KUNMIN

INTERIM REPORT

# 昆明滇池水務股份有限公司

Kunming Dianchi Water Treatment Co., Ltd.

（於中華人民共和國註冊成立的股份有限公司）

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

**股份代號**STOCK CODE: 3768

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# CHAPTER ONE CORPORATE INFORMATION
# 第一章 公司資料

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| **REGISTERED NAME OF THE COMPANY**<br>**公司法定名稱** | Kunming Dianchi Water Treatment Co., Ltd. | 昆明滇池水務股份有限公司 |
| **REGISTERED OFFICE AND HEADQUARTERS IN THE PRC**<br>**中國註冊地址及總部** | Wastewater Treatment Plant No. 7<br>Kunming Dianchi Tourist Resort<br>Yunnan Province PRC | 中國雲南省昆明市<br>滇池旅遊度假區<br>第七污水處理廠 |
| **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**<br>**香港主要營業點** | Room 1901, 19/F, Lee Garden One<br>33 Hysan Avenue<br>Causeway Bay<br>Hong Kong | 香港<br>銅鑼灣<br>希慎道33號<br>利園一期19樓1901室 |
| **WEBSITE OF THE COMPANY**<br>**公司網站** | www.kmdcwt.com | www.kmdcwt.com |
| **STOCK CODE**<br>**股份代號** | 03768 | 03768 |
| **LEGAL REPRESENTATIVE OF THE COMPANY**<br>**公司法定代表人** | Ms. Guo Yumei | 郭玉梅女士 |
| **AUTHORIZED REPRESENTATIVES**<br>**授權代表** | Mr. Chiu Ming King *FCIS, FCS*<br>Mr. Luo Yun | 趙明璟先生*FCIS, FCS*<br>羅雲先生 |
| **JOINT COMPANY SECRETARIES**<br>**聯席公司秘書** | | |

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| **PRC LEGAL ADVISER TO THE COMPANY**<br>**公司中國法律顧問** | Yunnan Lanmei Law Firm<br>A25 Floor, Duchangxinjieyuan,<br>185 Haicheng Road<br>Xishan District<br>Kunming, Yunnan Province<br>PRC | 雲南瀾湄律師事務所<br>中國雲南省昆明市<br>西山區<br>海埂路185號<br>都昌欣界苑A25樓 |
| **H SHARE REGISTRAR**<br>**H股股份登記處** | Tricor Investor Services Limited<br>Level 54<br>Hopewell Centre<br>183 Queen's Road East<br>Hong Kong | 卓佳證券登記有限公司<br>香港皇后大道東183號<br>合和中心54樓 |

**BOARD OF DIRECTORS**
**董事會**

| | | |
|---|---|---|
| **Executive Directors**<br>**執行董事** | Ms. Guo Yumei *(Chairperson)*<br>Mr. Chen Changyong<br>(appointed on 19 June 2020)<br>*(General manager)*<br>Mr. Luo Yun | 郭玉梅女士*(董事長)*<br>陳昌勇先生<br>(於2020年6月19日獲委任)<br>*(總經理)*<br>羅雲先生 |
| **Non-executive Directors**<br>**非執行董事** | Ms. Song Hong<br>Ms. Zhao Zhu<br>Ms. Yu Yanbo<br>(appointed on 19 June 2020) | 宋紅女士<br>趙竹女士<br>余燕波女士<br>(於2020年6月19日獲委任) |
| **Independent Non-executive Directors**<br>**獨立非執行董事** | Mr. Yin Xiaobing<br>Mr. He Xifeng<br>Mr. Sin Lik Man | 尹曉冰先生<br>何錫鋒先生<br>冼力文先生 |

**BOARD COMMITTEES**
**董事會轄下委員會**

| | | |
|---|---|---|
| **Audit Committee**<br>**審計委員會** | Mr. Yin Xiaobing *(Chairperson)*<br>Mr. He Xifeng<br>Mr. Sin Lik Man | 尹曉冰先生*(主任委員)*<br>何錫鋒先生<br>冼力文先生 |
| **Remuneration and Appraisal Committee**<br>**薪酬與考核委員會** | Mr. He Xifeng *(Chairperson)*<br>Ms. Guo Yumei<br>Mr. Yin Xiaobing | 何錫鋒先生*(主任委員)*<br>郭玉梅女士<br>尹曉冰先生 |
| **Nomination Committee**<br>**提名委員會** | Mr. Yin Xiaobing *(Chairperson)*<br>Ms. Guo Yumei<br>Mr. He Xifeng | 尹曉冰先生*(主任委員)*<br>郭玉梅女士<br>何錫鋒先生 |

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| **Strategy and Investment Decision Committee**<br>**戰略與投資決策委員會** | Ms. Guo Yumei *(Chairperson)*<br>Mr. Luo Yun<br>Mr. Yin Xiaobing | 郭玉梅女士*(主任委員)*<br>羅雲先生<br>尹曉冰先生 |
| **BOARD OF SUPERVISORS**<br>**監事會** | Mr. Na Zhiqiang *(Chairperson)*<br>Mr. Yao Jianhua<br>Mr. Shao Wei | 那志強先生*(主席)*<br>姚建華先生<br>邵偉先生 |

**PRINCIPAL BANKS**
**主要往來銀行**

| | | |
|---|---|---|
| **China Everbright Bank**<br>**中國光大銀行** | Kunming Dianchi Road Sub-branch<br>Project & Design Unit Building<br>No. 1177 Dianchi Road<br>Xishan District, Kunming<br>Yunnan Province<br>PRC | 昆明滇池路支行<br>中國<br>雲南省<br>昆明市西山區滇池路1177號<br>規劃設計聯合機構大樓 |
| **Industrial Bank**<br>**興業銀行** | Kunming Branch<br>2nd Floor, Yuntong Times Square<br>Jinbi Road<br>Kunming, Yunnan Province<br>PRC | 昆明分行<br>中國<br>雲南省昆明市<br>金碧路雲銅時代廣場2樓 |
| **China Minsheng Bank**<br>**中國民生銀行** | Kunming Dianchi Road Sub-branch<br>No. 331 Huancheng South Road<br>Kunming<br>Yunnan Province<br>PRC | 昆明滇池路支行<br>中國<br>雲南省<br>昆明市<br>環城南路331號 |
| **Agricultural Bank of China**<br>**中國農業銀行** | Kunming Resort Sub-branch<br>Qianfu Road No. 1<br>Xishan District, Kunming<br>Yunnan Province<br>PRC | 昆明度假區支行<br>中國<br>雲南省<br>昆明市<br>西山區前福路1號 |
| **Bank of Communications**<br>**交通銀行** | Yunnan Branch<br>1st Floor Counter<br>Bank of Communications Building<br>No. 397 Baita Road<br>Panlong District, Kunming<br>Yunnan Province<br>PRC | 雲南省分行<br>中國<br>雲南省<br>昆明市盤龍區白塔路397號<br>交通銀行大廈1樓大堂 |

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| **Bank of China**<br>**中國銀行** | Kunming Guandu Sub-branch<br>No. 432 Minhang Road<br>Kunming |

Dear Shareholders,

In the first half of 2020, due to the superimposed effects of unfavorable factors such as the novel coronavirus pneumonia epidemic and the oil price war, the domestic and international economic environment was facing severe challenges. Kunming Dianchi Water Treatment Co., Ltd. ("**the Company**") explored its own potential, integrated internal resources and took the Five-Year Strategic Plan as a guide to push forward its "second venture" to a new stage. The Company strived to promote the innovation of management system and technology and fully relied on the two capital markets in Hong Kong and Mainland China to steadily promote project investment around its main business. Meanwhile, the Company further extended the entire industry chain to comprehensive watershed management, sludge resource utilization, mine rehabilitation and the derived solid waste fields. The Company was also committed to developing into a "first-class domestically and internationally advanced comprehensive service provider of ecological environmental protection and management" for the benefit of our Shareholders, customers and society.

## PERFORMANCE REVIEW

Faced with the sudden impact of the novel coronavirus pneumonia epidemic, the Company took a series of active measures to resume work and production by adhering to the development philosophy of "developing the Company by science and technology, developing the Company with talents, and developing the Company through culture". Focusing on the core business of wastewater treatment, the Company responded to changes in external environment with reforms in the Company itself and promoted the steady development of its main business and strategic emerging businesses.

For the six months ended 30 June 2020, revenue of the Company was RMB794.5 million, representing an increase of 11.6% as compared to the corresponding period in 2019; net profit attributable to Shareholders of the Company was RMB159.6 million, representing an increase of 6.8% as compared to the corresponding period in 2019. The Company was committed to enhancing the enterprise value and generating sustainable and stable investment returns for its Shareholders. Based on the Company's future development strategy and taking full account of the need for subsequent business development, the Company intended to pay an interim dividend of RMB0.054 (tax included) per share to all Shareholders for the six months ended 30 June 2020 (corresponding period in 2019: Nil).

尊敬的各位股東：

2020年上半年，受新冠肺炎疫情、石油價格戰等不利因素疊加影響，國內外經濟環境面臨嚴峻考驗。昆明滇池水務股份有限公司(「**公司**」)深挖自身潛力、整合內部資源，以五年戰略規劃為引領，全力推動「二次創業」邁上新台階，公司著力推進管理體制創新與科技技術創新，充分依託香港和內地兩個資本市場，圍繞主業穩步推進項目投資，同時進一步向流域綜合治理、污泥資源化利用、礦山修復及衍生的固廢領域等全產業鏈延伸，致力發展成為「國內一流、國際先進的生態環境保護治理綜合服務商」，回饋股東、客戶及社會。

## 業績回顧

面對突如其來的新冠肺炎疫情衝擊，公司採取一系列積極措施復工復產，秉承「科技興司、人才興司、文化興司」發展理念，圍繞污水處理核心業務，以企業自身變革應對外圍環境變化，推動主營業務與戰略新興業務的穩健發展。

截至2020年6月30日止六個月，公司收入為人民幣794.5百萬元，較2019年同期增長11.6%；本公司股東應佔淨利潤為人民幣159.6百萬元，較2019年同期增長6.8%。公司致力於企業價值的提升及為股東創造持續、穩定的投資回報，在結合公司未來發展戰略及充分考量後續業務發展需求的基礎上，本公司擬向所有股東派發截至2020年6月30日止六個月的中期股息每股人民幣0.054元(含稅)(2019年同期：無)。

In the second half of 2020, with the continuous optimization of normalized preventive and control measures of the novel coronavirus pneumonia epidemic and the gradual release of macro policy effects, the current domestic economy will be accelerating to hedge the impact of the epidemic and the national economy will show resilient growth. The Company will seize its own advantages to actively respond to change and seek change, further strengthen the leading role of scientific and technological innovation, enhance financial management and control, improve the comprehensive risk control system and further extend the investment industry chain to establish a large environmental protection investment pattern, promote quality and efficiency in management and operation based on standardized management, accelerate talent reserves and performance assessment, optimize the organizational structure and business processes and accelerate continuous improvement of the Company's industrial competitiveness and operating performance, thereby bringing stable and sustainable returns to the Shareholders.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all Shareholders, customers, business partners and stakeholders for their long-term trust and support to the Company over the years. At the same time, I would like to express my sincere gratitude to all employees and management team for their hard work and dedication.

**Guo Yumei**
*Chairperson*

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| "Board" or "Board of Directors"<br>「董事會」 | 指 | the board of Directors of the Company<br>本公司董事會 |
| "China" or "PRC"<br>「中國」 | 指 | the People's Republic of China<br>中華人民共和國 |
| "Company"<br>「本公司」或「公司」 | 指 | Kunming Dianchi Water Treatment Co., Ltd. (昆明滇池水務股份有限公司), a joint stock company established in Yunnan Province, PRC, with limited liability on 23 December 2010 in accordance with PRC laws, and, if the context requires, including its predecessors and subsidiaries<br>昆明滇池水務股份有限公司，一家根據中國法律於2010年12月23日在中國雲南省成立的股份有限公司，如文義所需，包括其前身及附屬公司 |
| "Controlling Shareholder"<br>「控股股東」 | 指 | has the meaning ascribed to it under the Listing Rules and represents Kunming Dianchi Investment Co., Ltd., a limited liability company established in Yunnan Province, China on 13 October 2004<br>具有上市規則所賦予之涵義，指昆明滇池投資有限責任公司，一家於2004年10月13日在中國雲南省成立的有限責任公司 |
| "Corporate Governance Code"<br>「企業管治守則」 | 指 | the Corporate Governance Code as set out in Appendix 14 of the Listing Rules<br>上市規則附錄十四所載的《企業管治守則》 |
| "Director(s)"<br>「董事」 | 指 | director(s) of the Company<br>本公司董事 |
| "Domestic Share(s)"<br>「內資股」 | 指 | ordinary shares in the Company's share capital with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by citizens of PRC and/or entities incorporated in PRC<br>本公司股本中每股面值人民幣1.00元的普通股，由中國公民及／或於中國註冊成立之實體以人民幣認購並繳足 |
| "Group" or "we" or "our" or "us"<br>「本集團」或「我們」 | 指 | the Company and its subsidiaries<br>本公司及其附屬公司 |
| "Hang Seng Bank"<br>揤鬧鑽鑼鑑鑓鑑鑓鑑鑓

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| "H Share(s)" | | overseas listed foreign shares in the share capital of the Company with nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange |
| 「H股」 | 指 | 本公司股本中每股面值人民幣1.00元的境外上市外資股，將以港元認購及買賣並於香港聯交所上市 |

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| "Kunming SASAC" | | the State-owned Assets Supervision and Administration Commission of the Kunming People's Government (昆明市人民政府國有資產監督管理委員會) |
| 「昆明市國資委」 | 指 | 昆明市國資庆诣 |

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| "BOO" | | Build-Own-Operate, a project model under which an enterprise undertakes the financing, design, construction of wastewater treatment or water supply facilities. Such facilities are owned by the enterprise, and the enterprise has the right to operate such facilities in the concession period during which the enterprise can charge service fees based on the supplied treated wastewater or running water to cover its costs of investment, operation and maintenance and obtain reasonable returns, according to the concession agreement entered into by the enterprise and the government |
| 「BOO」 | 指 | 建設－擁有－經營，一種項目模式，由一家企業承擔融資、設計、建設污水處理或供水設施，有關設施由該企業擁有，該企業有權在特許期間營運有關設施。在特許期間，該企業可根據其與政府所訂立的特許經營權協議按所供應已處理的污水或自來水收取服務費，以收回其投資、營運及維護成本並取得合理回報 |
| "BOT" | | Build-Operate-Transfer, a project model whereby, pursuant to a concession agreement entered into by an enterprise and the government, the government grants to the enterprise the rights to undertake the financing, design, construction, operation and maintenance of wastewater treatment or water supply facilities in the concession period, during which the enterprise can charge service fees based on the supplied treated wastewater or water to cover its costs of investment, operation and maintenance and obtain reasonable returns, while upon the expiration of the concession period, the relevant facilities will be transferred back to the government at nil consideration |
| 「BOT」 | 指 | 建設－經營－移交，一種項目模式，據此，根據企業與政府訂立的特許經營權協議，政府授權一家企業於特許期間承擔污水處理或供水設施的融資、設計、建設、營運及維護，該企業可於特許期間按所供應已處理污水或水收取服務費以收回其投資、營運及維護成本並取得合理回報，而在特許期間屆滿後，相關設施將無償交回政府 |
| "BT" | | Build and Transfer, a project model whereby an enterprise undertakes the financing, design and construction of a facility on behalf of the proprietor(s) for relevant fees to be paid by the proprietor(s) during and upon the completion of the construction |
| 「BT」 | 指 | 建設及移交，一種項目模式，一家企業代所有人承擔某項設施的融資、設計及建設，相關費用會於建設時及完成時由所有人支付 |

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|---|---|
| "TOO" | Transfer-Own-Operate, a project model whereby an enterprise purchases |

## I. FINANCIAL SUMMARY 一、 財務摘要

| | | For the six months ended 30 June 截至6月30日止六個月期間 | |
|---|---|---|---|
| | | **2020** | 2019 |
| | | **2020年** | 2019年 |
| | | ***RMB'000*** | *RMB'000* |
| | | ***人民幣千元*** | *人民幣千元* |
| | | **(Unaudited)** | (Unaudited) |
| | | **(未經審計)** | (未經審計) |
| **Revenue** | **收入** | **794,516** | 711,998 |

## 二、經營數據摘要

| | | As at 30 June 於6月30日 | |
|---|---|---|---|
| | | **2020** | 2019 |
| | | **2020年** | 2019年 |
| **Capacity** *('000 m³ per day)* | **產能**(千立方米／日) | | |
| Wastewater treatment | 污水處理 | **1,910** | 1,827 |
| Reclaimed water supply | 再生水供應 | **63** | 52 |
| Running water supply | 自來水供應 | **126** | 116 |

| | | For the six months ended 30 June 截至6月30日止六個月期間 | |
|---|---|---|---|
| | | **2020** | 2019 |
| | | **2020年** | 2019年 |
| **Volume** *('000 m³ per period indicated)* | **產量**(千立方米／所示期間) | | |
| Wastewater treatment | 污水處理 | **296,170** | 299,173 |
| Reclaimed water supply | 再生水供應 | **6,834** | 6,898 |
| Running water supply | 自來水供應 | **6,963** | 7,416 |

## I. OPERATING ENVIRONMENT

In the first half of 2020, under the influence of the global outbreak of the novel coronavirus pneumonia epidemic, de-globalization and trade protectionism, the world economy was in recession. In the face of complicated development environment and the prevention and control of the epidemic domestically, the country adopted a series of policies to stimulate economic development, such as increasing fiscal deficit, issuing special treasury bonds, increasing the scale of local government special bonds, guiding down interest rates of the loan market and reducing taxes and fees for smoothing domestic circulation which played a positive role in the stable development of the industry. Since the 18th National Congress of the Communist Party of the People's Republic of China, the construction of ecological civilization has been elevated to a national strategic level and the concept of ecological and environmental management has also transition from passive, extensive and fragmented end-of-site facilities emissions compliance management to an active, refined and systematic "mountains, rivers, forests, fields, lakes and grasses life co-governance". The governance approach has been shifting from relying on individual technologies and engineering to solve individual pollution problems to whole life cycle management, whole chain design, whole system optimization and cross-media pollution control. The year of 2020 is the closing year to achieve the "Water Ten Measures" phased work goals and the "13th Five-Year Plan". The new trend of the integration of the whole river basin-wide protection and management, the accelerated development of the wastewater treatment industry, the integration and innovation of biotechnology, information control and other industries, the formation of a large-scale pattern of environmental monitoring and surveillance, the "three water co-management" of water pollution control, water ecological restoration and water resources protection will further broaden the room of high-quality development of the industry. Following the introduction of the " Master Plan of National Significant Ecosystem Protection and Restoration of Major Projects (2021-2035)" (《全國重要生態系統保護和修復重大工程總體規劃(2021-2035年)》) and speeding up improvement of the Yangtze River Economic Zone wastewater treatment charging mechanism and other policies, they will inject new vitality into the healthy, sustainable and high-quality development of the industry.

## 一、 經營環境

2020年上半年，受新冠肺炎疫情在全球的蔓延及逆全球化、貿易保護主義等影響，世界經濟陷入衰退，面對複雜的發展環境以及國內疫情防控形勢，國家採取了增加財政赤字、發行特別國債、增加地方政府專項債規模、引導貸款市場利率下行及減稅降費等一系列的刺激經濟發展的政策，暢通國內大循環，為行業的穩定發展起到了積極的作用。十八大以來，生態文明建設上升至國家戰略高度，生態環境治理理念也正在從被動式、粗放型、碎片化的末端設施達標排放管理向主動式、精細化、系統化的「山水林田湖草」生命共同治理轉變，治理方式正從依賴單項技術和工程、解決單類污染問題向全生命週期管理、全鏈條設計、全系統優化、跨介質污染控制轉變。2020年是實現「水十條」階段性工作目標及「十三五」規劃的收官之年，大保護大治理全流域一體化一盤棋的新趨勢以及污水處理行業與生物技術、信息控制等行業融合創新加速發展、環保監測監察大格局的形成以及水污染治理、水生態修復、水資源保護「三水共治」將進一步拓寬行業高質量發展空間，隨著《全國重要生態系統保護和修復重大工程總體規劃(2021-2035年)》及加快完善長江經濟帶污水處理收費機制等政策的出台，將為行業的健康可持續高質量發展注入新的活力。

### 1. Overview of Wastewater Treatment Industry

Water resources of China are characterized by a shortage of per capita resources, uneven distribution and serious water pollution. According to the national target of the "13th Five-Year Plan of the National Urban Wastewater Treatment and Recycling Facilities Construction Plan" (《"十三五"全國城鎮污水處理及再生利用設施建設規劃》), by the end of 2020, complete coverage of urban wastewater treatment facilities will be achieved, of which urban wastewater treatment rate will reach 95% and the scale of newly added wastewater treatment facilities will be 50.22 million $m^3$/day. The formation of a large-scale environmental protection regulatory framework and the future upgrade and transformation of stock assets in the wastewater treatment industry will continue to release market space. As an important part of the environmental protection industry, the wastewater treatment industry is one of the key tasks of the national, provincial and municipal governments in pollution control. In 2019, Yunnan Province issued the " Implementation of the Three-year Action Plan for Improving the Quality and Efficiency of Urban Wastewater Treatment in Yunnan Province (2019-2021)" (《雲南省城鎮污水處理提質增效三年行動實施方案(2019-2021年)》) which pointed out that the improvement of water environment quality acted as the core to implement systematic restoration and protection of the Yangtze River's ecological environment. The protection and management of nine plateau lakes acted as the focus and as the main target to systematically enhance the efficiency of urban domestic wastewater collection and strive to make up for the shortcomings in wastewater pipe networks and other facilities construction in urban villages, old urban areas and urban-rural junctions in order to expeditiously achieve the goal of full coverage of wastewater pipe network, full collection and full treatment to lay a solid foundation. Under the guidance of the national strategies, supporting policies and the promotion of safeguard measures by local governments, the rapid and high-quality development of the wastewater treatment industry will become the trend of future development.

### 1. 污水處理行業概況

中國水資源具有人均資源量短缺、分佈不均勻、水質污染嚴重等特點。根據國家《「十三五」全國城鎮污水處理及再生利用設施建設規劃》目標，到2020年底實現城鎮污水處理設施全覆蓋，城市污水處理率達到95%，新增污水處理設施規模5,022萬立方米／日，隨著環保監管大格局的形成，未來污水處理行業存量資產提標改造也將持續釋放市場空間。污水處理行業作為環保行業的重要組成部分，是國家、省市各地政府污染治理的重點工作之一。2019年雲南省出台了《雲南省城鎮污水處理提質增效三年行動實施方案(2019-2021年)》，指出，以改善水環境質量為核心，以實施長江生態環境系統性修復保護、九大高原湖泊保護治理為重點，以系統提升城市生活污水收集效能為主要目標任務，著力補齊城中村、老舊城區和城鄉結合部污水管網等設施建設短板，為盡快實現污水管網全覆蓋、全收集、全處理目標打下堅實基礎。在國家戰略及配套政策指引下，在各地政府保障措施推動下，污水處理行業的快速高質量發展將成為未來發展的趨勢。

### 2. Overview of Reclaimed Water Industry

Reclaimed water is the city's second source of water. Nowadays, when water demand continues to increase but water resources are gradually decreasing, reclaimed water plays an increasingly important role in improving the comprehensive utilization of water resources, improving the quality of urban residential water environment and supporting the sustainable and healthy development of social economy. Promoting the use of reclaimed water is an important measure to implement the requirements of the 19th National Congress of the Communist Party of China to "promote comprehensive resources conservation and recycling and implement national water conservation actions", as well as to implement the policy of "prioritizing water conservation, spatial balance, systematic management and two-handed effort" put forward by General Secretary Xi Jinping. The important measures of water control policies are major ways to promote urban water conservation and emission reduction to ensure sustainable use of water resources.

will reach 41.6 millJETm³/day by 2020.

### 3. Overview of Municipal Water Supply Industry

Following the continuous development of urbanization and industrialization, the municipal water supply business in first-tier uities of China will be inclined to develop steadily. For the central and western provinces where developments are relatively delayed, the shift of manufacturing industries to the central and western provinces and the acceleration of urbanization in these areas are expected to drive

which will in turn increase the demand for municipal water supply. The government attaches great importance to the development of running water supply in western China. The progress of urbanizatJETin China and the promotion of environmental protection industry policies are expected to bring huge market opportunities and development potential for the municipal water supply industry in the future.

## II. DEVELOPMENT STRATEGY AND PROSPECTS

Since the 18th National Congress of the Communist Party of China incorporated the construction of ecological civilization into the five-in-one natJEal overall layout, "Green Water and Green Mountains are Golden and Silver mountains" has become the consensus among the people of China. In recent years, the development of the Yangtze River Economic Zone, the ecological protection and high-quality development of the Yellow River Basin have become major natJEal strategies, driving further development of the environmental protection industry and related industry chains. Meanwhile, with an in-depth advancement of the Belt and Road InitiatJve, more room for internatJEal cooperation has been released for the development of countries along the route and sustainable growth of the environmental protection industry will remain a development trend in the future.

### 2. 再生水行業概況

再生水是城市的第二水源，在用水需求不斷增加、水資源卻逐漸減少的今天，再生水對提高水資源綜合利用率、改善提升城市人居水環境質量、支持社會經濟持續健康發展等方面發揮出越來越重要的作用。推進再生水利用，是落實黨的十九大關於「推進資源全面節約和循環利用，實施國家節水行動」的要求，是踐行習近平總書記提出的「節水優先、空間均衡、系統治理、兩手發力」治水方針的重要舉措，是推動城鎮節水減排、保障水資源可持續利用的重要途徑。預計2020年，中國的再生水總產能將達41.6百萬立方米／日。

### 3. 市政供水行業概況

隨著城市化及工業化的持續發展，中國一線城市市政供水業務將趨於穩步發展態勢，而對於發展相對延後的中西部省份而言，隨著製造業向中西部省份的轉移和這些地區城市化的加速，預計將推動城鎮人口和國內生產總值(GDP)的增長，從而增加對市政自來水供應的需求。政府高度重視中

For the TOO and TOT models, we acquire concessions to operate existing facilities at agreed prices from the relevant local governments. For the BOT models, we finance, construct and operate our own facilities. After the expiration of the relevant concessions, we either obtain new concessions from or transfer the relevant facilities back to the relevant local governments, depending on project types. As of 30 June 2020, we had a total of 48 plants under concession agreements, of which 41 plants were in operation and 7 plants were under construction. Among such 41 plants in operation, 14 were TOO projects, 21 were TOT projects, 4 were BOT projects and 2 were BOO projects.

### Wastewater Treatment Projects

As of 30 June 2020, we had a total of 35 wastewater treatment plants in operation (including 14 in Kunming and 21 in other areas of China), with a total wastewater treatment capacity of 1.9 million $m^3$. We also had 5 wastewater treatment plants under construction in Yunnan Province, PRC and in Laos. Additionally, our management services facilities have a total designed wastewater treatment capacity of 0.5 million $m^3$. With our technologically advanced facilities, independently developed patents and strong management skills, we have been able to maintain low costs while provide high quality wastewater treatment services. As of 30 June 2020, 93% of our designed wastewater treatment capacity reached the National Class I Category A standard.

During the Reporting Period, we continued to promote the development and expansion of our business. On 2 June 2020, the Company signed an agreement in relation to the acquisition of 100% equity interest in Kunming Dongchuan Guozhen Sewage Treatment Co., Ltd. (昆明市東川區國禎污水處理有限公司) and a project agreement was signed with the lt9Tlr9Tl Tc 0.051 Tw 8 0 0 8 ofa MCID 1cilitiesnəvern(

In recent years, with the construction of sponge cities in China, the construction of sponge cities has also commenced in Kunming City, Yunnan Province. Closely following the national policy and the demand of urban development, we actively entered into the rainwater resources utilization market on the basis of stepping up the expansion of the original reclaimed water business, and gradually formed a new pattern of coordinated development of reclaimed water and rainwater resources. At present, we have entered into a "Kunming Reclaimed Water Concession Service Agreement" (《昆明市再生水特許經營服務協議》) with the Kunming Municipal Water Affairs Bureau and have been granted the right to carry out reclaimed water utilization concession services within the urban planning areas of Wuhua,

The following table sets out our consolidated results of operations for the periods indicated:

下表載列所示期間我們的合併經營業績：

| | | For the six months ended 30 June (Unaudited) 截至6月30日止的六個月期間 (未經審核) | |
|---|---|---|---|
| | | **2020** | 2019 |
| | | **2020年** | 2019年 |
| | | ***RMB'000*** | *RMB'000* |
| | | ***人民幣千元*** | *人民幣千元* |
| **Revenue** | **收入** | **794,516** | 711,998 |
| Cost of sales | 銷售成本 | **(489,386)** | (431,510) |
| **Gross profit** | **毛利** | **305,130** | 280,488 |
| Selling expenses | 銷售費用 | **(6,515)** | (5,542) |
| Administrative expenses | 行政費用 | **(59,062)** | (42,138) |
| Research and development expenses | 研發費用 | **(2,449)** | (45) |
| Net impairment losses on financial and contract assets | 金融資產和合同資產減值損失淨額 | **(8,948)** | (6,212) |
| Other income | 其他收入 | **80,590** | 23,338 |
| Other losses – net | 其他虧損－淨額 | **(13)** | (82) |
| **Operating profit** | **經營利潤** | **308,733** | 249,807 |
| Finance income | 財務收入 | **22,541** | 28,526 |
| Finance costs | 財務成本 | **(134,331)** | (95,438) |
| Finance costs – net | 財務成本－淨額 | **(111,790)** | (66,912) |
| Share of results of associates | 聯營公司經營成果份額 | **(56)** | (5) |
| [illegible] | [illegible] | [illegible] | [illegible] |
| Income tax expense | 所得稅費用 | **(36,298)** | (32,623) |

***(a) Revenue***

During the Reporting Period, our revenue amounted to approximately RMB794.5 million, an increase of RMB82.5 million or 11.6% as compared to approximately RMB712.0 million for the same period last year, primarily because:

Our revenue from wastewater treatment business increased by

Our revenue from other segments increased by RMB71.5 million or 57.3% from RMB124.7 million for the six months ended 30 June 2019 to RMB196.2 million for the six months ended 30 June 2020, primarily because during the Reporting Period, the Yiliang Jiuxiang Tourism Yijiu Road Reconstruction and Expansion Project and other projects continued to be constructed, so that construction revenue increased to RMB50.8 million. During the Reporting Period, due to the addition of the No. 3 water purification plant super-restricted phosphorus removal, the No. 13 water purification plant commissioned management service business, the original super-restricted phosphorus removal commissioned operation business, and the increase in business volume such as commissioned construction business of the subsidiary Yunnan Reclaimed Water Industry Co., Ltd.* (雲南中水工業有限公司) ("**Yunnan Reclaimed Water**"), management service income increased by approximately RMB40.4 million. Since the business volume of the subsidiary Liuyang Hongyu Thermal Power decreased, thermal power service revenue decreased by RMB20.7 million.

***(b) Cost of sales***

During the Reporting Period, our cost of sales amounted to approximately RMB489.4 million, representing an increase of 13.4% as compared to approximately RMB431.5 million for the same period last year, primarily due to an increase in operating costs, construction costs and other segment construction costs for the wastewater treatment segment during the Reporting Period. Details are as follows:

Our cost of sales of the wastewater treatment segment increased by RMB35.2 million or 13.9% from RMB252.4 million for the six months ended 30 June 2019 to RMB287.6 million for the six months ended 30 June 2020, primarily due to the continuous construction of the Fanchang County No. 2 Wastewater Treatment Plant Project and the second phase of the renovation and expansion project of the Shidian County Wastewater Treatment Plant, construction cost increased approximately RMB22.1 million while the cost of electricity and sludge disposal costs increased during the current period.

The cost of sales of our other water services segment decreased from RMB96.9 million for the six months ended 30 June 2019 to RMB37.7 million for the six months ended 30 June 2020, representing a decrease of RMB59.2 million, or 61.1%, primarily due to the decrease

Our cost of sales from other segments increased by RMB81.9 million or 99.6% from RMB82.2 million for the six months ended 30 June 2019 to RMB164.1 million for the six months ended 30 June 2020, primarily due to, during the Reporting Period, there was an increase of RMB53.0 million in construction costs due to the continued construction of the Yiliang Jiuxiang Tourism Yijiu Road Reconstruction and Expansion Project, an increase of RMB7.6 million in management service costs due to the addition of the super-restricted phosphorus removal of the No.3 Water Purification Plant and the entrustment of the No.13 Water Purification Plant during the Reporting Period, the grojirER the

Our gross profit from other segments decreased by RMB10.2 million or 24.1% from RMB42.4 million for the six months ended 30 June 2019 to RMB32.2 million for the six months ended 30 June 2020. Our gross margin of other segments decreased from 34.0% for the six months ended 30 June 2019 to 16.4% for the six months ended 30 June 2020 primarily because during the Reporting Period, newly added projects such as the reconstruction and expansion project of Yijiu Road, Jiuxiang Tourist Town, Yiliang County increased construction investment, while the construction margin at the construction stage was lower. Hongyu Thermal Power was affected by the epidemic and the gross profit margin of thermal power supply service was low, resulting in a decrease in overall gross profit margin and a decrease in gross profit margin of thermal power supply service. Due to the decrease in business volume of steam supply of Zhuji Dongda Ciwu Water Treatment Co., Ltd. (諸暨市東大次塢污水處理有限公司), the gross profit margin of steam supply services decreased.

我們其他分部的毛利從截至2019年6月30日止六個月期間的人民幣42.4百萬元減少至截至2020年6月30日止六個月期間的人民幣32.2百萬元，降幅為人民幣10.2百萬元或24.1%。我們的其他分部毛利率從截至2019年6月30日止六個月期間的34.0%下降至截至2020年6月30日止六個月期間的16.4%，主要由於報告期內新增宜良縣九鄉旅遊小鎮宜九路改擴建工程項目等項目增加建設投入，而建造階段的建造毛利較低；宏宇熱電受疫情影響，其熱電供應服務毛利率較低，導致整體毛利率下降導致熱電供應服務毛利率降低；由於諸暨市東大次塢污水處理有限公司的蒸汽供應業務量減少，導致蒸汽[illegible]服務毛利率降低。

### *(d) Selling expenses*

During the Reporting Period, our selling expenses amounted to approximately RMB6.5 million, an increase of RMB1.0 million or 18.2% as compared to approximately RMB5.5 million for the same period last year, primarily due to an increase in commission charge and transportation cost.

### *(e) Administrative expenses*

During the Reporting Period, our administrative expenses amounted to approximately RMB59.1 million, an increase of 40.4% as compared to approximately RMB42.1 million for the same period last year, mainly because employee benefit expenses increased by RMB8.0 million over the previous period.

### *(f) Other losses – net*

During the Reporting Period, our other losses – net amounted to RMB0.01 million, a decrease of RMB0.09 million as compared with approximately RMB0.1 million for the same period last year, mainly due to a decrease of compensation for flooding losses by RMB0.04 million and a decrease of RMB0.01 million in public welfare donations.

***(g) Operating profit***

As a result of the foregoing factors, during the Reporting Period, our operating profit amounted to approximately RMB308.7 million, an increase of RMB58.9 million or 23.6% as compared to approximately RMB249.8 million for the same period last year. Our operating margin during the Reporting Period was 38.9%.

***(h) Finance income***

During the Reporting Period, our finance income amounted to approximately RMB22.5 million, a decrease of 21.1% as compared to approximately RMB28.5 million for the same period last year. The main reason was that the interest income of related party loans decreased by RMB0.8 million during the current period and the interest income generated from construction contracts decreased by RMB5.4 million.

***(i) Finance costs***

During the Reporting Period, our finance costs amounted to approximately RMB134.3 million, an increase of 40.8% as compared to approximately RMB95.4 million for the same period last year, primarily because of an increase in borrowings during the period and interest expenses on borrowings increased by RMB37.2 million due to the increase in average interest rates. At the same time, exchange losses increased by RMB10.5 million due to the depreciation of Renminbi.

***(j) Profit before income tax***

During the Reporting Period, our profit before income tax amounted to approximately RMB196.9 million, as compared to approximately RMB182.9 million for the same period last year, representing an increase of RMB14.0 million or 7.7%.

### *(k) Income tax*

During the Reporting Period, our net income tax expense amounted to approximately RMB36.3 million, an increase of 11.3% as compared to RMB32.6 million for the same period last year. The effective tax rate was18.4%, an increase of 0.6 percentage point as compared with the same period last year, primarily because our effective tax rate was in line with that of last year, which was due to the fact that our tax beneficial treatments for some of our wastewater treatment facilities expired and certain of our subsidiaries were not qualified for the preferential income tax rate of 15% under the "West Region Development Policy" and were required to pay full corporate income tax at the tax rate of 25%, therefore the effective tax rate was slightly higher than 15%.

### *(k) 所得稅*

報告期內，我們的所得稅開支淨額約為人民幣36.3百萬元，與上年同期的人民幣32.6百萬元相比，增加11.3%。實際稅率為18.4%，較上年同期增加0.6個百分點。主要原因為我們的實際稅率與去年基本一致，由於我們的一些污水處理設施的稅收優惠待遇到期及我們部分子公司不享受「西部大開發政策」15%的優惠企業所得稅稅率並需全額繳納25%的企業所得稅，因此實際稅率略高於15%。

### *(l) Total comprehensive income*

As a result of the foregoing factors, during the Reporting Period, our total comprehensive income for the period amounted to approximately RMB161.4 million, increased by 7.3% as compared to RMB150.4 million for the same period last year.

### *(l) 綜合收益總額*

由於上述原因，報告期內，我們的綜合收益總額約為人民幣161.4百萬元，與上年同期約人民幣150.4百萬元相比，增加7.3%。

## 2. Liquidity and Capital Resources

Our cash is primarily used for investing in, constructing, operating and maintaining our wastewater treatment and water supply facilities. To date, we have funded our investments and operations principally with bank loans, cash generated from operations, equity contributions and issuance of debt instruments.

## 2. 流動資金及資本資源

我們的現金主要用於投資、建設、經營及維護我們的污水處理及供水設施。迄今為止，我們的投資及經營所需資金主要通過銀行貸款、經營產生的現金、股權出資及發行債務籌集。

The following table sets out our cash flows for the periods indicated: 下表載列我們於所示期間的現金流量：

| | | For the six months ended 30 June (Unaudited) 截至6月30日止六個月期間（未經審核） | |
|---|---|---|---|
| | | **2020** | 2019 |
| | | **2020年** | 2019年 |
| | | ***RMB'000*** | *RMB'000* |
| | | ***人民幣千元*** | *人民幣千元* |
| Net cash (used in)/generated from operating activities | 經營活動(使用)／產生的現金淨額 | **(686,332)** | 169,924 |
| Net cash generated from/(used in) | | | |

***(a) Net cash (used in)/generated from operating activities***

Our net cash generated from operating activities primarily consists of cash received from our clients for services provided by us. We also used cash in our operations for the purchase of raw materials and other inventories, payments to suppliers and subcontractors, payments of expenses such as salaries and benefits, and payments of interest and income tax.

During the Reporting Period, our net cash used in operating activities

The H Shares of the Company were listed on the Stock Exchange on 6 April 2017 and the Company issued 339,430,000 H Shares of par value of RMB1.00 per share with the Offer Price of HK$3.91 per H Share. The total issuance size (before deducting the expenses) amounted to approximately HK$1,327,171,300. Following the Listing of H Shares of the Company, a total of 593,000 shares of H Shares were over-allocated. After deducting (i) the net proceeds from the sale of Sale Shares by the Selling Shareholders in the Global Offering; and (ii) the underwriting commissions and other expenses relating to the Global Offering, the Company received net cash proceeds of RMB1,072.3 million from the Global Offering.

本公司H股於2017年4月6日在聯交所上市，並以每股3.91港元的價格發行本公司339,430,000股每股面值人民幣1.00元的H股，發行總額(扣除開支前)為約1,327,171,300港元。本公司H股上市後，合共593,000股H股獲超額配發，經扣除(i)全球發售中售股股東出售待售股份的所得款項淨額；及(ii)全球發售相關承銷傭金及其他開支後，本公司收取的全球發售所得款項現金淨額為人民幣1,072.3百萬元。

As of 30 June 2020, approximately RMB789.0 million, accounting for 73.6% of RMB1,072.3 million of net proceeds from the Initial Public Offering, has been used in accordance with the use as stated in the paragraph headed "Future Plans and Use of Proceeds" in the Prospectus. The use of proceeds is as follows:

截至2020年6月30日，全球發售所得款項現金淨額人民幣1,072.3百萬元中約人民幣789.0百萬元(佔首次公開發售所得款項淨額的73.6%)已經按照招股說明書中未來計劃及所得款項用途一段所述用途使用。募集資金用途使用如下：

| Business strategies as stated in the Prospectus<br>招股說明書所述的業務策略 | Percentage of total net proceeds from the Initial Public Offering (as set out in the Prospectus)<br>佔全部首次公開發售淨額百分比(載於招股說明書) | Planned use of net proceeds from the Initial Public Offering (as set out in the Prospectus)<br>首次公開發售所得款項淨額計劃用途(載於招股說明書)<br>*RMB million*<br>*人民幣百萬元* | Actual use of net proceeds from the Initial Public Offering from 1 January 2020 to the period ended 30 June 2020<br>自2020年1月1日起至2020年6月30日止期間首次公開發售所得款項淨額實際支出<br>*RMB million*<br>*人民幣百萬元* | Actual use of net proceeds from the Initial Public Offering from the Listing Date to the period ended 30 June 2020<br>自上市之日起至2020年6月30日止期間首次公開發售所得款項淨額實際支出<br>*RMB million*<br>*人民幣百萬元* | Unused net proceeds from the Initial Public Offering<br>尚未動用首次公開發售所得額款項淨額<br>*RMB million*<br>*人民幣百萬元* |
|---|---|---|---|---|---|
| Investments in BOT/BOO wastewater treatment and running water supply projects<br>BOT/BOO污水處理廠及自來水供應項目的投資 | 35% | 375.3 | – | 235.0 | 140.3 |
| To acquire TOT/TOO wastewater treatment plants and running water supply projects<br>收購TOT/TOO污水處理廠及自來水供應項目 | 35% | 375.3 | – | 289.7 | 85.6 |
| Repayment of bank borrowings<br>償還銀行借款 | 20% | 214.5 | – | 212.9 | 1.6 |
| To supplement working capital and for general corporate purposes<br>補充營運資金及作一般公司用途 | 10% | 107.2 | – | 51.4 | 55.8 |
| Total<br>總計 | 100% | 1072.3 | – | 789.0 | 283.3 |

As of 30 June 2020, the unused net proceeds from the Initial Public Offering for each of the business strategies as stated in the above table have been placed as deposits in licensed banks of the PRC which will be used in accordance with the progress of the Company's investment projects and are expected to be used up within 1 year (i.e. before June 2021). The business objectives, future plans and planned use of the proceeds as stated in the Prospectus were based on the best estimation and assumptions of future market conditions and industry developments made by the Company at the time of preparing the Prospectus, while the proceeds from the Initial Public Offering were used in accordance with the business of the Group and the actual development of the relevant industry.

截至2020年6月30日，上表所述每項業務策略的尚未動用首次公開發售所得額款項淨額已作為存款存放於中國持牌銀行，並將按照本公司投資項目的進度使用，預計在1年內(即2021年6月之前)使用完畢。招股說明書所述業務目標、未來計劃及所得款項規劃用途乃根據本公司於編製招股說明書當時對未來市場狀況及行業發展進行最貼切估計及假設而得出，首次公開發售所得款項則根據本集團的業務及有關行業的實際發展而予以使用。

The net proceeds from the Initial Public Offering were used and expected to be used according to the intentions previously disclosed in the Prospectus.

首次公開發售所得款項淨額已經及預期按之前於招股說明書所披露的用途予以使用。

As of 30 June 2020, there was no material change or material delay in the use of proceeds of the Company.

截至2020年6月30日，本公司所得款項淨額的用途或使用並無重大變動或重大延誤。

### 3. Working Capital

The table below presents our current assets and current liabilities as at the dates indicated:

### 3. 營運資本

下表載列於所示日期我們的流動資產及流動負債的詳情：

| **Unaudited** | Audited |
|---|---|
| **未經審核** | 經審核 |
| **As at** | As at |
| **30 June 2020** | 31 December 2019 |
| **於6月30日** | 於12月31日 |
| **2020年** | 2019年 |
| ***RMB'000*** | *RMB'000* |
| ***人民幣千元*** | *人民幣千元* |

Our net current assets decreased from net current assets of

For the six months ended 30 June 2020, our inventory turnover days were 6.6 days, an increase of 1.2 days as compared to the year

The following table shows the breakdown of our consolidated trade and other receivables as of the dates indicated:

(2) Calculated as the average net trade and other receivables for the relevant period divided by the revenue for the relevant period, and multiplied by 365 days (for six months, multiplied by 180 days). The arithmetic mean of the opening and closing balances of trade and other receivables is used for the six months ended 30 June 2020 and the year ended 31 December 2019.

(2) 按有關期間平均應收賬款及其他應收款淨額除以有關期間收入再乘以365天(六個月期間按照180天)計算。截至2020年6月30日止六個月期間和截至2019年12月31日止年度採用應收賬款及其他應收款期初及期末結餘的算術平均值。

## 4. Trade and Other Payables

Our trade and other payables primarily consist of trade payables, staff salaries and welfare payables, advance from customers, payables on acquisition of property, plant and equipment, payables on acquisition of land use rights from related parties, dividend payables, interest payables, and accrued taxes other than income tax.

The following table shows the breakdown of our trade and other payables as of the dates indicated:

## 4. 應付賬款及其他應付款

我們的應付賬款及其他應付款主要包括應付賬款、職工薪酬、

As of 30 June 2020, our trade and other payables amounted to approximately RMB591.3 million, representing an increase of RMB104.5 million or 21.5% as compared to approximately RMB486.8 million as of 31 December 2019. The increase was primarily due to: (i) the provision of dividend payables of RMB128.6 million as of 30 June 2020;

截至2020年6月30日，我們的應付帳款及其他應付款約為人民幣591.3百萬元，較截至2019年12月31日約人民幣486.8百萬元，增加人民幣104.5百萬元或21.5%。主要由於(i)截至2020年6月30日計提了應付股息人民幣128.6百萬元；

The ageing analysis of accounts payables of the Group based on the date of receipt is as follows:

按照收據日期，本集團應付賬款賬齡分析如下：

| | | Unaudited<br>未經審核<br>As at<br>30 June 2020<br>於6月30日<br>2020年<br>*RMB'000*<br>*人民幣千元* | Audited<br>經審核<br>As at<br>31 December 2019<br>於12月31日<br>2019年<br>*RMB'000*<br>*人民幣千元* |
|---|---|---|---|
| – Within one year | –1年以內 | **174,337** | 137,309 |
| – Over one year and within two years | –1至2年 | **12,974** | 13,662 |
| | | **187,311** | 150,971 |

As at 30 June 2020 and 31 December 2019, all trade and other payables of our Group were non-interest bearing, and their fair values approximate to their carrying amounts due to their short maturities.

於2020年6月30日及2019年12月31日，本集團所有應付賬款及其他應付款均免息。並且，應付賬款及其他應付款系因短期內到期，其公允價值與其賬面價值相近。

The following table sets out our payable turnover days for the periods indicated:

*Notes:*

(1) Calculated as the average trade payables for the relevant period divided by the selling cost for the relevant period, and multiplied by 365 days (for

As at 31 December 2019 and 30 June 2020, our total borrowings amounted to RMB4,566.4 million and RMB5,010.7 million, respectively. Among the indebtedness, RMB461.2 million and RMB412.4 million of borrowings as at 31 December 2019 and 30 June 2020 were secured by property, plant and equipment and RMB2,453.5 million and RMB2,496.0 million of borrowings were guaranteed by the Company. In addition to bank borrowings, our total borrowings also include corporate bonds of approximately RMB700.0 million we issued on 25 December 2015 in the PRC for a term of seven years with an annual interest rate at 4.35%. At the end of the fifth year, the Company can adjust the interest rate for the remaining 2-year period, and the investors have an option to request early redemption of the outstanding corporate bond if they do not agree to the adjusted interest rate.

As of 30 June 2020, there was no delay or default in the repayment of our borrowings, and no bank had withdrawn any of the banking

The table below sets out the maturity profiles of our borrowings as of the dates indicated:

下表載列所示日期我們借款的到期情況：

| **Unaudited** | Audited |
|---|---|
| **未經審核** | 經審核 |
| **As at** | As at |
| **30 June 2020** | 31 December 2019 |
| **於6月30日** | 於12月31日 |
| **2020年** | 2019年 |
| ***RMB'000*** | *RMB'000* |

As of 30 June 2020, our net gearing ratio (calculated as net debt divided by total capital at the end of the period, of which net debt is calculated as total borrowings less cash and cash equivalents at the end of the period; total capital is calculated as total equity plus net debt) was 46.7%, representing an increase of 2.8 percentage points from that as of 31 December 2019, primarily due to the increase in borrowings during the period.

Except as disclosed above, as of 30 June 2020, we did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

### *(b) Commitments*

Our capital commitments contracted for at each balance sheet date, but not yet incurred are as follows:

### *(c) Capital Expenditure*

Our capital expenditure mainly comprises purchases of land use rights, property, plant and equipment and intangible assets. Our capital

Based on our current business plan, we expect to incur capital

We believe our employees are the most valuable resources to achieve our success. To ensure the quality of our employees at all levels, we adopt a new employee internship management mechanism, a blended learning mechanism that combines centralized training and online training, on-the-job training, exchanges and rotations, follow-up learning and other talent team building systems that coexist in various talent business training methods. With the talent circulation training mechanism and other methods that take "production, learning, research and use" as the core, we take multiple measures to improve the comprehensive quality and professional ability of employees and provide talent guarantee for the Company's business development. At the same time, we own Kunming Dianchi Water Treatment Occupation Training School (昆明滇池水處理職業培訓學校) to provide more training for our employees.

Our labor union communicates closely with the management regarding labor matters on behal 0 0 1 kmr(Pchanism)1.5 ( t)1w(rd)Th1c3.4 ( coe ( )0.7 (o)-0.6s0.6 )r(Pchanism)-0.6 (g)-0.6 (ao)-0.6 (r)

## 8. 重大投資及收購

於2019年12月27

### 9. Material Litigation

As of 30 June 2020, the Group is not involved in any material or potential litigation.

### 10. Exchange Rate Volatility Risk and Any Related Hedging

The Group still retains some foreign currency funds, mainly Hong Kong dollars and US dollars. The Group borrowed foreign currency loans with international syndicates from March to June 2019, with principals of USD170,000,000 and HKD1,015,000,000 respectively. Exchange rate fluctuations have a certain impact on the retention of foreign currency funds and the return of principal and interest on borrowings. In December 2019, the Group entered into a confirmation of RMB foreign exchange currency swap transactions with Hang Seng Bank and the agreement fixed the exchange rate at the time of loan repayment and interest payment which was used to hedge the risk of foreign exchange fluctuations when repaying foreign currency borrowings and foreign currency interest. Details are as follows:

Hang Seng Bank pays floating interest on swap agreements and the fixed interest payer is the Group. Before ( the)13.8 ( 0 Cy1u0.31C80 Cy1de0m3d2ch3C60.7 (repa0.5 (et)0.6 (ent)0.6 (ion)34.1 ( )]TJE

### 11. Loans to Certain Entities

The Company entered into the Entrusted Loan Contracts with Kunming Bus and Yunnan Branch of Bank of Communications Co., Ltd. (交通銀行股份有限公雲南省分行) ("**Bank of Communications**") on 23 January 2020 and 13 February 2020 respectively, pursuant to which the Company entrusted the Bank of Communications to grant loans of RMB60 million and RMB240 million respectively to Kunming Bus with an annual interest rate of 8.5%. As one or more of percentage ratios applicable to the transaction are more than 5% but less than 25%, it constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated 13 February 2020. In addition, the Company provided an entrusted loan of RMB300 million to Kunming Bus in April 2019 which was repaid in January 2020.

The Company entered into an entrusted loan contract with Kunming DIG and the Bank of Communications on 2 June 2020, pursuant to which the Company entrusted the Bank of Communications to provide a RMB350 million loan to Kunming DIG, with an annual interest rate of 7.5%. As one or more of percentage ratios applicable to the transaction are more than 5% but less than 25%, it constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated 2 June 2020. In addition, the Company provided an entrusted loan of RMB300 million to Kunming DIG in April 2019 which was repaid in April 2020.

According to the knowledge of the Company, Kunming Bus and Kunming DIG are all controlled or held by Kunming SASAC. In addition, Kunming Bus and Kunming DIG are not related to each other. These companies are independent of the Group or the connected persons of the Group.

### 11. 給予某實體的貸款

本公司分別於2020年1月23日及2020年2月13日與昆明公交及交通銀行股份有限公雲南省分行(「**交通銀行**」)簽訂委託貸款合同，由本公司委託交通銀行向昆明公交分別提供人民幣6千萬元及人民幣2億4千萬元的委託貸款，年利率為8.5%。由於該交易適用的一個或多個百分比率超過5%但低於25%，其構成本公司在上市規則第14章下的一項須予披露交易。詳情請見本公司日期為2020年2月13日的公告。另外，本公司曾於2019年4月向昆明公交提供人民幣3億元委託貸款，該筆貸款已於2020年1月償還。

本公司於2020年6月2日與昆明發展及交通銀行簽訂委託貸款合同，由本公司委託交通銀行向昆明發展提供人民幣3.5億元的委託貸款，年利率為7.5%。由於該交易適用的一個或多個百分比率超過5%但低於25%，其構成本公司在上市規則第14章下的一項須予披露交易。詳情請見本公司日期為2020年6月2日的公告。另外，本公司曾於2019年4月向昆明發展提供人民幣3億元委託貸款，該筆貸款已於2020年4月償還。

據本公司所知，昆明公交、昆明發展均由昆明市國資委實際控制或持有，除此以外，昆明公交、昆明發展相互並無關連，該等公司亦獨立於本集團或本集團的關連人士。

## 一、 遵守企業管治守則

本公司注重維持高水準之企業管治，以提升股東價值及保障股東之權益。本公司已採納上市規則附錄十四所載的企業管治守則內的守則條文，作為其本身的企業管治守則。本公司已根據上市規則及守則的要求建設和完善企業管治架構，建立一系列企業管治制度。董事認為，於報告期內，除守則條文A.4.2外，其已遵守企業管治守則所載的

### 2. The Interest and Short Positions of the Directors, Supervisors and Senior Management in the Shares, Underlying Shares and Debentures

As of 30 June 2020, none of the Directors, supervisors and senior management of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO)

| Name of Shareholder | Capacity/Nature of interest | Class of Shares | Number of Shares | Approximate percentage of the total issued share capital of the Company | Approximate percentage of the relevant class of Shares of the Company |
|---|---|---|---|---|---|
| 股東名稱 | 身份／權益性質 | 股份類別 | 股份數布孛 | | |

*Notes:*

(1) The data disclosed above are mainly based on information provided on the website of Hong Kong Stock Exchange (http://www.hkexnews.hk) and records of the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance.

(2) Pursuant to Section 336 of the SFO, if certain conditions are met, the Shareholders of the Company are required to submit a disclosure of interest notice. In the event of changes in the shareholding of the Shareholders in the Company, the Shareholders will not be required to notify the Company and the Hong Kong Stock Exchange unless certain conditions are met. Therefore, the latest shareholding of the Shareholders in the Company may be different from the shareholding submitted to the Hong Kong Stock Exchange.

The Board proposes to distribute an interim cash dividend for the six months ended 30 June 2020 (the "**2020 Interim Dividend**") of RMB0.054 per share (tax inclusive), totaling RMB55,571,994.00 (tax inclusive) to all Shareholders whose names appear on the Company's registers of Shareholders of Domestic Shares and H Shares as at Tuesday, 17 November 2020. The dividend of domestic shareholders shall be declared and paid in RMB while the dividend of H shareholders shall be declared in RMB but paid in Hong Kong dollars, with the exchange rate being subject to the average exchange rate published by the People's Bank of China within one week prior to the 2020 first extraordinary general meeting (the "**2020 First Extraordinary General Meeting**") to be held by the Company. The expected dividend distribution date is Thursday, 24 December 2020 (for the six months period ended 30 June 2019: Nil).

董事會建議向於2020年11月17日(星期二)名列本公司內資股及H股股東名冊的所有股東派發截至2020年6月30日止六個月之中期現金股息(「**2020年中期股息**」)每股人民幣0.054元(含稅),合計人民幣55,571,994.00元(含稅)。內資股股東的股息以人民幣宣派和支付,而H股股東的股息將以人民幣宣派,以港幣支付,匯率按照本公司將舉行之2020年第一次臨時股東大會(「**2020年第一次臨時股東大會**」)前一個星期內中國人民銀行公佈的平均匯率計算。預計派發日期為2020年12月24日(星期四)(截至2019年6月30日止六個月期間:無)。

The proposal regarding the distribution of 2020 Interim Dividend shall be confirmed subject to the approval by Shareholders at the 2020 First Extraordinary General Meeting.

分派2020年中期股息建議須待股東於2020年第一

According to the provisions of the "Circular on Questions Concerning Withholding and Remitting Enterprise Income Tax for Dividends Received by Overseas H-share Holders (Non-resident Enterprise Shareholders) from Chinese Resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》)" (Guo Shui Han [2008] No. 897) issued by the State Administration of Taxation, an enterprise income tax at the rate of 10% shall be levied on dividends paid in or after 2008 by Chinese resident enterprises to overseas H shareholders that are non-resident enterprises.Any shares registered in the name of the non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by nonresident enterprise Shareholders and therefore will be subject to the withholding of the enterprise income tax. If H shareholders intend to change its Shareholder status, please enquire about the relevant procedures with your agents or transferee agent. The Company will strictly comply with the law or the requirements of the relevant government authority to withhold and pay enterprise income tax and individual income tax on behalf of the relevant Shareholders based on the register of members for H Shares of the Company as at the dividend registration date. The Company assumes no responsibility and will not entertain any claims arising from any failure to timely determine, or inaccurate determination of, the status of the Shareholders or any dispute over the arrangement of withholding and paying enterprise tax and individual income tax on behalf of such Shareholders. Shareholders should consult their tax advisers regarding the PRC, Hong Kong and other tax implications of owning and disposing of the H Shares of the Company.

If the individual H shareholders who are Hong Kong or Macau residents or residents of the countries which had an agreed tax rate of 10% for dividend with China under the relevant tax treaties, the Company should withhold and pay individual income tax on behalf of the relevant

(ii) Subject to the passing of the proposal of distribution of the 2020 Interim Dividend at the 2020 First Extraordinary General Meeting, for determining the list of H Shareholders who are entitled to the 2020 Interim Dividend:

| | |
|---|---|
| Latest time for lodging the H shares transfer documents: | 4:30 pm on 11 November 2020 (Wednesday) |
| Date of closure of register of members for H Shares: | From 12 November 2020 (Thursday) to and until 17 November 2020 (Tuesday) (both days inclusive) |
| Dividend Entitlement Date: | 17 November 2020 (Tuesday) |

For purposes mentioned above, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

(ii) 若分派2020年中期股息之建議於2020年第一次臨時股東大會審議通過，為確定有權收取2020年中期股息的H股股東名單：

| | |
|---|---|
| 遞交H股過戶文件最後期限： | 2020年11月11日(星期三)下午4時30分 |
| 暫停辦理H股股份過戶登記日期： | 2020年11月12日(星期四)至2020年11月17日(星期二)(包括首尾兩天) |
| 股息登記日期： | 2020年11月17日(星期二) |

為上述目的，所有填妥的股份過戶文件連同有關股票須於上述的最後時限前一併送交本公司H股股份過戶登記處卓佳證券登記有限公司，地址為香港皇后大道東183號合和中心54樓，辦理過戶登記手續。

For the six months ended 30 June 2020 截至2020年6月30日止六個月

| | | | Unaudited Six months ended 30 June 未經審核 截至6月30日止六個月 | |
|---|---|---|---|---|
| | | | 2020 | 2019 |
| | | | 2020年 | 2019年 |
| | | Notes | RMB'000 | RMB'000 |
| | | 附註 | 人民幣千元 | 人民幣千元 |
| **Continuing operations** | **持續經營** | | | |
| **Revenue** | **收入** | 6 | **794,516** | 711,998 |
| Cost of sales | 銷售成本 | 26 | **(489,386)** | (431,510) |
| **Gross profit** | **毛利** | | **305,130** | 280,488 |
| Selling expenses | 銷售費用 | 26 | **(6,515)** | (5,542) |
| Administrative expenses | 行政費用 | 26 | **(59,062)** | (42,138) |
| Research and development expenses | 研發費用 | 26 | **(2,449)** | (45) |
| Net impairment losses on financial and contract assets | 金融資產和合同資產減值損失淨額 | | **(8,948)** | (6,212) |
| Other income | 其他收入 | 24 | **80,590** | 23,338 |
| Other losses – net | 其他虧損－淨額 | 25 | **(13)** | (82) |
| **Operating profit** | **經營利潤** | | **308,733** | 249,807 |
| Finance income | 財務收入 | 27 | **22,541** | 28,526 |
| Finance costs | 財務成本 | 27 | **(134,331)** | (95,438) |
| Finance costs – net | 財務成本－淨額 | 27 | **(111,790)** | (66,912) |
| Share of results of associates | 分佔聯營公司業績 | | **(56)** | (5) |
| **Profit before income tax** | **所得稅前利潤** | | **196,887** | 182,890 |
| Income tax expense | 所得稅費用 | 28 | **(36,298)** | (32,623) |
| **Profit for the period** | **淨利潤** | | **160,589** | 150,267 |
| **Profit attributable to:** | **利潤歸屬：** | | | |
| – The equity holders of the Company | －本公司權益持有人 | | | |

For the six months ended 30 June 2020 截至2020年6月30日止六個月

| | | | Unaudited<br>Six months ended 30 June<br>未經審核<br>截至6月30日止六個月 | |
|---|---|---|---|---|
| | | | **2020** | 2019 |
| | | | **2020年** | 2019年 |
| | | *Notes* | ***RMB'000*** | *RMB'000* |
| | | *附註* | ***人民幣千元*** | *人民幣千元* |
| **Other comprehensive income** | **其他綜合收益** | | | |
| *Items that may be reclassified to profit or loss* | *或重分類至損益的項目* | | | |
| Exchange differences on consolidation | 匯兌差額 | | **796** | 89 |

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
# 第八章 中期財務資料 簡明合併中期資產負債表

As at 30 June 2020 於2020年6月30日

| | | Notes 附註 | Unaudited 未經審核 30 June 2020 2020年 6月30日 RMB'000 人民幣千元 | Audited 經審核 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|---|---|---|---|---|
| **ASSETS** | **資產** | | | |
| **Non-current assets** | **非流動資產** | | | |
| Investment properties | 投資物業 | 7 | **81,000** | – |
| Right-of-use assets | 使用權資產 | 8 | **460,313** | 464,182 |
| Property, plant and equipment | 不動產、工廠及設備 | 9 | **2,950,679** | 3,058,900 |
| Receivables under service concession arrangements | 特許經營權協議下的應收款項 | 10 | **1,786,640** | 1,381,995 |
| Amounts due from customers for construction contracts | 應收客戶建造合同款 | 16 | **600,770** | 516,266 |
| Intangible assets | 無形資產 | 11 | **211,817** | 199,420 |
| Investments in associates | 聯營投資 | 12 | **14,777** | 14,833 |
| Deferred tax assets | 遞延所得稅資產 | 13 | **55,121** | 52,990 |
| | | | **6,161,117** | 5,688,586 |
| **Current assets** | **流動資產** | | | |
| Receivables under service concession arrangements | 特許經營權協議下的應收款項 | 10 | **12,658** | 7,548 |
| Inventories | 存貨 | | **13,080** | 22,636 |
| Amounts due from customers for construction contracts | 應收客戶建造合同款 | 16 | **21,780** | 27,578 |
| Financial assets at fair value through profit or loss | 以公允價值計量且其變動計入損益的金融資產 | 14 | **286,107** | 246,327 |
| Trade and other receivables | 應收賬款及其他應收款 | 15 | **2,278,323** | 2,225,415 |
| Cash and cash equivalents | 現金及現金等價物 | 17 | **1,380,784** | 1,290,199 |
| Restricted cash | 受限制現金 | 17 | **7,972** | 67,966 |
| | | | **4,000,704** | 3,887,669 |
| **Total assets** | **資產總額** | | **10,161,821** | 9,576,255 |

As at 30 June 2020 於2020年6月30日

| | Unaudited 未經審核 30 June 2020 2020年 6月30日 | Audited 經審核 31 December 2019 2019年 |
|---|---|---|

For the six months ended 30 June 2020 截至2020年6月30日止六個月

| | | | Unaudited 未經審核 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Capital and reserves attributable to equity holders of the Company 歸屬於本公司權益持有人的股本和儲備 | | | | | |
| | | Note 附註 | Share capital 股本 RMB'000 人民幣千元 | Other reserves 其他儲備 RMB'000 人民幣千元 | Retained earnings 留存收益 RMB'000 人民幣千元 | Total 總額 RMB'000 人民幣千元 | Non-controlling interests 非控制性權益 RMB'000 人民幣千元 | Total equity 權益總額 RMB'000 人民幣千元 |
| **As at 1 January 2019** | **於2019年1月1日** | | 1,029,111 | 1,452,284 | 1,413,378 | 3,894,773 | 6,148 | 3,900,921 |
| **Comprehensive income:** | **綜合收益：** | | | | | | | |
| Profit for the period | 期內利潤 | | – | – | 149,452 | 149,452 | 815 | 150,267 |
| Other comprehensive income | 其他綜合收益 | | – | – | – | – | – | – |
| *Items that may be reclassified subsequently to profit or loss* | *其後可能重新分類至損益之項目* | | – | – | – | – | – | – |
| Exchange differences on consolidation | 滙兌差額 | | – | 89 | – | 89 | – | 89 |
| Total comprehensive income for the period | 期內全面收益總額 | | – | 89 | 149,452 | 149,541 | 815 | 150,356 |
| **Transactions with owners:** | **與所有者的交易：** | | | | | | | |
| Dividends | 分派股息 | | – | – | (176,390) | (176,390) | (1,060) | (177,450) |
| **As at 30 June 2019** | **於2019年[illegible]** | | | | | | | |

上述簡明合併權益變動表應與隨附附註一併閱讀。

For the six months ended 30 June 2020 截至2020年6月30日止六個月

| | | Unaudited 未經審核 Six months ended 30 June 截至6月30日止六個月 | |
|---|---|---|---|
| | | 2020 2020年 | 2019 2019年 |
| | Notes 附註 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| **OPERATING ACTIVITIES** **經營活動** | | | |
| Cash (used in)/generated from operations 咎庆彫韜窿迫楞模楞总畚欙柗用甾鍊 | | | |

## 1. GENERAL INFORMATION

Kunming Dianchi Water Treatment Co., Ltd. (the "**Company**") was incorporated in Yunnan Province of the PRC on 23 December 2010 as a joint stock Company with limited liabilities under the Company Law of the People's Republic of China (the "**PRC**"). The registered office of the Company is located at Kunming Dianchi No. 7 Water Treatment Plant. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**HKEX**") on 6 April 2017.

The Group is principally engaged in the development, design, construction, operation and maintenance of water supply and wastewater treatment facilities in the PRC.

This condensed consolidated interim financial information is presented in RMB, unless otherwise stated.

This condensed consolidated interim financial information on pages 60 to 132 were approved for issue by the Board on 21 August 2020.

This condensed consolidated interim financial information has not been audited.

### Significant changes in the current Reporting Period

For a detailed discussion about the Group's performance and financial position, please refer to Chapter Six "Management discussion and analysis" as set out on page 16 to 50 of this report.

## 2. BASIS OF PREPARATION

### Statement of compliance

## 1. 一般資料

昆明滇池水務股份有限公司(以下簡稱「**本公司**」)是按照《中華人民共和國(「**中國**」)公司法》於2010年12月23日在中國雲南省註冊成立的股份有限責任公司。本公司的註冊辦事處位於昆明市滇池第七污水處理廠內。本公司的股票於2017年4月6日在香港聯合交易所有限公司(「**香港聯交所**」)主板上市。

本集團在中國主要從事水供給和污水處理設施的開發、設計、施工、運營和維護。

本簡明合併中期財務資料以人民幣列報(除非另有說明)。

本簡明合併中期財務資料第60頁至第132頁由董事會於2020年8月21日批准發行。

本簡明合併中期財務資料尚未經過審核。

### 本報告期內重大變更

有關本集團業績及財務狀況的詳細討論,請參閱本報告第16至50頁所載第六章「管理層討論與分析」。

## 2. 編製基準

### 合規聲明

該等綜合財務報表已按照國際會計準則理事會(「**國際會計準則理事會**」)頒佈的國際財務報告準則(「**國際財務報告準則**」),其包括所有適用的個別國際財務報告準則、國際會計準則(「**國際會計準則**」)及詮釋,以及香港公司條例的披露規定而編製。本綜合財務報表亦遵守聯交所證券上市規則(「**上市規則**」)的適用披露規定。通過國際會計準則確認的數據與按照中國會計準則確認的數據不存在重大差異。

For the six months ended 30 June 2020 截至2020年6月30日止六個月

## 2. BASIS OF PREPARATION *(continued)*

**Statement of compliance** *(continued)*

| | |
|---|---|
| Annual Improvements to IFRSs | 2018-2020 Cycle |
| Amendments to IAS 37 | Costs of contract performance |
| Amendments to IAS 1 | Classification of liabilities as current or non-current |
| IFRS 17 | Insurance contracts |
| Amendments to IFRS 10 and IAS 28 | Asset sales or capital contributions between inverAArs and their |

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 5.1 Financial risk factors

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

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

There have been no changes in the risk management policies since last year end.

### 5.2 Foreign exchange risk

The Group is exposed to foreign exchange risk primarily arising from currency exposure with respect to Hong Kong dollars ("**HKD**") and United States dollars ("

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

### 5.3 Credit risk

The carrying amounts of cash and cash equivalents, restricted cash, term deposits with initial term of over three months, trade and other receivables, receivables under service concession arrangements and amounts due from customers for construction contracts included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem.

All the cash and cash equivalents and term deposits with initial term of over three months were deposited in the major financial institutions in Hong Kong and the PRC, which the Directors of the Company believe are of high credit quality.

For receivables, the Group assessed the credit quality of the counterparties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. As at 30 June 2020, the ageing analysis of trade receivables is set out in Note 15.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each Reporting Period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

## 5. 財務風險管理及金融工具*(續)*

### 5.3 信用風險

合併財務狀況表中包含的現金及現金等價物、受限制現金、原期限為3個月以上的定期存款、應收賬款及其他應收款、特許經營權協議下的應收款項及應收客戶建造合同款的賬面價值表明了本集團所承受的金融資產相關的最大信用風險。本集團的信用風險管理措施的目標是控制潛在可收回風險。

所有的現金及現金等價物及原期限為3個月以上的定期存款都存放於香港及中國的主要金融機構，本公司董事認為其信用質量高。

對於應收款項，本集團透過評估債務人的財務狀況、信貸記錄及其他因素評估其信貸質素。管理層亦會定期檢討該等應收款項的可收回性及跟進糾紛或逾期款項(如有)。於2020年6月30日，應收款項的賬齡分析載於附註15。

本集團在資產的初始確認時考慮違約的可能性，也評估在每個資產存續的報告期間信貸風險是否會持續顯著增加。在評估信貸風險是否顯著增加時本集團將報告日時資產發生違約的可能性與初始確認時發生違約的可能性進行比較，同時也考慮可獲得的合理及支持性前瞻資訊。

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

### 5.3 Credit risk *(continued)*

#### *(i) Trade receivables*

For trade receivables, the customers are primarily local governments and PRC state-owned entities. The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 13 Tm[(r0(uary)13.7 ( 2)13.6 (0)13.6 (13 Tm[(93 Tm[(and)1Tm[(the)50 ( )]TJETEMC /Spar

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

### 5.3 Credit risk *(continued)*

#### *(i) Trade receivables (continued)*

On that basis, loss allowance provision for trade receivables amounted to RMB22,218,317 was recognised as at 30 June 2020 (2019: RMB16,294,264). The expected loss rate for trade receivables and the loss allowance provision as at 30 June 8sTJ3L B7ke8ng (ALang 5s rate foJE1 )0.8 (8sTJ3L B7E3nce)7.1 Tm[(lo)-0.6 (June)7 ( )e foJE

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

## 5. 財務風險管理及金融工具*(續)*

### 5.3 Credit risk *(continued)*

### 5.3 信用風險*(續)*

#### *(i) Trade receivables (continued)*

#### *(i) 貿易應收款項(續)*

| | | Up to 1 year 長達一年 | 1 to 2 years 1至2年 | 2 to 3 years 2至3年 | Total 合計 |
|---|---|---|---|---|---|
| **Trade receivables** | **貿易應收款項** | | | | |
| As at 31 December 2019 | 於2019年12月31日 | | | | |
| Expected loss rate | 預期虧損率 | 1.25% | 3.77% | 27.91% | |
| Gross carrying amount *(RMB'000)* | 總賬面值*(人民幣千元)* | 935,027 | 37,300 | 11,425 | 983,752 |
| Loss allowance provision *(RMB'000)* | 虧損撥備*(人民幣千元)* | (11,698) | (1,407) | (3,189) | (16,294) |
| | | 923,329 | 35,893 | 8,236 | 967,458 |

As at 30 June 2020, the Group recognised loss allowance of RMB5,924,053 (2019: RMB6,640,268) on the trade receivables. The movement in the loss allowance for trade receivables is summarised below.

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

### 5.3 Credit risk *(continued)*

***(ii) Receivables under service concession arrangements/ amounts due from customers for construction contracts/ other receivables***

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each Reporting Period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It also considers available reasonable and supportive forwarding-looking information.

The Group does not hold any collateral over receivables under service concession arrangements or amounts due from customers for construction contracts as at 30 June 2020 (2019: Nil).

The Group uses four categories for these receivables, which reflect their credit risk and how the loss provision is determined for each of those categories.

## 5. 財務風險管理及金融工具*(續)*

### 5.3 信用風險*(續)*

***(ii) 特許服務協議下的應收款項／應收客戶建造合同款／或其他應收款項***

本集團在資產的初始確認時考慮違約的可能性，也評估在每個資產存續的報告期間信貸風險是否會持續顯著增加。在評估信貸風險是否顯著增加時本集團將報告日時資產發生違約的可能性與初始確認時發生違約的可能性進行比較，同時考慮可獲得的合理及支持性前瞻資訊。

於2020年6月30日，本集團並無就特許服務協議下的應收款項或建築合同應收客戶款項持有任何抵押品(2019年：無)。

本集團將該等應收款項分為四類，反映各類別的信用風險及如何釐定虧損撥備。

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

## 5. 財務風險管理及金融工具*(續)*

### 5.3 Credit risk *(continued)*

### 5.3 信用風險*(續)*

#### *(ii) Receivables under service concession arrangements/ amounts due from customers for construction contracts/ other receivables (continued)*

#### *(ii) 特許服務協議下的應收款項／應收客戶建造合同款／或其他應收款項(續)*

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

本集團預期信貸損失模型基於的假設總結如下：

| Category<br>類別 | Group's definition of category<br>本集團對各類的定義 | Basis for recognition of expected credit loss provision<br>確認預期信貸損失撥備的基準 |
|---|---|---|
| Performing | Customers have a low risk of default and a strong capacity to meet contractual cash flows | 12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime |
| 正常 | 客戶違約風險低，且有能力產生合約現金流量 | 12個月預期損失。倘資產的預期存續期少於12個月，預期損失按其預期存續期計量 |
| Underperforming | Receivables for which there is a significant increase in credit risk | Lifetime expected losses |
| 關注 | 信貸風險顯著增加的應收款項 | 整個存續期內預期損失 |
| Non-performing | Customers have difficulties in making full payment despite numerous reminders | Lifetime expected losses |
| 不良 | 儘管多次提醒，但客戶仍難以全額付款 | 整個存續期內預期損失 |
| Write-off<br>撇銷 | There is no reasonable expectation of recovery<br>合理預期不能收回 | Asset is written off<br>撇銷資產 |

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

### 5.3 Credit risk *(continued)*

#### *(ii) Receivables under service concession arrangements/ amounts due from customers for construction contracts/ other receivables (continued)*

On the basis as stated, a total loss allowance provision for receivables under service concession arrangements, amounts due from customers for construction contracts and other receivables (except for the tax rebate which are not financial assets) amounted to RMB13,079,114 (2019: RMB10,092,947) was recognised at 30 June 2020 as follows:

## 5. 財務風險管理及金融工具*(續)*

### 5.3 信用風險*(續)*

#### *(ii) 特許服務協議下的應收款項／應收客戶建造合同款／或其他應收款項(續)*

在所述的基礎上，特許服務協議下的應收款項的總虧損撥備、建築合約的客戶應收款項及其他應收款項(除不屬於金融資產的退稅外)的金額為人民幣13,079,114元(2019年：人民幣10,092,947元)，並於2020年6月30日確認如下。

| | | Receivables under service concession arrangements 特許服務協議下的應收款項 | Amounts due from customers for construction contracts 應收客戶建造合同款 | Other receivables 其他應收款項 | Total 合計 |
|---|---|---|---|---|---|
| As at 30 June 2020 | 於2020年6月30日 | | | | |
| Expected loss rate | 預期虧損率 | 0.01%-0.1% | 0.5%-1.2% | 0.3%-1% | |
| Gross carrying amount *(RMB'000)* | 總賬面金額*(人民幣千元)* | 1,800,146 | 629,275 | 750,991 | 3,180,412 |
| Loss allowance provision *(RMB'000)* | 虧損撥備*(人民幣千元)* | (848) | (6,725) | (5,506) | (13,079) |
| | | 1,799,298 | 622,550 | 745,485 | 3,167,333 |
| Credit-impaired | 信貸損失 | No 否 | No 否 | No 否 | |

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

## 5. 財務風險管理及金融工具*(續)*

### 5.3 Credit risk *(continued)*

### 5.3 信用風險*(續)*

#### *(ii) Receivables under service concession arrangements/ amounts due from customers for construction contracts/ other receivables (continued)*

#### *(ii) 特許服務協議下的應收款項／應收客戶建造合同款／或其他應收款項(續)*

| | | Receivables under service concession arrangements 特許服務協議下的應收款項 | Amounts due from customers for construction contracts 建築合同應收客戶款項 | Other receivables 其他應收款項 | Total 合計 |
|---|---|---|---|---|---|
| As at 31 December 2019 | 於2019年12月31日 | | | | |
| Expected loss rate | 預期虧損率 | 0.01%-0.1% | 0.5%-1.2% | 0.3%-1% | |
| Gross carrying amount *(RMB'000)* | 總賬面值*(人民幣千元)* | 1,390,030 | 549,978 | 1,091,268 | 3,031,276 |
| Loss allowance provision *(RMB'000)* | 虧損撥備*(人民幣千元)* | (487) | (6,134) | (3,472) | (10,093) |
| | | 1,389,543 | 543,844 | 1,087,796 | 3,021,183 |
| Credit-impaired | 信貸損失 | No 否 | No 否 | No 否 | |

As at 30 June 2020, the Group recognised loss allowance of RMB2,986,167 (2019: RMB2,185,344) on the trade receivables. The movement in the loss allowance for trade receivables is summarised below.

於2020年6月30日，本集團就貿易應收款項確認虧損撥備人民幣2,986,167元(2019年：人民幣2,185,344元)。貿易應收款項虧損撥備的變動總結如下。

| | | 30 June 2020 2020年6月30日 *RMB'000 人民幣千元* | 31 December 2019 2019年12月31日 *RMB'000 人民幣千元* |
|---|---|---|---|
| At the beginning of period | 期初 | **10,093** | 7,908 |
| Increase of allowance | 撥備增加 | **2,986** | 2,185 |
| At the end of period | 期末 | **13,079** | 10,093 |

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

## 5. 財務風險管理及金融工具*(續)*

### 5.4 Liquidity risk

### 5.4 流動資金風險

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

下表對本集團根據於資產負債表日至合約到期日的剩餘期限相關的以到期組合淨額基準結算的金融負債進行分析。在表內披露的金額為未經貼現的合同現金流量。

| | Less than 1 year 1年以內 *RMB'000 人民幣千元* | Between 1 and 2 years 1至2年 *RMB'000 人民幣千元* | Between 2 and 5 years 2至5年 *RMB'000 人民幣千元* | Over 5 years 5年以上 *RMB'000 人民幣千元* | Total 合計 *RMB'000 人民幣千元* |
|---|---|---|---|---|---|
| As at 30 June 2020 (Unaudited) 於2020年6月30日 | | | | | |

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

## 5. 財務風險管理及金融工具*(續)*

### 5.4 Liquidity risk *(continued)*

### 5.4 流動資金風險*(續)*

| | Less than 1 year 1年以內 *RMB'000 人民幣千元* | Between 1 and 2 years 1至2年 *RMB'000 人民幣千元* | Between 2 and 5 years 2至5年 *RMB'000 人民幣千元* | Over 5 years 5年以上 *RMB'000 人民幣千元* | Total 合計 *RMB'000 人民幣千元* |
|---|---|---|---|---|---|
| As at 31 December 2019 | | | | | |

### 5.5 Fair value estimation

***(a)*** The table below presents financial instruments carried at fair value, by different measurement methods. The measurement levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

### 5.5 Fair value estimation *(continued)*

***(a)*** The table below presents financial instruments carried at fair value, by different measurement methods. The measurement levels are defined as follows: *(continued)*

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

- The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2019 on a recurring basis:

The following table shows the Group's assets and liabilities that are regularly measured at fair value as at 30 June 2020:

## 5. 財務風險管理及金融工具*(續)*

### 5.5 公允價值估計*(續)*

***(a)*** 下表呈列不同計量方法的公允價值計量的金融工具。各計量等級定義如下：

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

### 5.5 Fair value estimation *(continued)*

***(b) Fair value of financial assets and liabilities measured at amortised cost***

The fair values of the following financial assets and liabilities approximate to their carrying amounts:

- Trade and other receivables (except for prepayments);
- Receivables under service concession arrangements;
- Cash and cash equivalents;
- Trade and other payables (except for advance from customers, staff salaries and welfare payables and accrued taxes other than income tax); and
- Borrowings.

The fair value of non-current receivable under service concession arrangements, non-current amounts due from customers forB.7 ( value)13.7 ( of)13.8 ( financial)14 ( asp 6758 >BDC BT50.

## 6. SEGMENT AND REVENUE INFORMATION

The chief operating decision-maker has been identified as executive Directors of the Company. Management has determined the operating segments based on reports reviewed by the executive Directors of the Company for the purpose of allocating resources and assessing performance.

The executive Directors of the Company consider the business from product and service perspective. The Group's reportable segments are as follows:

- Wastewater treatment;
- Water supply; and
- Others, including management service, holding of investment properties and transportation business.

The executive Directors of the Company assess the performance of the operating segments based on the measurement of revenue and operating profit.

Unallocated assets consist of deferred tax assets and investments in associates. Unallocated liabilities consist of deferred tax liabilities and income tax payables.

Capital expenditure comprises mainly additions to land use rights, property, plant and equipment and intangible assets.

## 6. 分部及收入資料

首席經營決策者被認定為本公司執行董事。管理層已根據本公司執行董事審議的、用於分配資源和評估表現的報告釐定經營分部。

本公司執行董事從產品和服務的角度確定業務。本集團的報告分部如下：

- 污水處理；
- 水供給；及
- 其他，包括管理業務，持有投資物業及運輸業務。

本公司執行董事根據收入計量和營業利潤評估經營分部的表現。

未分配資產包括遞延所得稅資產和聯營投資。未分配負債包括遞延所得稅負債和應付所得稅。

資本開支主要包括土地使用權、不動產、工廠及設備和無形資產的增加。

For the six months ended 30 June 2020 截至2020年6月30日止六個月

## 6. SEGMENT AND REVENUE INFORMATION *(continued)* 6. 分部及收入資料*(續)*

### (a) Revenue (a) 收入

The revenue of the Group for the six months ended 30 June 2020 and 2019 are set out as follows:

截至2020年及2019年6月30日止六個月，本集團的營業收入如下：

| | | Unaudited 未經審核 Six months ended 30 June 截至6月30日止六個月 | |
|---|---|---|---|
| | | **2020 2020年** | 2019 2019年 |
| | | ***RMB'000 人民幣千元*** | *RMB'000 人民幣千元* |
| Wastewater treatment | 污水處理 | **537,347** | 487,914 |
| Operating services – under TOO model | 營運服務－TOO模式下 | **390,050** | 416,284 |
| Operating services – under TOT/BOT model | 營運服務－TOT/BOT模式下 | **50,240** | |

## 6. SEGMENT AND REVENUE INFORMATION *(continued)*

## 6. 分部及收入資料*(續)*

### (b) Segment information

The segment information provided to senior executive management for the reportable segments for the six months ended 30 June 2020 is as follows:

### (b) 分部資料

截至2020年6月30日止六個月，本集團向高級執行管理層提供的分部數據如下：

For the six months ended 30 June 2020 截至2020年6月30日止六個月

## 6. SEGMENT AND REVENUE INFORMATION *(continued)* 6. 分部及收入資料*(續)*

### (b) Segment information *(continued)* (b) 分部資料*(續)*

| | | As at 30 June 2020 (Unaudited) 於2020年6月30日(未經審核) | | | |
|---|---|---|---|---|---|
| Business segment | 業務分部 | Wastewater treatment 污水處理 *RMB'000 人民幣千元* | Water supply 水供給 *RMB'000 人民幣千元* | Others 其他 *RMB'000 人民幣千元* | Total 合計 *RMB'000 人民幣千元* |
| Segment assets | 分部資產 | 7,467,689 | 817,765 | 1,806,469 | 10,091,923 |
| Unallocated: | 未分配的： | | | | |
| Deferred tax assets | 遞延所得稅資產 | | | | 55,121 |
| Investments in associates | 聯營投資 | | | | 14,777 |
| Total assets | | | | | |

## 6. SEGMENT AND REVENUE INFORMATION *(continued)*

## 6. 分部及收入資料*(續)*

### (b) Segment information *(continued)*

### (b) 分部資料*(續)*

The segment information provided to senior executive management for the reportable segments for the six months ended 30 June 2019 is as follows:

截至2019年6月30日止六個月，本集團向高級執行管理層提供的分部數據如下：

| | | For the six months ended 30 June 2019 (Unaudited)<br>截至2019年6月30日止六個月(未經審核) | | | |
|---|---|---|---|---|---|
| **Business segment** | **業務分部** | Wastewater treatment<br>污水處理<br>*RMB'000*<br>*人民幣千元* | Water supply<br>水供給<br>*RMB'000* | Others<br>其他<br>*RMB'000* | Total<br>合計<br>*RMB'000* |

## 6. SEGMENT AND REVENUE INFORMATION *(continued)* 6. 分部及收入資料*(續)*

### (b) Segment information *(continued)* (b) 分部資料*(續)*

| | | As at 31 December 2019 (Audited) 於2019年12月31日(經審核) | | | |
|---|---|---|---|---|---|
| **Business segment** | **業務分部** | Wastewater treatment 污水處理 *RMB'000 人民幣千元* | Water supply 水供給 *RMB'000 人民幣千元* | Others 其他 *RMB'000 人民幣千元* | Total 合計 *RMB'000 人民幣千元* |
| **Segment assets** | **分部資產** | 6,760,731 | 743,269 | 2,004,432 | 9,508,432 |
| **Unallocated:** | **未分配的:** | | | | |
| Deferred tax assets | 遞延所得稅資產 | | | | 52,990 |
| Investments in associates | 聯營投資 | | | | 14,833 |
| **Total assets** | **資產總額** | | | | 9,576,255 |
| **Segment liabilities** | **分部負債** | 3,879,507 | 385,147 | 1,067,434 | 5,332,088 |
| **Unallocated:** | **未分配的:** | | | | |
| Deferred tax liabilities | 遞延所得稅負債 | | | | 74,473 |
| Income tax payables | | | | | |

## 6. SEGMENT AND REVENUE INFORMATION *(continued)*

## 6. 分部及收入資料*(續)*

### (c) Geographical information

The Group has derived almost all of its business in the PRC, hence, geographical segment information is not considered necessary.

### (c) 地理資料

本集團的幾乎所有業務均在中國開展。因此，無需披露地理分部資料。

### (d) Information about major customers

The major customer groups from whom the individual customer's revenue amounted to 10% or more of the Group's total revenue were as below:

### (d) 主要客戶資料

本集團的主要客戶群(其中來自於單個客戶的收入佔本集團收入總額的10%或10%以上)如下：

| | | Unaudited 未經審核 Six months ended 30 June 截至6月30日止六個月 | |
|---|---|---|---|
| | | 2020 2020年 *RMB'000 人民幣千元* | 2019 2019年 *RMB'000 人民幣千元* |
| Customer A | 客戶A | 255,942 | 276,050 |
| Customer B | 客戶B | 113,258 | 105,782 |
| | | 369,200 | 381,832 |

The customer portfolio of the Group is concentrated, which is consistent with the industry practice. If the customer A or customer B substantially defaults in payment or terminates the business relationship with the Group, it could materially affect the Group's financial position and results of operations.

本集團客戶群體較為集中，與本行業的現實狀況一致。如果客戶A或客戶B嚴重違反付款義務或與本集團終止商業合作關係，會嚴重影響本集團的財務狀況和經營收益。

## 7. INVESTMENT PROPERTIES

## 7. INVESTMENT PROPERTIES *(continued)*

The value of the Group's investment properties is determined by the Directors of the Company with reference to the transaction price information of similar properties in the market.

None of the Group's investment properties measured at fair value are categorised as level 1 and level 2. The Group's investment properties are categorised as level 3.

The following table shows the significant unobservable inputs used in the valuation model.

## 7. 投資物業*(續)*

本集團之投資物業乃由本公司董事參照市場同類物業交易價格資料後釐定其價值。

本集團按公平值計量之投資物業概無分類為第一級及第二級。本集團之投資物業分類為第三級。

下表呈列估值模型所用之重大不可觀察輸入數據。

| Assets<br>資產 | Fair value hierarchy<br>公平值層級 | Valuation technique<br>估值技術 | Significant unobservable inputs<br>重大不可觀察輸入數據 | Range of unobservable inputs<br>不可觀察輸入數據的範圍 | Relationship of unobservable inputs to fair value<br>不可觀察輸入數據與公平值的關係 | Sensitivity of unobservable inputs<br>不可觀察輸入數據的悼詞 |
|---|---|---|---|---|---|---|

The fair value measurement is based on the above asset's highest and best use, which does not differ from their actual use.

No investment properties were pledged as at 30 June 2020.

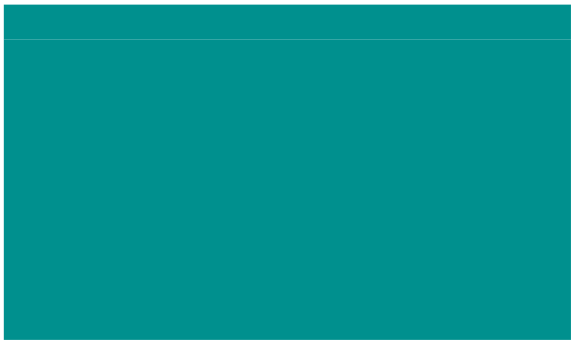
## 8. RIGHT-OF-USE ASSETS

The Group's right-of-use assets represents (i) the prepaid lease payments for land located in the PRC, and (ii) leased properties.

## 8. 使用權資產

本集團的使用權資產為：(i)位於中國的土地預付租賃付款；以及(ii)租賃物業。

| | Land use Rights 土地使用權 | Leased Properties 租賃物業 | Total 合計 |
|---|---|---|---|
| | *RMB'000* *人民幣千元* | *RMB'000* *人民幣千元* | *RMB'000* *人民幣千元* |
| **Reconciliation of carrying amount – for the six months ended 30 June 2019 賬面值對賬 一截至2019年6月30日止六個月** | | | |
| At the beginning of the reporting period | | | |



## 9. PROPERTY, PLANT AND EQUIPMENT

## 9. 不動產、工廠及設備

| | Buildings and facilities 樓宇及設施 | Machinery and equipment 機器及設備 | Office and electronic equipment 辦公室及電子設備 | Motor vehicles 機動車 | Construction in progress 在建工程 | Total 合計 |
|---|---|---|---|---|---|---|
| | *RMB'000 人民幣千元* | *RMB'000 人民幣千元* | *RMB'000 人民幣千元* | *RMB'000 人民幣千元* | *RMB'000 人民幣千元* | *RMB'000 人民幣千元* |
| (Unaudited) Six months ended 30 June 2020 (未經審核) 截至2020年6月30日止六個月 | | | | | | |

## 10. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

## 10. 特許經營權協議下的應收款項

The following is the summarized information of receivables under service concession arrangement with respect to the Group's service concession arrangements.

就本集團的特許經營權協議而言，特許經營權協議下的應收款項的匯總資料如下：

| | | Unaudited 未經審核 30 June 2020 2020年 6月30日 *RMB'000 人民幣千元* | Audited 經審核 31 December 2019 2019年 12月31日 *RMB'000 人民幣千元* |
|---|---|---|---|
| **Receivables under service concession arrangements** | **特許經營權協議下的應收款項** | | |
| Current portion: | 流動部分： | | |
| Receivables under service concession arrangements | 特許經營權協議下的應收款項 | **12,658** | 7,550 |
| Loss allowance | 虧損撥備 | **–** | (2) |
| | | **12,658** | 7,548 |
| Non-current portion: | 非流動部分： | | |
| Receivables under service concession arrangements | 特許經營權協議下的應收款項 | **1,787,488** | 1,382,480 |
| Loss allowance | 虧損撥備 | **(848)** | (485) |
| | | **1,786,640** | 1,381,995 |
| | | **1,799,298** | 1,389,543 |

The effective interest rate fell within the range from 6.06% to 9.23%.

實際利率在6.06%至9.23%區間內。

For the six months ended 30 June 2020 截至2020年6月30日止六個月

## 11. INTANGIBLE ASSETS

## 11. 無形資產

| | | Computer software 電腦軟件 RMB'000 人民幣千元 | Operating concession 特許經營權 RMB'000 人民幣千元 | Other intangible assets 其他無形資產 RMB'000 人民幣千元 | Total 合計 RMB'000 人民幣千元 |
|---|---|---|---|---|---|
| **(Unaudited)** | **(未經審核)** | | | | |
| **Six months ended 30 June 2020** | **截至2020年6月30日止六個月** | | | | |
| Opening net book value | 期初賬面淨值 | 8,080 | 191,340 | – | 199,420 |
| Additions | 增加 | – | 17,377 | – | |

## 12. INVESTMENTS IN ASSOCIATES

Investments accounted for using the equity method refer to the associates held by the Group, movements of which are set out as follows.

## 12. 聯營投資

按權益法計量的投資是指由本集團持有的聯營投資，其變動載列如下。

| | | Unaudited 未經審核 30 June 2020 2020年 6月30日 *RMB'000* *人民幣千元* | Audited 經審核 31 December 2019 2019年 12月31日 *RMB'000* *人民幣千元* |
|---|---|---|---|
| **Unlisted shares** | **非上市股份** | | |
| Share of net assets | 淨資產份額 | **5,435** | 5,491 |
| Goodwill | 商譽 | **9,342** | 9,342 |

### Fair value of investments

At the end of the reporting period, all of the Group's associates are private companies and there was no quoted market price available for the investments.

### Financial information of associates

Summarised financial information of the associates of the Group is set out below, which represents amounts shown in the associates' financial statements prepared in accordance with IFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

## 12. INVESTMENTS IN ASSOCIATES *(continued)*

## 12. 聯營投資*(續)*

### Financial information of associates *(continued)*

### 聯營公司之財務資料*(續)*

The Group's investments in associates and certain of its key financial information attributable to the Group are as follows:

本集團的聯營投資以及歸屬於本集團的部分關鍵財務資料如下：

| | | Assets 資產 | Liabilities 負債 | Revenues 收入 | Losses 虧損 | Net assets 淨資產 |
|---|---|---|---|---|---|---|
| | | *RMB'000* *人民幣千元* | *RMB'000* *人民幣千元* | *RMB'000* *人民幣千元* | *RMB'000* *人民幣千元* | *RMB'000* *人民幣千元* |
| For the six months ended 30 June 2020 | 截至2020年6月30日止六個月 | **6,871** | **1,436** | **174** | **(56)** | **5,435** |
| For the year ended 31 December 2019 | 截至2019年12月31日止年度 | 7,092 | 1,601 | 1,168 | (241) | 5,491 |

## 13. DEFERRED TAX ASSETS AND LIABILITIES

## 13. 遞延所得稅資產和負債

| | | Unaudited 未經審核 30 June 2020 2020年 6月30日 *RMB'000* *人民幣千元* | Audited 經審核 31 December 2019 2019年 12月31日 *RMB'000* *人民幣千元* |
|---|---|---|---|
| **Deferred tax assets:** | **遞延所得稅資產：** | | |
| – to be recovered within 12 months | 一將於12個月內轉回 | **9,309** | 7,643 |
| – to be recovered after more than 12 months | 一將於12個月後轉回 | **45,812** | 45,347 |
| | | **55,121** | 52,990 |
| **Deferred tax liabilities:** | **遞延所得稅負債：** | | |
| – to be recovered within 12 months | 一將於12個月內轉回 | **–** | 2,061 |
| – to be recovered after more than 12 months | 一將於12個月後轉回 | **84,793** | 72,412 |
| | | **84,793** | 74,473 |

Movements in deferred tax assets and liabilities during the six months ended 30 June 2020 and 2019, without taking into consideration the offsetting of balance within the same tax jurisdiction, are as follows:

於截至2020年及2019年6月30日止六個月期間遞延所得稅資產和負債(未考慮結餘可在同一徵稅區

## 13. DEFERRED TAX ASSETS AND LIABILITIES *(continued)*

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Deferred tax assets as at 30 June 2020 and 2019 were mainly related to government grant, tax losses carried forward, unrealized foreign exchange losses as well as depreciation and amortization differences arising from the revaluation results on certain wastewater treatment facilities and right-of-use assets injected by Kunming Dianchi

## 15. TRADE AND OTHER RECEIVABLES

## 15. 應收賬款及其他應收款

The fair values of trade and other receivables of the Group, except for the prepayments which are not financial assets, approximated their carrying amounts.

The carrying amounts of trade and other receivables are denominated in RMB.

## 15. TRADE AND OTHER RECEIVABLES *(continued)*

(a) Ageing analysis of gross trade receivables at the respective balance sheet dates, based on the invoice dates, is as follows:

## 15. 應收賬款及其他應收款*(續)*

(a) 於各資產負債表日基於發票日期的應收賬款賬齡分析如下：

| | | Unaudited 未經審核 30 June 2020 2020年 6月30日 *RMB'000* *人民幣千元* | Audited 經審核 31 December 2019 2019年 12月31日 *RMB'000* *人民幣千元* |
|---|---|---|---|
| – Within one year | －1年以內 | **964,696** | 935,027 |
| – Over one year and within two years | －1至2年 | **390,148** | 37,300 |
| – Over two years | －超過2年 | **14,719** | 11,425 |
| | | **1,369,563** | 983,752 |

The Group does not hold any collateral as security over these debtors.

本集團未持有任何抵押品作為任何債務人的擔保。

## 16. AMOUNTS DUE FROM CUSTOMERS FOR CONSTRUCTION CONTRACTS

## 16. 應收客戶建造合同款

Costs incurred to date plus recognized profits less recognized losses: 已發生成本加確認的利潤減確認的虧損：

| | | Unaudited 未經審核 30 June 2020 2020年 6月30日 *RMB'000* *人民幣千元* | Audited 經審核 31 December 2019 2019年 12月31日 *RMB'000* *人民幣千元* |
|---|---|---|---|
| **Costs incurred to date plus recognized profits less recognized losses** | **已發生成本加確認的利潤減確認的虧損** | | |
| Current portion: | 流動部分： | | |
| Amounts due from customers for construction contracts | 應收客戶建造合同款 | **22,110** | 28,030 |
| Loss allowance | 虧損撥備 | **(330)** | (452) |
| | | **21,780** | 27,578 |
| Non-current portion: | 非流動部分： | | |
| Amounts due from customers for construction contracts | 應收客戶建造合同款 | **607,165** | 521,948 |
| Loss allowance | 虧損撥備 | **(6,395)** | (5,682) |
| | | **600,770** | 516,266 |
| | | **622,550** | 543,844 |

## 17. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents are denominated in:

All deposits at bank are deposits with original maturity within 3 months. The Group earns interest on cash at bank at floating bank deposit rates at ranged from 0.30% to 1.92% during the six months ended 30 June 2020 (31 December 2019: 0.30% to 1.92%).

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