



Capital Environment Holdings Limited
首創環境控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股票代號 : 03989

2021 中期報告
INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cao Guoxian (*Chairman*)
Mr. Li Fujing (*Chief Executive Officer*)
Mr. Xiao Yukun

Non-executive Director

Ms. Hao Chunmei

Independent Non-executive Directors

Mr. Pao Ping Wing
Mr. Cheng Kai Tai, Allen
Dr. Chan Yee Wah, Eva

COMMITTEES

Audit Committee

Dr. Chan Yee Wah, Eva (*Chairlady*)
Mr. Pao Ping Wing
Mr. Cheng Kai Tai, Allen

Nomination Committee

Mr. Cao Guoxian (*Chairman*)
Mr. Pao Ping Wing
Mr. Cheng Kai Tai, Allen
Dr. Chan Yee Wah, Eva

Remuneration Committee

Mr. Pao Ping Wing (*Chairman*)
Mr. Cheng Kai Tai, Allen
Mr. Cao Guoxian

COMPANY SECRETARY

Ms. Wong Bing Ni

AUTHORIZED REPRESENTATIVES

Mr. Cao Guoxian
Ms. Wong Bing Ni

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1613–1618
16th Floor
Bank of America Tower
12 Harcourt Road, Central
Hong Kong

AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISERS

Conyers Dill and Pearman
Wang & Co.

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation
Limited

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Registrar in Cayman Islands

SMP Partners (Cayman) Limited
3rd Floor, Royal Bank House
24 Shedden Road, P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

Branch Registrar in Hong Kong

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

CORPORATE WEBSITE

www.cehl.com.hk

STOCK CODE

03989



MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2021, the global economic recovery overall was on a positive note, as quantitative easing policies continued to be implemented in many countries and regional economic and trade cooperation was strengthened, resulting in a resumption of global economic growth. However, the future evolution of the COVID-19 epidemic worldwide is still the biggest source of uncertainty, which may lead to readjustment of the global industrial and supply chains overlapped by economic and trade protectionism in the future. The economic instability casts a fog over the future economic and trade friction between the US and China and the global economic trend, which may disrupt the sustainable recovery of global economy.

From the perspective of China's economic trend, the Central People's Government has actively adopted and implemented relevant policies such as cutting tax and fees, encouraging innovation, promoting consumption and giving financial support. These policies led to an accelerated rebound in consumption, a sustained recovery in investment in the manufacturing sector, a steady upturn in foreign trade and a continuation of rapid growth in profits of industrial enterprises, driving the overall economy to make progress in a stable manner. In addition, the Central People's Government, in order to accelerate the new development pattern of dual circulation, insisted on the strategic basis of expanding domestic demand, released the potential of domestic market, and strengthened controls over the foreign trade market in multiple ways. The Central Government actively promoted economic reform, adjusted structure and promoted the strategic national policy of carbon-neutral development. The implementation of carbon emission reduction, carbon absorption and carbon market trading has opened up new room for the development of the environmental industry and brought an incremental source of income. The environmental protection industry may start a new round of growth, which has made the green economy and the environmental protection industry the driver of China's economic development.

The year of 2021 is the beginning of the 14th Five-Year Plan. The Central Government continued to issue a number of new policies on the green economy and environmental industry, including the Opinions on Further Intensifying the Reform of Tax Collection and Administration (《關於進一步深化稅收徵管改革的意見》) issued by the General Office of the Central Government and the General Office of the State Council, the Circular on the Transfer of Land Idle Fees and Urban Waste Treatment Fees to the Taxation Department (《關於土地閒置費城鎮垃圾處理費劃轉稅務部門徵收的通知》) (Cai Shui [2021] No. 8) issued by the Ministry of Finance, and the Action Plan for Intensifying the Tariff Mechanism Reform during the 14th Five-Year Plan Period (《“十四五”時期深化價格機制改革行動方案》) issued by the National Development and Reform Commission. The above-mentioned environmental protection policies focus on achieving the goal of “reaching carbon peak and carbon neutral”. They are designated to promote resource conservation and environmental protection, improve the quality of public service offerings, and better protect and improve people's livelihoods, as well as promote in-depth tariff reform, improve the tariff regulation mechanism and tariff governance. In the meantime, the use of more enforceable taxation authorities will guarantee the strength of tax levy, which is expected to supplement the source of waste disposal fees, reduce the financial pressure on local governments, enhance the payment capacity of local governments. They also highlight the legal, scientific and precise treatment of pollution, which is conducive to strengthening the energy-saving and environmental protection industry and promoting the construction of ecological civilization. It is believed that the green economy and the environmental protection industry can enter the path of long-term sustainable development at a high speed in the future.

Capital Environment Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) adhered to the general keynote of seeking progress in stability. The Group coordinated and promoted the implementation of “double promotion and guarantee” concept in accordance with the work philosophy of “seeking development through optimization”, so as to advance quality development of the Group. In addition, the Group further adjusted its business strategy and continued to optimise its asset structure; promoted steadily life-cycle project management, and strengthened various capacity building; further refined management to improve operating efficiency; enhanced technological innovation to optimise development momentum. With all these, the Group has further enhanced its core competitiveness, thus maintaining good performance in production and operation.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In the first half of 2021, in respect of results of operation, total assets of the Group reached RMB24,732 million, representing a year-on-year increase of 2.8%; our turnover was RMB4,005 million, representing a year-on-year increase of 20.6%; profit for the period was RMB316 million, representing a year-on-year increase of 41.7%; our net profit attributable to parent company was RMB257 million, representing a year-on-year increase of 34.3%.

In terms of project reserves, the Group secured a total of 73 projects (including 25 waste-to-energy projects, 7 waste landfill projects, 7 anaerobic digestion technology treatment projects, 21 waste collection, storage and transportation projects, 9 hazardous waste treatment projects, 2 dismantling electronic appliances waste projects and 2 biomass resources electricity generation projects) in the PRC with a total investment of approximately RMB17,790 million, of which the amount of RMB12,392 million has been injected before 30 June 2021. The facilities are designed with an aggregate annual household waste treatment capacity of approximately 13.72 million tons and annual electrical and electronic equipment dismantling volume of approximately 3.20 million units. The said projects have gradually entered the construction and operation period. As of 30 June 2021, there were 68 domestic projects which have entered the construction and operation period.

During the period, the Group's operation and trial operation projects reached 53. Among them, there are 16 incineration projects, 5 landfill projects, 21 waste collection, transportation and cleaning projects, 2 dismantling projects, 5 anaerobic projects, 1 aerobic project and 3 hazardous waste treatment and transportation projects. Key tasks were carried out in an orderly manner according to the Group's scientific management plan. In the first half of the year, we completed the domestic waste disposal of 2,890,000 tons, hazardous waste disposal of 4,500 tons, the dismantling volume of 746,400 units, and 12,380,000 square meters of cleaning work, and provided the on-grid electricity in the amount of 584,000,000 kWh.

The Group developed the technology-based asset-light business and implemented a business development strategy that focuses on both light and heavy assets. During the period, the Group made some progress in the areas of light and heavy assets. In respect of the asset-heavy business, the Group prioritized expansion of the second phase of existing projects and high-quality large-scale projects in key regions, fully exploring the demand for collaborative treatment, and actively implementing the investment strategy of regional synergies and industry synergies. During the period, the scale of newly signed incineration project was 1,400 tons per day, which was the domestic waste incineration power generation project in Yingde City, Guangdong Province. In respect of the asset-light business, the Group has been actively developing its environmental sanitation business and site restoration business. It continuously optimised its investment standards, strengthened the investment team building and its resource integration capabilities, and riding on market opportunities, ensured the implementation of key projects. During the period, the sanitation business signed three new projects, namely the Shunyi urban area and surrounding roads cleaning service project in Beijing and Dongcheng urban area and surrounding roads cleaning service project in Beijing and Zhengyang County urban area roads cleaning and domestic waste removal market operation project in Henan Province.

In terms of engineering construction, the Group continued to improve and consolidate its construction cost management system and revised various standard models for investment estimation. The Group fully implemented construction cost management throughout the process, and adhered to the standardized construction management system for leading quality, controllable progress, safety first and cost reduction for stringent cost control. During the period, the Group promoted 72+24-hour trial runs of incineration projects in Shenzhou, Yutian, Suichuan and Yongji, achieving a new incineration construction and operation capacity of 3,200 tons per day. In addition, the Group promoted the construction of nine incineration projects, including projects in Lushan, Duchang, Nanchang (phase II), Jishou, Pu'er and Nanle. During the period, 2 projects were under construction, 1 project was in the pipeline and 8 projects were completed and put into operation.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In terms of operation management, the Group established a lean operation workflow to achieve business profit growth and improves project operating efficiency, gaining overall development promoted by local development.

- During the period, incineration projects in Xinxiang, Ruijin and Zhengyang have transferred to commercial operation.
- In terms of the increase in volume of waste from existing projects, the Group established a coordination mechanism at the project level to optimize the business of its existing projects. In order to improve the mechanism relating to the investment in existing projects and enhance efficiency, the Group has formulated the workflow for the investment in existing projects.
- In terms of the increase in on-grid electricity from waste, the Group actively promoted technical reform of the Nanchang project, and coordinated other existing incineration projects to increase the on-grid electricity from waste by increasing the volume of waste and appropriately reducing the electricity consumption rate of plant.
- In terms of application of the integrated environmental sanitation system, the Group actively promoted upgrade of the integrated sanitation system by formulating a system upgrade plan. In addition, the Group fully implemented and promoted the application of integrated environmental sanitation system in sanitation projects. It has prepared relevant implementation plans to promote the implementation of the system successively in conjunction with the actual needs of operation and management of each project.

In terms of technological innovation, the Group took the technological innovation as the fundamental engine for development to strengthen technological empowerment, and continued to increase investment in research and development to improve operating efficiency radically. During the period, the Group established a technology and innovation management committee and a technology and innovation management office and formulated the Technological Innovation Implementation Plan, signifying that the work on technological innovation was on the right track. The establishment of 10 scientific research projects was completed and the implementation of major technology projects was advanced, with a milestone achieved. Meantime, the Group adhered to the path of institutional innovation in parallel with technological innovation by valuing technology talents and the building of technological innovation capabilities. The establishment of a serial management system for technology talents has been completed.

In order to achieve the Group's strategic objectives to effectively support the development of its various businesses, the Group continued to optimise its organisational structure and enhanced its organisational effectiveness. The Group will focus on urban environmental sanitation and site restoration businesses during the 14th Five-Year Plan period. In order to adapt to the adjustment of business development direction, the Group has established a sanitation industry division to carry out investment and development, operation and management of urban sanitation business. To continuously and effectively promote centralised procurement and establish a sound procurement management system, the Group established a procurement centre to promote the establishment of procurement management system and co-ordinate various procurement activities. In addition, the Group spun off the technology centre from the technology company and assigned the technology centre with the functions of technical support and technical management. With adjustment of the organisational structure, the Group re-organised the functions of departments and optimised internal workforce to achieve internal control improvement, innovation-driven growth and technology-industry integration to achieve breakthroughs through quality improvement.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In terms of capital market financing, the Group continued to expand its diversified financing channels. During the period, the Group continued to strengthen equity financing by increasing the Group's authorised share capital to HK\$5,000 million (including HK\$3,368 million of ordinary shares and HK\$1,632 million of preference shares). The Group continued to liaise with various banks and investment institutions to communicate with them on the feasibility of debt-to-equity equity financing and to form feasible proposals. In addition, the Group has been actively pursued refinancing for various large credit facilities that will soon become due.

In terms of fund market financing, the Group had an increase in bank facilities of RMB739 million (new credit facilities of RMB2,160 million, of which undrawn amount was RMB1,421 million).

In terms of overseas market, the Group held 51% shares of BCG NZ Investment Holding Limited ("BCG NZ Group"), and has established a national wide network which vertically integrated the local waste system. BCG NZ Group provided the comprehensive waste management service in New Zealand including waste collection, recycling, disposition of hazardous and industrial waste, and served more than 300,000 customers in major cities of New Zealand, such as Auckland, Wellington and Christchurch, continuingly remaining as a national leader in New Zealand.

Looking into the future, under the background of the huge needs of China's economic and social development for the green environmental protection industry, as well as the strong support from the Chinese government for the industry, and in line with the "ecology +" strategy of Beijing Capital Group, the controlling shareholder of the Company, the Group will continue to strengthen the construction of standardised investment management system to increase the efficiency of business expansion. It will continuously sort out and improve the investment management system to improve quality and enhance efficiency. The Group will enhance the expansion of asset-light business, continue to expand the project information database, fully deploy project resources and enhance the efficiency of key project transformation. In addition, the Group will accelerate the building of science and technology innovation management system with focus on key tasks such as project management and development of major technology projects, and actively build up new momentum for development. It will develop an asset-light business portfolio and ecological development abilities, thus playing a role in the circular economy. The Group will accelerate the expansion of high-quality industries, and solidify the foundation for high-quality development, aiming to write a new chapter of quality development in the new stage of development.

FINANCIAL REVIEW

Overview

During the period under review, the net profit attributable to the owners of the Company amounted to approximately RMB257.4 million, representing an increase of approximately 34.3% as compared to approximately RMB191.6 million of the corresponding period of last year. The increase in profit was mainly due to the continuous investment in construction and operation of projects, which promoted the growth of construction and operating profits respectively.

Waste Treatment and Waste-to-energy Business

During the period under review, the Group's revenue from the waste treatment and waste-to-energy business reached approximately RMB4,004.6 million, representing an increase of approximately 20.6% as compared to that of the corresponding period last year.

During the period under review, the gross profit margin of the Group was approximately 29.2%.

Administrative Expenses

During the period under review, the administrative expenses of the Group's continuing operations increased by approximately 25.3% to approximately RMB397.7 million. The increase in administrative expenses was mainly due to the increase in office and project staff to meet the needs of business development and project growth.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Finance Costs

The finance costs increased by approximately 10.4% to approximately RMB278.603 million, compared to that of the corresponding period last year. The increase was mainly due to the growth in financing from the continued increase in domestic investment.

Financial Position

As at 30 June 2021, the Group had total assets amounting to approximately RMB24,731.7 million and net assets attributable to the owners of the Company were approximately RMB5,932.6 million. The gearing ratio (which is calculated on the basis of total liabilities over total assets) was 69.85%, representing a slight decrease of 0.27% from 70.12% at the end of 2020. The current ratio (which is calculated on the basis of current assets over current liabilities) was approximately 0.72, which was similar to approximately 0.71 as at 31 December 2020. Included in current liabilities are a US\$300 million bond due in September 2021 and a NZ\$319 million shareholder's loan due on 31 May 2022. As at 30 June 2021, the Group had undrawn borrowing facilities of RMB2,866.797 million and has commenced additional banking facilities in subsequent periods to cover these current liabilities which will mature within one year.

Financial Resources

The Group finances its operations primarily with internally generated cash flow, equity financing, debt financing and loan facilities from banks. As at 30 June 2021, the Group had cash and bank balances, time deposits and pledged bank deposits of approximately RMB2,014.74 million, representing a decrease of approximately RMB802.504 million as compared to approximately RMB2,817.244 million at the end of 2020. The decrease was mainly due to the impact of capital expenditure on the Group's various projects, which were under construction during the period under review. Combined with the Company's operating and investment plans, the current financial resources can meet the Company's operating and investment needs. Currently, most of the Group's cash is denominated in US\$, HK\$, RMB and NZ\$.

Borrowings

As at 30 June 2021, the Group had outstanding borrowings of approximately RMB9,094.830 million, representing an increase of approximately RMB377.684 million as compared to approximately RMB8,717.146 million at the end of 2020. The borrowings comprised secured loans of approximately RMB5,445.081 million and unsecured loans of approximately RMB3,649.749 million. The borrowings are denominated in US\$, HK\$, RMB and NZ\$. Approximately 37.2% and 62.8% of the borrowings are at fixed rate and variable rate, respectively.

As at 30 June 2021, undrawn borrowing financing of the Group was RMB2,866.797 million.

Foreign Exchange Exposure

The majority of the Group's sales, purchase and operating expenses were denominated in US\$, HK\$, RMB and NZ\$. Although the Group has been and will continue to be exposed to foreign currency exchange risks, the board of Directors of the Company ("the Board") does not expect future currency fluctuations to materially impact the Group's operations. The management will continue to monitor the foreign exchange exposure flexibly and engage in timely and appropriate hedging activities when needed.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Charges on Assets

As at 30 June 2021, the Group's guarantee for certain bank financing included certain proceeds from the Group's service concession arrangements, bank balances of RMB3.021 million, and leasehold land and buildings of RMB117.81 million.

Pledged bank deposits of RMB33.778 million for service concession arrangements were required by the local governments for securing the progress of certain BOT projects.

Bank balance of RMB7.698 million was pledged in respect of the lawsuit relating to the payment condition for the consideration of the service concession right.

Capital Commitment Arrangements

As at 30 June 2021, the Group had capital commitment of approximately RMB1,561.875 million and RMB172.047 million in respect of the construction work under service concession arrangements and acquisition of property, plant and equipment respectively, which were contracted but not provided for in the consolidated financial statements.

Contingent Liabilities

As at 30 June 2021, the Group provided guarantees of approximately RMB357.5 million to the government institutions of New Zealand in respect of the continuous operation or the fulfillment of operation standards of the landfill sites.

The Group provided guarantees of approximately RMB202.107 million to the Grantor in Mainland China in respect of the construction and operation of certain BOT projects under service concession arrangements.

Two subsidiaries of the Group have been claimed by suppliers in two legal proceedings for the consideration of construction services in the amount of RMB54.861 million. In view of the project cost assessment and the legal advisers' opinion, the Group recognised the payables of RMB27.287 million and considered that the subsidiaries have valid defences for the excess amount.

Employee Information

As at 30 June 2021, the Group had about 5,133 employees in total, stationed mainly in Mainland China, Hong Kong and New Zealand. The Group's emolument policies, which are reviewed periodically, are linked to the performance of individual employees and are based on the salary trends prevailing in the aforesaid regions.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the period.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent review report
To the members of Capital Environment Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 10 to 40, which comprises the condensed consolidated statement of financial position of Capital Environment Holdings Limited (the "Company") and its subsidiaries as at 30 June 2021 and the related condensed consolidated statements of profit or loss, 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 Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 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 HKICPA. 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 HKAS 34.

Certified Public Accountants
Hong Kong

20 August 2021

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	2021 RMB'000 Unaudited	2020 RMB'000 Unaudited
REVENUE	5	4,004,571	3,320,911
Cost of sales		(2,835,574)	(2,512,260)
Gross profit		1,168,997	808,651
Other income and gains	5	49,083	98,186
Administrative expenses		(397,700)	(317,410)
Other expenses		(100,553)	(12,611)
Finance costs	7	(278,603)	(252,440)
Share of profits and losses of:			
Joint ventures		27,753	21,650
Associates		(390)	(3,840)
PROFIT BEFORE TAX	6	468,587	342,186
Income tax expenses	8	(152,633)	(119,147)
PROFIT FOR THE PERIOD		315,954	223,039
Attributable to:			
Owners of the parent		257,409	191,571
Owners of the preference shareholders		26,244	—
Non-controlling interests		32,301	31,468
		315,954	223,039
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	9	RMB1.80 cent	RMB1.34 cent
Diluted	9	RMB1.80 cent	RMB1.34 cent

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021



	2021 RMB'000 Unaudited	2020 RMB'000 Unaudited
PROFIT FOR THE PERIOD	315,954	223,039
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	(29,709)	(10,755)
Reclassification adjustments for gains included in the consolidated statement of profit or loss	34,810	4,119
Income tax effect	(619)	(1,301)
	4,482	(7,937)
Exchange differences:		
Exchange differences on translation of foreign operations	(27,180)	(75,488)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(22,698)	(83,425)
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	(109)	(49)
Exchange differences:		
Exchange differences on translation of the parent company	(49,363)	(46,579)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(49,472)	(46,628)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(72,170)	(130,053)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	243,784	92,986
Attributable to:		
Owners of the parent	232,977	96,362
Owners of the preference shareholders	26,244	—
Non-controlling interests	(15,437)	(3,376)
	243,784	92,986

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2021

	Notes	30 June 2021 RMB'000 Unaudited	31 December 2020 RMB'000 Audited
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,554,522	2,604,229
Right-of-use assets		1,130,579	1,430,978
Goodwill		2,033,225	2,117,205
Other intangible assets	12	3,410,783	3,276,255
Investments in joint ventures		420,601	452,531
Investments in associates	14	37,818	97,573
Trade receivables	17	328,732	366,796
Equity investments designated at fair value through other comprehensive income		17,290	17,399
Deferred tax assets		14,248	15,448
Concession financial assets	15	4,892,872	4,455,330
Contract assets	15	3,898,478	3,105,749
Prepayments, other receivables and other assets	16	111,083	59,366
Pledged deposits		5,021	5,017
Total non-current assets		18,855,252	18,003,876
CURRENT ASSETS			
Inventories		95,225	114,605
Concession financial assets	15	981,950	805,902
Contract assets	15	193,434	123,917
Trade receivables	17	1,515,213	1,132,849
Assets classified as held for sale		1,723	3,901
Prepayments, other receivables and other assets	16	1,076,805	1,013,101
Amounts due from associates		2,418	48,690
Pledged deposits		39,476	45,175
Time deposits		10,000	5,000
Cash and cash equivalents		1,960,243	2,762,052
Total current assets		5,876,487	6,055,192
CURRENT LIABILITIES			
Trade payables	18	2,154,324	1,853,229
Other payables and accruals		433,575	529,748
Deferred income		8,759	8,143
Derivative financial instruments		21,970	24,679
Interest-bearing bank and other borrowings	19	3,367,715	3,860,172
Notes payable	20	1,935,959	1,950,197
Lease liabilities		59,871	64,651
Amounts due to related parties		7,954	1,939
Tax payable		268,828	228,377
Total current liabilities		8,258,955	8,521,135
NET CURRENT LIABILITIES		(2,382,468)	(2,465,943)
TOTAL ASSETS LESS CURRENT LIABILITIES		16,472,784	15,537,933



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 JUNE 2021

	Notes	30 June 2021 RMB'000 Unaudited	31 December 2020 RMB'000 Audited
NON-CURRENT LIABILITIES			
Deferred income		230,260	202,606
Interest-bearing bank and other borrowings	19	5,727,115	4,856,974
Lease liabilities		1,026,095	1,300,481
Corporate bonds	21	993,490	995,529
Derivative financial instruments		9,980	13,224
Deferred tax liabilities		788,628	725,606
Provisions		241,367	254,498
Total non-current liabilities		9,016,935	8,348,918
Net assets		7,455,849	7,189,015
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	22	1,188,219	1,188,219
Other equity instruments	23	1,367,694	1,316,938
Reserves		3,376,708	3,117,487
		5,932,621	5,622,644
Non-controlling interests		1,523,228	1,566,371
Total equity		7,455,849	7,189,015

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to equity holders of the Company											
	Issued capital RMB'000 (note 22)	Share premium RMB'000	Other equity instruments RMB'000 (note 23)	Capital reserve RMB'000	Merger reserve RMB'000	Cash flow hedge 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 1 January 2021 (audited)	1,188,219	1,670,391	1,316,938	4,702	(481,084)	(20,968)	1,165	14,661	1,928,620	5,622,644	1,566,371	7,189,015
Profit for the period	—	—	—	—	—	—	—	—	283,653	283,653	32,301	315,954
Other comprehensive income for the period:												
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	—	—	—	—	—	—	(109)	—	—	(109)	—	(109)
Cash flow hedge, net of tax	—	—	—	—	—	3,702	—	—	—	3,702	780	4,482
Exchange differences related to foreign operations	—	—	—	—	—	—	—	(28,025)	—	(28,025)	(48,518)	(76,543)
Total comprehensive income for the period	—	—	—	—	—	3,702	(109)	(28,025)	283,653	259,221	(15,437)	243,784
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	8,954	8,954
Capital contribution from the preference shareholders	—	—	50,756	—	—	—	—	—	50,756	—	—	50,756
Dividend paid to a non-controlling shareholder	—	—	—	—	—	—	—	—	—	—	(35,460)	(35,460)
De-registration of a subsidiary	—	—	—	—	—	—	—	—	—	—	(1,200)	(1,200)
At 30 June 2021 (unaudited)	1,188,219	1,670,391*	1,367,694	4,702*	(481,084)*	(17,266)*	1,056*	(13,364)*	2,212,273*	5,932,621	1,523,228	7,455,849



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to equity holders of the Company										
	Issued capital RMB'000 (note 22)	Share premium RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Cash flow hedge 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 1 January 2020 (audited)	1,188,219	1,670,391	4,702	(481,084)	(10,037)	1,684	(213,779)	1,462,497	3,622,593	1,618,661	5,241,254
Profit for the period	—	—	—	—	—	—	—	191,571	191,571	31,468	223,039
Other comprehensive income for the period:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	—	—	(49)	—	—	(49)	—	(49)
Cash flow hedge, net of tax	—	—	—	—	(9,603)	—	—	—	(9,603)	1,666	(7,937)
Exchange differences related to foreign operations	—	—	—	—	—	—	(85,557)	—	(85,557)	(36,510)	(122,067)
Total comprehensive income for the period	—	—	—	—	(9,603)	(49)	(85,557)	191,571	96,362	(3,376)	92,986
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	1,740	1,740
Dividend paid to a non-controlling shareholder	—	—	—	—	—	—	—	—	—	(47,491)	(47,491)
At 30 June 2020 (unaudited)	1,188,219	1,670,391	4,702	(481,084)	(19,640)	1,635	(299,336)	1,654,068	3,718,955	1,569,534	5,288,489

* These reserve accounts comprise the consolidated reserves of RMB3,376,708,000 (31 December 2020: RMB3,117,487,000) in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	2021 RMB'000 Unaudited	2020 RMB'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		468,587	342,186
Adjustments for:			
Depreciation and amortisation	6	230,437	210,593
Gain on disposal of items of property, plant and equipment	5	(751)	(451)
Impairment of prepayments, other receivables and other assets	6	11,777	332
Impairment of trade receivables	6	8,568	5,133
Impairment of concession financial assets and relevant contract assets	6	6,517	—
Impairment of property, plant and equipment	6	4,989	—
Share of profits and losses of joint ventures and associates		(27,363)	(17,810)
Interest income		(221,075)	(160,969)
Finance costs	7	278,603	252,440
Gain on disposal of an associate	5	(5,401)	—
Loss on de-registration of a subsidiary		1,573	—
		756,461	631,454
Decrease in inventories		19,380	23,529
Increase in concession financial assets and relevant contract assets in relation to service concession arrangements		(929,136)	(723,079)
Increase in trade receivables		(356,481)	(56,170)
Increase in other contract assets		(16,443)	(63,563)
Increase in prepayments, other receivables and other assets		(94,983)	(91,456)
Increase in trade payables		306,907	219,473
Increase/(decrease) in other payables and accruals		(2,086)	23,977
Decrease in provision		(3,378)	(447)
Increase in deferred income		28,469	4,787
		(291,290)	(31,495)
Cash used in operations		(62,772)	(30,808)
Income tax paid			
		(354,062)	(62,303)
Net cash flows used in operating activities			



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	2021 <i>RMB'000</i> Unaudited	2020 <i>RMB'000</i> Unaudited
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of other intangible assets in relation to service concession arrangements and relevant contract assets	(578,557)	(634,229)
Purchases of items of property, plant and equipment	(187,054)	(254,457)
Additions to other intangible assets	—	(191)
Purchases of leasehold land	—	(12,463)
Proceeds from disposal of items of property, plant and equipment	3,710	5,000
Decrease/(increase) in assets held for sale	2,177	(1,592)
Interest received	5,919	4,461
Acquisition of a subsidiary	(4,647)	—
Disposal of an associate	131,200	—
Capital injection to an associate	(28,121)	(316)
Dividend received from joint ventures	41,760	18,062
Increase in time deposits	(5,000)	—
Decrease in pledged deposits	5,695	19,878
Net cash flows used in investing activities	(612,918)	(855,847)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(305,167)	(243,404)
Repayment of bank loans and other borrowings	(1,613,684)	(417,932)
Principal portion of lease payments	(15,888)	(1,196)
New bank and other borrowings	2,090,780	1,630,451
Proceeds from issue of preference shares	50,756	—
Proceeds from issue of corporate bonds	—	992,000
Decrease of capital from a non-controlling shareholder	(9,000)	—
Dividends paid to a non-controlling shareholder	(35,460)	(47,491)
Capital contribution from non-controlling shareholders of subsidiaries	8,954	1,740
Net cash flows from financing activities	171,291	1,914,168
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(795,689)	996,018
Effect of foreign exchange rate changes, net	(6,120)	4,508
Cash and cash equivalents at beginning of the period	2,762,052	1,540,029
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,960,243	2,540,555
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,014,740	2,581,418
Time deposits with original maturity over three months	(10,000)	—
Pledged deposits	(44,497)	(40,863)
Cash and cash equivalents as stated in the statement of cash flows	1,960,243	2,540,555

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2021

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 27 May 2004 and its shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited with effect from 13 July 2006. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The Company's head office and principal place of business in Hong Kong is located at Unit 1613-1618, 16th Floor, Bank of America Tower, 12 Harcourt Road, Central.

The principal activity of the Company and its subsidiaries (the "Group") is waste treatment and waste-to-energy business.

The Group's principal operations and geographic markets are in New Zealand and Mainland China.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting*. 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 2020.

The Group's net current liabilities were RMB2,382,468,000 as at 30 June 2021. The financial statements are still presented on the basis of going concern as the Group has undrawn borrowing facilities amounting to RMB2,866,797,000 as at 30 June 2021 and has obtained additional bank facilities amounting to HK\$700,000,000 (equivalent to approximately RMB582,456,000) in the subsequent period.

3. 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 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 9,
HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform — Phase 2

Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The amendments did not have any impact on the financial position and performance of the Group as the Group did not receive any rent concessions arising as a direct consequence of the covid-19 pandemic during the period ended 30 June 2021.

Except the accounting policies above, the IFRS Interpretations Committee (IFRIC) issued an agenda decision in March 2021 for configuration and customisation costs incurred related to implementing Software as a Service (SaaS) arrangements. The Group is assessing the impact of the agenda decision on its current accounting policy, which may result in previously capitalised costs needing to be recognised as an expense. The process to quantify the impact of the decision is ongoing due to the effort required in obtaining the underlying information from historical records in relation to software costs and assessing the nature for each of them.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

4. OPERATING SEGMENT INFORMATION

The Group's reportable segments are (a) waste treatment and waste-to-energy business in the People's Republic of China ("PRC") and (b) waste treatment and waste-to-energy business in New Zealand.

Six months ended 30 June 2021	Waste treatment and waste-to-energy business in the PRC <i>RMB'000</i> Unaudited	Waste treatment and waste-to-energy business in New Zealand <i>RMB'000</i> Unaudited	Total <i>RMB'000</i> Unaudited
Segment revenue (note 5)			
Revenue from external customers	2,735,156	1,269,415	4,004,571
Revenue from operations			<u>4,004,571</u>
Segment results	407,110	61,477	468,587
Other segment information:			
Share of profits of joint ventures	—	27,753	27,753
Share of losses of associates	(390)	—	(390)
Impairment losses recognised in the statement of profit or loss	31,462	389	31,851
Depreciation and amortisation	58,919	171,518	230,437
Capital expenditure (note)	37,753	149,301	187,054
Six months ended 30 June 2020	Waste treatment and waste-to-energy business in the PRC <i>RMB'000</i> Unaudited	Waste treatment and waste-to-energy business in New Zealand <i>RMB'000</i> Unaudited	Total <i>RMB'000</i> Unaudited
Segment revenue (note 5)			
Revenue from external customers	2,269,285	1,051,626	3,320,911
Revenue from operations			<u>3,320,911</u>
Segment results	286,463	55,723	342,186
Other segment information:			
Share of profits of joint ventures	—	21,650	21,650
Share of losses of associates	(3,840)	—	(3,840)
Impairment losses recognised in the statement of profit or loss	3,304	2,161	5,465
Depreciation and amortisation	53,651	156,942	210,593
Capital expenditure (note)	98,896	155,561	254,457

Note: Capital expenditure consists of additions to property, plant and equipment.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

4. OPERATING SEGMENT INFORMATION *(continued)*

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2021 and 31 December 2020.

	Waste treatment and waste-to-energy business in the PRC <i>RMB'000</i>	Waste treatment and waste-to-energy business in New Zealand <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets			
30 June 2021 (unaudited)	17,720,284	7,011,455	24,731,739
31 December 2020 (audited)	16,467,691	7,591,377	24,059,068
Segment liabilities			
30 June 2021 (unaudited)	12,559,159	4,716,731	17,275,890
31 December 2020 (audited)	11,694,493	5,175,560	16,870,053

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains for the period is as follows:

Revenue

	For the six months ended 30 June	
	2021 <i>RMB'000</i> Unaudited	2020 <i>RMB'000</i> Unaudited
Revenue from contracts with customers	3,804,531	3,182,733
Effective interest income on concession financial assets	200,040	138,178
	4,004,571	3,320,911

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue *(continued)*

Disaggregated revenue information for revenue from contracts with customers:

For the six months ended 30 June 2021

	The PRC RMB'000 Unaudited	New Zealand RMB'000 Unaudited	Total RMB'000 Unaudited
Types of goods or services			
Construction services under service concession arrangements	1,735,775	—	1,735,775
Operation services under service concession arrangements	429,520	—	429,520
Electronic appliance dismantling	187,055	—	187,055
Operation services not under service concession arrangements	27,512	1,240,299	1,267,811
Others	155,254	29,116	184,370
Total revenue from contracts with customers	2,535,116	1,269,415	3,804,531
Timing of revenue recognition			
Goods transferred at a point in time	184,939	50,729	235,668
Services transferred at a point in time	506,652	1,218,686	1,725,338
Services transferred over time	1,843,525	—	1,843,525
Total revenue from contracts with customers	2,535,116	1,269,415	3,804,531



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue (continued)

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

For the six months ended 30 June 2020

	The PRC RMB'000 Unaudited	New Zealand RMB'000 Unaudited	Total RMB'000 Unaudited
Types of goods or services			
Construction services under service concession arrangements	1,480,277	—	1,480,277
Operation services under service concession arrangements	303,893	—	303,893
Electronic appliance dismantling	200,653	—	200,653
Operation services not under service concession arrangements	2,927	1,045,303	1,048,230
Others	143,357	6,323	149,680
Total revenue from contracts with customers	2,131,107	1,051,626	3,182,733
Timing of revenue recognition			
Goods transferred at a point in time	126,709	42,036	168,745
Services transferred at a point in time	422,235	1,009,590	1,431,825
Services transferred over time	1,582,163	—	1,582,163
Total revenue from contracts with customers	2,131,107	1,051,626	3,182,733

Other income and gains

	For the six months ended 30 June	
	2021 RMB'000 Unaudited	2020 RMB'000 Unaudited
Bank interest income	3,680	2,156
Other interest income	17,355	20,635
Gain on disposal of items of property, plant and equipment	751	451
Gain on disposal of an associate	5,401	—
Government grants	20,816	73,775
Others	1,080	1,169
	49,083	98,186

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2021 RMB'000 Unaudited	2020 RMB'000 Unaudited
Cost of services rendered for service concession arrangements	1,690,825	1,511,748
Cost of other services provided	934,027	804,966
Cost of inventories sold	210,722	195,546
Depreciation		
— Property, plant and equipment	146,943	129,464
— Right-of-use assets	20,152	26,148
Amortisation of other intangible assets	63,342	54,981
Lease payments not included in the measurement of lease liabilities	40,731	15,641
Auditor's remuneration	1,167	970
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	203,854	157,191
Pension scheme contributions	21,843	13,016
Impairment of financial and contract assets, net:		
Impairment of financial assets included in prepayments, other receivables and other assets	11,777	332
Impairment of trade receivables	8,568	5,133
Impairment of concession financial assets and relevant contract assets	6,517	—
Impairment of property, plant and equipment	4,989	—
Foreign exchange differences, net	35,221	6,703

7. FINANCE COSTS

	For the six months ended 30 June	
	2021 RMB'000 Unaudited	2020 RMB'000 Unaudited
Interest on bank and other borrowings	172,587	152,227
Interest on notes payable (note 20)	59,193	65,015
Interest on corporate bonds (note 21)	18,333	3,241
Interest on lease liabilities	24,400	26,120
Other finance costs:		
Increase in discounted amounts of provisions arising from the passage of time	469	1,590
Others	3,621	4,247
	278,603	252,440



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Withholding Hong Kong profits tax was calculated at 10% (six months ended 30 June 2020: 10%) on the interest income recognised by a subsidiary in Hong Kong from a subsidiary in New Zealand.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/ (jurisdictions) in which the Group operates.

	For the six months ended 30 June	
	2021 RMB'000 Unaudited	2020 RMB'000 Unaudited
Current income tax:		
— Hong Kong	13,391	12,697
— PRC	51,428	42,214
— New Zealand	11,135	(3,025)
Deferred	76,679	67,261
Total tax charge for the period	152,633	119,147

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

The calculation of the basic earnings per share ("EPS") amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 14,294,733,167 (six months ended 30 June 2020: 14,294,733,167) in issue during the period, as adjusted to reflect the rights issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2021 and 2020.

The calculation of basic earnings per share is based on:

	2021 RMB'000 Unaudited	2020 RMB'000 Unaudited
	Earnings	
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	257,409	191,571
	Number of shares	
	2021	2020
Shares		
Weighted average number of shares in issue during the period used in the basic earnings per share calculation	14,294,733,167	14,294,733,167

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

10. DIVIDENDS

No dividend was paid or proposed by the Company during the six months ended 30 June 2021 and 2020.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with a cost of RMB187,054,000 (six months ended 30 June 2020: RMB254,457,000).

Assets with a net book value of RMB5,370,000 were disposed by the Group during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB4,549,000), resulting in a net gain on disposal of RMB751,000 (six months ended 30 June 2020: RMB451,000).

During the six months ended 30 June 2021, an impairment loss of RMB4,989,000 (six months ended 30 June 2020: nil) was recognised for certain property, plant and equipment in the PRC segment as a result of a decision to discontinue a subsidiary during the period.

12. OTHER INTANGIBLE ASSETS

For the six months ended 30 June 2021, addition in other intangible assets arising from service concession arrangements of RMB214,248,000 mainly represents an increase of RMB264,101,000 due to the completion of the construction of a BOT project operated by Lushan Capital Biomass Energy Co., Ltd. (魯山首創生物質能源有限公司), which is engaged in biomass incineration power generation.

The intangible assets arising from the service concession arrangements are amortised over the period which commences from the date when the related plants are available for use to end of the service concession period, using a straight-line method.

Revenue and gross margin recognised from construction services and operation services of the service concession arrangements were collectively disclosed in note 15.

13. INVESTMENT IN A JOINT OPERATION

According to the joint operation agreement, the Group accounts for its joint operation by including its share of revenues, expenses, assets and liabilities of Waste Disposal Services in its own financial statements. The Group's share of material assets and liabilities of Waste Disposal Services is as follows:

	30 June 2021 RMB'000 Unaudited	31 December 2020 RMB'000 Audited
Current assets	18,387	25,514
Non-current assets	96,287	95,093
Total assets	114,674	120,607
Current liabilities	(6,854)	(5,882)
Non-current liabilities	(37,635)	(39,954)
Total liabilities	(44,489)	(45,836)
Net assets shared by the Group	70,185	74,771



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

13. INVESTMENT IN A JOINT OPERATION *(continued)*

	For the six months ended 30 June	
	2021 RMB'000 Unaudited	2020 RMB'000 Unaudited
Share of the joint operation's revenue	34,833	21,214
Share of the joint operation's expenses	(17,288)	(12,594)
Share of the joint operation's profit before tax	17,545	8,620
Cash received	18,560	6,608

14. INVESTMENTS IN ASSOCIATES

On 22 January 2021, the Group entered into a sale and purchase agreement with Guangdong Guangye Investment Group Co., Ltd. (廣東廣業投資集團有限公司), which is a state-owned enterprise managed by Guangdong Guangye Group Co., Ltd. under the State-owned Assets Supervision and Administration Commission of Guangdong Province, to dispose of its 46% interest in Shenzhen Guangye Environmental Recycling Energy Limited (深圳廣業環保再生能源有限公司, “深圳廣業”, a former material associate of the Group) and its amount due from the associate of RMB38,321,000, for cash considerations of RMB131,200,000 received in total.

This transaction was completed in February 2021, leading to a gain of RMB5,401,000 to the Group.

15. CONCESSION FINANCIAL ASSETS AND CONTRACT ASSETS

The Group provides construction and operation services to the certain government authorities in the PRC (“Grantor”) under the service concession arrangements, the consideration received or receivable by the Group is recognised in accordance with HKFRS 15. The consideration may be rights to a financial asset, or an intangible asset. The Group recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the Grantor for the construction services; the Grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law. The Group recognises an intangible asset to the extent that it receives a right (a licence) to charge users of the public service. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. Sometimes the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, the Group accounts separately for each component of the consideration. Both types of consideration are classified as a contract asset during the construction period in accordance with HKFRS 15.

The effective interest rates used in service concession arrangements ranged from 5.00% to 6.56% for the six months ended 30 June 2021.

Service concession arrangements with certain government authorities in the PRC require the Group to operate and maintain the waste treatment and waste-to-energy plants at a specified level of service ability on behalf of the relevant government authorities over the relevant service concession periods.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

15. CONCESSION FINANCIAL ASSETS AND CONTRACT ASSETS *(continued)*

An impairment analysis is performed at each reporting date using the probability of default method to measure expected credit losses. The probabilities of default rates are estimated based on published credit information of the Grantors. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forward-looking credit risk information. As at 30 June 2021, the probability of default applied ranging from 0.08% to 2.03% and the loss given default was estimated to be 45%, which led to an impairment of RMB6,517,000 recognised during the period. The loss allowance was assessed to be limited as at 31 December 2020 in respect of the concession financial assets and relevant contract assets.

The Group recognised revenue from construction services of RMB1,735,775,000 (six months ended 30 June 2020: RMB1,480,277,000) and revenue from operation of RMB429,520,000 (six months ended 30 June 2020: RMB303,893,000) for all the service concession arrangements of the Group (see note 5). The gross profits recognised from construction services were amounted to RMB343,941,000 (six months ended 30 June 2020: RMB217,878,000) and the gross profits recognised from operation services were amounted to RMB136,851,000 (six months ended 30 June 2020: RMB93,659,000) for all the service concession arrangements of the Group.

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2021 RMB'000 Unaudited	31 December 2020 RMB'000 Audited
Advances to suppliers	192,019	185,569
Value added tax receivables	631,827	581,962
Loans receivable	7,738	7,738
Prepayments for emission units	54,915	42,651
Tender deposits	237,909	224,463
Deposit for tax review (note)	26,576	—
Others	36,904	30,084
	1,187,888	1,072,467
Analysed for reporting purposes as:		
Current assets	1,076,805	1,013,101
Non-current assets	111,083	59,366
	1,187,888	1,072,467

Note: The amount was paid as a deposit in the form of a Tax Reserve Certificate for "Conditional Standover Order" to the Inland Revenue Department in Hong Kong by BCG NZ Investment Holding Limited ("BCG NZ") during this period for tax review in relation to BCG NZ's interest income derived from New Zealand. The directors of the Company consider the tax review is a routine inspection and additional tax risk is minimal.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

17. TRADE RECEIVABLES

	30 June 2021 RMB'000 Unaudited	31 December 2020 RMB'000 Audited
Trade receivables	1,869,272	1,518,259
Impairment	(25,327)	(18,614)
	1,843,945	1,499,645
Analysed for reporting purposes as:		
Current assets	1,515,213	1,132,849
Non-current assets	328,732	366,796
	1,843,945	1,499,645

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	30 June 2021 RMB'000 Unaudited	31 December 2020 RMB'000 Audited
0-90 days	691,343	540,743
91-180 days	191,145	200,450
Over 180 days	961,457	758,452
	1,843,945	1,499,645

18. TRADE PAYABLES

An aged analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2021 RMB'000 Unaudited	31 December 2020 RMB'000 Audited
0-90 days	1,165,558	1,240,274
91-180 days	82,748	116,066
Over 180 days	906,018	496,889
	2,154,324	1,853,229

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2021 RMB'000 Unaudited	31 December 2020 RMB'000 Audited
Secured bank and other borrowings (notes)	5,445,081	4,413,440
Unsecured bank and other borrowings	3,649,749	4,303,706
	9,094,830	8,717,146
Carrying amount repayable:		
Within one year	3,367,715	3,860,172
More than one year, but not exceeding two years	1,624,196	1,106,106
More than two years, but not exceeding five years	1,533,156	1,937,432
Beyond five years	2,569,763	1,813,436
	9,094,830	8,717,146
Less: amounts due within one year shown under current liabilities	(3,367,715)	(3,860,172)
Non-current liabilities	5,727,115	4,856,974

Notes:

- (1) Bank loans of RMB258,870,000 as at 30 June 2021 (31 December 2020: RMB190,900,000) were guaranteed by the corporate guarantee of the Group.
- (2) Bank loans of RMB1,117,598,000 as at 30 June 2021 (31 December 2020: RMB781,697,000) were secured by the service concession arrangements of the Group.
- (3) Bank loans of RMB2,464,591,000 as at 30 June 2021 (31 December 2020: RMB1,821,263,000) were guaranteed by the corporate guarantee of the Group, and were secured by the service concession arrangements of the Group.
- (4) A bank loan of RMB165,846,000 as at 30 June 2021 (31 December 2020: RMB173,346,000) was guaranteed by a corporate guarantee of the Group and Beijing Construction Engineering Group Co., Ltd (北京建工集團有限責任公司).
- (5) Other loan of RMB69,000,000 (31 December 2020: RMB69,000,000) from China Clean Development Mechanism Fund (中國清潔發展機制基金) as at 30 June 2021 was secured by the service concession arrangement in Fuzhou Capital Haihuan Environmental Technology Co., Ltd (福州首創海環環保科技有限公司).
- (6) Bank loans of RMB245,691,000 as at 30 June 2021 (31 December 2020: RMB182,801,000) were guaranteed by the corporate guarantee of the Group, and were secured by the leasehold land and buildings with a carrying amount of RMB117,810,000 (31 December 2020: RMB96,176,000).
- (7) Other loan of RMB56,726,000 from Beijing Guozi Financial Leasing Co., Ltd. (北京國資融資租賃股份有限公司) as at 30 June 2021 (31 December 2020: RMB65,195,000) was secured by the service concession arrangement in Zhejiang Zhuoshang Environmental Energy Company Limited (浙江卓尚環保能源有限公司).



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

19. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes: (continued)

- (8) Other loans of RMB166,759,000 from China Merchants Bank Financial Leasing Co., Ltd. (招銀金融租賃有限公司) as at 30 June 2021 (31 December 2020: RMB124,808,000) were guaranteed by the corporate guarantee of the Group, and were secured by the service concession arrangement in Duyun Capital Environment Company Limited (都勻市首創環保有限公司) and Renqiu Capital Environmental Treatment Company Limited (任丘首創環境治理有限公司).
- (9) Other loan of RMB900,000,000 from Ping An Asset Management Co., Ltd. (平安資產管理有限責任公司) as at 30 June 2021 (31 December 2020: RMB1,000,000,000) was guaranteed by a corporate guarantee of Beijing Capital Group Co., Ltd. ("Beijing Capital Group").

Included in other borrowings is a loan of NZ\$319,000,000 (equivalent to approximately RMB1,437,574,000) from BCG Chinastar International Investment Limited ("BCG Chinastar"), which is unsecured, interest-bearing at 4% per annum and has the maturity date on 31 May 2022.

Included in other borrowings is a loan of HK\$686,000,000 (equivalent to approximately RMB570,510,000) from Beijing Capital (Hong Kong) Limited ("Beijing Capital (HK)"), which is unsecured, interest-bearing at 4% per annum and has the maturity date on 20 June 2022.

As at 30 June 2021, the Group had undrawn borrowing facilities amounting to RMB2,866,797,000 (31 December 2020: RMB2,158,428,000).

As at 30 June 2021, the Group's bank and other loans of RMB3,379,972,000 were charged at fixed interest rates while RMB5,714,858,000 were charged at floating interest rates. The carrying amounts of the Group's current borrowings approximate to their fair values.

20. NOTES PAYABLE

The Group's notes payable were issued in 2018. The movements of notes payable during the period are as follows:

	30 June 2021 RMB'000 Unaudited
Liabilities at 31 December 2020	1,950,197
Interest reclassified in previous year	33,762
Interest during the period	59,193
Interest paid during the period	(51,195)
Exchange realignment	(19,803)
	1,972,154
Less: Interest to be paid within one year	(36,195)
Liabilities at 30 June 2021	1,935,959

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

21. CORPORATE BONDS

The Group's corporate bonds were issued in May 2020. The movements of corporate bonds during the period are as follows:

	30 June 2021 RMB'000 Unaudited
Liabilities at 31 December 2020	995,529
Interest reclassified in previous year	18,345
Interest during the period	18,333
Interest paid during the period	(36,000)
	996,207
Less: Interest to be paid within one year	(2,717)
Liabilities at 30 June 2021	993,490

22. ISSUED CAPITAL Shares

	30 June 2021 RMB'000 Unaudited	31 December 2020 RMB'000 Audited
Issued and fully paid: 14,294,733,167 ordinary shares of HK\$0.1 each	1,188,219	1,188,219

23. PREFERENCE SHARES

As disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2020, BCG Chinastar paid HK\$61,100,000 for the numbers of 611,000 preference shares during the period, resulting in credits to other equity instruments of approximately RMB50,756,000.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

24. CONTINGENT LIABILITIES

As at 30 June 2021, the Group provided guarantees of RMB240,660,000 (31 December 2020: RMB252,279,000) to the New Zealand government authorities in relation to continuous operation of landfills.

As at 30 June 2021, the Group provided guarantees of RMB116,840,000 (31 December 2020: RMB124,928,000) to the New Zealand government authorities in relation to the fulfillment of the waste collection contracts and the requirements of other activities.

Guarantees given under the agreements entered into with the New Zealand government authorities on continuous operation of the landfills or for meeting the required operational standards. The amounts of the guarantees were determined based on the terms of the agreements signed by the subsidiary of the Group in New Zealand and the New Zealand government authorities. In the opinion of the directors, the entity will fulfill its responsibilities in relation to continuous operation of the landfills and meeting the required operational standards, therefore, there is low risk of the claims made against the Group under the guarantees.

The Group also provided performance guarantees with a total amount of RMB202,107,000 (31 December 2020: RMB204,725,000) to the Grantors in the PRC in connection with the construction and operation services provided according to the service concession arrangements.

Two subsidiaries of the Group are defendants in two lawsuits brought by their suppliers in relation to the construction service consideration of RMB54,861,000 claimed. The Group, based on project cost evaluation and the advice from its legal counsel, has recognised account payables amounting to RMB27,287,000 and believes that the subsidiaries have a valid defence against the excess amounts and, accordingly, has not provided for any additional claim arising from the litigations, other than the related legal and other costs.

25. COMMITMENTS

	30 June 2021 <i>RMB'000</i> Unaudited	31 December 2020 <i>RMB'000</i> Audited
Contracted, but not provided for:		
— construction work under service concession arrangements	1,561,875	1,773,273
— property, plant and equipment	172,047	153,896
— capital contributions to an associate	—	28,121
	1,733,922	1,955,290

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

26. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the unaudited interim financial information, the Group entered into the following material related party transactions during the six months ended 30 June 2021.

(i) The transactions and balances with government-related entities are listed below:

The PRC subsidiaries of the Group operate in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government (“government-related entities”). The immediate shareholders of the Company, Beijing Capital (HK) and BCG Chinastar, which are companies incorporated in Hong Kong with limited liability, are ultimately controlled by the PRC government. The ultimate parent of both immediate shareholders is Beijing Capital Group, which is controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality.

Capital Securities Co., Ltd (“Capital Securities”) and Sichuan Bluestone Construction Co., Ltd (“SC BlueStone”) are subsidiaries of Beijing Capital Group.

(a) Transactions and balances with related parties within Beijing Capital Group:

Name of the related parties	Nature of the transactions	For the six months ended 30 June	
		2021 RMB'000 Unaudited	2020 RMB'000 Unaudited
Beijing Capital (HK)	Rental expenses	751	815
Beijing Capital (HK)	Interest expense	579	—
BCG Chinastar	Interest expense	67,982	68,865
Beijing Capital Group	Keepwell fee*	3,068	3,068
Beijing Capital Group	Guarantees charges**	5,127	3,244
SC BlueStone	Operation service income***	23,000	—
Capital Securities	Underwriting service fee^	—	3,000

* Beijing Capital Group provided keepwell services for the issued notes of US\$300,000,000 based on the rate of 0.3% per annum.

** Beijing Capital Group provided guarantee services for the issued bonds of RMB1,000,000,000 based on the rate of 0.5% per annum and for a loan of RMB900,000,000 (30 June 2020: RMB1,000,000,000) from Ping An Asset Management Co., Ltd based on the rate of 0.6% per annum.

*** The operation service income was related to environmental remediation project subcontracted to the Group.

^ Capital Securities provided the underwriting service for the issuance of corporate bonds of RMB1,000,000,000. The underwriting service fee was based on 0.3% of the principal amount of the issued corporate bonds.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

26. RELATED PARTY TRANSACTIONS *(continued)*

(i) **The transactions and balances with government-related entities are listed below:** *(continued)*

(b) *Transactions and balances with other government-related entities:*

During the six months ended 30 June 2021, the Group recognised revenue from the construction services and operating services of RMB1,735,775,000 (six months ended 30 June 2020: RMB1,480,277,000) and RMB429,520,000 (six months ended 30 June 2020: RMB303,893,000), respectively, under service concession arrangements with the local governments in the PRC (see note 15). All the concession financial assets of the Group are due from the local governments in the PRC.

As at 30 June 2021, concession financial assets of RMB5,874,822,000 (31 December 2020: RMB5,261,232,000) and contract assets of RMB4,091,912,000 (31 December 2020: RMB3,229,666,000) were due from the local governments in the PRC in relation to the construction services mentioned above.

As at 30 June 2021, trade receivables due from the local governments in the PRC in relation to the waste management service were RMB839,795,000 (31 December 2020: RMB573,155,000).

As at 30 June 2021, trade receivables of RMB701,156,000 (31 December 2020: RMB622,281,000) were due from the Ministry of Finance of the PRC in relation to government dismantling tariffs and electricity generation.

Apart from the transactions disclosed above, the Group also conducts business with other government-related entities. The directors of the Company consider those government-related entities are independent third parties so far as the Group's business transactions with them are concerned.

In establishing its pricing strategies and approval process for transactions with other government-related entities, the Group does not differentiate whether the counter-party is a government-related entity or not.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

26. RELATED PARTY TRANSACTIONS *(continued)*

(ii) The transactions with non-government-related entities which are related to the Group are listed below:

	Notes	For the six months ended 30 June	
		2021 RMB'000 Unaudited	2020 RMB'000 Unaudited
Sales to related parties:			
Transwaste Canterbury Limited	(a)	62,302	61,272
Pikes Point Transfer Station Limited	(a)	6,193	4,699
Burwood Resource Recovery Park Limited	(b)	3,223	3,080
Midwest Disposals Limited	(a)	4,344	2,658
Waste Disposal Services	(c)	2,287	1,944
		78,349	73,653
Purchases from related parties:			
Transwaste Canterbury Limited	(a)	16,816	18,420
Midwest Disposals Limited	(a)	18,881	17,123
Waste Disposal Services	(c)	10,072	6,398
Pikes Point Transfer Station Limited	(a)	7,991	5,891
Daniels Sharpsmart New Zealand Limited	(a)	2,422	1,713
Beijing Lanjie Lide Environment Holding Limited (北京藍潔利德環境科技有限公司)	(d)	2,103	—
		58,285	49,545
Interest income from a related party:			
深圳廣業	(e)	—	1,370

Notes:

- (a) The entity is a joint venture of the Group.
- (b) The entity is a subsidiary of the Group's joint venture.
- (c) The transactions are with the other operator of Waste Disposal Services.
- (d) The entity is an associate of the Group.
- (e) The entity was an associate of the Group in 2020, which was disposed in February 2021 (see note 14).



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

26. RELATED PARTY TRANSACTIONS *(continued)*

(iii) The remuneration of key management personnel during the period was as follows:

	For the six months ended 30 June	
	2021 RMB'000 Unaudited	2020 RMB'000 Unaudited
Short-term benefits	8,762	10,365
Post-employment benefits	161	34
	8,923	10,399

27. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

30 June 2021

	Financial assets at fair value through other comprehensive income		
	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	17,290	—	17,290
Concession financial assets	—	5,874,822	5,874,822
Trade receivables	—	1,843,945	1,843,945
Financial assets included in prepayments, other receivables and other assets	—	309,128	309,128
Amounts due from associates	—	2,418	2,418
Pledged deposits	—	44,497	44,497
Time deposits	—	10,000	10,000
Cash and cash equivalents	—	1,960,243	1,960,243
	17,290	10,045,053	10,062,343

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

27. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial assets (continued)

31 December 2020

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Equity investments RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income	17,399	—	17,399
Concession financial assets	—	5,261,232	5,261,232
Trade receivables	—	1,499,645	1,499,645
Financial assets included in prepayments, other receivables and other assets	—	245,392	245,392
Amounts due from associates	—	48,690	48,690
Pledged deposits	—	50,192	50,192
Time deposits	—	5,000	5,000
Cash and cash equivalents	—	2,762,052	2,762,052
	17,399	9,872,203	9,889,602

Financial liabilities

30 June 2021

	Derivatives designated as hedging instruments	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade payables	—	2,154,324	2,154,324
Financial liabilities included in other payables and accruals	—	189,743	189,743
Interest-bearing bank and other borrowings	—	9,094,830	9,094,830
Derivative financial instruments	31,950	—	31,950
Notes payable	—	1,935,959	1,935,959
Corporate bonds	—	993,490	993,490
Amounts due to related parties	—	7,954	7,954
Lease liabilities	—	1,085,966	1,085,966
	31,950	15,462,266	15,494,216



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

27. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities (continued)

31 December 2020

	Derivatives designated as hedging instruments RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	—	1,853,229	1,853,229
Financial liabilities included in other payables and accruals	—	235,229	235,229
Interest-bearing bank and other borrowings	—	8,717,146	8,717,146
Amounts due to related parties	—	1,939	1,939
Notes payable	—	1,950,197	1,950,197
Corporate bonds	—	995,529	995,529
Derivative financial instruments	37,903	—	37,903
Lease liabilities	—	1,365,132	1,365,132
	<u>37,903</u>	<u>15,118,401</u>	<u>15,156,304</u>

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments reasonably approximate to their fair values.

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2021

	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	
Financial assets at fair value through other comprehensive income	—	—	17,290	17,290

As at 31 December 2020

	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	
Financial assets at fair value through other comprehensive income	—	—	17,399	17,399

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 JUNE 2021

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Liabilities measured at fair value:

As at 30 June 2021

	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Fair value measurement using Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Financial liabilities				
Derivative financial instruments	—	31,950	—	31,950

As at 31 December 2020

	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Fair value measurement using Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Financial liabilities				
Derivative financial instruments	—	37,903	—	37,903

29. EVENT AFTER THE REPORTING PERIOD

On 17 August 2021, the New Zealand government placed a higher level alert that only essential businesses were allowed to operate due to the reappearance of the covid-19 in New Zealand. The alert is for only several days and the segment in New Zealand continues to operate under the current alert level. The impact is expected to be limited but with uncertainty now, as the current lockdown may last if any deterioration of the epidemic.

30. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial information were approved and authorised for issue by the board of directors on 20 August 2021.



DISCLOSURE OF INTERESTS AND OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, none of the directors of the Company (the "Directors"), chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("the SFO")) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, the following shareholders of the Company (other than the Directors or chief executives of the Company whose interests and short positions in the shares or underlying shares of the Company as disclosed above) had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholders	Capacity	Number of shares/underlying shares held	Approximate percentage of shareholdings
Beijing Capital (Hong Kong) Limited	Beneficial owner (Note 1)	6,449,026,736 (L)	45.11%
Beijing Capital Eco-Environment Protection Group Co., Ltd. (formerly known as Beijing Capital Co., Ltd.) ("Beijing Capital")	Interest of a controlled corporation (Note 1)	6,449,026,736 (L)	45.11%
BCG Chinastar International Investment Limited	Beneficial owner (Note 2)	3,116,767,072 (L)	21.80%
Beijing Capital Group Co., Ltd. ("Beijing Capital Group")	Interest of controlled corporations (Note 1 & 2)	9,565,793,808 (L)	66.92%

(L) denotes a long position

Note:

1. Beijing Capital (Hong Kong) Limited was a wholly-owned subsidiary of Beijing Capital. Beijing Capital is in turn controlled by Beijing Capital Group. As such, Beijing Capital Group and Beijing Capital were deemed to have interest in the Shares held by Beijing Capital (Hong Kong) Limited for the purposes of the SFO.
2. BCG Chinastar International Investment Limited is the wholly-owned subsidiary of Beijing Capital Group. Therefore, Beijing Capital Group is deemed to be interested in the shares held by BCG Chinastar International Investment Limited in accordance with the SFO.

Save as aforesaid, the Company has not been notified by any person who had any interest or short position in the shares or underlying shares of the Company as at 30 June 2021 which are required to be notified to the Company pursuant to Part XV of the SFO or which are recorded in the register required to be kept by the Company under Section 336 of the SFO.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

ISSUE OF CUMULATIVE PERPETUAL NON-VOTING AND NON-CONVERTIBLE PREFERENCE SHARES

On 29 September 2020, the Company, Beijing Capital (Hong Kong) Limited (“Beijing Capital (HK)”) and BCG Chinastar International Investment Limited (“BCG Chinastar”) entered into a subscription agreement, pursuant to which the Company issued 11,000,000 and 4,705,200 cumulative perpetual non-voting and non-convertible preference shares (“Preference Shares”) to Beijing Capital (HK) and BCG Chinastar on 22 December 2020 and 31 December 2020, respectively, and issued 611,000 Preference Shares to BCG Chinastar on 14 May 2021. The Preference Shares were issued at par value of HK\$100 per share. The Preference Shares will continue in perpetuity and have no expiration date. The Preference Shares are not convertible into ordinary shares and the holders of them have no right to request the Company to redeem the Preference Shares or to resell them to the Company. The net proceeds from the issue, after deducting the related costs and expenses borne by the Company, amounted to approximately HK\$1.62 billion and were used for project investment, general working capital and debt repayment according to the purposes of the issue.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquires with all Directors regarding any non-compliance with the Model Code, and all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2021.

CORPORATE GOVERNANCE PRACTICES

The Board believes that high standards of corporate governance are essential to the success of the Company and is committed to maintain a high level of corporate governance standards and practices. The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the period under review.

CHANGES IN INFORMATION OF DIRECTORS

Below are the changes of Directors’ information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company’s 2020 annual report:

Name of Director	Details of Change
Executive Director:	
Mr. Cao Guoxian	Appointed as the vice chairman of Beijing Capital on 18 May 2021.
Mr. Li Fujing	Appointed as the executive general manager of Beijing Capital on 18 May 2021.
Non-executive Director:	
Ms. Hao Chunmei	Re-designated as a non-executive director of the Company on 2 July 2021, and re-designated as the chief accountant of Beijing Capital on 18 May 2021.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises three independent non-executive Directors, namely, Dr. Chan Yee Wah, Eva, Mr. Pao Ping Wing and Mr. Cheng Kai Tai, Allen. Dr. Chan Yee Wah, Eva has been appointed as the chairlady of the Audit Committee. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2021 with the management.

In addition, the Group’s external auditors (the “Auditors”) performed an independent review of the interim financial information for the six months ended 30 June 2021 in accordance with Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. The Auditors based on their review, concluded that nothing has come to their attention that causes them to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34 “Interim Financial Reporting”.



Capital Environment Holdings Limited
首創環境控股有限公司



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