000	0

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

As at 30 June 2020, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

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

As at 30 June 2020, to the best of the Directors' knowledge, having made all reasonable enquiries, the following persons (other than the Directors, Supervisors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and, which were entered in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholder	Class of Shares Capacity		As at 30 June 2020		
			Number of Shares/ underlying Shares held or deemed to be held (Share)	Approximate percentage of Shares/ underlying Shares ⁽¹⁾ (%)	Percentage in the total Shares ⁽²⁾ (%)
China Datang	Domestic Shares	Beneficial owner	2,343,245,800 (Long position)	100	78.96
Anbang Investment Holdings Co. Limited (安邦投資控股有限公司) ⁽³⁾	H Shares	Beneficial owner	120,540,000 (Long position)	19.31	4.06
Anbang Group Holdings Co. Limited (安邦集團控股有限公司) ⁽³⁾	H Shares	Interest in controlled corporation	120,540,000 (Long position)	19.31	4.06
Anbang Life Insurance Co., Ltd. (安邦人壽保險股份有限公司) ⁽³⁾	H Shares	Interest in controlled corporation	120,540,000 (Long position)	19.31	4.06
Anbang Insurance Group Co., Ltd. (安邦保險集團股份有限公司) ⁽³⁾	H Shares	Interest in controlled corporation	120,540,000 (Long position)	19.31	4.06
China Chengtong Investment Company Limited ⁽⁴⁾	H Shares	Beneficial owner	61,557,000 (Long position)	9.86	2.07
China Chengtong Holdings Group Ltd. ⁽⁴⁾	H Shares	Interest in controlled corporation	61,557,000 (Long position)	9.86	2.07
China Energy Engineering Corporation Limited (中國能源建設集團有限公司)	H Shares	Beneficial owner	61,557,000 (Long position)	9.86	2.07
State Grid International Development Limited (國家電網國際發展有限公司) ⁽⁵⁾	H Shares	Beneficial owner	61,467,000 (Long position)	9.85	2.07
State Grid Corporation of China (國家電網公司) ⁽⁵⁾	H Shares	Interest in controlled corporation	61,467,000 (Long position)	9.85	2.07
Three Gorges Capital Holdings Co., Ltd. (三峽資本控股有限責任公司) ⁽⁶⁾	H Shares	Beneficial owner	59,506,000 (Long position)	9.53	2.01
China Three Gorges Corporation (中國長江三峽集團公司) ⁽⁶⁾	H Shares	Interest in controlled corporation	59,506,000 (Long position)	9.53	2.01

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

		As at 30 June 2020			
Name of Substantial Shareholder	Class of Shares	Capacity	Number of Shares/ underlying Shares held or deemed to be held (Share)	Approximate percentage of Shares/ underlying Shares ⁽¹⁾ (%)	Percentage in the total Shares ⁽²⁾ (%)
China Huaneng Group Hong Kong Limited (中國華能集團香港有限公司) ⁽⁷⁾	H Shares	Beneficial owner	49,002,000 (Long position)	7.85	1.65
China Huaneng Group (中國華能集團公司) ⁽⁷⁾	H Shares	Interest in controlled corporation	49,002,000 (Long position)	7.85	1.65
China Huadian Hong Kong Limited (中國華電香港有限公司) ⁽⁸⁾	H Shares	Beneficial owner	48,628,000 (Long position)	7.79	1.64
China Huadian Corporation (中國華電集團公司) ⁽⁸⁾	H Shares	Interest in controlled corporation	48,628,000 (Long position)	7.79	1.64
Taiping General Insurance Co., Ltd. (太平財產保險有限公司) ⁽⁹⁾	H Shares	Beneficial owner	41,038,000 (Long position)	6.57	1.38
China Taiping Insurance Holdings Company Limited (中國太平保險控股有限公司) ⁽⁹⁾	H Shares	Interest in controlled corporation	41,038,000 (Long position)	6.57	1.38
China Taiping Insurance (HK) Company Limited (中國太平保險集團(香港)有限公司) ⁽⁹⁾	H Shares	Interest in controlled corporation	41,038,000 (Long position)	6.57	1.38
China Taiping Insurance Group Ltd. (中國太平保險集團有限責任公司) ⁽⁹⁾	H Shares	Interest in controlled corporation	41,038,000 (Long position)	6.57	1.38
China Life Franklin Asset Management Co., Limited (中國人壽富蘭克林資產管理有限公司) ⁽¹⁰⁾	H Shares	Beneficial owner	41,038,000 (Long position)	6.57	1.38
China Life Asset Management Company Limited (中國人壽資產管理有限公司) ⁽¹⁰⁾	H Shares	Interest in controlled corporation	41,038,000 (Long position)	6.57	1.38
China Life Insurance Company Limited (中國人壽保險股份有限公司) ⁽¹⁰⁾	H Shares	Beneficial owner	20,519,000 (Long position)	3.29	0.69
		Interest in controlled corporation	41,038,000 (Long position)	6.57	1.38
China Life Insurance (Group) Company (中國人壽保險(集團)公司) ⁽¹⁰⁾	H Shares	Beneficial owner	41,038,000 (Long position)	6.57	1.38
		Interest in controlled corporation	20,519,000 (Long position)	3.29	0.69
		Interest in controlled corporation	41,038,000 (Long position)	6.57	1.38

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

Notes :

- (1) The calculation is based on the percentage of shareholding in a total of 2,343,245,800 Domestic Shares and a total of 624,296,200 H Shares respectively as at 30 June 2020.
- (2) The calculation is based on the percentage of shareholding in a total of 2,967,542,000 Shares as at 30 June 2020.
- (3) Anbang Investment Holdings Co., Limited is a wholly-owned subsidiary of Anbang Group Holdings Co., Limited. Anbang Group Holdings Co. Limited is a wholly-owned subsidiary of Anbang Life Insurance Co., Ltd., which is wholly-owned by Anbang Insurance Group Co., Ltd..
- (4) China Chengtong Investment Company Limited is a wholly-owned subsidiary of China Chengtong Holdings Group Ltd..
- (5) State Grid International Development Limited is a wholly-owned subsidiary of State Grid Corporation of China.
- (6) Three Gorges Capital Holdings Co., Ltd. is the wholly-owned subsidiary of China Three Gorges Corporation.
- (7) China Huaneng Group Hong Kong Limited is a wholly-owned subsidiary of China Huaneng Group.
- (8) China Huadian Hong Kong Company Limited is a wholly-owned subsidiary of China Huadian Corporation.
- (9) Taiping General Insurance Co., Ltd. is a subsidiary of China Taiping Insurance Holdings Company Limited. China Taiping Insurance Holdings Company Limited is a subsidiary of China Taiping Insurance (HK) Company Limited, which is a wholly-owned subsidiary of China Taiping Insurance Group Ltd..
- (10) China Life Asset Management Company Limited is a controlling shareholder of China Life Franklin Asset Management Co., Limited. China Life Asset Management Company Limited is a subsidiary of China Life Insurance Company Limited, which is controlled by China Life Insurance (Group) Company.

Save as disclosed above, as at 30 June 2020, to the best knowledge of the Directors, the Directors were not aware of any persons who had interests and/or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and which were entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

Significant Events

I. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

III. DIVIDEND DISTRIBUTION PLAN FOR THE SIX MONTHS ENDED 30 JUNE 2020

According to the resolution passed by the Board on 28 August 2020, the Board did not recommend the distribution of interim dividends to the Shareholders for the six months ended 30 June 2020.

IV. MATERIAL LITIGATION OR ARBITRATION EVENTS

In November 2016, Technologies & Engineering Company, a subsidiary of the Company, and two other third parties have entered into arrangement with Datang Xinjiang to construct a wind farm on a land owned by Datang Xinjiang. As required by the arrangement, Technologies & Engineering Company purchased 33 wind turbines from Jiuding Tiandi Wind Power. In March 2017, Jiuding Tiandi Wind Power received a notice from Datang Xinjiang that the construction of the wind farm may be suspended. After a series of negotiation between the parties, Jiuding Tiandi Wind Power brought an arbitration proceeding against Technologies & Engineering Company in December 2018. In June 2020, the arbitration authority ruled that Technologies & Engineering Company shall compensate Jiuding Tiandi Wind Power for economic losses in an aggregate amount of RMB98,865,000.

Significant Events (Continued)

On 21 June 2020, Technologies & Engineering Company submitted an application to the local court to overrule the Arbitration Decision. Currently, the application has been duly accepted by the court and is in the stage of internal discussion and process approval of the court.

Saved as disclosed above, as at 30 June 2020, the Group has not been involved in any major legal litigation or arbitration event. As far as the Directors are aware, no such litigation or claims are pending or threatened against the Group.

V. CHANGES IN ACCOUNTING POLICIES

There was no change in accounting policies of the Group during the Reporting Period, except for the adoption of the revised accounting standards effective as of 1 January 2020. For details, please refer to Note 2.2 to the interim condensed consolidated financial information in this interim report.

VI. PUBLIC FLOAT

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

VII. MATERIAL CONTRACTS

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

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

For the six months ended 30 June 2020, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed securities.

IX. RESERVES

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

Significant Events (Continued)

X. USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

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

The use of net proceeds from the initial public offering for the six months ended 30 June 2020 is set out as follows:

	Use of net proceeds as disclosed in the Prospectus (HK\$ million)	Actual use of net proceeds up to 30 June 2020 (HK\$ million)	Unutilised net proceeds up to 30 June 2019 (HK\$ million)	Expected time of full utilization of remaining balance
To finance the capital expenditures for expanding the desulfurization and denitrification concession operations	1,219.5	1,219.5	0.0	–
To develop new sources of growth in the revenue and profit, including but not limited to EMC business for coal-fired power plants, water treatment business, and providing customers with overall solution plans of ultralow emissions	304.8	304.8	0.0	–
To repay some of the existing bank loans in order to lower the financial costs and improve the financial leverage ratio	203.2	203.2	0.0	–
For working capital and other general corporate purposes	203.2	203.2	0.0	–
For research and development expenditures	101.6	10.7	90.9	December 2020
Total	2,032.3	1,941.4	90.9	

XI. ASSET TRANSACTIONS

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

XII. INSOLVENCY AND RESTRUCTURING

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

XIII. SIGNIFICANT TRUSTEESHIP, CONTRACTING AND LEASE

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

XIV. MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2020, the Group had no material acquisition or disposal.

XV. SIGNIFICANT INVESTMENT AND FUTURE PLANS FOR MAJOR INVESTMENTS

For the six months ended 30 June 2020, the Group did not hold any significant investment and has not executed any agreement in respect of material acquisitions, investments or capital asset and did not have any other future plans relating to material acquisitions, investments or capital asset as at the Latest Practicable Date. Nonetheless, if any potential investment opportunity arises in the coming future, the Group will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Group and the Shareholders as a whole.

XVI. FINANCIAL INSTRUMENTS FOR HEDGING PURPOSES

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

XVII. CHARGED AND PLEDGED ASSETS

The details of charged and pledged assets of the Group as at 30 June 2020 are set out in Note 17 to the interim condensed consolidated financial information in this interim report.

XVIII. BANK BORROWINGS AND OTHER LOANS

The details of bank borrowings and other loans of the Group as at 30 June 2020 are set out in Note 17 to the interim condensed consolidated financial information in this interim report.

Significant Events (Continued)

XIX. CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no material contingent liabilities.

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

With effect from June 2020, Mr. Wang Yuanchun resigned as chairman of the Supervisory Committee and Supervisor, while Ms. Huo Yuxia served as the chairman of the Supervisory Committee and Supervisor.

With effect from July 2020, Mr. Hou Guoli resigned as the general manager of the Company and was re-designated to a non-executive Director from executive Director, while Mr. Liu Weihua resigned as the deputy general manager of the Company. Mr. Wang Yanwen served as the general manager of the Company, and resigned as the deputy general manager of the Company, while Mr. Tian Dan and Mr. Liu Chundong served as the deputy general manager of the Company.

With effect from August 2020, Mr. Hou Guoli resigned as one of the authorised representatives of the Company, while Mr. Wang Yanwen served as one of the authorised representatives of the Company.

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

XXI. REVIEW OF INTERIM REPORT

The audit committee of the Company (the “**Audit Committee**”) has reviewed the unaudited interim condensed consolidated financial statements and the interim report of the Group for the six months ended 30 June 2020.

XXII. IMPORTANT SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

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

XXIII. OTHER IMPORTANT MATTERS

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

Profile of Directors, Supervisors and Senior Management

I. NON-EXECUTIVE DIRECTORS

Mr. Jin Yaohua (金耀華)

born in April 1960, is the chairman of the Board and a non-executive Director. Mr. Jin had near 40 years of extensive work experience in the power industry. Before joining the Company, Mr. Jin successively served as the technician, engineer, deputy director, director, and secretary of Communist Party Branch at the Thermal Workshop of Huabei Power (華北電力試驗所) from August 1982 to January 1994. He then worked in the Science Research Institute of Huabei Power (華北電力科學研究院) serving successively as the deputy secretary of the Communist Party Committee, vice dean and deputy secretary from January 1994 to September 1996. Mr. Jin was the secretary of the Communist Party Committee and deputy manager of Zhangjiakou Power Plant (張家口發電廠) from September 1996 to February 1998; and he was the manager of Qinghuangdao Thermal Power Plant (秦皇島熱電廠) from February 1998 to November 1999. Between November 1999 and January 2003, Mr. Jin successively served as the deputy chief engineer, chief engineer and deputy general manager of Beijing Datang Power Generation Co., Ltd. (北京大唐發電股份有限公司). Mr. Jin held various positions at China Datang from January 2003 to August 2011, including the director of the safety production department, deputy chief engineer and chief engineer; and he has been serving as the deputy general manager of China Datang commencing from August 2010 to June 2020; and he has been a member of the Party Group of China Datang commencing from December 2019 to June 2020. From April 2010 to August 2014, Mr. Jin served as the director of Datang Huayin (a company listed on the Shanghai Stock Exchange, stock code: 600744). Mr. Jin obtained a bachelor's degree in thermal surveying and automation of power plants at the School of Water Resources and Electric Power of Wuhan University (武漢水利電力學院) in 1982. Mr. Jin was accredited as a senior engineer by the North China Electric Power Administration Bureau (華北電業管理局) in October 1992.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Hou Guoli (侯國力)

born in December 1962, served as the non-executive Director since July 2020. Mr. Hou Guoli possessed over 30 years of work experience in the power industry and used to be responsible for the business operation and management of various electric power enterprises. Prior to his joining the Company, Mr. Hou Guoli successively worked as a specialized technician, deputy director and director of the biotechnology division in the Liangzihe Power Plant (亮子河發電廠) from August 1984 to April 1993. He served successively as the deputy chief engineer, chief engineer, deputy plant manager and plant manager in Jiamusi No. 2 Power Plant (佳木斯第二發電廠) from April 1993 to July 1997. He served successively as the secretary of the Communist Party Committee and general manager of Qitaihe No.1 Power Generation Co., Ltd. (七台河第一發電有限責任公司) from July 1997 to August 2004. He served as the deputy director of production safety department of China Datang from August 2004 to April 2008. He worked for Datang Shaanxi Power Generation Co., Ltd. (大唐陝西發電有限公司) from April 2008 to July 2013, serving successively as the secretary of the Communist Party Committee and general manager, and the general manager and deputy secretary of the Communist Party Committee. From July 2013 to December 2016, he served successively as the general manager and secretary of the Communist Party Committee, and the general manager and deputy secretary of the Communist Party Committee in China Datang. Hunan Branch (中國大唐集團有限公司湖南分公司) and Datang Huayin. From December 2016 to March 2019, he served successively as the general manager and deputy secretary of the Communist Party Committee, and chairman and secretary of the Communist Party Committee in China Datang Overseas Investment Co., Ltd.. From March 2019 to July 2020, he served as the general manager, vice secretary of the Communist Party Committee of the Company. From October 2019 to July 2020, he served as the executive Director, and re-designated from an executive Director to a non-executive Director in July 2020. From October 2019 to August 2020, he served as one of the authorised representatives of the Company. Since July 2020 he has been serving as the head of the general office (the general office of the Communist Party Committee) and the director of confidentiality in China Datang. Mr. Hou Guoli graduated from Power Engineering Department of Northeast Electric Power University (東北電力學院) and obtained the Bachelor of Engineering in thermal power engineering for power plants in July 1984. Mr. Hou Guoli received special governmental allowance granted by State Council of the People's Republic of China in December 2016. He was accredited as a professor level senior engineer by the assessment centre for talents of China Datang in January 2018.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Liu Quancheng (劉全成)

born in October 1963, a non-executive Director. Mr. Liu had over 30 years of extensive work experience in the power industry. Mr. Liu Quancheng started his career in Xinxiang Coal-fired Plant (新鄉火電廠) from August 1983 to August 2001; he successively served as deputy head, head, deputy chief accountants and chief accountant in the financial department; from August 2001 to September 2005, he served as the chief accountant of Luoyang Shouyangshan Electricity Plant (洛陽首陽山電廠); he served successively as the director and deputy chief accountant of the supervision and audit department, as well as director and chief accountant of the finance and property right management department of Henan branch of China Datang from September 2005 to December 2013; he served as the deputy director of the financial management department of China Datang from December 2013 to January 2015 and the chief accountant of Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) from January 2015 to December 2015; he has served as the director of financial management department of China Datang from December 2015 to March 2020; and he serves as the director of China Datang Financial Business Department, chairman of Datang Finance and secretary of the Communist Party Committee Since March 2020. Mr. Liu Quancheng graduated from Zhongnan University of Economics and Law (中南財經大學) in 1994, majoring in finance and accounting. He then obtained a master's degree of philosophy from Huazhong University of Science and Technology (華中理工大學科學技術專業) in 1998, majoring in philosophy of scientific technology. He was accredited by Central China Power Industry Administration Bureau (華中電業管理局) as a senior accountant in May 1998. In addition, Mr. Liu Quancheng holds directorships in other listed companies, he has served as the director of Datang Huayin (a company listed on the Shanghai Stock Exchange, stock code: 600744) since June 2016.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Liu Ruixiang (劉睿湘)

born in March 1964, a non-executive Director. Mr. Liu had over 30 years of extensive work experience in the power related industry. Mr. Liu Ruixiang served successively as the deputy chief engineer, chief engineer and deputy manager of Baqiao Thermal Power Plant (灞橋熱電廠) from August 1982 to July 2000; he served as the deputy general manager of Xi'an Baqiao Thermal Power Co., Ltd. (西安灞橋熱電有限責任公司) from July 2000 to January 2001; he served as the manager of Xi'an Power Resin Factory (西安電力樹脂廠) and the deputy general manager of Shaanxi Electricity Yinhe Co., Ltd (陝西電力銀河有限公司) from January 2001 to March 2002; he served as the deputy general manager of the Shaanxi Electricity Generation Company (陝西電力發電有限公司) from March 2002 to June 2003; he served as the chief manager of Xi'an Baqiao Thermal Power Co., Ltd. (西安灞橋熱電有限責任公司) and manager of the Baqiao Thermal Power Plant (灞橋熱電廠) from June 2003 to June 2004; he served as the deputy general manager of Datang Shaanxi Power Generation Co., Ltd. (大唐陝西發電公司) from June 2004 to December 2014; he served as the general manager and secretary of the Communist Party Committee of Ningxia branch of China Datang from December 2014 to December 2016; he served as the secretary of the Communist Party Committee, deputy general manager, general manager and deputy secretary of the Communist Party Committee of China Datang Overseas Investment Co., Ltd. (中國大唐集團海外投資有限公司) from December 2016 to March 2019; he served as the director of production and operation department of China Datang from March 2019 to March 2020; and he served as the general manager and deputy secretary of the Communist Party Committee of Tianjing branch of China Datang since March 2020. Mr. Liu Ruixiang graduated from the Correspondence College of Party School of the Central Committee of the Communist Party of China (中共中央黨校函授學院) in 1994, majoring in economics. He was accredited by Northwest Power Industry Administration Bureau (西北電業管理局) as a senior engineer in December 1999. In addition, Mr. Liu Ruixiang also holds directorships in other listed companies. He has served as a director of Datang Huayin (a company listed on the Shanghai Stock Exchange, stock code: 600744) since September 2019, a director of Datang Guiguan (a company listed on the Shanghai Stock Exchange, stock code: 600236) since June 2020.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Li Zhenyu (李震宇)

born in August 1975, a non-executive Director. Mr. Li Zhenyu has approximately 20 years of relevant experience in accounting. Prior to his joining the Company, Mr. Li Zhenyu served successively as the accounting clerk, the deputy director of the audit division of the finance department and the deputy director of the finance department at Hunan Huayin Electric Power Co., Ltd. (湖南華銀電力股份有限公司) from July 1998 to September 2005. From September 2005 to June 2008, he served as the comprehensive officer of tariff at the finance and property management department of China Datang Corporation. From June 2008 to December 2013, he served successively as deputy director (in charge) of the finance and asset management department, director and deputy chief accountant as well as the director of the finance and asset department of China Datang Corporation Overseas Investment Co., Ltd.. From December 2013 to August 2016, he served as the chief accountant and a member of the Communist Party Committee of Datang Shandong Power Generation Company Ltd. (大唐山東發電有限公司). From August 2016 to August 2017, he served as the chief accountant and a member of the Communist Party Committee of the Company. From August 2017 to March 2020, he served successively as deputy director of the finance department, the deputy director (in charge) of the capital operation and property management department of China Datang; and he served as the deputy director of China Datang Investment Cooperation Department (Capital Operation Department) since March 2020. Mr. Li Zhenyu graduated from Changsha Power Economic University (長沙電力學院), majored in accounting and obtained a bachelor's degree in economics in June 1998. He further obtained a master's degree in economics in Business School of Wuhan University (武漢大學) in June 2001, majoring in industrial economics. Mr. Li Zhenyu was accredited as a senior accountant by China Datang Corporation in December 2011. In addition, Mr. Li Zhenyu also holds directorships in other listed companies. He has served as a director of Datang Huayin (a company listed on the Shanghai Stock Exchange, stock code: 600744) since June 2019, a director of Datang Guiguan (a company listed on the Shanghai Stock Exchange, stock code: 600236) since June 2020.

II. NON-EXECUTIVE DIRECTOR

Mr. Wang Yanwen (王彥文)

born in November 1964. Mr. Wang Yanwen served as the secretary of the party committee of the Company since July 2019; he has been serving as the general manager and deputy secretary of the Communist Party Committee of the Company since July 2020 and serving as the executive Director since October 2019. Mr. Wang Yanwen has over 30 years of extensive experience in the power industry. Prior to joining the Company, Mr. Wang Yanwen served as an electrical technician of the engineering department, the head of the microwave office, specialized engineer and deputy director of the Communication Branch, as well as director of the communication engineering office of the repair and maintenance engineering division, the Party branch secretary of the heating ventilation department and head of the fuel management department of Shuangyashan Power Plant (雙鴨山發電廠) from February 1985 to July 1998, head of the general office of Heilongjiang Power Fuel Corporation (黑龍江省電力燃料總公司) from July 1998 to February 2004, head of the Heilongjiang transportation office of Datang Power Fuel Co., Ltd. (大唐電力燃料有限公司) from February 2004 to December 2004, deputy director of the fuel management center of Datang Heilongjiang Power Generation Co., Ltd. (大唐黑龍江發電有限公司) and deputy general manager of Datang Heilongjiang Power Fuel Co., Ltd. (大唐黑龍江電力燃料有限公司) from December 2004 to October 2006, director of the fuel management center of Datang Heilongjiang Power Generation Co., Ltd. and general manager of Datang Heilongjiang Power Fuel Co., Ltd. from October 2006 to March 2010, vice chief economist and director of the fuel management center of Datang Heilongjiang Power Generation Co., Ltd. and general manager of Datang Heilongjiang Power Fuel Co., Ltd. from March 2010 to August 2010, vice chief economist, vice chief economist and director of the ideological and political department as well as deputy secretary of the party committee directly administered by the company and director of the labor union office of Datang Heilongjiang Power Generation Co., Ltd. from August 2010 to January 2015, a member of party committee, head of the discipline inspection committee, chairman of the labor union and head of the discipline inspection committee of Datang Jilin Power Generation Co., Ltd. (大唐吉林發電有限公司) from January 2015 to December 2016, deputy director of the fuel management department of China Datang from December 2016 to December 2017, secretary of the party committee, deputy general manager, chairman and secretary of the party committee of Datang Power Fuel Co., Ltd. from December 2017 to July 2019. From July 2019 to July 2020, Mr. Wang served as the secretary to the Communist Party Committee and deputy general manager of the Company. Mr. Wang Yanwen graduated from Harbin Institute of Technology (哈爾濱工業大學) in July 1996 majoring in computer and application. He has served as a director of Datang Guiguan (a company listed on the Shanghai Stock Exchange, stock code: 600236) since June 2020.

III. INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ye Xiang (叶翔)

born in January 1964, is an independent non-executive Director. Mr. Ye possessed over 20 years of extensive work experience in the industries relating to finance, banking and regulation. Mr. Ye was an economist of the PBOC from August 1994 to July 1998, and he worked for Hong Kong Monetary Authority (香港金融管理局) as a senior analyst from August 1998 to July 2000. Mr. Ye served as the executive director of the Bank of China International Holdings Limited (中銀國際控股有限公司) from August 2000 to July 2001. During the period from August 2001 to October 2007, he served successively as the director of China affairs of the Securities and Futures Commission of Hong Kong. Mr. Ye has been acting as the managing director of Vision Gain Capital limited (匯信資本有限公司) since November 2007; an independent director of UBS Securities LLC (瑞銀證券有限責任公司) since March 2010; and a member of the Public Shareholders Group of the SFC since April 2015. In addition, Mr. Ye has held directorship in other listed companies, including the position of independent non-executive director of Wuling Motors Holdings Limited (五菱汽車集團控股有限公司) (a company listed on the Stock Exchange, stock code: 0305) since October 2008 and the position of independent director of Digital China Group Co., Ltd. (神州數碼集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000034) from June 2011 to May 2016, and has been serving as an independent non-executive director of 51 Credit Card Inc. (a company listed on the Stock Exchange, stock code: 2051) since February 2018 and an independent non-executive director of Jinshang Bank Co., Ltd. (晉商銀行股份有限公司) (a company listed on the Stock Exchange, stock code: 2558) since December 2018. Mr. Ye obtained a doctoral degree in economics at the Financial Research Institute of the PBOC (中國人民銀行總行金融研究所) in 1995. Mr. Ye was accredited as a chartered financial analyst by the CFA Institute (特許金融分析師學會) in September 2004.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Mao Zhuanjian (毛專建)

born in June 1953, is an independent non-executive Director. Mr. Mao possessed extensive experience in the environmental protection, energy conservation and clean production of the power industry. Mr. Mao currently serves as the senior expert of the energy conservation and environmental protection division of China Electricity Council (中國電力企業聯合會節能環保分會) (“CEC”), member of the specialized committee for energy and environment of China Energy Research Society (中國能源研究會能源與環境專業委員會), member of the specialized committee for electric power and environmental protection of the Chinese Society for Electrical Engineering (中國電機工程學會電力環保專業委員會) and member of the low-carbon economics taskforce of the China Association of Plant Engineering Consultants (中國設備監理協會低碳經濟工作委員會). Before joining the Company, Mr. Mao was the engineer and deputy head of the environmental protection office of the planning department of the Ministry of Water and Power Industry (國家水電部) from February 1986 to November 1988. Between November 1988 and November 1993, Mr. Mao served as the deputy head of the Environmental Protection and Management Division (環境保護管理處) under the environmental protection center for CEC (中電聯環境保護中心). From November 1995 to September 2005, he served as director of the consulting division of CEC Electric Power Construction Technical Center (中電聯電力建設技術中心) under the State Power Corporation. From October 2005 to June 2017, he served successively as the manager of environmental protection division and the manager of climate change response division under the CEC, the vice secretary for the National Collaborative Network for Desulfurization and Denitrification Technologies for the Power Industry (全國電力行業脫硫脫硝技術協作網), and the deputy secretary and deputy secretary general for the energy conservation and environmental protection sub-division under the CEC. Mr. Mao graduated from Guizhou Industrial College (貴州工學院) in 1976, majoring in inorganic chemistry. Mr. Mao was accredited as a professor-level senior engineer by the Ministry of Power Industry in April 1999 and was engaged by the energy conservation and environmental protection sub-division under CEC as a core professional for CEC (中電聯核心專家) in June 2014. Mr. Mao was twice accredited as an expert in the expert reserves for environmental protection and energy conservation professionals for the power industry (電力行業環保節能專家庫專家) by CEC in October 2013 and August 2014, respectively.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Gao Jiaxiang (高家祥)

born in January 1974, is an independent non-executive Director. Mr. Gao has considerable work experience in internal and external corporate audit, investment, merger and acquisition, restructuring and corporate valuation. Before joining the Company, Mr. Gao served as an audit manager at Xinxiang Juzhongyuan Certified Public Accountants (新鄉巨中元會計師事務所有限責任公司) from May 1996 to July 2003. He then worked at the Beijing branch of Nanfang Minhe Certified Public Accountants (南方民和會計師事務所北京分所) as the manager of audit department from August 2003 to June 2006. He worked as the manager at Beijing Zhonghe Dingxin Certified Public Accountants (北京中和鼎信會計師事務所) from July 2006 to August 2007 and the manager at Beijing Tianyuanquan Certified Public Accountants (北京天圓全會計師事務所) from September 2007 to February 2009. He then served as the chief financial officer of Beijing Guanshi Foundation International Investment Management Company Limited (北京管氏基業國際投資管理有限公司) from March 2009 to June 2017. Mr. Gao served as the chief financial officer of Risun Chemical Co., Ltd. (旭陽化工有限公司) during the period from June 2017 to October 2017, and has been serving as an executive director and the general manager of Beijing Huamai Huizhong Technology Co., Ltd. (北京華麥惠眾科技有限公司) since October 2017. Mr. Gao graduated from Central University of Finance and Economics (中央財經大學) in January 2009 and obtained a bachelor's degree in accounting. He then obtained an MBA from Central University of Finance and Economics (中央財經大學) in June 2016. He was accredited as a certified public accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in April 2003 and as a certified tax agent by Henan Certified Tax Agent Management Center (河南省註冊稅務師管理中心) in June 2002.

IV. SUPERVISORS

Ms. Huo Yuxia (霍雨霞)

born in June 1965, is the chairman of the Supervisory Committee. She obtained a bachelor degree and has over 30 years of extensive work experience in auditing of the power-related industry. From July 1986 to July 1997, Ms. Huo served as budgetary staff, head of installation and budget team, deputy division head, deputy head and director of the operation department and project department of Gaobeidian for the planning division of Shanxi Electric Power Construction Second Engineering Company (山西省電力建設第二工程公司); from July 1997 to June 2007, she served as a staff member of planning and finance department, the deputy manager of planning and finance department, manager of planning and finance department, vice chief accountant and manager of planning and finance department of Yangcheng International Power Generation Co., Ltd. (陽城國際發電有限責任公司); from June 2007 to August 2016, she served as deputy director (in charge) of finance department, director of finance department, vice chief accountant and director of finance department, chief accountant, Party committee member of Shanxi Branch of China Datang. From August 2016 to December 2017, she served as deputy director and director of the audit department of China Datang. She has served as director of the audit department and director of the legal department (risk management department) of China Datang since December 2017. Ms. Huo graduated from Taiyuan University of Technology (太原工業大學), majoring in electric power system and automation in July 1986. She is currently a senior economist (高級經濟師).

Mr. Liu Liming (柳立明)

Born in February 1972, is a Supervisor. Mr. Liu Liming had over 20 years of extensive experience in auditing works in relation to the power industry. Mr. Liu Liming worked for the audit department in Beijing Electric Power Corporation (北京供電公司) from December 1996 to March 2003. From March 2003 to April 2018, he successively worked as a staff of the first audit department, deputy manager of the first audit department, deputy manager of the third audit department, the manager of the third audit department and the deputy director of audit division of China Datang Corporation. From April 2018 to July 2019, he served as the vice dean and the chief accountant of China Datang Cadres Training Institute (中國大唐集團幹部培訓學院). From July 2019 to March 2020, Mr. Liu served as the deputy director of the legal department (risk management department) of China Datang. He served as the director of China Datang Guangzhou Audit Center and Guangzhou Legal Affairs Center since March 2020. Mr. Liu graduated from Changsha Institute of Power in 1996, majoring in accounting. Mr. Liu Liming was also qualified as an intermediate accountant by Ministry of Finance (財務部) in May 2002.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Chen Li (陳利)

born in August 1966, is an employee representative Supervisor. Mr. Chen has served as a director of the ideological and political work department of the Company since October 2017, and has been serving as the deputy chief economist and director of the ideological and political work department of the Company since February 2018. Mr. Chen has nearly 30 years of work experience in power industry. Before joining the Company, from July 1989 to April 2008, Mr. Chen worked for Beijing General Power Equipment Plant (北京電力設備總廠) and successively served as the assistant engineer for product design of the research institute, a deputy plant manager of the closed busbars plant, a deputy plant manager and the division head of sales and marketing division, plant manager, deputy chief engineer of the plant management office, deputy chief engineer and director of the information center, deputy chief engineer and the manager of the quality assurance department, deputy chief engineer and deputy general manager of grinding mill division and director of sales and marketing technical division. From April 2008 to February 2009, Mr. Chen served as the deputy general manager of mechanical transportation division of Technology & Engineering Company. From February 2009 to September 2009, he served as a deputy general manager of Beijing Datang Hengtong Mechanical Transport Co., Ltd. (北京大唐恒通機械輸送技術有限公司). From September 2009 to February 2012, he served as the deputy head of the production preparation team for denitrification catalyst of Technology & Engineering Company. From February 2012 to October 2012, he served as the deputy general manager (in charge) of Datang Nanjing Environmental Protection Technology Co., Ltd. (大唐南京環保科技有限公司). From October 2012 to June 2014, he served as the executive deputy general manager of Beijing Datang Hengtong Mechanical Transport Co., Ltd.. From June 2014 to January 2015, he served as the deputy general manager (in charge) of Beijing Datang Hengtong Mechanical Transport Co., Ltd.. Mr. Chen served successively as the deputy director (in charge) of the general manager's office (international cooperation department), the director of the general manager's office (international cooperation department), the director of inspection audit unit, the director of ideological and political work department, the director of ideological and political work department and the director of inspection audit unit of the Company from January 2015 to October 2017. Mr. Chen graduated from Xi'an Jiaotong University (西安交通大學) majoring in electrical appliances of electrical engineering and obtained a bachelor's degree in engineering in 1985. Mr. Chen was accredited as a senior engineer by the State Power Corporation (國家電力公司) on 31 December 1999.

V. SENIOR MANAGEMENT

Mr. Tian Dan (田丹)

born in March 1965, a member of the Communist Party of China and a senior engineer. Mr. Tian has served as the deputy general manager of the Company since July 2020. Mr. Tian has over 30 years of extensive experience in the power generation industry. Prior to joining the Company, Mr. Tian served as a shift supervisor and technician of the Shanxi Shentou No. 2 Power Plant (山西神頭第二發電廠) from July 1987 to January 1993. He served as an engineer at the Thermal Power Simulation Training Center of Shanxi Electric Power Company (山西省電力公司) from January 1993 to October 1996. He served as an engineer of the Engineering and Technology Department, manager of the Production Preparation Department, manager of the Power Generation Department and deputy chief engineer of Yangcheng International Power Generation Co., Ltd. (陽城國際發電有限責任公司) from October 1996 to July 2001. He served as the deputy general manager of Yangcheng International Power Generation Co. Ltd. from July 2001 to January 2005. He served as the deputy general manager of Yangcheng International Power Generation Co. Ltd. and the deputy general manager of Datang Yangcheng Power Generation Co., Ltd. (大唐陽城發電有限責任公司) from January 2005 to December 2005. He served as the secretary of the Party committee, the deputy general manager of Yangcheng International Power Generation Co., Ltd. and the deputy general manager of Datang Yangcheng Power Generation Co., Ltd. from December 2005 to November 2006. He served as the general manager and the secretary of the Party committee of Yangcheng International Power Generation Co., Ltd. and the general manager of the Datang Yangcheng Power Generation Co. Ltd. from November 2006 to November 2009. He served as the secretary of the Communist Party Committee and the deputy general manager of the Chongqing Branch of Datang International Power Generation Co., Ltd., (大唐國際發電股份有限公司重慶分公司) and also the secretary of the Party committee and deputy general manager of Chongqing Yuneng (Group) Co., Ltd. (重慶渝能(集團)有限責任公司) from November 2009 to December 2012. He served as the secretary of the Communist Party Committee and general manager of the Chongqing Branch of Datang International Power Generation Co., Ltd. from December 2012 to February 2015. He served as the general manager and the deputy secretary of the Party committee of Chongqing Yuneng Industry (Group) Co., Ltd. (重慶渝能產業(集團)有限責任公司) from February 2015 to March 2017. He served successively as the general manager, the deputy secretary of the Party committee, the chairman and the secretary of the Party committee of the Ningxia branch of China Datang from March 2017 to July 2019. He served as the chairman and the secretary of the Party committee of the Ningxia branch of China Datang, as well as the director of the Ningxia Planning and Development Center (寧夏規劃發展中心) of China Datang Corporation from July 2019 to November 2019. He also served as the chairman and secretary of the Party committee of Xiongan Energy Co., Ltd. of China Datang Corporation (中國大唐集團雄安能源有限公司) from November 2019 to June 2020. Mr. Tian studied in the Department of Thermal Engineering of Taiyuan University of Technology from September 1983 to July 1987 and obtained his bachelor's degree majoring in power plant thermal power engineering. He then studied in the School of Economics and Management of Tsinghua University from September 2002 to January 2005, majoring in senior management and business administration and obtained a master's degree in senior management business administration.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Chen Song (陳崧)

born in May 1968, has been serving as the chief accountant and a member of the Party Committee of the Company since July 2019. Mr. Chen has nearly 30 years of experience in power industry. Prior to joining the Company, Mr. Chen consecutively served as an accountant of financial department of North China Power Institute (華北電力設計院) from July 1991 to January 1993, an accountant of North China Power Group Co., Ltd. (華北電力集團公司) from January 1993 to January 1998, senior head of financial department, vice director of the funds division and director of property funds division of the financial department of Beijing Datang Power Generation Company Limited (北京大唐發電股份有限公司) from January 1998 to December 2004, plant manager assistant, deputy plant manager and concurrently chief accountant of Beijing Gao Jing Thermal Power Plant (北京高井熱電廠) from December 2004 to December 2006, vice manager, vice general manager and vice director of the financial department of Datang International Power Co., Ltd. (大唐國際發電股份有限公司) from December 2006 to November 2009, general manager and director of phase II construction preparation department of Yunnan Datang International Honghe Power Generation Company Limited (雲南大唐國際紅河發電有限責任公司) from November 2009 to December 2012, director of the financial department of Datang International Power Co., Ltd. from December 2012 to December 2013, and chief accountant and a party committee member of Datang Renewable from December 2013 to July 2019.

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

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Wang Haijie (王海傑)

born in November 1962, served as the deputy general manager of the Company since April 2019. Mr. Wang has over 30 years of experience in the power industry and has been in charge of the business operation and management of a number of electric power enterprises. Prior to joining the Company, Mr. Wang served as a worker at the thermal heat workshop of Xihuayuan Power Plant (下花園發電廠) during December 1982 and July 1988, and a team head of the thermal heat workshop of Shalingzi Power Plant (沙嶺子發電廠) during July 1988 and June 1992; he successively served as a team head and deputy supervisor at the thermal heat division, the chief engineer at the production technology division of the maintenance and repairs department, and a supervisor at the production technology division of Qinhuangdao Thermal Power Plant (秦皇島熱電廠) during June 1992 and May 2004, the person-in-charge of the production preparation team, the chief engineer and the deputy head of the equipment and engineering department, the head of the equipment department, and the deputy chief engineer and the head of the equipment department of Guangdong Datang International Chaozhou Power Generation Co., Ltd. (廣東大唐國際潮州發電有限責任公司) during May 2004 and April 2007, an assistant to general manager and the deputy general manager of Fujian Datang International Ningde Power Generation Co., Ltd. (福建大唐國際寧德發電有限責任公司) during April 2007 and August 2009, the general manager of Shanxi Datang International Linfen Thermal Power Co., Ltd. (山西大唐國際臨汾熱電公司) during August 2009 and January 2011, the secretary to the party committee, deputy general manager, and general manager of Liaoning Datang International Fuxin Coal to Gas Co., Ltd. (遼寧大唐國際阜新煤製天然氣有限責任公司) during January 2011 and November 2016, a consultant at the expert work station of Zhongxin Energy and Chemical Technology Company Limited (中新能化科技有限公司) during November 2016 and January 2018, and the deputy general manager and a member of the party committee of China Datang Overseas Investment Co., Ltd. (中國大唐集團海外投資有限公司) during January 2018 and April 2019. Mr. Wang graduated from Zhangjiakou Vocational College (張家口市職工大學) in July 1988 and obtained a college degree. He obtained the qualification as senior engineer from Senior Specialized Technique Titles Evaluation Committee of China Datang in December 2009.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Mao Hui (毛輝)

born in February 1975, has been serving as a deputy general manager of the Company since 10 March 2017. Mr. Mao has approximately 20 years of extensive experience in power industry. From January 2005 to February 2012, Mr. Mao served several positions in Technology & Engineering Company, which is currently a subsidiary of the Company, including chief assistant of its general manager office, a deputy director of its science and technology management department and director of its human resource department. From February 2012 to January 2015, Mr. Mao served as director of human resource department of the Company, during which, Mr. Mao also served as general manager of Technology & Engineering Company from January 2014 to January 2015 and secretary to the Communist Party Committee of Technology & Engineering Company from March 2014 to January 2015. From January 2015 to December 2016, Mr. Mao continued to serve as general manager and secretary to the Communist Party Committee of Technology & Engineering Company. Prior to joining the Group, he served as an engineer of auxiliary power division of Hunan Thermal Power Construction Corporation (湖南省火電建設公司) from August 1997 to March 1999, as an engineer of power transmission and transformation department of China Huadian Engineering Co., Ltd. (中國華電工程(集團)有限公司) (“China Huadian”) from April 1999 to December 2000, and chief information manager of general manager office of China Huadian from January 2001 to December 2004. Mr. Mao graduated from Xi’an Jiaotong University (西安交通大學) with a bachelor’s degree in engineering in July 1997, majoring in electrical appliance. He further obtained an MBA degree from Tsinghua University (清華大學) in July 2009. Mr. Mao was accredited as a senior engineer by China Datang in December 2009.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Liu Chundong (劉春東)

born in February 1970, a member of the Communist Party of China, a senior engineer. Mr. Liu has served as the deputy general manager of the Company since July 2020. Mr. Liu has nearly 30 years of extensive experience in the power industry. Prior to joining the Company, Mr. Liu served successively as a watch of operation, chief watch of operation, deputy shift leader, specialist engineer in operation, specialist engineer in electric operation and maintenance of the Production Technology Department, shift supervisor of the Production Technology Department, the director (maintenance) of the Electrical Branch of Tongliao Power Generation Plant (通遼發電總廠發電分廠) from July 1991 to January 2005. He served as a senior engineering supervisor of the Power Generation Management Department of CPI Hologol Coal (中電霍煤發電管理部) from January 2005 to May 2008. He served as deputy director of the Safety Division and Engineering Department of the Power Generation Department of CPI East Inner Mongolia Energy (中電投蒙東能源發電事業部安全生產與工程部) and the deputy director of the Tender and Bid Management Center of CPI East Inner Mongolia Energy Co., Ltd. (中電投蒙東能源集團公司招標管理中心) from May 2008 to February 2011. He served as the deputy president of Datang Renewable Power Maintenance Co., Ltd. (大唐新能源電力檢修有限公司) as well as the deputy general manager of Beijing Tanghao Electricity Engineering Technology Research Co., Ltd. (北京唐浩電力工程技術研究有限公司) from February 2011 to January 2012. He served successively as the deputy director (in charge) of the Science and Information Department and the director of President Office Department (International Cooperation Department, Policy and Law Department) of Datang Renewable from January 2012 to October 2015. He served as the dean of Datang Renewable Energy Test and Research Institute (大唐新能源試驗研究院) from October 2015 to December 2016, the chief engineer of Datang Renewable from December 2016 to December 2017. He served as the deputy general manager and member of the Party committee of China Datang Group Overseas Investment Co., Ltd. (中國大唐集團海外投資有限公司) from December 2017 to May 2018. He served as the deputy general manager and member of the Party committee of China Datang Group Overseas Investment Co., Ltd. as well as the director of the Preparatory Office of China Datang Group Africa Co., Ltd. (中國大唐集團非洲公司) from May 2018 to March 2019. He served as the associate dean and member of the Party committee of China Datang Corporation Renewable Power Science and Technology Research Institute Co., Ltd. (中國大唐集團新能源科學技術研究院有限公司) from March 2019 to June 2020. Mr. Liu studied in Harbin Institute of Technology from July 1987 to July 1991, obtained his bachelor's degree majoring in electric power system and automation.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Zhou Ce (周策)

born in September 1969, has been serving as a member of the Company's party committee, secretary of the discipline inspection committee, and chairman of the labor union since March 2020. Mr. Zhou has approximately 17 years of experience in the power industry. Before joining the Company, from July 1991 to March 1993, Mr. Zhou worked in the power workshop of the Shandong Heze No. 2 Wool Textile Factory (山東菏澤第二毛紡織廠) and successively served as the trainee, technician and assistant engineer. From March 1993 to June 1995, Mr. Zhou served as the deputy manager of Shangdong Heze Modern Office Equipment Company (山東菏澤現代辦公設備公司). From June 1995 to September 2000, he served as the clerk, fourth-level judge, third-level judge, and presiding judge in Shandong Heze Intermediate People's Court (山東菏澤中級人民法院). From September 2000 to August 2003, he studied for a master of Laws (International Economic Law) at China University of Political Science and Law (中國政法大學). From August 2003 to December 2006, he served as a fourth-level employee in the Economic and Legal Department of State Grid Corporation of China (國家電網公司). From December 2006 to June 2013, he served as the deputy director and director of the Ministry of Economics and Law in State Grid Corporation of China. From June 2013 to August 2017, he served as the head of the administrative comprehensive group, the head of the party-mass working group, the director of the office, and the director of the legal office of the State Grid Energy Saving Service Co., Ltd. (國網節能服務有限公司). From August 2017 to March 2020, he served as deputy director of Corporate Management and Legal Affairs Department, deputy director of Supervision Department (Party Group Discipline Inspection Office, Inspection Work Office), and deputy director of Party Group Inspection Work Office in China Datang Corporation. Mr. Zhou studied law at Shandong University from December 1997 to June 2002, obtained a university degree and a master's degree in law from China University of Political Science and Law in August 2003.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Liang Xiuguang (梁秀廣)

born in January 1979, has served as deputy general manager of the Company since 23 March 2018. Mr. Liang has nearly 20 years of experience in power industry. Before joining the Company, Mr. Liang worked for Shandong Huangdao Electric Power Plant (山東黃島發電廠) from July 2000 to September 2009, serving successively as boiler operator, secretary of the general office, deputy director of the general office and director of the politics department. When serving for Datang Shandong Renewable Energy Co., Ltd. (大唐山東新能源有限公司) from September 2009 to March 2012, Mr. Liang acted successively as head of the general office, deputy chief economist, deputy general manager and member of Party Committee. He served concurrently as deputy general manager of Datang Shandong Clean Energy Development Co., Ltd. (大唐山東清潔能源開發有限公司) from November 2010 to March 2012, and acted as deputy general manager and member of Party Committee of Datang Shandong Clean Energy Development Co., Ltd. from March 2012 to March 2013. From March 2013 to November 2013, Mr. Liang worked for Shenyang Huachuang Wind Power Co., Ltd. (瀋陽華創風能有限公司) as member of Party Committee and deputy general manager. He served successively as deputy general manager of the automation department, deputy director of materials management department (in charge of overall operation) and director of materials management department of the Company from November 2013 to January 2017. From January 2017 to March 2018, Mr. Liang acted as general manager and member of Party Committee of Technology & Engineering Company. Mr. Liang graduated from the Power Faculty of Shandong Electric Power College (山東省電力高等專科學校) in July 2000, with major in thermal power, and took undergraduate courses on thermal energy and power engineering from the School of Continuing Education of Harbin Institute of Technology (哈爾濱工業大學) from March 2010 to July 2012. Subsequently, he obtained a master's degree in engineering from Xi'an University (西安電子科技大學) in June 2017. Mr. Liang was granted the qualification of senior administration engineer by China Datang in December 2016.

Profile of Directors, Supervisors and Senior Management (Continued)

Ms. Zhu Mei (朱梅)

born in February 1967, has served as deputy general manager of the Company since 20 July 2018, and served as the secretary to the Board, joint company secretary and authorized representative of the Company since 17 August 2018. Ms. Zhu has nearly 30 years of extensive experience in power industry. Ms. Zhu served successively as a teacher at North China Power Administration Bureau University for Staff (華北電管局職工大學) and an economist of comprehensive planning department of North China Power Group Company (華北電力集團公司) from August 1988 to August 1999 prior to joining the Company. From August 1999 to August 2000, she served as a specialist of capital market department of Beijing Datang Power Generation Co., Ltd. (北京大唐發電股份有限公司). From March 2004 to June 2018, she acted successively as an investment planning director of the comprehensive planning department of North China Grid Company Limited (華北電網有限公司), an employee of the capital operation office of the development and planning department of China Datang, an employee of the capital operation office of the planning, investment and financing department of China Datang, a deputy director at the capital operation office of the planning, investment and financing department of China Datang, the deputy director of the capital operation office of capital operation and assets management department of China Datang, the director of the capital operation office of capital operation and assets management department of China Datang, and the director at securities finance first office of capital operation and assets management department of China Datang. Ms. Zhu obtained a bachelor degree of engineering in industrial management and engineering profession of management engineering department in the School of Management of Xi'an Jiaotong University (西安交通大學) in July 1988, a master's degree of economics in investment economics profession of investment department of Renmin University of China (中國人民大學) in January 1999, a master's degree of applied science of information system management profession in the faculty of engineering of University of Waterloo in Canada (加拿大滑鐵盧大學) in October 2003. She was granted the qualification of senior economist from the Senior Economist Review Committee of North China Power Administration Bureau (華北電業管理局高級經濟師評審委員會) under the Ministry of Electric Power Industry in August 1999.

Independent Review Report



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To the board of directors of Datang Environment Industry Group Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 53 to 94, which comprises the condensed consolidated statement of financial position of Datang Environment Industry Group Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2020 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants

Hong Kong
28 August 2020

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

For the six months ended 30 June 2020
(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Revenue	4	2,867,941	2,418,489
Cost of sales		(2,443,412)	(1,906,557)
Gross profit		424,529	511,932
Selling and distribution expenses		(10,046)	(17,666)
Administrative expenses		(193,474)	(295,172)
Other income and losses	5	56,614	46,202
Other expenses	6	(98,865)	–
Finance costs	7	(137,170)	(119,521)
Impairment losses on financial and contract assets		(8,394)	(4,219)
Profit before tax		33,194	121,556
Income tax expense	8	(29,005)	(30,279)
PROFIT FOR THE PERIOD		4,189	91,277
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(736)	(621)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		(736)	(621)

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

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

<i>Notes</i>	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	1,730	(2,224)
Income tax effect	(260)	334
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	1,470	(1,890)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	734	(2,511)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	4,923	88,766
Profit attributable to:		
Owners of the parent	50,299	89,880
Non-controlling interests	(46,110)	1,397
	4,189	91,277
Total comprehensive income attributable to:		
Owners of the parent	51,357	87,642
Non-controlling interests	(46,434)	1,124
	4,923	88,766
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted (RMB)	10	0.02
		0.03

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2020

(Amounts expressed in thousands of rmb unless otherwise stated)

	Notes	30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	7,320,038	7,617,283
Right-of-use assets		343,329	356,043
Intangible assets		235,588	238,333
Equity investments designated at fair value through other comprehensive income		9,388	7,658
Deferred tax assets		68,640	70,086
Other non-current assets		382,205	422,254
Total non-current assets		8,359,188	8,711,657
CURRENT ASSETS			
Inventories		189,742	169,920
Trade, bills receivables and contract assets	12	9,791,491	9,425,082
Prepayments, other receivables and other assets	13	1,162,503	1,241,554
Restricted cash	14	24,171	42,179
Cash and cash equivalents	14	1,299,267	1,580,367
Total current assets		12,467,174	12,459,102
CURRENT LIABILITIES			
Trade and bills payables	15	5,166,295	4,989,275
Other payables and accruals		1,959,636	1,852,722
Provisions	16	101,306	–
Interest-bearing bank borrowings and other loans	17	3,211,041	3,723,311
Income tax payable		10,945	9,471
Total current liabilities		10,449,223	10,574,779

Interim Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2020

(Amounts Expressed in Thousands of RMB Unless otherwise stated)

		30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
	<i>Notes</i>		
NET CURRENT ASSETS		2,017,951	1,884,323
TOTAL ASSETS LESS CURRENT LIABILITIES		10,377,139	10,595,980
NON-CURRENT LIABILITIES			
Provisions	16	1,800	4,579
Interest-bearing bank borrowings and other loans	17	3,203,260	3,322,567
Other non-current liabilities		35,363	34,953
Total non-current liabilities		3,240,423	3,362,099
Net assets		7,136,716	7,233,881
EQUITY			
Equity attributable to owners of the parent			
Share capital		2,967,542	2,967,542
Reserves		3,998,155	4,047,101
		6,965,697	7,014,643
Non-controlling interests		171,019	219,238
Total equity		7,136,716	7,233,881

Jin Yaohua
Director

Wang Yanwen
General Manager

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to owners of the parent								
	Share capital RMB'000	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2019 (audited)	2,967,542	1,315,483	368,312	2,260	(7)	2,361,053	7,014,643	219,238	7,233,881
Profit for the period	-	-	-	-	-	50,299	50,299	(46,110)	4,189
Other comprehensive income for the period:									
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	1,470	-	-	1,470	-	1,470
Exchange difference on translation of foreign operations	-	-	-	-	(412)	-	(412)	(324)	(736)
Total comprehensive income for the period	-	-	-	1,470	(412)	50,299	51,357	(46,434)	4,923
Final 2019 dividends declared	-	-	-	-	-	(100,303)	(100,303)	-	(100,303)
Dividends declared by a subsidiary to its non-controlling interests	-	-	-	-	-	-	-	(1,785)	(1,785)
At 30 June 2020 (unaudited)	2,967,542	1,315,483	368,312	3,730	(419)	2,311,049	6,965,697	171,019	7,136,716
At 1 January 2019 (audited)	2,967,542	1,315,483	350,104	1,846	(317)	2,486,749	7,121,407	197,915	7,319,322
Profit for the period	-	-	-	-	-	89,880	89,880	1,397	91,277
Other comprehensive income for the period:									
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	(1,890)	-	-	(1,890)	-	(1,890)
Exchange difference on translation of foreign operations	-	-	-	-	(348)	-	(348)	(273)	(621)
Total comprehensive income for the period	-	-	-	(1,890)	(348)	89,880	87,642	1,124	88,766
Final 2018 dividends declared	-	-	-	-	-	(326,430)	(326,430)	-	(326,430)
Dividends paid by a subsidiary to its non-controlling interests	-	-	-	-	-	-	-	(5,355)	(5,355)
At 30 June 2019 (unaudited)	2,967,542	1,315,483	350,104	(44)	(665)	2,250,199	6,882,619	193,684	7,076,303

* These reserve accounts comprise the consolidated reserves of RMB3,998,155,000 and RMB3,915,077,000 as at 30 June 2020 and 2019, respectively, in the interim condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

	2020 Unaudited RMB'000	2019 Unaudited RMB'000
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES	628,682	(673,764)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,304	11,268
Purchase of items of property, plant and equipment and intangible assets	(146,022)	(502,231)
Proceeds from disposal of items of property, plant and equipment	23	–
Receipt of government grants for property, plant and equipment	805	1,858
Decrease in time deposit	–	35,000
Net cash flows used in investing activities	(142,890)	(454,105)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings and other loans	2,074,125	3,219,230
Repayments of bank borrowings and other loans	(3,713,921)	(2,094,949)
Proceeds from issue of bonds	999,813	–
Share issue expenses	–	(643)
Principal portion of lease payments	(1,030)	(4,984)
Dividends paid to non-controlling interests	(5,000)	(5,355)
Interest paid	(120,637)	(119,447)
Net cash flows (used in)/generated from financing activities	(766,650)	993,852
NET DECREASE IN CASH AND CASH EQUIVALENTS	(280,858)	(134,017)
Cash and cash equivalents at the beginning of the period	1,580,367	1,677,724
Effect of foreign exchange rate changes, net	(242)	37
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,299,267	1,543,744

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

1. CORPORATE INFORMATION

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

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

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

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

The interim condensed consolidated financial information has not been audited.

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

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”).

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

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

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The nature and impact of the revised IFRSs are described below:

Amendments to IFRS 3: *Definition of a Business*

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continuing to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

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

2.2 Changes in accounting policies and disclosures (continued)

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

Amendments to IFRS 16: Covid-19-Related Rent Concessions (early adopted)

Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the Group's interim condensed consolidated financial information as the Group did not receive any covid-19-related rent concessions.

Amendments to IAS 1 and IAS 8: Definition of Material

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

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

2.3 Accounting judgments and estimates

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

In preparing the interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that are applied to the annual consolidated financial statements for the year ended 31 December 2019.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to their nature. Each of the Group's operating segment represents a strategic business unit that provides services which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

(a) Environmental protection and energy conservation solutions

The environmental protection and energy conservation solutions business mainly includes flue gas desulfurization and denitrification facilities concession operation for coal-fired power plants; the manufacture and sale of denitrification catalysts; engineering for coal-fired power plants, including the engineering of denitrification, desulfurization, dust removal, ash and slag handling and other environmental protection facilities and industrial site dust management related engineering; water treatment; and energy conservation including energy conservation facilities engineering and energy management contracting ("EMC").

(b) Renewable energy engineering

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

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

3. OPERATING SEGMENT INFORMATION (CONTINUED)

(c) Thermal power engineering

The thermal power engineering business mainly includes the engineering procurement construction (“EPC”) services for thermal power plants.

(d) Other businesses

Other businesses mainly include various businesses such as fiberglass chimney anti-corrosion, air cooling system engineering general contracting and coal yard monitoring system upgrade.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that unallocated income and gains, non-lease-related finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets and liabilities mainly comprise operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment assets exclude unallocated intangible assets, unallocated deferred tax assets, unallocated prepayments, other receivables and other assets, restricted cash, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings and other loans (other than lease liabilities) for daily operation purpose, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2020 (unaudited)	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	Total RMB'000
Segment revenue (note 4)					
Sales to external customers	2,058,306	752,011	-	57,624	2,867,941
Intersegment sales	-	-	-	10,974	10,974
	2,058,306	752,011	-	68,598	2,878,915
<i>Reconciliation:</i>					
Elimination of intersegment sales					(10,974)
Revenue					2,867,941
Segment results	325,607	6,839	(659)	(2,424)	329,363
<i>Reconciliation:</i>					
Other income and losses					56,614
Other expenses					(98,865)
Finance costs (other than interest on lease liabilities)					(130,302)
Corporate and other unallocated expenses					(123,616)
Profit before tax					33,194
As at 30 June 2020 (unaudited)					
Segment assets	17,404,110	1,813,953	102,198	250,400	19,570,661
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(1,414,112)
Corporate and other unallocated assets					2,669,813
Total assets					20,826,362
Segment liabilities	11,713,636	1,698,428	121,980	149,882	13,683,926
<i>Reconciliation:</i>					
Elimination of intersegment payables					(1,414,112)
Corporate and other unallocated liabilities					1,419,832
Total liabilities					13,689,646

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2019 (unaudited)	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	Total RMB'000
Segment revenue (note 4)					
Sales to external customers	2,294,597	36,591	30,382	56,919	2,418,489
Intersegment sales	31	-	-	14,069	14,100
	<u>2,294,628</u>	<u>36,591</u>	<u>30,382</u>	<u>70,988</u>	<u>2,432,589</u>
<i>Reconciliation:</i>					
Elimination of intersegment sales					<u>(14,100)</u>
Revenue					<u>2,418,489</u>
Segment results	319,015	(11)	1,466	(48,561)	271,909
<i>Reconciliation:</i>					
Other income and losses					46,202
Finance costs (other than interest on lease liabilities)					<u>(112,093)</u>
Corporate and other unallocated expenses					(84,462)
Profit before tax					<u>121,556</u>
As at 31 December 2019 (audited)					
Segment assets	17,639,061	1,802,470	131,392	275,483	19,848,406
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(1,153,989)
Corporate and other unallocated assets					<u>2,476,342</u>
Total assets					<u>21,170,759</u>
Segment liabilities	10,792,731	1,740,899	197,187	163,235	12,894,052
<i>Reconciliation:</i>					
Elimination of intersegment payables					(1,153,989)
Corporate and other unallocated liabilities					<u>2,196,815</u>
Total liabilities					<u>13,936,878</u>

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

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

Information about major customers

Revenue of approximately RMB2,610 million for the six months ended 30 June 2020 was derived from sales of goods and the rendering of services to China Datang and its subsidiaries (excluding the Group) (“China Datang Group”) (for the six months ended 30 June 2019: RMB2,284 million).

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Revenue from contracts with customers	2,867,941	2,417,546
Revenue from other sources		
– Gross rental income	–	943
	<u>2,867,941</u>	<u>2,418,489</u>

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers:

Segments	Six months ended 30 June 2020 (unaudited)				
	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or service					
Sale of industrial products	148,822	-	-	16,261	165,083
Construction services	380,554	752,011	-	41,363	1,173,928
Desulfurization and denitrification services	1,528,930	-	-	-	1,528,930
Total revenue from contracts with customers	2,058,306	752,011	-	57,624	2,867,941
Timing of revenue recognition					
Goods transferred at a point in time	148,822	-	-	16,261	165,083
Services transferred over time	1,909,484	752,011	-	41,363	2,702,858
Total revenue from contracts with customers	2,058,306	752,011	-	57,624	2,867,941

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE (CONTINUED)

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

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

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE (CONTINUED)

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

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

Segments	Six months ended 30 June 2020 (unaudited)				
	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	Total RMB'000
Revenue from contracts with customers					
External customers	2,058,306	752,011	-	57,624	2,867,941
Intersegment sales	-	-	-	10,974	10,974
	2,058,306	752,011	-	68,598	2,878,915
Intersegment adjustments and eliminations	-	-	-	(10,974)	(10,974)
Total revenue from contracts with customers	2,058,306	752,011	-	57,624	2,867,941

Segments	Six months ended 30 June 2019 (unaudited)				
	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	Total RMB'000
Revenue from contracts with customers					
External customers	2,294,597	36,591	30,382	55,976	2,417,546
Intersegment sales	31	-	-	14,069	14,100
	2,294,628	36,591	30,382	70,045	2,431,646
Intersegment adjustments and eliminations	(31)	-	-	(14,069)	(14,100)
Total revenue from contracts with customers	2,294,597	36,591	30,382	55,976	2,417,546

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

5. OTHER INCOME AND LOSSES

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Other income		
Interest income	5,404	11,268
Government grants	48,205	35,134
Exchange gains	3,075	–
	56,684	46,402
Other losses, net		
Loss on disposal of items of property, plant and equipment	(70)	–
Exchange losses	–	(200)
	(70)	(200)
	56,614	46,202

6. OTHER EXPENSES

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Arbitration losses (<i>Note</i>)	98,865	–

Note: In November 2016, China Datang Technologies & Engineering Co., Ltd. (“**Technologies & Engineering Company**”), a subsidiary of the Company, and two other third parties have entered into arrangement with Datang Xinjiang Clean Energy Co., Ltd., (“**Datang Xinjiang**”) to construct a wind farm on a land owned by Datang Xinjiang. As required by the arrangement, Technologies & Engineering Company purchased 33 wind turbines from Jiangsu Jiuding Tiandi Wind Power Co., Ltd. (“**Jiuding Tiandi Wind Power**”). In March 2017, Jiuding Tiandi Wind Power received a notice from Datang Xinjiang that the construction of the wind farm may be suspended. After a series of negotiation between the parties, Jiuding Tiandi Wind Power brought an arbitration proceeding against Technologies & Engineering Company in December 2018. In June 2020, the arbitration authority ruled that Technologies & Engineering Company shall compensate Jiuding Tiandi Wind Power for economic losses in an aggregate amount of RMB98,865,000 (the “**Ruling**”).

On 21 June 2020, Technologies & Engineering Company submitted an application to the local court (the “**Court**”) to overrule the Ruling. On 6 July 2020, the application has been duly accepted by the Court. The application is still in the stage of internal discussion and process approval of the court. The outcomes cannot be determined at present and it is not probable that the court will overrule the Ruling, so full provision has been recognised by the Group for this matter.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020
(Amounts expressed in thousands of RMB unless otherwise stated)

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Interest on lease liability	6,868	7,428
Interest expenses on bank borrowings and other loans	135,087	125,369
Less: interest capitalised	(4,785)	(13,276)
	137,170	119,521

8. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Current	27,819	47,954
Deferred	1,186	(17,675)
	29,005	30,279

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

9. DIVIDENDS

On 28 March 2020, the board of Directors of the Company (the "Board") proposed to distribute the final dividend for the year ended 31 December 2019 of RMB0.0338 per share (before tax) amounted to RMB100 million in cash to the shareholders, which was approved by the shareholders of the Company at the 2019 Annual General Meeting on 18 June 2020. As at 30 June 2020, the final dividend has not been paid to the shareholders of the Company.

The Board did not recommend any interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue for six months ended 30 June 2020 and 2019, respectively.

The Company did not have any potential dilutive shares in issue during the six months ended 30 June 2020 and 2019. Accordingly, the diluted earnings per share amounts are the same as the basic earnings per share amounts.

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

	Six months ended 30 June	
	2020 Unaudited	2019 Unaudited
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic/diluted earnings per share calculations (RMB)	50,299,000	89,880,000
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic/diluted earnings per share calculations (share)	2,967,542,000	2,967,542,000
Earnings per share		
Basic/diluted earnings per share (RMB)	0.02	0.03

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2020, the Group acquired items of property, plant and equipment with a cost of RMB33,036,000 (for the six months ended 30 June 2019: RMB259,721,000).

Plant and equipment with a book value of RMB93,000 were disposed of by the Group during the six months ended 30 June 2020, resulting in a loss of RMB70,000, which is included in "other income and losses" in the interim condensed consolidated statement of profit or loss and other comprehensive income (for the six months ended 30 June 2019: nil).

12. TRADE, BILLS RECEIVABLES AND CONTRACT ASSETS

	30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
Trade receivables	8,114,040	8,033,142
Less: provision for impairment	(243,290)	(234,844)
	7,870,750	7,798,298
Bills receivable	930,110	742,945
Contract assets arising from: construction services	996,050	889,309
Less: provision for impairment	(5,419)	(5,470)
	990,631	883,839
	9,791,491	9,425,082

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

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

12. TRADE, BILLS RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

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

	30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
Within 1 year	5,117,366	4,404,897
Between 1 and 2 years	1,344,074	1,751,826
Between 2 and 3 years	667,888	750,711
Over 3 years	1,914,822	1,868,653
	9,044,150	8,776,087
Less: provision for impairment	(243,290)	(234,844)
	<u>8,800,860</u>	<u>8,541,243</u>

Contract assets are initially recognised for revenue earned from construction services as the receipt of consideration is conditional on successful completion of construction. Upon completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
Due from related parties:		
– Prepayments	375,999	486,772
– Other receivables	144,179	144,189
	520,178	630,961
Prepayments	186,641	149,910
Deposits	24,114	27,648
Other receivables	35,117	42,683
Other current assets	406,116	400,015
	1,172,166	1,251,217
Less: provision for impairment	(9,663)	(9,663)
	1,162,503	1,241,554

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

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

	30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
Cash and bank balances	1,323,438	1,622,546
Less: restricted cash (<i>Note</i>)	(24,171)	(42,179)
Cash and cash equivalents	<u>1,299,267</u>	<u>1,580,367</u>
Cash and bank balances denominated in:		
– RMB	1,309,507	1,604,065
– Hong Kong dollars	7,270	7,130
– Indian rupees	6,661	11,351
	<u>1,323,438</u>	<u>1,622,546</u>

Note: Restricted cash mainly represented deposits held for issued bills payable, performance obligations for engineering services, and property preservation.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

15. TRADE AND BILLS PAYABLES

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

	30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
Bills payable	114,366	194,432
Trade payables	5,051,929	4,794,843
	5,166,295	4,989,275

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

	30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
Within 1 year	2,624,844	2,589,256
1 year to 2 years	987,899	870,173
2 years to 3 years	420,177	452,260
More than 3 years	1,133,375	1,077,586
	5,166,295	4,989,275

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

16. PROVISIONS

	Warranties RMB'000	Arbitration losses RMB'000	Total RMB'000
At 1 January 2020	4,579	–	4,579
Additional provision (Note)	–	98,865	98,865
Amounts utilised during the year	(338)	–	(338)
At 30 June 2020	4,241	98,865	103,106
Portion classified as current liabilities	(2,441)	(98,865)	(101,306)
Non-current portion	1,800	–	1,800

Note: Please refer to Note 6 for details of Arbitration losses.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

17. INTEREST-BEARING BANK BORROWINGS AND OTHER LOANS

	Effective interest rate (%)	Maturity	30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
Current				
Bank borrowings:				
– unsecured	3.32%–4.57%	2020–2021	1,170,565	2,288,499
Other loans:				
– unsecured	4.70%	2020	30,000	330,000
– secured (Note a)	5.00%	2020	70,000	70,000
– short-term bonds (Note b)	2.00%–2.60%	2020–2021	1,000,000	–
			2,270,565	2,688,499
Current portion of long-term bank borrowings and other loans:				
Bank borrowings – unsecured	4.37%–6.62%	2020–2021	504,274	657,671
Bank borrowings – secured (Note c)	5.23%	2020	–	26,170
Bank borrowings – guaranteed (Note d)	4.28%–4.90%	2020–2021	26,253	23,253
Other loans – unsecured	4.75%–5.15%	2020–2021	31,090	30,500
Other loans – secured (Note e)	5.70%	2020–2021	347,900	265,000
Other loans – lease liabilities	4.41%	2020–2021	30,959	32,218
			940,476	1,034,812
			3,211,041	3,723,311

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

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

	Effective interest rate (%)	Maturity	30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
Non-current				
Long term bank borrowings and other loans:				
Bank borrowings – unsecured	3.25%–6.62%	2022–2028	2,092,093	2,030,491
Bank borrowings – secured (Note c)	5.23%	2020	–	73,830
Bank borrowings – guaranteed (Note d)	4.28%–4.90%	2021–2026	42,404	60,367
Other loans – unsecured	4.75%–5.15%	2021–2023	152,191	167,885
Other loans – secured (Note e)	5.70%	2021	–	79,750
Other loans – lease liabilities	4.41%	2021–2038	317,042	310,784
Other loans – bonds	3.65%	2024	599,530	599,460
			3,203,260	3,322,567
			6,414,301	7,045,878
Interest-bearing bank borrowings and other loans denominated in – RMB				
			6,414,301	7,045,878

Note a: The above secured other loans are secured by trade and bills receivables with a net carrying value of RMB126,272,000 (31 December 2019: RMB126,272,000).

Note b: On 24 March 2020 and 20 April 2020, the Company issued two tranches of short-term bonds with a par value of RMB100 amounting to RMB500 million each. The bonds had an annual effective interest rate of 2.00% and 2.60%. The two issued short-term bonds will mature in August 2020 and January 2021, respectively.

Note c: The above secured bank borrowings are secured by future receivables. They were repaid in Mar 2020 in advance, which should be repaid in 2024 according to the contract.

Note d: The above secured bank borrowings were guaranteed by the Company for certain subsidiaries.

Note e: The above secured other loans are secured by buildings and other infrastructure with a net carrying value of RMB148,549,000 (31 December 2019: RMB152,531,000).

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

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

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

	30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
Analysed into:		
Bank borrowings repayable:		
Within one year	1,701,092	2,995,593
In the second year	510,169	640,121
In the third to fifth years, inclusive	1,437,305	1,216,339
Beyond five years	187,023	308,228
	3,835,589	5,160,281
Other loans repayable:		
Within one year	1,509,949	727,718
In the second year	169,855	263,067
In the third to fifth years, inclusive	692,434	697,103
Beyond five years	206,474	197,709
	2,578,712	1,885,597
	6,414,301	7,045,878

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

18. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
Contracted, but not provided for		
Buildings	186,095	261,698
Plant and machinery	459,712	617,742
Equity investments (Note)	20,000	–
	665,807	879,440

Note: On 25 May 2020, the Company entered into a Capital Increase Agreement with the shareholders of China Datang Overseas Electric Technology and O&M Co., Ltd. (“Datang Overseas Technology”) to increase the capital of Datang Overseas Technology by RMB20 million which will be contributed by each shareholder based on the existing shareholding. Upon completion of the capital increase, the registered capital of Datang Overseas Technology increased to RMB250 million and the shareholding percentage of the Company in Datang Overseas Technology remains at 10%. The capital was injected by cash on 30 July 2020.

19. RELATED PARTY TRANSACTIONS

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

In addition to the related party transactions disclosed elsewhere in the financial information, the following is a summary of the significant related party transactions entered into the ordinary course of business between the Group and its related parties during the six months ended 30 June 2020 and 2019. All transactions with related parties were conducted at prices and terms mutually agreed by the parties involved.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Sales of goods and rendering of services to China Datang Group		
Environmental protection and energy conservation solutions	1,860,064	2,209,672
Renewable energy engineering	749,295	10,935
Thermal power engineering	–	30,382
Others	986	33,410
	2,610,345	2,284,399
Purchases of goods and receiving of services from China Datang Group		
Water supply and electricity supply	368,186	356,303
Ancillary services under the concession operations	73,004	45,127
Logistics services	7,185	5,796
Wind power electricity and other products	549,662	38,516
	998,037	445,742
Purchase of assets from subsidiaries of China Datang Group		
Purchase of assets	–	7

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions (continued)

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Loans from subsidiaries of China Datang Group (Note a)		
China Datang Finance Co., Ltd. ("Datang Finance")	500,000	1,300,000
Datang Financial Lease Co., Ltd. ("Datang Financial Lease")	–	85,000
Datang Commercial Factoring Co., Ltd. ("Datang Commercial Factoring")	–	30,000
	500,000	1,415,000
Interest expense on loans from subsidiaries of China Datang Group		
Datang Finance	6,176	4,654
Datang Financial Lease	11,044	8,200
Datang Commercial Factoring	1,769	2,915
	18,989	15,769
Interest income from subsidiaries of China Datang Group		
Datang Finance	4,483	3,431

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020
(Amounts expressed in thousands of RMB unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions (continued)

Note a:

Loans from subsidiaries of China Datang Group	31 December 2019	Proceeds	Repayment	30 June 2020	Duration	Effective interest rate (%)	Type
Datang Finance	356,300	500,000	802,900	53,400	13/9/2017-26/12/2023	3.92-5.15	Unsecured
Datang Financial Lease	350,000	-	-	350,000	1/11/2018-16/5/2021	5.70	Secured
Datang Financial Lease	44,005	-	12,204	31,801	25/10/2019-24/10/2021	4.75	Unsecured
Datang Commercial Factoring	70,000	-	-	70,000	30/8/2019-10/9/2020	5.00	Secured
	820,305	500,000	815,104	505,201			

(b) Outstanding balances with related parties

The outstanding balances with related parties at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
Cash and cash equivalents		
Datang Finance	1,211,197	1,478,236
Trade, bills receivables and contract assets		
China Datang Group	8,076,936	7,441,214
Prepayments, other receivables and other assets		
China Datang Group	520,178	630,961

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties (continued)

The outstanding balances with related parties at 30 June 2020 and 31 December 2019 are as follows: (Continued)

	30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
Other non-current assets		
China Datang Group	26,449	61,887
Interest-bearing bank borrowings and other loans (other than lease liabilities)		
Datang Finance	53,400	356,300
Datang Financial Lease	381,801	394,005
Datang Commercial Factoring	70,000	70,000
	505,201	820,305
Trade and bills payables		
China Datang Group	992,230	706,488
Other payables and accruals		
China Datang Group	479,739	810,974

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (CONTINUED)

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

The Group operates in an economic regime currently dominated by entities directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government and numerous government authorities and agencies (collectively referred to as “**government-related entities**”). China Datang, the parent and ultimate holding company of the Company, is a PRC state-owned enterprise and these government-related entities are also considered as related parties of the Group in this respect.

Apart from transactions with China Datang Group mentioned above, the Group also conducts some business activities with other government-related entities in the ordinary course of business. These transactions are carried out at terms similar to those that would be entered into with non-government-related entities.

The Group prices its services and products based on the commercial negotiations. The Group has also established its approval process for sales of goods, provision of services, purchase of products and receiving of services and its financing policy for borrowings. Such approval process and financing policy do not depend on whether the counterparties are government-related entities or not.

Having considered the possibility for transactions to be impacted by related party relationships, the Group’s approval processes and financing policy, and what information would be necessary for an understanding of the potential effect of the relationship on the financial Information, the Directors are of the opinion that further information about the following transactions that are collectively significant is required for disclosure:

– *Deposits and borrowings*

Except for the cash and cash equivalents deposited in Datang Finance and Wing Lung Bank in Hong Kong, the Group deposits most of its cash in government-related financial institutions, and also obtains short-term and long-term loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People’s Bank of China.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Short term employee benefits	4,894	4,432
Post-employment benefits	238	303
Total compensation paid to key management personnel	5,132	4,735

(e) Property Leases

As a lessee, the group leases buildings for desulfurization and denitrification facilities from Datang Financial Lease and some power plants from China Datang Group, with a general lease term of 20 years. No new lease was entered during the period ended 30 June 2020 (2019:Nil). The related right-of-use assets and liabilities recorded in the interim condensed consolidated statement of financial position, payment of lease liabilities and the related expenses recognised during the period are as follows.

	30 June 2020 Unaudited RMB'000	31 December 2019 Audited RMB'000
Right-of-use assets	321,220	333,168
Lease liabilities	343,889	338,497

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020
(Amounts expressed in thousands of RMB unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Property Leases (continued)

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Depreciation charge	11,948	12,606
Interest expense	6,812	7,428
Payments	1,420	4,984

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	30 June 2020 (Unaudited)		31 December 2019 (Audited)	
	Carrying amounts RMB'000	Fair values RMB'000	Carrying amounts RMB'000	Fair values RMB'000
Financial assets				
Financial assets included in other non-current assets	26,449	25,110	56,819	55,337
Financial liabilities				
Long term interest-bearing bank borrowings and other loans (other than lease liabilities)	2,886,218	2,853,095	3,011,783	2,977,534

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

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

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, and the current portion of interest-bearing bank borrowings and other loans, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value disclosure of financial instruments. The corporate finance team reports directly to management. As at 30 June 2020 and 31 December 2019, the corporate finance team analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by management.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the financial assets included in other non-current assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.
- The fair values of the non-current portion of interest-bearing bank borrowings and other loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risks for interest-bearing bank borrowings and other loans as at 30 June 2020 and 31 December 2019 were assessed to be insignificant.
- The fair values of the bills receivables which are measured at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using the one-year bank loan interest rate published by the People's Bank of China.
- The fair values of the unlisted equity investments have been measured based on valuation multiples, including enterprise value ("EV") to sales ("EV/sales") multiple, EV to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and EV to earnings before interest and taxes ("EV/EBIT") multiple of comparable companies, adjusted by a discount for lack of marketability.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

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

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model. Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2020 and 31 December 2019:

	Valuation technique	Significant unobservable input	Input	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Multiples: EV/Sales, EV/EBITDA and EV/EBIT of peers (Note)	EV/Sales: 2.8x	10% (31 December 2019: 10%) increase/decrease in multiples would result in increase/decrease in fair value by 7% (31 December 2019: 4%)
			EV/EBITDA:10.0x EV/EBIT:16.5x (31 December 2019: EV/sales 2.8x)	
		Discount for lack of marketability	25% (31 December 2019: 25%)	10% (31 December 2019: 10%) increase/decrease in discount would result in decrease/increase in fair value by 3% (31 December 2019: 3%)

Note: Management took the average valuation derived from these three multiples as fair value of the unlisted equity investments.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

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

Fair value hierarchy

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

Assets measured at fair value

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 30 June 2020 (unaudited)				
Equity investments designated at fair value through other comprehensive income	–	–	9,388	9,388
Trade and bills receivables	–	930,110	–	930,110
As at 31 December 2019 (audited)				
Equity investments designated at fair value through other comprehensive income	–	–	7,658	7,658
Trade and bills receivables	–	742,945	–	742,945

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

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

Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the period are as follows:

	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
Equity investments at fair value through other comprehensive income – unlisted:		
At 1 January	7,658	7,171
Total gains/(losses) recognised in other comprehensive income	1,730	(2,224)
At 30 June	9,388	4,947

Liabilities measured at fair value

The Group did not have any financial liabilities measured at fair value as at 30 June 2020 and 31 December 2019.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2019: nil).

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

21. IMPACT OF Covid-19

The novel coronavirus (Covid-19) outbreak has spread across the PRC since early January 2020, the prevention and control of Covid-19 has been ongoing nationwide.

According to the current situation, the main impacts of the Covid-19 on the Group are as follows:

- i. Due to the decrease of power generation, revenue from desulfurization and denitrification services representing a decrease of RMB121 million as compared with the same period of last year;
- ii. Some EPC projects were in suspension which result in the revenue from construction services had a decrease of RMB133 million compared with the same period of last year.

The Group will monitor the developments of Covid-19 situation closely, assess and react actively to its impact on the financial position and operating results of the Group. As of the report date, this assessment is still under way.

22. EVENTS AFTER THE REPORTING PERIOD

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

23. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board on 28 August 2020.

Definition and Glossary of Terms

“2019 AGM”	the annual general meeting of the Company for the year of 2019, which was held at 3:30 p.m. on Thursday, 18 June 2020 at No. 120 Zizhuyuan Road, Haidian District, Beijing, the PRC
“Board”	the board of Directors of the Company
“China Datang”	China Datang Corporation Ltd. (中國大唐集團有限公司), a state-owned enterprise established on 9 April 2003 in accordance with the PRC laws and the Controlling Shareholder and a promoter of the Company
“China Datang Group”	China Datang and its subsidiaries (excluding the Group)
“Company” or “Datang Environment”	Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司) was converted to a joint stock limited company on 26 June 2015, unless otherwise stated, including its predecessor China Datang Group Environment Technology Co., Ltd. (中國大唐集團環境技術有限公司) (a limited liability company established on 25 July 2011 pursuant to the PRC law and was renamed to Datang Technology Industry Co., Ltd. (大唐科技產業有限公司) in September 2013 and further to Datang Technology Industry Group Co., Ltd. (大唐科技產業集團有限公司) in December 2013)
“Controlling Shareholder”	has the meaning ascribed under the Listing Rules, and in this interim report, refers to the controlling shareholder of the Company, China Datang
“Datang Capital”	China Datang Group Capital Holding Co., Ltd. (中國大唐集團資本控股有限公司), a company established on 30 November 2011 pursuant to the PRC laws, and a subsidiary of China Datang, the Controlling Shareholder
“Datang Finance”	China Datang Finance Co., Ltd. (中國大唐集團財務有限公司), a company incorporated in the PRC with limited liability, and a non-wholly owned subsidiary of China Datang
“Datang Guiguan”	Guangxi Guiguan Electric Power Co., Ltd. (廣西桂冠電力股份有限公司), a joint stock limited company established in September 1992 in accordance with the PRC laws and a subsidiary of China Datang, which is listed on Shanghai Stock Exchange (stock code: 600236)

Definition and Glossary of Terms (Continued)

“Datang Huayin”	Datang Huayin Electric Power Co., Ltd. (大唐華銀電力股份有限公司), a joint stock limited company established on 22 March 1993 in accordance with the PRC laws and a subsidiary of China Datang, which is listed on the Shanghai Stock Exchange (stock code: 600744)
“Datang Renewable”	China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源股份有限公司), a joint stock limited company established on 23 September 2004 in accordance with the PRC laws and a subsidiary of China Datang, which is listed on the Main Board of the Stock Exchange (stock code: 1798)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares in the Company’s share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“EMC”	a business model that the energy conservation companies provide energy-conservation services to customers according to the energy-conservation service contracts entered into with customers, and recover the investment and gain profit from the energy efficiency achieved upon the completion of energy conservation facilities refurbishment
“EPC”	engineering, procurement and construction, a common form of contracting arrangement whereby the contractor is commissioned by the customer to carry out works, such as design, procurement, construction and trial operations, either through the contractor’s own employees or by subcontracting part or all of the works, and be responsible for the quality, safety, timely delivery and cost of the project
“Group”, “our Group”, “we” or “us”	the Company and all or any of our subsidiaries (as the context so requires)
“H Share(s)”	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, subscribed for and traded in Hong Kong dollars and listed and traded on the Stock Exchange
“Latest Practicable Date”	4 September 2020, being the latest practicable date prior to the printing of this interim report for ascertaining certain information contained in this interim report

Definition and Glossary of Terms (Continued)

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“NDRC”	National Development and Reform Commission
“PBOC” or “People’s Bank of China”	the People’s Bank of China
“PRC”	the People’s Republic of China, unless it has specifically specified, it excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 3 November 2016 with respect to the listing of the Company on the Main Board of the Stock Exchange
“Reporting Period”	the six months ended 30 June 2020
“RMB”	Renminbi, the current lawful currency of the PRC
“Senior Management”	senior management of the Company
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) with nominal value of RMB1.00 each in the share capital of the Company, composed of the Domestic Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)” or “Supervisory Committee”	supervisor(s) or supervisory committee of the Company
“%”	percent

Corporate Information

LEGAL NAME OF THE COMPANY

大唐環境產業集團股份有限公司

ENGLISH NAME OF THE COMPANY

Datang Environment Industry Group Co., Ltd.*

DIRECTORS

Non-executive Directors

Mr. Jin Yaohua (*Chairman*)
Mr. Hou Guoli (*re-designated in July 2020*)
Mr. Liu Quancheng
Mr. Liu Ruixiang
Mr. Li Zhenyu

Executive Director

Mr. Wang Yanwen

Independent non-executive Directors

Mr. Ye Xiang
Mr. Mao Zhuanjian
Mr. Gao Jiaxiang

SUPERVISORS

Ms. Huo Yuxia (*Chairman*)(*appointed in June 2020*)
Mr. Liu Liming
Mr. Chen Li
Mr. Wang Yuanchun (*resigned in June 2020*)

LEGAL REPRESENTATIVE OF THE COMPANY

Mr. Jin Yaohua

AUTHORIZED REPRESENTATIVES

Mr. Hou Guoli (*resigned in August 2020*)
Mr. Wang Yanwen (*appointed in August 2020*)
Ms. Zhu Mei

JOINT COMPANY SECRETARIES

Ms. Zhu Mei
Ms. Wong Sau Ping (*FCS ; FCIS*)

COMMITTEES UNDER THE BOARD

Audit Committee

Mr. Gao Jiaxiang (*Chairman*)
Mr. Ye Xiang
Mr. Liu Quancheng

Nomination Committee

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

Remuneration and Evaluation Committee

Mr. Ye Xiang (*Chairman*)
Mr. Mao Zhuanjian
Mr. Hou Guoli

Strategy and Investment Committee

Mr. Hou Guoli (*Chairman*)
Mr. Mao Zhuanjian
Mr. Liu Ruixiang

REGISTERED OFFICE

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

HEAD OFFICE IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

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

LEGAL ADVISORS

As to Hong Kong law

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

As to the PRC law

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

PRC PRINCIPAL BANKS

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Business Hall, Fortune Resource International Building, Taipingqiao Street, Xicheng District, Beijing, the PRC

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

Industrial and Commercial Bank of China Limited
Beijing Zhongguancun South Road Sub-branch
First Floor, Beijing International Zhongguancun South Road, Haidian District, Beijing, the PRC

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

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

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

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

Huaxia Bank Co., Ltd. Beijing Mentougou Sub-branch
First Floor, Guotai Baihuo, Dayu Xinqiao Street, Mentougou District, Beijing

Corporate Information (Continued)

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

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

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

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

H SHARE REGISTRAR

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

STOCK ABBREVIATION AND STOCK CODE

DATANG ENVIRO (1272)

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* For identification purpose only