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綠色動力
DYNAGREEN

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

2020 ANNUAL RESULTS ANNOUNCEMENT

The board of directors of Dynagreen Environmental Protection Group Co., Ltd. (the “**Company**”) is pleased to announce the audited results of the Company and its subsidiaries for the year ended 31 December 2020. This announcement, containing the full text of the 2020 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to the information to accompany the preliminary announcement of annual results. Printed version of the Company’s 2020 Annual Report will be dispatched to the shareholders of H Shares of the Company and available for viewing on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and of the Company (www.dynagreen.com.cn) on or before 30 April 2021.



Important Notice

- I. The board of directors, the supervisory committee and the directors, supervisors and senior management of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of the annual report, guarantee that there are no false representations, misleading statements or material omissions contained in this annual report, and are jointly and severally responsible for the liabilities of the Company.
- II. All directors of the Company attended the board meeting.
- III. KPMG Huazhen LLP issued a standard unqualified audit report for the Company.
- IV. Qiao Dewei, an officer of the Company; Hu Shengyong, the Chief Financial Officer; and Zhao Linbin, the Chief Accountant, declare that they warrant the truthfulness, accuracy and completeness of the financial statements in the annual report.
- V. Proposal of profit distribution or capitalisation of capital reserve during the Reporting Period approved by the Board.

It is proposed to distribute a cash dividend of RMB0.2 (tax inclusive) for every share to all shareholders based on the aggregate share capital on the share-based equity registration date. The remaining undistributed profits will be carried forward to the next year. In 2020, the Company did not convert capital reserve into share capital and did not issue bonus shares. This proposal needs to be submitted to the Company's shareholders' general meeting for consideration.

- VI. Risk statement relating to forward-looking statements.

☒ Applicable ☐ Not applicable

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

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

No

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

No

- Value: IX. Whether there were more than half of the directors who cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company

No

- Value: X. Major risk alerts

Certain risks that may exist have been described in this report in details. Please refer to the "Potential Risks" in Part 3 "Discussion and Analysis of the Company's Future Development" in Section 5 "Discussion and Analysis of Operations".

- Value: XI. Others

☒ Applicable ☐ Not applicable

The contents of this annual report are in compliance with all the disclosure requirements in relation to annual report under the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – Contents and Formats of Annual Reports (Amended in 2017) 《(公開發行證券的公司信息披露內容與格式準則第2號—年度報告的內容與格式(2017年修訂))》, the SSE Listing Rules and the Stock Exchange Listing Rules. In addition, this annual report has been simultaneously published in Mainland China and Hong Kong. This report has been prepared in Chinese and English. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.



Milestones of Dynagreen in 2020

1. **Wuhan Project won high praise by fighting against the pandemic with full strength**

In the face of the sudden outbreak of COVID-19, the Company initiated an emergency response mechanism in the first place and set up a management group to make overall arrangements for pandemic prevention since 21 January 2020. All operation projects of the Company have always maintained highly-efficient operation despite difficulties the pandemic brought to ensure continuous and stable disposal of domestic waste. Wuhan Company actively cooperated with the municipal functional departments of Wuhan government to achieve emergency coordinated disposal of medical waste and won high praise from provincial and municipal government units as well as received a letter of appreciation from Leishenshan Hospital.

2. **The self-developed 600-ton large incinerator successfully commenced operation, representing the core technology reaching an advanced level**

On 17 April 2020, the 600-ton large expeller grate incinerator independently developed by the Company officially started hot-state trial operation in Fengcheng Project of the Company. The grate was in good operation condition with the relevant hot-state test parameters and the stability of overall performance meeting the design requirements, which indicated the Company has reached an advanced level in the research and development of large incinerators.

3. **The Shandong Laizhou Waste-to-energy Project was successfully acquired, representing another step forward towards the vision of M&A**

On 29 April 2020, Dynagreen Investment Holdings Co., Ltd., a wholly-owned subsidiary of the Company, officially entered into an equity transfer agreement with Shanghai SUS Environment Co., Ltd. and successfully acquired the 87.5% equity interest held by it in Laizhou Haikang Environmental Protection Energy Co., Ltd.. By adopting a combination of BOT and entrusted operation models, the Laizhou Project plans to build a 1,500-ton/day domestic waste incineration power plant, an 80-ton/day kitchen waste pretreatment line, an 80-ton/day sludge drying workshop and a 600-ton/day leachate liquid treatment workshop.

4. **The 13th five-year plan was realized ahead of schedule with several projects put into operation successively**

In May 2020, five projects of Haining Expansion Project, Hong'an Project, Yichun Project, Fengcheng Project and State I of Huizhou phase II Project were completed and put into operation successively, with a newly added waste treatment capacity of 5,700 tons/day. As at May, 26 waste-to-energy projects have been put into operation by the Company, which indicated that Dynagreen has achieved the goal of the 13th five-year strategic development plan in advance in terms of the number of completed projects and daily waste disposal capacity.

5. **Tongzhou Project was successively awarded the Quality Chinese Project for Electricity Engineering Award and Luban Prize**

In July 2020, the Tongzhou Project received a certificate of honor issued by China Electric Power Construction Association that the phase I of the project was awarded "Quality Chinese Project for Electricity Engineering in 2020". The award is of highest honor for construction quality in China's electric power construction industry, which is organized and implemented by China Electric Power Construction Association. The comprehensive index of construction quality that qualifies such award shall reach the advanced level among other Chinese participants in the same industry within the same period. In February 2021, Tongzhou Project was awarded the "Luban Prize", the top prize in China's engineering construction field.



Milestones of Dynagreen in 2020 (Continued)

6. The Three-in-one Project of sludge, kitchen waste and excrement treatment for Huiyang District was successfully signed, representing a significant progress in coordinated disposal business

On 2 July 2020, the franchise agreement in relation to the PPP project of the harmless treatment of sludge, kitchen waste and excrement for Huiyang District was officially signed. The project adopts BOT model for the construction with a total scale of 1,200 tons/day and is divided into two phases. The phase I includes sludge treatment scale of 300 tons/day, kitchen waste treatment scale of 200 tons/day and excrement treatment scale of 100 tons/day with the corresponding system of kitchen waste collection and transportation. It was a significant progress made by the Company in the development of coordinated disposal business.

7. The Company was on the list of top 500 enterprises of Shenzhen in 2020, and the main leaders were once more rated as “industry pioneers”

On 20 October 2020, guided by China Enterprise Confederation, China Enterprise Directors Association and sponsored by Shenzhen Enterprise Confederation, Shenzhen Entrepreneur Association, the conference of top 500 enterprises of Shenzhen in 2020 and leading industry forum were grandly held in Shenzhen Convention and Exhibition Center. The forum released the list of top 500 enterprises of Shenzhen in 2020 and the development report of top 500 enterprises of Shenzhen in 2020, on which Dynagreen ranked No. 256, improved by 72 places compared to 2019. In the meantime, Mr. Qiao Dewei, president of the Company, was once more recognized as “Top 100 industry pioneers in Shenzhen”.

8. Acknowledged again by capital market, the non-public issuance of A shares was completed

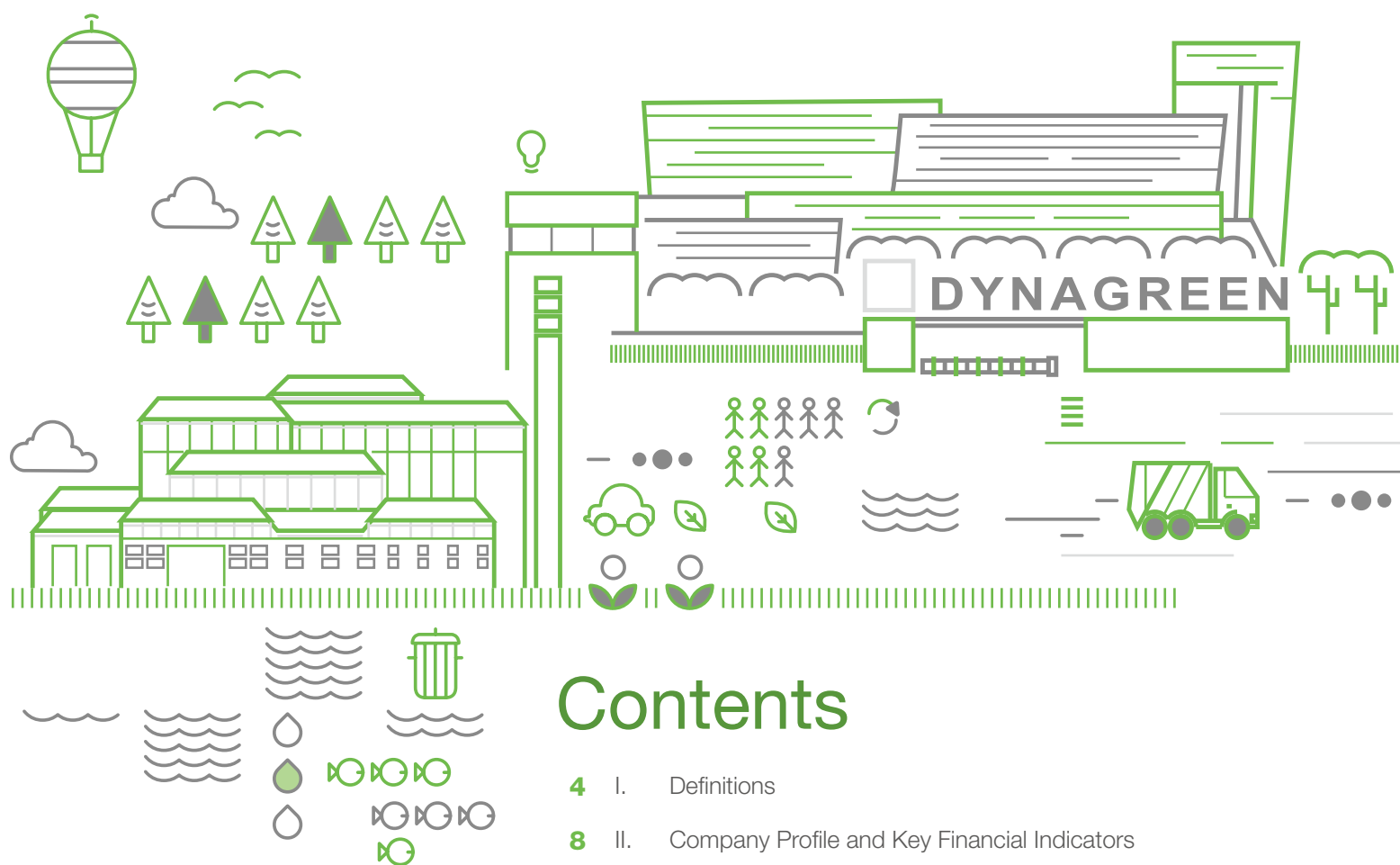
On 9 December 2020, the Company completed the non-public issuance of A shares with an issuance of approximately 232 million shares and an issue price of RMB7.82 per share. The net proceeds of the non-public issuance of shares were approximately RMB1,786 million, of which the amount recorded in the share capital was approximately RMB232 million and the amount recorded in the capital reserve was approximately RMB1,553 million. The successful issuance will effectively enhance the Company's financial strength, further enhance the Company's core competitiveness and promote the Company's sustainable development.

9. Wuhan Phase II Project was formally entered into, representing one more benchmark in the central region

On 8 December 2020, Dynagreen formally entered into the franchise agreement of Wuhan Phase II Project, pursuant to which Wuhan Company will reconstruct and expand the waste-to-energy plant in Qingshan area of Wuhan. Based on the Wuhan Project's original domestic waste treatment capacity of 1,000 tons/day, by adding new treatment capacity of domestic waste of 1,000 tons/day and kitchen waste of 200 tons/day, Wuhan Phase II Project will become another benchmark project of Dynagreen in the central region.

10. The Company was awarded “top 10 influential enterprises for solid waste of the year” for 11 consecutive years

On 17 December 2020, 2020 (the 14th) strategic forum on solid waste grandly opened in Beijing Friendship Hotel. The forum grandly announced the list of “top 10 influential enterprises for solid waste in 2020”, on which Dynagreen ranked the second place with its strong comprehensive strength. Dynagreen has won this award for 11 consecutive years since 2010.



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I. Definitions

1. DEFINITIONS

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

Definitions of frequently-used terms

The Company or Dynagreen	Dynagreen Environmental Protection Group Co., Ltd.
The Group	Dynagreen Environmental Protection Group Co., Ltd. and its subsidiaries
BSAM	Beijing State-owned Assets Management Co., Ltd.
Hong Kong Dynagreen	Dynagreen Investment Holding Company Limited (綠色動力投資控股有限公司) (formerly known as Blue-ocean Environment Investment Holding Company Limited (藍洋環保投資控股有限公司))
Changzhou Company	Changzhou Dynagreen Environmental and Thermoelectric Co., Ltd. (常州綠色動力環保熱電有限公司)
Haining Company	Haining Dynagreen Renewable Energy Co., Ltd. (海寧綠色動力再生能源有限公司)
Taizhou Company	Taizhou Dynagreen Renewable Energy Co., Ltd. (泰州綠色動力再生能源有限公司)
Wuhan Company	Wuhan Dynagreen Renewable Energy Co., Ltd. (武漢綠色動力再生能源有限公司)
Pingyang Company	Pingyang Dynagreen Renewable Energy Co., Ltd. (平陽綠色動力再生能源有限公司)
Yongjia Company	Yongjia Dynagreen Renewable Energy Co., Ltd. (永嘉綠色動力再生能源有限公司)
Rushan Company	Rushan Dynagreen Renewable Energy Co., Ltd. (乳山綠色動力再生能源有限公司)
Anshun Company	Anshun Dynagreen Renewable Energy Co., Ltd. (安順綠色動力再生能源有限公司)
Huizhou Company	Huizhou Dynagreen Environment Co., Ltd. (惠州綠色動力環保有限公司)
Jizhou Company	Tianjin Dynagreen Renewable Energy Co., Ltd. (天津綠色動力再生能源有限公司)
Jurong Company	Jurong Dynagreen Renewable Energy Co., Ltd. (句容綠色動力再生能源有限公司)
Ninghe Company	Tianjin Dynagreen Environmental Energy Co., Ltd. (天津綠動環保能源有限公司)
Bengbu Company	Bengbu Dynagreen Renewable Energy Co., Ltd. (蚌埠綠色動力再生能源有限公司)
Tongzhou Company	Beijing Dynagreen Environment Co., Ltd. (北京綠色動力環保有限公司)
Miyun Company	Beijing Dynagreen Renewable Energy Co., Ltd. (北京綠色動力再生能源有限公司)
Shantou Company	Shantou Dynagreen Renewable Energy Co., Ltd. (汕頭市綠色動力再生能源有限公司)
Zhangqiu Company	Zhangqiu Dynagreen Renewable Energy Co., Ltd. (章丘綠色動力再生能源有限公司)
Bobai Company	Bobai Dynagreen Renewable Energy Co., Ltd. (博白綠色動力再生能源有限公司)
Hong'an Company	Hong'an Dynagreen Renewable Energy Co., Ltd. (紅安綠色動力再生能源有限公司)
Yichun Company	Yichun Dynagreen Renewable Energy Co., Ltd. (宜春綠色動力再生能源有限公司)



I. Definitions (Continued)

Fengcheng Company	Fengcheng Dynagreen Environmental Protection Co., Ltd. (豐城綠色動力環保有限公司)
Huizhou Phase II Company	Huizhou Dynagreen Renewable Energy Co., Ltd. (惠州綠色動力再生能源有限公司)
Yongjia Phase II Company	Wenzhou Dynagreen Environmental Energy Co., Ltd. (溫州綠動環保能源有限公司)
Longhui Company	Longhui Dynagreen Renewable Energy Co., Ltd. (隆回綠色動力再生能源有限公司)
Pingyao Company	Pingyao Dynagreen Renewable Energy Co., Ltd. (平遙縣綠色動力再生能源有限公司)
Qingdao Company	Qingdao Dynagreen Renewable Energy Co., Ltd. (青島綠色動力再生能源有限公司)
Shenzhen Jingxiu	Shenzhen Jingxiu Environmental Engineering Technology Limited Company (formerly known as Zhejiang Dongyang Fuli Construction Limited Company (浙江省東陽市富力建設有限公司))
Dengfeng Company	Dengfeng Dynagreen Renewable Energy Co., Ltd. (登封綠色動力再生能源有限公司)
Haining Expansion Company	Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd. (海寧綠動海雲環保能源有限公司)
Shishou Company	Shishou Dynagreen Renewable Energy Co., Ltd. (石首綠色動力再生能源有限公司)
Guangdong Promising Company	Guangdong Promising Environmental Protection Company Limited (廣東博海昕能環保有限公司)
Guangyuan Company	Guangyuan Boneng Renewable Energy Co., Ltd. (廣元博能再生能源有限公司)
Jiamusi Company	Jiamusi Bohai Environmental Protection and Electricity Company Limited (佳木斯博海環保電力有限公司)
Zhaoqing Company	Zhaoqing Boneng Renewable Energy Power Generation Co., Ltd. (肇慶市博能再生能源發電有限公司)
Shulan Company	Shulan Boneng Environmental Protection Company Limited (舒蘭市博能環保有限公司)
Zhangye Company	Zhangye Boneng Environmental Protection Company Limited (張掖博能環保有限公司)
Yongxing Company	Yongxing Boneng Environmental Energy Co., Ltd. (永興博能環保能源有限公司)
Dongguan Company	Dongguan Changneng Clean Energy and Greening Service Co., Ltd. (東莞市長能清潔能源綠化服務有限公司)
Jinsha Company	Guizhou Jinsha Green Energy Co., Ltd. (貴州金沙綠色能源有限公司)
Pingyang Phase II Company	Pingyang Dynagreen Environmental Energy Co., Ltd. (平陽綠動環保能源有限公司)
Jingxi Company	Baise Dynagreen Environmental Protection Co., Ltd. (百色綠動環保有限公司)
Enshi Company	Enshi Green Power Renewable Energy Co., Ltd. (恩施綠色動力再生能源有限公司)
Huludao Hazardous Waste Company	Lyvi (Huludao) Environmental Services Limited (綠益(葫蘆島)環境服務有限公司)



I. Definitions (Continued)

Huludao Power Generation Company Huizhou Three-in-One Company	Huludao Dynagreen Environment Co., Ltd. (葫蘆島綠動環保有限公司) Huizhou Dynagreen Environmental Services Co., Ltd. (惠州綠色動力環境服務有限公司)
Shantou Sludge Company	Shantou Dynagreen Environmental Services Co., Ltd. (汕頭市綠色動力環境服務有限公司)
Zhangqiu Phase II Company Shuozhou Company	Jinan Dynagreen Environmental Co., Ltd. (濟南綠動環保有限公司) Shuozhou Dynagreen Nanshan Environmental Energy Co., Ltd. (朔州綠動南山環境能源有限公司)
Laizhou Company	Laizhou Haikang Environmental Protection Energy Co., Ltd. (萊州海康環保能源有限公司)
Changzhou Project	a municipal solid waste incineration thermoelectric project in Wujin District, Changzhou City, Jiangsu (江蘇常州市武進區生活垃圾焚燒熱電項目)
Wuhan Project	Xinghuo Waste-to-Energy Plant project in Wuhan, Hubei (湖北武漢星火垃圾焚燒發電廠項目)
Taizhou Project	a municipal solid waste-to-energy project in Taizhou City, Jiangsu (江蘇泰州市生活垃圾焚燒發電項目)
Pingyang Project	a solid waste-to-energy plant project in Pingyang, Zhejiang (浙江平陽生活垃圾焚燒發電廠項目)
Anshun Project	a waste-to-energy project in Anshun, Guizhou (貴州安順垃圾焚燒發電項目)
Haining Project	a waste incineration thermoelectric plant project in Haining City, Zhejiang (浙江海寧市垃圾焚燒熱電廠項目)
Yongjia Project	a waste-to-energy plant project in Yongjia, Zhejiang (浙江永嘉垃圾焚燒發電廠項目)
Rushan Project	a municipal solid waste-to-energy project in Rushan City, Shandong (山東乳山市生活垃圾焚燒發電項目)
Jizhou Project	a municipal solid waste-to-energy project in Jizhou District, Tianjin (天津市薊州區生活垃圾焚燒發電項目)
Huizhou Project	Lanzilong municipal solid waste-to-energy project in Huiyang District, Huizhou City, Guangdong (廣東惠州市惠陽區礪子壠生活垃圾焚燒發電項目)
Jurong Project	a municipal solid waste-to-energy project in Jurong City, Jiangsu (江蘇句容市生活垃圾焚燒發電項目)
Bengbu Project	a municipal solid waste-to-energy project in Bengbu City, Anhui (安徽蚌埠市生活垃圾焚燒發電廠項目)
Tongzhou Project	a renewable energy power plant in Tongzhou District, Beijing (北京市通州區再生能源發電廠)
Ninghe Straw Project	a straw incineration power generation project in Ninghe District, Tianjin (天津寧河區秸杆焚燒發電項目)
Ninghe Biomass Project	a biomass power generation project in Ninghe District, Tianjin (天津寧河區生物質發電項目)
Miyun Project	a construction project of an integrated waste treatment centre in Miyun County, Beijing (北京密雲縣垃圾綜合處理中心工程)
Guangyuan Project	a municipal solid waste-to-energy project in Guangyuan City, Sichuan (四川廣元市生活垃圾焚燒發電項目)
Jiamusi Project	a municipal waste-to-energy BOT project in Jiamusi City, Heilongjiang (黑龍江佳木斯市城市生活垃圾焚燒發電 BOT 項目)
Sihui Project	an environmental energy thermal power plant BOT project in Sihui, Guangdong (廣東四會環保能源熱力發電廠BOT項目)
Shantou Project	a municipal waste-to-energy plant in Chaoyang District, Shantou City, Guangdong (廣東汕頭市潮陽區生活垃圾焚燒發電廠)
Zhangqiu Project	a municipal waste-to-energy plant in Zhangqiu City, Jinan City, Shandong (山東濟南市章丘區生活垃圾焚燒發電廠)
Bobai Project	a municipal waste-to-energy project in Bobai County, Guangxi (廣西博白縣生活垃圾焚燒發電項目)
Hong'an Project	a municipal waste-to-energy project in Hong'an County, Hubei (湖北紅安縣生活垃圾焚燒發電項目)
Yichun Project	a municipal waste-to-energy PPP project in Yichun City, Jiangxi (江西宜春市生活垃圾焚燒發電PPP項目)



I. Definitions (Continued)

Fengcheng Project	a municipal waste-to-energy PPP project in Fengcheng City, Jiangxi (江西豐城市生活垃圾焚燒發電PPP項目)
Huizhou Phase II Project	phase II of a municipal waste-to-energy PPP project in Huiyang Environmental Park (惠陽環境園), Guangdong (廣東惠陽環境園生活垃圾焚燒二期PPP項目)
Dengfeng Project	a municipal waste-to-energy BOT project in Dengfeng City, Henan (河南登封市生活垃圾焚燒發電BOT項目)
Haining Expansion Project	a municipal waste-to-energy plant expansion project in Haining City, Zhejiang(浙江海寧市生活垃圾焚燒發電廠擴建項目)
Shishou Project	a municipal waste-to-energy project in Shishou City, Hubei (湖北石首市生活垃圾焚燒發電項目)
Yongjia Phase II Project	a municipal waste-to-energy plant upgrading and reconstruction project in Yongjia County, Zhejiang (浙江永嘉縣垃圾焚燒發電廠改造提升工程項目)
Pingyang Phase II Project	phase II of waste-to-energy power plant PPP project in Pingyang County, Zhejiang (浙江省平陽縣垃圾焚燒發電廠二期擴建PPP項目)
Jingxi Project	a municipal waste-to-energy project in Jingxi, Guangxi (廣西靖西市生活垃圾焚燒發電項目)
Jinsha Project	a municipal waste-to-energy project in Jinsha County, Guizhou (貴州省金沙縣生活垃圾焚燒發電項目)
Enshi Project	a municipal solid waste-to-energy project in Enshi, Hubei (湖北恩施城市生活垃圾焚燒發電項目)
Huludao Hazardous Waste Project	Liaoning Huludao Industrial Waste Treatment and Disposal Center project (遼寧葫蘆島工業廢物處理處置中心項目)
Huludao Waste-to-energy Project	a municipal waste-to-energy project of Huludao East Waste-to-Energy Power Plant(葫蘆島東部垃圾焚燒發電綜合處理廠生活垃圾焚燒發電項目)
Laizhou Project	a domestic waste comprehensive treatment PPP project in Laizhou City, Shandong (山東萊州市生活垃圾綜合處理PPP項目)
Shuozhou Project	the concession project of the Nanshan enviro-energy project (including the municipal solid waste-to-energy project and the kitchen waste treatment project) in Shuozhou, Shanxi Province (山西朔州南山環境能源項目(生活垃圾焚燒發電項目和餐厨垃圾處理項目)特許經營項目)
Zhangqiu Phase II Project	the Municipal Solid Waste-to-Energy Project Phase II and the Venous Industrial Park Project in Zhangqiu District, Ji'nan City, Shandong Province (山東濟南市章丘區生活垃圾焚燒發電項目二期工程暨靜脈產業園項目)
Huizhou Three-in-One Project	the PPP project of the harmless treatment of sludge, kitchen waste and excrement for Huiyang District, Huizhou City(廣東惠州市惠陽區污泥、餐厨垃圾、糞便無害化處理PPP項目)
Wuhan Phase II Project	reconstruction and expansion project of Xinghuo Waste-to-Energy Plant project in Wuhan, Hubei(湖北武漢星火垃圾焚燒發電廠專案改擴建工程)
The Reporting Period	1 January 2020 to 31 December 2020
The end of the Reporting Period	31 December 2020
RMB or RMB'0,000 or RMB'00,000,000	Renminbi or Renminbi ten thousand or Renminbi hundred million
PRC or Mainland China	the People's Republic of China, for the purposes of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
Company Law	the Company Law of the PRC
SFO	the China Securities Regulatory Commission
CSRC	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Stock Exchange Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE	The Shanghai Stock Exchange
SSE Listing Rules	The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
PRC Accounting Standards	the China Accounting Standards for Business Enterprises formulated and promulgated by the Ministry of Finance of the PRC
BOT	Build-Operate-Transfer
Auditor	the accounting firm which provides audit services
Installation, Erection and Networking	Municipal waste-to-energy plants are required to install online automatic flue gas monitoring equipment; erect electronic display screens at the entrance to the plants or at a prominent location that is convenient for the public to view for disclosure of various index information to the public; and networking the automatic flue gas monitoring system with the environmental protection department to accept real-time monitoring



II. Company Profile and Key Financial Indicators

I. COMPANY PROFILE

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

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Company secretary	Securities Affairs Representative
Name	Zhu Shuguang	Yuen Wing Yan, Winnie	Li Jian
Correspondence address	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen	15/F, International Trade Tower, 348 Kwun Tong Road, Hong Kong	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Telephone	0755-33631280-8010	–	0755-33631280-8010
Facsimile	0755-33631220	–	0755-33631220
Email address	ir@dynagreen.com.cn	–	ir@dynagreen.com.cn

III. BASIC INFORMATION

Registered office of the Company	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Postal code of registered office of the Company	518057
Principal place of business	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Postal code of principal place of business	518057
Principal place of business in Hong Kong	1st Floor, Xiu Ping Commercial Building, 104 Jervois Street, Hong Kong
Company's website	http://www.dynagreen.com.cn/
E-mail address	ir@dynagreen.com.cn

IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Designated newspapers for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website designated by the CSRC for publishing the annual report	www.sse.com.cn
Website designated by Hong Kong Stock Exchange for publishing the annual report	www.hkexnews.hk
Place for inspection of the annual report	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen



II. Company Profile and Key Financial Indicators (Continued)

V. BASIC INFORMATION OF THE COMPANY'S SHARES

Basic Information of the Company's Shares

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

VI. OTHER RELATED INFORMATION

Auditors appointed by the Company (Domestic)	Name	KPMG Huazhen LLP
	Office address	8/F, KPMG Tower, Oriental Plaza, 1 East Chang An Avenue, Beijing
	Names of signing accountants	Xu Haifeng Wu Huihuang
Sponsor institution responsible for continuous supervision during the Reporting Period	Name	CITIC Securities Co., Ltd.
	Office address	CITIC Securities Mansion, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
	Name of sponsor representative authorized as signatory	Huang Chao Li Fei
	Continuous supervision period	From 11 June 2018 to 31 December 2021
Legal advisers appointed by the Company (Domestic)	Name	Beijing Kangda Law Firm
Legal advisers appointed by the Company (Foreign)	Name	Morrison & Foerster
Share registrar of the Company (Domestic)	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
Share registrar of the Company (Foreign)	Name	Tricor Investor Services Limited
	Office address	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Principal bankers	Name	Asian Development Bank China Merchants Bank Co., Ltd. Bank of Beijing Co., Ltd. HSBC Bank (China) Company Limited Agricultural Development Bank of China



II. Company Profile and Key Financial Indicators (Continued)

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE LAST THREE YEARS

(I) Major Accounting Data

Major accounting information	2020	2019	Increase/decrease for the current period over the corresponding period last year (%)	2018 After adjustment	Before adjustment
Operating income	2,277,618,815.00	1,752,449,088.97	29.97	1,140,074,395.71	1,055,060,688.81
Net profit attributable to shareholders of the listed Company	503,385,543.61	416,088,473.60	20.98	365,651,040.25	272,773,322.67
Net profit excluding extraordinary gain and loss attributable to the shareholders of the listed Company	484,699,699.57	388,313,038.27	24.82	345,710,285.16	263,216,383.79
Net cash flows from operating activities	230,035,074.55	-48,189,535.55	N/A	-222,716,654.60	-222,716,654.60
	As at the end of 2020	As at the end of 2019	Increase/decrease for the end of the current period over the end of the corresponding period last year (%)	As at the end of 2018 After adjustment	Before adjustment
Net assets attributable to shareholders of the Company	5,487,665,900.26	3,296,228,917.35	66.48	2,995,992,909.75	2,852,412,360.00
Total assets	17,446,071,422.38	13,670,787,404.47	27.62	10,689,006,481.90	10,542,416,667.63

(II) Key Financial Indicators

Key financial indicators	2020	2019	Increase/decrease for the current period over the corresponding period last year (%)	2018 After adjustment	Before adjustment
Basic earnings per share (RMB/share)	0.43	0.36	19.44	0.33	0.25
Diluted earnings per share (RMB/share)	0.43	0.36	19.44	0.33	0.25
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	0.41	0.33	24.24	0.31	0.24
Weighted average return on net assets (%)	13.80	13.23	Increased by 0.57 percentage points	13.85	10.73
Weighted average return on net assets excluding extraordinary gain and loss (%)	13.29	12.34	Increased by 0.95 percentage points	13.09	10.35

Explanations on the major accounting information and financial indicators of the Company for the past three years before the end of the Reporting Period

☐ Applicable ☒ Not Applicable



II. Company Profile and Key Financial Indicators (Continued)

VIII. ACCOUNTING DATA DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

- (I) **Difference Arising from the Net Profit and Net Assets Attributable to Shareholders of the listed Company in the Financial Statements Disclosed Simultaneously Pursuant to the International Accounting Standards and the Domestic Accounting Standards**

☐ Applicable ☒ Not Applicable

- (II) **Difference Arising from the Net Profit and Net Assets Attributable to Shareholders of the listed Company in the Financial Statements Disclosed Simultaneously Pursuant to the Overseas Accounting Standards and the Domestic Accounting Standards**

☐ Applicable ☒ Not Applicable

- (III) **Explanation on Difference Between Overseas and Domestic Accounting Standards**

☐ Applicable ☒ Not Applicable

IX. KEY FINANCIAL INDICATORS OF 2020 BY QUARTER

Unit: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Operating income	432,945,663.95	578,182,987.27	637,950,514.19	628,539,649.59
Net profit attributable to shareholders of the listed Company	94,409,909.74	154,322,786.51	179,027,904.17	75,624,943.19
Net profit excluding extraordinary gain and loss attributable to the shareholders of the listed Company	91,103,338.09	146,498,798.38	174,358,854.85	72,738,708.25
Net cash flows from operating activities	12,634,490.11	-41,892,938.80	167,412,294.92	91,881,228.32

Explanation on Difference Between Quarterly Results and Information Disclosed in Periodic Reports

☐ Applicable ☒ Not Applicable



II. Company Profile and Key Financial Indicators (Continued)

X. EXTRAORDINARY GAINS AND LOSSES ITEMS AND AMOUNTS

☒ Applicable ☐ Not Applicable

Unit: RMB

Extraordinary gains and losses items	Amount for 2020	Note (if applicable)	Amount for 2019	Amount for 2018
Gains and losses on disposal of non-current assets	68,229.39		-72,516.10	-267,029.18
Government grants recognised through profit or loss (except for government grants which closely related to company business that are fixed or quantified based on the national standard)	19,894,695.13		27,485,767.51	6,337,895.47
Fund usage fees received from non-financial institutions recognised in profit or loss	3,830.19		747,727.57	
Gain from the difference between the cost of investment on the subsidiaries, associates and joint ventures and the shared fair value of identifiable net assets of the investee			545,075.45	13,313,843.58
Other non-operating income and expenses besides items above	840,538.00		750,151.69	-565,836.11
Income tax refund income				1,799,913.12
Effects on non-controlling shareholders	-568,739.75		-91,765.01	
Effects on income tax	-1,552,708.93		-1,589,005.78	-678,031.79
Total	18,685,844.04		27,775,435.33	19,940,755.09

XI. ITEMS MEASURED AT FAIR VALUE

☐ Applicable ☒ Not Applicable

XII. OTHERS

Applicable ☒ Not Applicable



III. Chairman's Statement

Dear Shareholders,

I am pleased to present to the shareholders of Dynagreen Environmental Protection Group Co., Ltd. (the "Company", together with its subsidiaries, the "Group") with the Company's business review for the year 2020 and its business prospects for the year 2021.

The year 2020 is extraordinary and it is a milestone in the history of the Group's development. The COVID-19 epidemic has not slowed down China's pace in the building of a moderately prosperous society in an all-round way and has not prevented China from the realization of the "13th Five-Year" plan. In the face of the COVID-19 epidemic, the Group worked together to overcome difficulties and against the adverse situation, achieving remarkable results in all tasks. The non-public issuance of A shares was successfully completed during the year, which is the largest financing since the establishment of the Group and it will provide capital assurance for the stability and long-term development of the group. The Company achieved vigorous development with additional processing capacity of 7,200 tons/day, recording a historic high. There are 26 power generation projects under operation bringing the Company's overall strength to another level. The Group treated a total of 9,326,700 tons of waste and straw, representing a year-on-year increase of 23.57%, and generated 2.911 billion kWh of on-grid electricity (including straw power generation), representing a year-on – year increase of 37.75%. The Group had good performance in terms of bidding for new projects, commencement of construction of projects under preparation and research and development of large incinerators. 2020 saw a significant growth in the Group's results. The Group recorded RMB2,278 million in operating income representing an increase of 29.97% as compared to the same period last year, and RMB528 million in net profit, representing an increase of 26.77% as compared to the same period last year.

As a public company that attaches great importance to social responsibility, in the face of the sudden COVID-19 epidemic, the Group quickly deployed. Apart from strictly implementing the sterilization of the factory area and ensuring the health of employees, the subordinate waste incineration power generation projects did their best to deal with municipal solid waste at the critical moment of prevention and control of the epidemic. The Wuhan project at the deep center of the epidemic actively cooperated in response to local emergency and coordinated disposal of medical waste making contributions to winning the battle against the epidemic in Wuhan, which perfectly demonstrated the mission of the Company – the vivid practice of "creating a beautiful living environment" and the Company's value – "generating social benefits as the primary goal and keeping economic efficiency as the basis".

China's "14th Five-Year" plan has been fully drawn, the new grand blueprint will be launched slowly, and the construction of a beautiful China will enter a new journey. There were many changes in the relevant policies of waste-to-energy industry in 2020, and the business logic of the industry might be adjusted. However, the mission of waste-to-energy in the process of urbanization has not changed, China's urbanization has not been completed, and the Chinese people's yearning for lucid waters and lush mountains has been still firm. Therefore, looking forward the future at the beginning of 2021, the waste-to-energy industry is still full of opportunities. The Group will continue to do a good job in its main business, maintain the virtuous cycle of project expansion, project construction and project operation, focus on technology research and development and improve internal management, and further expand and strengthen its core businesses in order to consolidate its leading position in the waste-to-energy industry. We thrive to deliver even better returns to shareholders and make contributions to the construction of ecological civilization of China.

Last, I, on behalf of the Board, would like to express my gratitude to all shareholders for their trust and support for the Group and to all staff of the Group for their perseverance and hard work in the last year.

Zhi Jun

Chairman

Shenzhen, the PRC
30 March 2021



IV. Business Overview

I. PRINCIPAL OPERATIONS, BUSINESS MODEL AND INDUSTRY INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD

1. Principal operations of the Company

The Company is one of the earliest enterprises to conduct municipal waste-to-energy business in the PRC, and is mainly engaged in the investment, construction, operation, maintenance and technical consulting business of municipal waste-to-energy plants under BOT and other concessions. Focusing on the vast market space of the economically developed Yangtze River Delta, Pearl River Delta and Bohai Economic Rim, the Company has extended its business network to the central and western regions such as Anhui, Hubei, Guizhou, Shanxi, Guangxi, Jiangxi, Hunan, Shaanxi, Henan and Sichuan, and preliminarily formed a market layout based on the Yangtze River Delta, Pearl River Delta and Bohai Rim and spanning across the country. As at 31 December 2020, in respect of the municipal waste-to-energy sector, the Company had 26 projects under operation, 8 projects under construction and 14 projects under preparation. The waste treatment capacity of the projects under operation reached 27,000 tons/day and the installed capacity was 539MW, placing the Company in a leading position in the industry in terms of the number of projects and waste treatment capacity.

2. Major business model

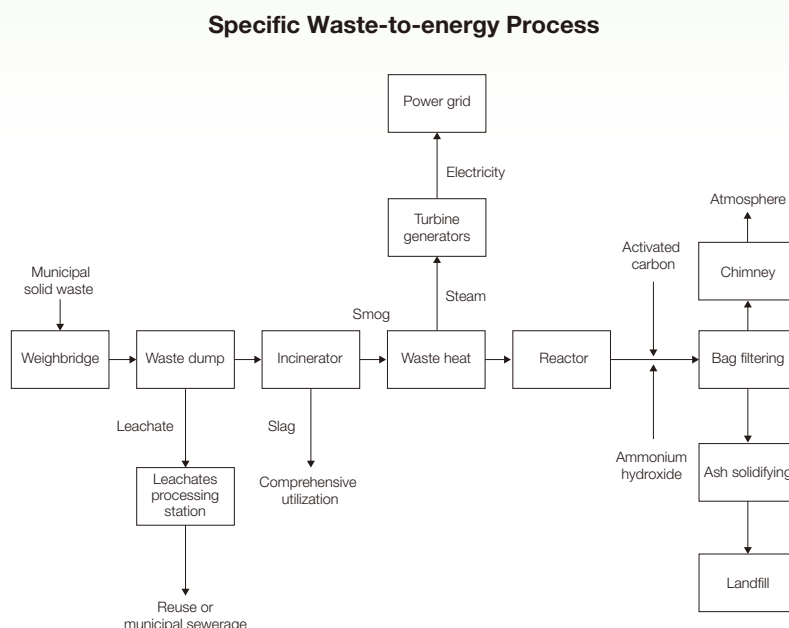
The Company mainly adopts the BOT model to operate its municipal waste-to-energy business as follows: The government department responsible for waste disposal selects a service provider to construct and operate the waste-to-energy plant under the BOT model through tenders or other means. After the Company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

The upstream industries of the Company include construction enterprises, installation companies, waste treatment and power generation equipment (such as incinerators, smog and gas treatment systems, turbine generators and waste heat boilers) suppliers, and the Company selects suppliers through tenders. The downstream industries mainly include local government departments and power grid companies. The Company provides waste incineration treatment services to local governments to receive waste treatment fees and provides electricity to power grid companies to receive electricity tariffs.



3. Main processes and technologies

The process of waste incineration power plant is illustrated in the following diagram:



The core equipment of the waste incineration power generation system is the incinerator. The Company mainly uses the self-developed three-drive expeller grate waste incinerator. The incinerator has a unique integrated three-stage design. Its drying and burning configuration are equipped with independent driving mechanism. It can flexibly adjust the running speed of each section according to the combustion condition, which can better control the distribution of the fire bed and achieve lower clinker ignition loss.

4. Information on municipal waste-to-energy industry

With the steady population growth, continuous advancement of urbanization and economic development in the PRC, the volume of municipal waste generated in the PRC continues to rise, and the demand for treatment is growing. From 2008 to 2019, the volume of municipal waste increased from 154.38 million tons to 242.06 million tons in the PRC, with a compound growth rate of 4.17% (data source: China Statistical Yearbook). Detoxification waste treatment is mainly divided into three ways: incineration, landfill and composting. Incineration has the advantages of significant reduction in quantity, less space required and relatively small impact on the environment and is the fastest growing segment. From 2008 to 2019, the number of municipal waste-to-energy plants increased from 74 to 389 in the PRC, which increased by 425.68%. The daily processing capacity increased from 51,600 tons to 456,500 tons, with a compound growth rate of 21.92%. The actual annual processing capacity increased from 15.697 million tons to 121.742 million tons, with a compound growth rate of 20.47%. Compared with the developed countries, the percentage of waste-to-energy processing capability in China is still relative low, which was approximately 50.29% as of 2019. According to the national “13th Five-Year” plan, the percentage should rise from 31% in 2015 to over 50% in 2020, in respect of the proportion of municipal solid waste processed through incineration to such waste under detoxification treatment nationwide. As for Eastern China, such percentage should exceed 60%. As for municipalities, the five cities with independent planning status and provincial capitals, efforts should be made to achieve “zero” land filling of raw garbage.



IV. Business Overview (Continued)

On 31 July 2020, the National Development and Reform Commission, the Ministry of Housing and Urban Rural Development, and the Ministry of Ecology and Environment jointly issued the Implementation Plan for Overcoming Weaknesses in Municipal Solid Waste Sorting and Treatment Facilities, stipulating that in areas where the daily domestic waste removal volume is more than 300 tons, it is necessary to accelerate the development of waste treatment methods primarily by incineration, and moderately advance the construction of incineration facilities that are compatible with the daily domestic waste removal volume to basically achieve “zero” land filling of raw garbage by 2023.

The municipal waste-to-energy industry is characterized by policy encouragement, regional monopoly, capital intensiveness, and insignificant seasonal and periodic fluctuations. Details are as follows:

- (1) In recent years, with the continuous advancement of China’s industrialization and urbanization, the environmental problems facing our country have become increasingly serious. The State has raised the construction in relation to ecological civilization to an unprecedented level. Energy-saving and environmental protection industry, including waste treatment, is the top of the seven strategic emerging industries of the PRC. In the context of a small per capita land area in the PRC, waste-to-energy is an important means to achieve the “reduction, recycling, and harmless treatment” of waste and improve the ecological environment. Due to the large initial investment and high operating costs of waste-to-energy business, the State has introduced preferential policies in various aspects such as on-grid tariff and tax to promote the rapid development of the waste-to-energy industry, e.g. implementation of the national unified waste-to-energy benchmarking tariff of RMB0.65 per kWh for the part that does not exceed 280 kWh per ton of municipal waste; eligible waste-to-energy projects will be eligible for a tax exemption for the first year to the third year, and a 50% reduction in CIT for the fourth year to the sixth year starting from the year in which the projects first generate operating income; VAT on tariff revenue is subject to 100% refund and VAT on waste treatment fees is subject to 70% refund.
- (2) The waste-to-energy projects in the PRC usually adopt the concession model, and the concession period is generally from 25 to 30 years. Under this model, the relevant government departments grant concession rights to investors or operators of waste-to-energy plants, and the grantees of concession rights enjoy the exclusive right to treat municipal waste in a certain area during the concession period.
- (3) The waste-to-energy industry is capital intensive. The initial investment required for the waste-to-energy project is large. The capital investment for a waste-to-energy plant with a daily treatment capacity of 1,000 tons is generally RMB400 million to RMB600 million. At the same time, the payback period of waste-to-energy projects is relatively long, generally 8-12 years.
- (4) The raw materials of waste-to-energy plants are municipal waste, which is directly related to the local population, and the production volume is relatively stable and subject to insignificant seasonal and periodic fluctuations.



II. MATERIAL CHANGES OF MAJOR ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

As at the end of the Reporting Period, the cash balance of the Company amounted to RMB1,608,061,795.80, representing an increase of 272.12% compared to the end of the previous year, mainly due to the completion of the non-public issuance of A shares of the Company and the proceeds received in November 2020; accounts receivable amounted to RMB785,699,955.92, representing an increase of 73.53% compared to the end of the previous year, mainly due to the addition of operating projects such as Anshun Project Phase II, Hong'an, Yichun, Huizhou Phase II, Haining Expansion, revenue growth of some projects in operation and the extension of account receivable settlement cycles; contract assets amounted to RMB467,951,853.72, representing an increase of 18.30% compared to the end of the previous year, mainly due to the addition of operating projects such as Anshun Project Phase II and Haining Expansion in the Reporting Period, and some projects under operation which have not been included in the directory of national renewable energy subsidies, and the increase in the accumulated balance of receivables from national renewable energy subsidies.

In which, overseas assets amounted to RMB2,146,921.75 (Unit: RMB), accounting for 0.01% of total assets.

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

During the Reporting Period, there was no material change in the core competitiveness of the Company.

1. Focused market layout spanning across the whole country

Since its establishment, the Company has adopted a proactive strategy in market development and strives to develop various regional markets. Its projects are distributed in an extensive geographical area, with a market network covering 20 provinces/municipalities/autonomous regions. Focusing on the vast market space of the economically developed Yangtze River Delta, Pearl River Delta and Bohai Economic Rim, the Company has extended its business network to the central and western regions such as Anhui, Hubei, Guizhou, Shanxi, Guangxi, Jiangxi, Hunan, Shaanxi, Henan and Sichuan, preliminary forming a market layout based on the Yangtze River Delta, Pearl River Delta and Bohai Rim and spanning across the country.

2. Extensive industry experience

The Company is among the first companies to explore industrial applications for waste treatment in the PRC, and is also one of the earliest enterprises to focus on upgrading and further developing advanced international waste-to-energy technologies in the PRC. Since its establishment in 2000, the Company has accumulated extensive experience in project investment, construction and operation management. It has been recognised as the "Top 10 Most Influential Solid Waste Enterprises" for eleven consecutive years. More than two decades of industry experience builds up the brand of the Company and will help the Company seize the development opportunities in the industry and achieve its strategic development goals.



IV. Business Overview (Continued)

3. Leading expertise

The “multiple drive expeller grate waste incinerator” technology independently developed by the Company is a leading incineration technology in the industry and was granted an invention patent by the State. The technology is compatible with the characteristics of the municipal waste in the PRC with an edge in performance, was selected by the Ministry of Housing and Urban-Rural Development (住建部) as a core technology to promote for use during the “11th Five-Year Plan” period, and was successfully listed in the 2019 Directory of Key Environmental Protection Practical Technologies and Demonstration Projects (《2019年重點環境保護實用技術及示範工程名錄》) by China Association of Environmental Protection Industry (中國環境保護產業協會). The Changzhou Project was recognised by China Association of Environmental Protection Industry (中國環境保護產業協會) as a “National Model Project for Use of Environmental Protection Technologies” (使用環保技術的國家模範項目) in 2013. The Huizhou Project was awarded the “Quality Chinese Project for Electricity Engineering Award” (中國電力優質工程獎) and the “National Quality Project Award” (國家優質工程獎) in 2017. Tongzhou Project was awarded the “Quality Chinese Project for Electricity Engineering Award” (中國電力優質工程獎) and “Luban Prize” (魯班獎) in 2020. “A multiple drive expeller grate waste incinerator with an online warning and control system of dioxin” independently developed by the Company was awarded the second prize for technical progress for 2019 by China Environmental Protection Industry Association. With its professional technologies, the Company is able to provide more premium environmental services for its customers and enhance its market position.

4. Experienced management team

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



V. Discussion and Analysis of Operations (Report of Directors)

I. Discussion and Analysis of Operations

(1) Industry overview

The year 2020 is the last year for China to complete the building of a moderately prosperous society in an all-round way and realization of the “13th Five-Year” plan. While the entire country was preventing and controlling the COVID-19 epidemic, constant attention was further exerted on environmental pollution prevention and control. We continued to fight our battle for the blue sky, clear water and clean soil, in order to achieve the goals and tasks of pollution prevention and control. The municipal wastes detoxification treatment and resource utilization are the key aspects of the battle for clean soil, and municipal waste-to-energy is a treatment method encouraged to be adopted by policies. According to the “13th Five-Year Plan” for National Construction Plan for Municipal Waste Detoxification Treatment Facilities (《「十三五」全國城鎮生活垃圾無害化處理設施建設規劃》), by the end of 2020, the scale of municipal solid waste incineration treatment will reach 591,400 tons per day, and the treatment scale will account for 54%; municipalities, city with independent planning status, and provincial capitals (built-up areas) meeting conditions shall achieve “zero land filling” for raw garbage; the municipal solid waste incineration treatment capacity shall account for more than 50% of the total detoxification treatment capacity. As for Eastern China, such percentage should exceed 60%. On 31 July 2020, the National Development and Reform Commission, the Ministry of Housing and Urban Rural Development, and the Ministry of Ecology and Environment jointly issued the Implementation Plan for Overcoming Weaknesses of Municipal Solid Waste Sorting and Treatment Facilities, stipulating that it is necessary to vigorously improve the waste incineration capacity; in areas where the daily domestic waste removal volume is more than 300 tons, it is necessary to accelerate the development of waste treatment methods primarily by incineration, and moderately advance the construction of incineration facilities that are compatible with the daily domestic waste removal volume by 2023 to basically achieve “zero landfilling” of primary domestic waste. Therefore, the treatment capacity of municipal waste-energy industry continued to grow with further release of market potential in 2020.

On the issue of the national renewable energy price subsidy funds which was a common concern of the industry, the policy guidance has gradually become clearer. In January 2020, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration jointly issued the Opinions on Promoting the Healthy Development of Non-hydro Renewable Generation (《關於促進非水可再生能源發電健康發展的若干意見》). In June, the Ministry of Finance issued the policy interpretations which stated that the scale of newly added subsidized projects shall be reasonably determined according to the principle of determining expenditure based on revenue, to ensure no arrearages in subsidy for new projects; policy consistency and reasonable return for existing subsidized projects shall be fully guaranteed. The amount of subsidy from the central government shall be determined according to the number of hours of reasonable utilization. It is required to increase income and reduce expenditure, and adopt various methods to increase subsidy income, reduce illegal subsidy demand, and ease the subsidy pressure of existing subsidized projects. All eligible existing subsidized projects shall be included in the list of subsidies. Departments shall coordinate with each other to enhance policy synergy, and different renewable energy power generation projects shall be subject to classified management. The above policies pointed out the direction for the healthy and stable development of non-hydro renewable generation including municipal waste-to-energy industry. Since then, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration have accelerated the pace of reviewing and approving existing projects and new projects in 2020 into the subsidy list.



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

(2) Business review

For details of the principal businesses of the Group, please refer to Section IV “Business Overview”. During the Reporting Period, the principal businesses of the Group have no major change. The business review, the major risks of the Group, the discussion and analysis of significant factors relating to its results and financial position and the future business development of the Group are set out in the sections headed Chairman’s Statement, Business Overview and Discussion and Analysis of Operations of this annual report, respectively. The above discussion is part of the Report of Directors.

Due to careful deployment and appropriate measures, the Group successfully overcame the impact of COVID-19 and well completed the annual operating objective in 2020. All the work went hand in hand, and the main operating targets achieved new breaking records. In 2020, the Group achieved revenue of RMB2,277,618,800, representing an increase of 29.97% as compared to the corresponding period last year, and a net profit attributable to shareholders of the Company of RMB503,390,000, representing an increase of 20.98% as compared to the corresponding period last year. As at 31 December 2020, the total assets of the Group amounted to RMB17,446,070,000, representing an increase of 27.62% over the beginning of the year. During the year, the Company successfully completed the non-public issuance of A shares, and the total proceeds raised amounted to RMB1,816,120,000. The annual plan of the projects under construction has been successfully completed, the preparatory projects have been steadily promoted, and excellent results have been achieved in project expansion again. Details are as follows:

1. Scientific prevention and control, accurate implementation of policies, outstanding completion of epidemic prevention and control work

Since the outbreak of the COVID-19 epidemic in early 2020, the Group has set up a management group for epidemic prevention and control in time, formulated epidemic prevention and control work plan and emergency plan, paid close attention to the epidemic prevention and control measures, established and improved the normalized prevention and control mechanism. The Group not only operated each project normally, but also cooperated with local emergency institutions in co-processing medical waste. During the epidemic period, 6,914 loads and 11,706 tons of medical waste were treated in collaboration. In particular, through the Wuhan project, which was at the center of the epidemic, the Group proactively cooperated with local emergency institutions in co-processing medical waste and made due contributions to winning the battle against the epidemic in Wuhan while providing health protection for employees and disposing of domestic waste, which has been praised by provincial and municipal leaders and relevant government departments.

2. Planning ahead, non-public issuance of A shares was completed successfully

In 2020, the Company’s A-share issuance work steadily progressed. In June, the Company completed the adjustment of the issuance plan in accordance with the new refinancing regulations. In September, the Company passed the review of the Issuance Examination Committee of the CSRC. In October, the Company obtained the approval for the issuance. In December, the Company completed all the procedures of the non-public issuance. The final number of shares subscribed in this non-public issuance was 232,240,000, with a total number of 6 target subscribers, which are Beijing State-owned Assets Management Co., Ltd. *, Three Gorges Capital Holdings Co., Ltd. *, First Capital Securities Co., Ltd., Guangdong Henghang Industrial Investment Fund Partnership (Limited Partnership) *, Zhuhai Fuheng Investment Partnership (Limited Partnership) * and China International Capital Corporation Limited, with total proceeds of RMB1,816 million and the net proceeds amounting to RMB1,786 million. The non-public issuance is conducive to enhancing the Company’s capital strength, reducing the Company’s asset liability ratio and promoting sustainable development.

* For identification purposes only



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

3. Projects in operation performed steadily hitting new highs in operating targets

In 2020, the Group treated 8.9732 million tons of municipal waste, representing a year on-year increase of 24.75%, treated 353,500 tons of straws, and generated on-grid electricity (including straw power generation) of 2,911 million kWh, representing a year-on-year increase of 37.75%. On-grid electricity converted by waste per tonne reached the best level in history. The Company constantly attaches great importance to operation management. In 2020, the Company conducted its operation under the concepts of being “safe, environmentally friendly, civilized and effective” to strengthen security and environment protection management and deepen refined management, maintaining stable production and meeting emission standards. Tongzhou project won the “2020 Quality Chinese Project for Electricity Engineering Award (中國電力優質工程獎)” and China’s highest honor in the field of engineering construction – “Luban Prize”, and became the Company’s second project which was awarded this honor.

Major operating data of the Group in each region in 2020

Region	Item	2020
East China	Waste input volume ('0,000 tons)	379.92
	Electricity generation volume ('0,000 kWh)	141,736.57
	On-grid electricity volume ('0,000 kWh)	118,271.89
North China	Waste and straw input volume ('0,000 tons)	195.73
	Electricity generation volume ('0,000 kWh)	72,244.04
	On-grid electricity volume ('0,000 kWh)	58,712.45
South China	Waste input volume ('0,000 tons)	181.36
	Electricity generation volume ('0,000 kWh)	80,923.57
	On-grid electricity volume ('0,000 kWh)	68,448.49
Central China	Waste input volume ('0,000 tons)	62.96
	Electricity generation volume ('0,000 kWh)	22,614.70
	On-grid electricity volume ('0,000 kWh)	18,861.99
Southwest China	Waste input volume ('0,000 tons)	68.08
	Electricity generation volume ('0,000 kWh)	22,938.43
	On-grid electricity volume ('0,000 kWh)	19,099.07
Northeast China	Waste input volume ('0,000 tons)	44.62
	Electricity generation volume ('0,000 kWh)	9,841.28
	On-grid electricity volume ('0,000 kWh)	7,738.02



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

4. Projects under construction were successfully conducted and eight projects/works were completed and commenced operation

In 2020, the Company endeavoured to overcome the impact of COVID-19 on the construction period. Eight new projects/works were completed and put into operation, including the phase II of Anshun Project, Haining Expansion Project, Hong'an Project, Yichun Project, Fengcheng Project and State I of Huizhou Phase II Project, phase II of Shantou Project and phase II of Jizhou Project, adding production capacity of 7,200 ton/day. The number of projects put into operation and the new production capacity have reached a record high over the years. As of the end of 2020, 90%, 86%, 85%, 71%, 39% and 15% of construction works were completed in phase II of Yongjia Project, phase II of Pingyang Project, Shishou Project, Huludao Hazardous Waste Project, Jinsha Project and Laizhou Project respectively. The construction of Huludao Power Generation Project and Shuozhou Project has commenced.

Major projects and works under construction in 2020

No.	Project	Design treatment Capacity (tons/day)	Status
1	Huizhou Phase II Project	1,700	Stage I has been put into operation in May 2020, and 64% of construction works were completed in stage II
2	Hong'an Project	700	Put into operation in May 2020
3	Fengcheng Project	800	Put into operation in May 2020
4	Yichun Project	1,000	Put into operation in May 2020
5	Haining Expansion Project	1,500	Put into operation in May 2020
6	Yongjia Phase II Project	750	In construction
7	Pingyang Phase II Project	750	In construction
8	Huludao Hazardous Waste Project	–	In construction
9	Shishou Project	700	In construction
10	Jinsha Project	800	In construction
11	Laizhou Project	1,000	In construction
12	Dengfeng Project	800	In construction
13	Huludao Power Generation Project	1,000	In construction
14	Shuozhou Project	800	In construction



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

5. Reaching new horizons in market development with five new concession projects

In 2020, the Company's new project development, existing project expansion, investment, merger and acquisition and new business development went hand in hand. The Company successively entered into three concession agreements for Shuozhou Project, Zhangqiu Phase II Project and Wuhan Reconstruction and Expansion Project, and succeeded in acquiring Laizhou Project, enriching the project reserve; in terms of new business development, the Company signed the three in one project of harmless treatment of kitchen waste, sludge and excrement for Huizhou, combined with Huizhou Municipal Waste-to-Energy Projects, moving towards the direction of building Huizhou Venous Industrial Park.

New projects in 2020

No.	Project	Total treatment scale (tons/day)	Date of execution of investment/ concession agreement
1	Laizhou Project	1,500	April 2020
2	Shuozhou Project	800	May 2020
3	Zhangqiu Phase II Project	2,400	June 2020
4	Huizhou Three-in – One Project	600	July 2020
5	Wuhan Reconstruction and Expansion Project	1,000	December 2020

6. Technology research and development have been steadily advanced

In 2020, the Company continued to research and develop large incinerators in line with the Company's trend towards large projects, completed the installation and commissioning of 600-ton medium incinerator in Fengcheng Project, with good production and operation effect and leading technical level in China; completed the design, supervision, final assembly and cold test run of 800-ton large incinerator, and is in the process of equipment installation in Pingyang phase II Project; completed the design of six super large multi drive 800 to 1000-ton series incinerators. During the year, 3 new patents were obtained. As of the end of the year, the Group had obtained a total of 65 patents, including 15 invention patents.



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

II. Major Operational Particulars During the Reporting Period

In 2020, the Group achieved an operating income of RMB2,277,618,815.00 and net profit of RMB528,434,632.07. As at 31 December 2020, the Group's total assets and total liabilities amounted to RMB17,446,071,422.38 and RMB11,665,793,220.81 respectively. The total equity amounted to RMB5,780,278,201.57 and the gearing ratio (calculated as total liabilities over total assets) was 66.87%, and the net asset value per share attributable to the shareholders of the parent company was RMB3.94.

(1) Analysis of main businesses

1. Analysis on changes of relevant items in income statement and cash flow statement

Unit: RMB

Item	Amount for the current period	Amount for the corresponding period last year	Change (%)
Operating income	2,277,618,815.00	1,752,449,088.97	29.97
Operating cost	967,675,984.97	806,468,273.61	19.99
Administrative expenses	161,321,513.88	142,237,649.84	13.42
Research and development expenditure	7,603,578.05	10,667,001.22	-28.72
Finance costs	446,176,244.89	328,355,274.31	35.88
Net cash flow generated from operating activities	230,035,074.55	-48,189,535.55	N/A
Net cash flow generated from investing activities	-1,643,777,701.95	-2,264,810,466.39	N/A
Net cash flow generated from financing activities	2,652,841,900.07	2,030,794,380.17	30.63

2. Analysis of the revenue and costs

✓ Applicable ☐ Not Applicable

During the Reporting Period, the Group achieved an operating income of RMB2,277,618,815.00 (corresponding period in 2019: RMB1,752,449,088.97), representing an increase of 29.97% as compared to the corresponding period in 2019. The increase was mainly due to an increased number of projects under operation including Hong'an, Yichun, Haining Expansion and Huizhou Phase II projects during the period and that Shantou, Zhangqiu, Bobai and Sihui projects have been in operation for a whole year. In particular, operating income amounted to RMB1,964,864,278.74 (corresponding period in 2019: RMB1,478,718,014.20), representing an increase of 32.88% as compared to the corresponding period in 2019. Interest income amounted to RMB312,754,536.26 (corresponding period in 2019: RMB273,731,074.77), representing an increase of 14.26% as compared to the corresponding period in 2019. The increase was mainly due to the increase in interest income recognized by using effective interest method as a result of the substantial increase in the long-term receivables recognised based on the completion percentage for the construction of waste-to-energy projects such as Hong'an, Pingyang Phase II, Yongjia Phase II and Haining Expansion projects.



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

Gross profit and gross profit margin

During the Reporting Period, the gross profit of the Group increased by 38.47% to RMB1,309,942,830.03 (corresponding period in 2019: RMB945,980,815.36) and the gross profit margin was 57.51% (corresponding period in 2019: 53.98%), which was mainly due to the higher gross profit margin of the new projects than the average level.

Total profit

During the Reporting Period, the total profit of the Group amounted to RMB627,888,590.10, representing an increase of approximately RMB153,966,498.98 as compared to corresponding period in 2019, which was mainly due to an increase in gross profit.

(1) Performance of main businesses by segment, product and region

Unit: RMB

By segment	Main businesses by segment					
	Operating income	Operating costs	Gross profit margin (%)	Increase/decrease in operating income as compared to last year (%)	Increase/decrease in operating costs as compared to last year (%)	Increase/decrease in gross profit margin as compared to last year (%)
Environmental protection service	2,154,900,919.27	858,813,090.60	60.15	32.05	25.67	Increased by 2.02 percentage points
Power generation	122,717,895.73	108,862,894.37	11.29	1.78	-11.55	Increased by 13.37 percentage points

By product	Main businesses by product					
	Operating income	Operating costs	Gross profit margin (%)	Increase/decrease in operating income as compared to last year (%)	Increase/decrease in operating costs as compared to last year (%)	Increase/decrease in gross profit margin as compared to last year (%)
Solid waste treatment	2,154,900,919.27	858,813,090.60	60.15	32.05	25.67	Increased by 2.02 percentage points
Straw electricity generation	122,717,895.73	108,862,894.37	11.29	1.78	-11.55	Increased by 13.37 percentage points



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

By region	Main businesses by region					
	Operating income	Operating costs	Gross profit margin (%)	Increase/decrease in operating income as compared to last year (%)	Increase/decrease in operating costs as compared to last year (%)	Increase/decrease in gross profit margin as compared to last year (%)
East China	831,605,485.53	311,262,382.78	62.57	25.03	7.66	Increased by 8.67 percentage points
South China	526,099,646.88	229,930,739.96	56.30	37.86	42.85	Decreased by 3.51 percentage points
North China	538,787,489.09	256,340,518.37	52.42	6.60	-1.48	Increased by 4.11 percentage points
Central China	150,065,712.51	50,652,931.42	66.25	28.44	38.66	Decreased by 4.82 percentage points
Southwest China	166,844,153.11	69,801,533.44	58.16	16.99	34.97	Decreased by 9.06 percentage points
Others	64,216,327.88	49,687,879.00	22.53	17.14	-2.67	Increased by 18.99 percentage points

Explanation on the main businesses by segment, product and region

Environmental protection service and solid waste treatment mainly represent waste incineration power generation; power generation represents straw electricity generation.

- (2) Analysis of production and sales
☐ Applicable ☒ Not Applicable



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

(3) Cost analysis table

Unit: RMB

By segment	Item relating to cost composition	Particulars by segment					Explanation
		Amount in the current period	Percentage to the total cost for the period (%)	Amount for the corresponding period last year	Percentage of the total cost for the corresponding period last year (%)	Percentage changes in the amount for the period as compared to that of the corresponding period last year (%)	
Environmental protection service	Staff cost	208,505,462.76	21.55	181,412,160.19	22.49	14.93	Increase in the number of employees and wages
Environmental protection service	Environmental protection fee	170,509,573.09	17.62	148,604,895.58	18.43	14.74	Increased operating projects and improved environmental requirements
Environmental protection service	Amortization of intangible assets	221,405,576.76	22.88	151,371,231.01	18.77	46.27	Increase in operation projects
Environmental protection service	Material fee	123,627,924.21	12.78	80,194,031.19	9.94	54.16	Increase in operation projects
Environmental protection service	Overhaul and other maintenance costs	62,777,264.04	6.49	55,361,250.15	6.86	13.40	Increase in maintenance projects
Straw power generation	Staff cost	6,826,019.69	0.71	7,403,039.06	0.92	-7.79	Decrease in the number of employees and social security expenses during the pandemic
Straw power generation	Straw fuel and material procurement	85,661,484.94	8.85	99,573,020.52	12.35	-13.97	Decrease in the purchasing unit price of straw
Straw power generation	Amortization of intangible assets	9,124,491.75	0.94	9,347,391.09	1.16	-2.38	Little changes



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

By product	Item relating to cost composition	Particulars by product					Explanation
		Amount in the current period	Percentage to the total cost for the period (%)	Amount for the corresponding period last year	Percentage of the total cost for the corresponding period last year (%)	Percentage changes in the amount for the period as compared to that of the corresponding period last year (%)	
Solid waste treatment	Staff cost	208,505,462.76	21.55	181,412,160.19	22.49	14.93	Increase in the number of employees and wages
Solid waste treatment	Environmental protection fee	170,509,573.09	17.62	148,604,895.58	18.43	14.74	Increased operation projects and improved environmental protection requirements
Solid waste treatment	Amortization of intangible assets	221,405,576.76	22.88	151,371,231.01	18.77	46.27	Increase in operation projects
Solid waste treatment	Material fee	123,627,924.21	12.78	80,194,031.19	9.94	54.16	Increase in operation projects
Environmental protection service	Overhaul and other maintenance costs	62,777,264.04	6.49	55,361,250.15	6.86	13.40	Increase in maintenance projects
Straw power generation	Staff cost	6,826,019.69	0.71	7,403,039.06	0.92	-7.79	Decrease in the number of employees and social security expenses during the pandemic
Straw power generation	Straw fuel and material procurement	85,661,484.94	8.85	99,573,020.52	12.35	-13.97	Decrease in the purchasing unit price of straw
Straw power generation	Amortization of intangible assets	9,124,491.75	0.94	9,347,391.09	1.16	-2.38	Little changes

Description of other situations of cost analysis

Nil

- (4) Major customers and suppliers
☒ Applicable ☐ Not Applicable



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

Relations with customers

The customers of the Group mainly comprise the municipal administrative authorities of the local governments and power grid companies. Pursuant to the “Concession Agreement” entered into between the Group and the municipal administrative authorities of the local governments, the Group provides waste treatment service to the municipal administrative authorities and receives waste treatment fee. The amount of processed waste is measured with the equipment monitored by both parties, and the waste treatment standards are in line with the relevant technical and emission standards. The “Concession Agreement” stipulates the waste treatment fee, which will be reviewed and adjusted on a regular basis, and settled monthly or every several months. The Group is dedicated to provide quality and professional waste treatment service to municipal administrative authorities of the local governments, so as to improve urban environment and establish a brand image.

Pursuant to the “Electricity Sale and Purchase Agreement” entered into by the Group and the power grid companies, the Group sells the electricity it generated (net of those for self-consumption) to the power grid companies and receives sales revenue. The unit price of electricity is based on the unified price issued by the National Development and Reform Commission. The on-grid electricity is measured by electric meters approved by both parties and the fee will be settled monthly or every several months.

Sales to the Group’s largest customer amounted to RMB192,335,100.00, accounting for 8.44% of the total sales for the year. Sales to the Group’s five largest customers amounted to RMB800,763,300.00, accounting for 35.16% of the total sales for the year, in which sales to related parties was RMB0, accounting for 0% of the total sales for the year.

Relations with suppliers

The Group mainly procures various kinds of equipment, construction and installation services and consumables. The Group maintains a database of suppliers and, in accordance with the procurement procedures and policies it established, selects suppliers publicly based on their merits through bidding and other procedures as permitted by laws. The Group will enter into procurement contracts with the selected suppliers and make payment according to the time the suppliers provide products or services. The Group values the relationship with suppliers and has established long term cooperation with them based on the principles of “fairness and mutual benefits”.

Purchases from the largest supplier amounted to RMB412,390,000, accounting for 12.74% of the total purchases for the year.

Purchases from the Group’s five largest suppliers amounted to RMB886,152,800, accounting for 27.39% of the total purchases for the year, in which purchases from related parties was RMB0, accounting for 0% of the total purchases for the year.

Other Explanation

None of the Directors or any of their close associates or any substantial shareholders of the Company (which, to the best knowledge of the Directors, own 5% or above of the Company’s issued share capital) had any beneficial interest in the Group’s five largest customers and five largest suppliers.



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

3. Expenses

☒ Applicable ☐ Not Applicable

(1) Administrative expenses

During the Reporting Period, the administrative expenses of the Group amounted to approximately RMB161,321,513.88 (corresponding period in 2019: RMB142,237,649.84), representing a year-on-year increase of 13.42%, which accounted for approximately 7.08% (corresponding period in 2019: 8.12%) of the operating income of Group.

(2) Finance costs

During the Reporting Period, the finance costs for the Group amounted to RMB446,176,244.89, representing an increase of approximately RMB117,820,970.58 or 35.88% over the previous year. This was mainly due to an increase in borrowings from BSAM and banks as required by the construction projects.

(3) Income tax expenses

During the Reporting Period, the income tax expenses of the Group amounted to approximately RMB99,453,958.03 (2019: RMB57,067,526.80), accounting for approximately 15.84% (2019: 12.04%) of total profit of the Group. The increase in the proportion of income tax expenses and total profits is mainly due to the impact of the deferred income tax expenses recognised by the reversal of tax losses as the loss-making subsidiaries in previous years turning to profit.

4. R&D investment

(1) Table of R&D investment

☒ Applicable ☐ Not Applicable

Unit: RMB

Expense-type research and development expenses for the current period	7,603,578.05
Capitalised research and development expenses for the current period	0
Total R&D expenditures	7,603,578.05
Proportion of total research and development expenses to the revenue (%)	0.33
Number of R&D staff	12
Percentage of R&D staffs to the total staffs of the Company (%)	0.5
Percentage of capitalised R&D investment (%)	0

(2) Explanation

☐ Applicable ☒ Not Applicable



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

5. Cash flows

✓ Applicable □ Not Applicable

Unit: RMB

Item	From the beginning of the year to the end of the reporting period (January to December)	Corresponding period last year	Amount of change	Change (%)	Main reason
Cash received from sale of goods, rendering of services and the Build-Operate-Transfer ("BOT") projects and the Build-Transfer ("BT") projects	2,175,616,049.41	1,581,019,824.12	594,596,225.29	37.61	Mainly due to the increase in operating income Anshun Phase II Project, the expansion of Haining, Hong'an, Yichun, and Huizhou Phase II Project during the current period.
Cash paid from sale of goods, rendering of services	659,630,599.25	541,159,462.88	118,471,136.37	21.89	Mainly due to the new operating projects in this period, material costs increase
Cash paid to and for employees	325,538,692.22	288,236,968.73	37,301,723.49	12.94	Mainly due to staff growth and wage growth
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,599,009,706.95	2,001,872,546.01	-402,862,839.06	-20.12	The construction investment of the project in this period decreased compared with the previous period
Cash received from non-public issuance of shares	1,816,116,800.00	-	1,816,116,800.00	100.00	Completion of non-public issuance of A shares during the current period
Cash received from loans	3,958,912,274.30	3,369,572,393.53	589,339,880.77	17.49	Increased borrowing from banks and BSAM in the current period
Cash paid for repayment of loans	2,590,329,167.68	1,006,847,714.68	1,583,481,453.00	157.27	Repayment of bank loans and increase in BSAM
Cash paid for distribution of dividends and profit or payment of interests	556,645,230.57	450,793,898.59	105,856,158.69	23.48	Mainly increase in interest paid on borrowings for the current period



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

(2) Explanation of major changes in profit due to non-main operations

☐ Applicable ☒ Not Applicable

(3) Analysis of assets and liabilities

☒ Applicable ☐ Not Applicable

1. Assets and liabilities

Unit: RMB

Item	Amount as at the end of the current period	Percentage of amount as at the end of the current period to total assets (%)	Amount as at the end of the prior period	Percentage of amount as at the end of the prior period to total assets (%)	Change of amount as at the end of the current period to amount as at the end of the prior period (%)	Explanation
Accounts receivable	785,699,955.92	4.50	452,783,629.70	3.31	73.53	Projects under operation of Haining Expansion, Hong'an, Yichun, Huizhou Phase II as well as projects of Jizhou, Guangyuan and Bengbu were included in the national renewable energy subsidy catalogue this year, and the income from renewable energy electricity subsidy was transferred into the accounts receivable, which has not been received yet
Contract assets	467,951,853.72	2.68	395,564,422.73	2.89	18.30	Mainly because projects under operation of Anshun Phase II, Haining Expansion as at the end of the Reporting Period and some of the projects in operation have not been included in the national renewable energy subsidy catalogue, and the accumulated balance of electricity fees receivable from the national renewable energy subsidy has increased
Long-term receivables	5,239,640,603.64	30.03	4,466,535,132.13	32.67	17.31	Mainly due to the increase in construction projects and construction investment during the period
Intangible assets	7,366,230,070.06	42.22	6,453,018,803.00	47.20	14.15	Mainly due to the increase in construction projects and construction investment during the period
Other non-current assets	953,998,419.31	0.05	761,757,354.24	5.57	25.24	Mainly due to the increase in VAT input tax to be deducted
Short-term loans	2,495,169,633.87	0.14	2,433,082,965.96	17.80	2.55	Mainly due to the increase in bank loans during the period
Accounts payable	1,291,193,658.66	7.40	1,212,897,951.38	8.87	6.46	Mainly due to the increased payables for the equipment and project as a result of the increase in projects under construction Increase in bank loans during the period
Long-term loans	6,414,689,592.99	36.77	5,057,022,246.80	36.99	26.85	Increase in bank loans during the period



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

Other explanation

Nil

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

✓ Applicable ☐ Not Applicable

Item	Carrying amount at the end of the period (RMB)	Carrying amount at the beginning of the period (RMB)	Reason for restriction
Cash at bank and on hand and other non-current assets	25,111,275.94	80,157,520.00	Used for issuing performance bond
Intangible assets for loans	4,403,401,884.67	2,371,539,207.79	Providing guarantees for loans
Accounts receivable for loans	534,830,988.82	248,064,017.38	Providing guarantees for loans
Contract assets for loans	323,057,671.67	353,727,976.53	Providing guarantees for loans
Long-term receivables due within one year	30,862,164.45	31,109,288.24	Providing guarantees for loans
Long-term receivables for loans	1,655,096,355.38	1,641,569,400.61	Providing guarantees for loans
Total	6,972,360,340.93	4,726,167,410.55	

3. Other explanation

✓ Applicable ☐ Not Applicable

(1) Financial resources and liquidity

The Group adopts prudent principles in cash and financial management to ensure proper risk management and reduction in costs of fund. It finances its operations primarily from cash flow generated internally and loans from principal banks. As at 31 December 2020, the Group had cash and cash equivalents of approximately RMB1,592,968,039.86, representing an increase of RMB1,240,984,621.31 as compared to RMB351,983,418.55 at the end of 2019. As at 31 December 2020, the Group's gearing ratio decreased from 74.42% at the end of 2019 to 66.87%.

(2) Capital management

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

During the 12 months ended 31 December 2020, the Group's strategy remained unchanged from 2019. As at 31 December 2020 and 31 December 2019, the gearing ratios of the Group were 66.87% and 74.42% respectively.



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

(3) *Loans and borrowings and pledge of assets*

As of 31 December 2020, the Group had total outstanding borrowings of approximately RMB9,558,038,169.69, representing an increase of RMB1,371,459,619.79 as compared to RMB8,186,578,549.90 at the end of 2019. The borrowings included secured loans of RMB3,237,597,135.32 and unsecured loans of RMB6,320,441,034.37. The Group's borrowings were denominated in Renminbi and Hong Kong dollars. Most of the Group's borrowings were at floating rates. As of 31 December 2020, the Group had composite banking credit facilities in the amount of RMB14,392,679,200.00, of which RMB5,362,745,098.81 had not been utilised. The composite banking credit facilities had terms ranging from 1 year to 15 years. The Group currently does not have any interest rate hedging policies. However, the management team keeps monitoring the Group's interest rate risks and would consider other necessary actions when significant interest rate risks are anticipated. Certain receivables and operating rights in connection with the Group's service concession arrangements (including intangible assets, long-term receivables, long-term receivables due within one year, accounts receivable and contract assets) were pledged under the banking credit facilities. The book value of the pledged receivables and operating rights amounted to approximately RMB6,947,249,064.99 as at 31 December 2020. For details, please refer to "2. Assets with restrictive ownership title or right of use as at the end of the Reporting Period".

(4) *Contingent liabilities*

The Company has issued financial guarantees to banks in respect of the banking credit facilities granted to certain subsidiaries (including joint ventures). The Board of the Company does not consider it is probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 31 December 2019 and 31 December 2020 under the guarantees was the credit facility drawn down by the subsidiaries of RMB4,704,039,786.30 and RMB6,230,121,915.10 respectively.

(5) *Commitments*

As at 31 December 2020 and 31 December 2019, the Group's outstanding purchase commitments in relation to the construction contracts which had not been provided for in the Group's financial statements were RMB4,103,681,296.50 and RMB3,253,403,648.99 respectively.



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

(4) Analysis for industrial operation information

☒ Applicable ☐ Not Applicable

For details, please refer to section IV “Principal operations, business model and industry information of the Company during the Reporting Period” of this report and the contents below.

Analysis of operational information in the environmental protection industry

1. Air pollution control

(1) Main business model and upstream and downstream information

☐ Applicable ☒ Not applicable

(2) Product sales and orders

☐ Applicable ☒ Not applicable

(3) Project operation

☐ Applicable ☒ Not applicable

2. Solid waste treatment

(1) Project operation

☒ Applicable ☐ Not applicable

Project name	Place	Type of solid waste	Total investment	Designed capacity	Capacity utilization rate (%)	Date of operation commencement	Project status	Term of concession rights	Criteria for waste treatment fees
Tongzhou Project	Tongzhou, Beijing	Municipal waste	1,240,000,000	2,250 tons/day	99.96	August 2018	Completed	27 years	RMB152/ton
Shantou Project	Shantou, Guangdong	Municipal waste	1,040,000,000	2,250 tons/day	81.44	March 2019 for phase I and September 2020 for phase II	Completed	30 years	RMB90/ton

Note: Unless otherwise specified, the term of the concession rights includes the construction period, the same applies below.



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

- (2) Power generation business
☒ Applicable ☐ Not applicable

Project name	Electricity generation efficiency	Volume of electricity generated ('0,000 kWh)	On-grid tariff (RMB/kWh)	Subsidy policy	Term of concession rights
Tongzhou Project	62.57%	27,407.10	0.65	Note	27 years
Shantou Project	68.43%	24,728.40	0.65	Note	30 years

Note: According to the Notice on Improving the Pricing Policy of Waste Incineration Power Generation from the NDRC (Fa Gai Jia Ge [2012] No. 801) (《國家發展改革委關於完善垃圾焚燒發電價格政策的通知》(發改價格[2012]801號)), for waste-to-energy projects using municipal waste as raw materials, the portion not exceeding on-grid electricity of 280 kWh per ton of municipal waste implements a national waste-to-energy benchmark on-grid price of RMB0.65 per kWh (inclusive of tax). The portion of waste-to-energy benchmark price exceeding on-grid benchmark tariff of local desulfurization coal-fired electricity generation units is subject to two-tier sharing. Of which, the local provincial power grid bears at a rate of RMB0.1 per kWh, being the “provincial subsidies”; while the remaining portion is included in the nationally collected additional subsidies for renewable energy tariff, being the “national subsidies”.

- (3) Equipment situation

Project name	Incineration equipment	Power Equipment	Flue gas treatment system
Tongzhou Project	3X750 expeller grate waste incinerator	2X25MW Turbine generators	Denitration, semi-dry lime deacidification, dry deacidification, activated carbon injection device, bag filter and SCR denitration in SNCR furnace
Shantou Project	3X750 expeller grate waste incinerator	1X35MW+1X25MW Turbine generators	Denitration, semi-dry lime deacidification, dry deacidification, activated carbon injection device and bag filter in SNCR furnace

- (4) Main processes and technologies

For details, please refer to section IV Business Overview

- (5) Market share

According to the latest information disclosed in the China Statistical Yearbook, the waste incineration capacity in 2019 was 121,742,000 tons in China. In 2019, the Company's waste incineration treatment was 7,193,100 tons, accounting for 5.91% of the total treatment amount.

3. *Environmental rehabilitation business*
☐ Applicable ☒ Not applicable



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

(5) Investment analysis

1. Overall analysis of external equity investments

☒ Applicable ☐ Not Applicable

Investments during the Reporting Period (RMB)	Investments during the corresponding period last year (RMB)	Change
778,828,516	915,458,898	-14.92%

(1) *Material equity investments*
☐ Applicable ☒ Not Applicable

(2) *Material non-equity investments*
☒ Applicable ☐ Not Applicable

Name of project	Source of funding	Investment during the Reporting Period (RMB'0,000)	Cumulative investment (RMB'0,000)	Project progress
Haining Expansion Project	Self-financing and borrowings	29,835.01	78,613.35	Trial operation in May 2020
Huizhou Phase II Project	Self-financing and borrowings	36,344.72	84,240.01	Stage I put into trial operation in May 2020, and stage II is under construction

(3) *Financial assets measured at fair value*
☐ Applicable ☒ Not Applicable

(4) *Details of future material investment or capital assets planning*

As at 31 December 2020, save for the investment or construction of the waste-to-energy projects won by the Company through tender as announced in prior announcements and described in this annual report, the Group had no other material investment (including any investment in an investee representing 5% or above of the total assets of the Company as at the end of the Reporting Period) or plan for material investment or acquisition of capital assets. However, the Company will actively pursue opportunities for investments in its ordinary course of business in order to enhance its profitability.



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

(6) Material disposal of assets and equity

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not Applicable

RMB'0,000

Name of company	Principal business	Registered capital	Share Ratio	Total assets	Net assets	Net profit	Operating income	Operating profit
Huizhou Company	Waste treatment and power generation	22,000	100%	67,802.81	35,930.47	3,773.53	10,834.43	4,337.60
Shantou Company	Waste treatment and power generation	21,000	100%	96,666.43	29,155.97	5,697.49	14,660.01	5,924.49
Tongzhou Company	Waste treatment and power generation	37,500	100%	142,581.20	56,184.71	13,469.47	24,521.44	14,031.56
Zhangqiu Company	Waste treatment and power generation	17,294	100%	64,596.49	23,168.48	5,027.18	11,842.94	5,105.99

(8) Structured entities controlled by the Company

☐ Applicable ☒ Not Applicable



III. DISCUSSION AND ANALYSIS OF THE COMPANY'S FUTURE DEVELOPMENT

(1) Industry pattern and trends

✓ Applicable ☐ Not Applicable

On 31 July 2020, the National Development and Reform Commission, the Ministry of Housing and Urban Rural Development, and the Ministry of Ecology and Environment jointly issued the Implementation Plan for Overcoming Weaknesses of Municipal Solid Waste Sorting and Treatment Facilities (the "Implementation Plan"), stipulating that it is necessary to vigorously improve the waste incineration capacity; in areas where the daily domestic waste removal volume is more than 300 tons, it is necessary to accelerate the development of waste treatment methods dominated by incineration, and moderately advance the construction of incineration facilities that are compatible with the daily domestic waste removal volume by 2023 to basically achieve "zero landfilling" of primary domestic waste. Therefore, the waste incineration power generation industry in China will still be in a promising period of opportunity, and the fierce competition in the industry will also be maintained. The Implementation Plan also stipulates that a classified collection and transportation system for domestic waste will be built in 46 key cities by 2023. As the mandatory classification of domestic waste is implemented in more cities, more domestic waste incineration projects across the country will face the possible impact of classification.

Since 2020, new regulations concerning subsidies for national renewable energy have been promulgated successively. On 20 January 2020, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration jointly issued the Administrative Measures for Additional Funds for Renewable Energy Tariff (《可再生能源電價附加資金管理辦法》), stipulating that after the measures are released, for the new renewable energy power generation projects that need to be subsidized, the Ministry of Finance will reasonably determine the total amount of subsidies for new renewable energy power generation projects supported by the subsidy funds in the current year based on the annual increase in subsidies, technological progress and industry development, etc. The National Development and Reform Commission and the National Energy Administration will reasonably determine the newly installed capacity of various renewable energy power generation projects that require subsidies within the total annual new subsidies as determined by the Ministry of Finance according to the renewable energy development plan and technological progress, etc.. On 11 September 2020, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration jointly issued the Implementation Plan for Improving the Construction and Operation of Biomass Power Generation Projects (《完善生物質發電項目建設運行的實施方案》). Since 1 January 2021, the on-grid tariff of all the biomass power generation projects that have been approved but not started and newly approved in the planning will be allocated and determined through competition. The principle of determining expenditure based on revenue and the on-grid tariff competition may restrict the future growth rate of the industry.

On 19 June 2020, the Ministry of Finance and the Ministry of Ecology and Environment jointly issued the Notice on Reduction of Additional Subsidy Funds for Renewable Energy Tariff for Environmentally Illegal Waste-to-energy Projects (《關於核減環境違法垃圾焚燒發電項目可再生能源電價附加補助資金的通知》) which clarified that waste-to-energy projects could only be included in the scope of subsidy list after completion of "Installation, Erection and Networking". After waste-to-energy projects disclose the automatic monitoring data to the public, the power grid enterprises can allocate subsidy funds and deduct the subsidy funds for the period when the automatic monitoring data is not disclosed to the public at settlement. At the same time, it stipulates that if the waste-to-energy project included in the scope of subsidy is punished for violations of Articles 10 and 11 of the Regulations on the Management of Application of Automatic Monitoring Data for Municipal Solid Waste-to-Energy Plants (《生活垃圾焚燒發電廠自動監測數據應用管理規定》), the power grid enterprises shall reduce the corresponding amount of subsidy for the on-grid energy on the date when the furnace incinerator violates regulations. The "Installation, Erection and Networking" and up-to-standard emissions as the conditions for the appropriation of additional subsidy funds for renewable energy tariff will put forward more stringent requirements on the overall standard operation of the industry.



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

(2) Company development strategy

☒ Applicable ☐ Not Applicable

The Company will take the mission of “creating a better living environment”, give full play to its advantages in brand, technology, talent team and financing channel, seize the opportunities of industry development, continue to deepen the waste incineration power generation industry, and develop new projects through multiple means to consolidate its leading position in the industry. Following the macro situation of the implementation of waste classification in our country, the Company will expand the solid waste treatment business in the subdivided fields of food waste, kitchen waste, excrement and sludge, give full play to the synergy effect of completed waste power generation projects, develop the business of heating and steam supply or coordinated disposal of kitchen waste, and actively respond to the changes of industrial policies.

(3) Business plan

☒ Applicable ☐ Not Applicable

The Company will strengthen the main business, continue to expand and strengthen the business of waste incineration power generation, keep up with the situation, strengthen the expansion of new business such as kitchen waste and sludge treatment, and work hard to improve the operating efficiency of the projects. The Company will ensure that Yongjia phase II, Pingyang phase II, Shishou, Huludao Hazardous Waste and Jinsha projects will be put into operation within this year, and Dengfeng, Laizhou, Shuozhou and Huludao Power Generation projects will complete 85%, 90%, 60% and 80% of construction work respectively. Huizhou three-in-one Project will officially start in the second quarter, Enshi and Jingxi projects in the third quarter, Zhangqiu phase II and Wuhan phase II projects in the fourth quarter.

(4) Potential risks

☒ Applicable ☐ Not Applicable

1. Risk of industry policies

The waste-to-energy industry is greatly affected by industry policies. Pursuant to the Renewable Energy Law of the PRC 《(中華人民共和國可再生能源法)》 (as amended in 2009), the government implements a full coverage purchase system for renewable energy power generation. Pursuant to the Notice on Improving the Pricing Policy of Waste Incineration Power Generation from the NDRC (Fa Gai Jia Ge [2012] No. 801) 《(國家發展改革委關於完善垃圾焚燒發電價格政策的通知)》 (發改價格[2012] 801號) issued by the NDRC on 28 March 2012, the waste-to-energy projects are converted into on-grid electricity based on the volume of waste treatment received in the plants with a conversion ratio of 280 kWh per ton of municipal waste. The part that does not exceed the above-mentioned amount of electricity implements a national waste-to-energy benchmark price of RMB0.65 per kWh (inclusive of tax). The part that exceeds the abovementioned amount of electricity implements the on-grid tariff for the local coal-fired generating units. All the waste-to-energy projects approved after 2006 shall follow such regulation. In September 2020, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration jointly issued the supplementary notice on relevant matters of the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (《關於促進非水可再生能源發電健康發展的若干意見》), noting that subsidies for biomass power generation projects by the National Renewable Energy Fund will cover only the first 82,500 hours or 15 years after the project is put into operation. In September of the same year, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration jointly issued the Implementation Plan for Improving the Construction and Operation of Biomass Power Generation Projects (《完善生物質發電項目建設運行的實施方案》). Since 1 January 2021, the on-grid tariff of all the biomass power generation



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

projects that have been approved but not started and newly approved in the planning will be allocated and determined through competition. The change of national renewable energy tariff subsidy policy may have adverse effects on the Company's profitability and cash flow.

The Company will pay close attention to policy developments and convey our desire to maintain policy stability through industry organizations. The Company will develop heating business according to local conditions and expand the source of income. When negotiating a franchise agreement, the Company will supplement corresponding terms, through which, if there is a major change in the external policy, the loss can be compensated by raising the garbage disposal fees.

2. Risk of environmental protection policies

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

The Company will increase power generation through technology research and development, facility renovation and improvement of operation management to offset the adverse impact of rising costs in environmental protection.

3. Risk of tax policies

The Company and its subsidiaries rely on the government's policies in respect of the environmental protection industries to enjoy tax incentives for certain taxes such as corporate income tax and value-added tax. From 2019 to 2020, the Company enjoyed total tax incentives of RMB154,317,300 and RMB181,869,400 respectively, accounting for 32.56% and 28.97% of the total profit of the Company for the year. If the country reduces the tax incentives for the environmental protection industries in the future, the operations, profitability and cash flows of the Company may be adversely affected.

The Company will pay close attention to policy developments and convey our desire to maintain policy stability through industry organizations. When negotiating a concession agreement, the Company will supplement corresponding terms that if there is a major change in the external policy, the loss can be compensated by raising the garbage disposal fees.

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

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



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

The Company will discharge pollutants strictly according to environmental protection standards and will publish emission data to public. The Group will organize community residents to visit the waste-to-energy plants operated by the Group to provide the public with a deeper understanding of waste-to-energy business.

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

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

Before signing concession agreements, the Group conducts a full evaluation and analysis of the quantity and calorific value of the wastes provided by the government to ensure that wastes are provided in accordance with the quantity and quality reasonably agreed in the concession agreement. In the case of insufficient quantity of garbage and insufficient calorific value, the Group will actively search for domestic garbage and pollution-free combustion material in the garbage supply area and surrounding areas. In addition, as agreed in the concession agreement, if the amount of garbage is lower than the guaranteed value, the government will pay the fee at the guaranteed value to the Group.

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

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

The Group pays attention to the establishment of a harmonious relationship with the government agencies related to the project and urges the government to complete all legal procedures and ancillary infrastructure facilities of the project. The Group clearly stipulated in the concession agreement that if the project construction conditions are not reached, or the project is suspended, the construction period is delayed, and the cost is increased due to the reasons caused by the government, then the government should compensate the project investors accordingly. In addition, the Group selects suppliers meticulously, demands the construction units to keep a high level of attention to project construction, increases investment in personnel and equipment, and forms a strong project management team.



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

7. Risk of substandard performance in environmental protection

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

The Group attaches great importance to environmental protection compliance, starting with corporate culture, management system, financial budget as well as supervision and assessment to ensure that the Group's emissions meet the standards.

8. Risk of high gearing ratio

Municipal waste-to-energy is a capital-intensive industry, and project construction funds are generally raised by 30% of capital and 70% of bank loans. The Company has recently many projects under construction, resulting in an increase in the gearing ratio. After the completion of the Company's first additional A-share issuance in December 2020, the Company's gearing ratio was 66.87%, which is still higher than the industry average. If the domestic monetary policy tightens and the lending channels become drained, the operations, financial conditions and cash flow of the Company may be affected adversely.

The Company prepares an investment and financing plan according to its financial budget each year to plan on cash inflows and outflows. The Company, on the one hand, maintains sufficient credit line with banks and seeks financial support from the controlling shareholder when necessary and, on the other hand, reduces the gearing ratio through equity financing.

(5) Others

☐ Applicable ☒ Not Applicable

IV. DESCRIPTION ABOUT THE SITUATION AND THE CAUSE FOR THE COMPANY'S NOT DISCLOSING PURSUANT TO RELEVANT RULES DUE TO NON-APPLICABLE RULES, NATIONAL SECRETS OR SPECIAL REASONS

☐ Applicable ☒ Not Applicable



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

V. OTHER DISCLOSURE (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE STOCK EXCHANGE LISTING RULES)

(1) Total comprehensive income attributable to the shareholders of the Company

During the Reporting Period, the Group's total comprehensive income attributable to the shareholders of the Company was RMB521,980,684.71 (corresponding period in 2019: RMB416,084,841.90). The increase was mainly due to an increase in net profit.

(2) Foreign exchange risks and exchange gains and losses

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

(3) Use of proceeds

As approved by the Approval in Relation to the Non-public Offering of Dynagreen Environmental Protection Group Co., Ltd. (Zheng Jian Xu Ke [2020] No. 2493) 《關於核准綠色動力環保集團股份有限公司非公開發行股票的批覆》(證監許可[2020]2493號) issued by the CSRC, the Company conducted non-public issuance 232,240,000 A shares, which were listed on the Shanghai Stock Exchange on 9 December 2020. The par value per share was RMB1.00. The issue price was RMB7.82 per share, and the gross proceeds were RMB1,816,116,800.00. After deducting the issuance expenses of RMB30,540,501.80, the net proceeds amounted to RMB1,785,576,298.20. The net proceeds per share were RMB7.69. On the date the terms of the A share non-public offering were fixed (i.e. 16 November 2020), the market price of the H shares of the Company was HK\$3.5.

As at the end of the Reporting Period, pursuant to the use of proceeds as clarified in the issuance plan, the Company has used the proceeds of RMB989,996,400 to replace the self-raised funds of RMB989,996,400 invested in advance in the projects (i.e., Huizhou Phase II Project, Jinsha Project, Pingyang Phase II Project, Shishou Project and Yongjia Phase II Project).

In addition, by using the remaining proceeds after replacement, the Company paid in capital of RMB16,000,000 to Yongjia Phase II Company, provided loan of RMB80,648,200 to Huizhou Phase II Company, provided loan of RMB121,471,300 to Jinsha Company, provided loan of RMB84,859,600 to Pingyang Phase II Company, provided loan of RMB12,676,300 to Shishou Company, and provided loan of RMB27,098,200 to Yongjia Phase II Company to implement the raised investment project. The Company used the proceeds to repay the bank loan of RMB230 million and provided the loan of RMB161,826,300 to Huizhou Phase II Company to repay the bank loan incurred before 30 October 2019. In January 2021, the Company used the proceeds to repay the bank loan of RMB1 million. After Jinsha Company completes the pre-procedure of increasing its registered capital, the Company will contribute RMB60 million of registered capital to Jinsha Company by using the proceeds, which is expected to be completed within this year. The Company confirms that the purpose and planned use of the proceeds are consistent with the plan disclosed in the previous announcement.



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

(4) Final dividend

The Board proposed to pay a dividend of RMB0.2 (before tax) per share for the year ended 31 December 2020 ("2020 Final Dividend"), totaling RMB278,688,000.00. According to the Articles of Association of the Company, the dividend shall be denominated and declared in Renminbi. The proposed Final Dividend is subject to approval by shareholders at the forthcoming annual general meeting ("AGM"). Dividend on A shares of the Company will be paid in Renminbi while dividend on H shares will be paid in Hong Kong dollars. The exchange rate shall be the average central parity rate of the applicable foreign exchange rate announced by the People's Bank of China for the seven days before and including the date of the AGM. The payment of 2020 Final Dividend is subject to the consideration and approval by shareholders at the AGM, which is expected to be paid by 14 July 2021.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協定待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between Mainland China and Hong Kong (or Macau). For the individual holders of H shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H shares in the distribution of the dividend accordingly.

For non-resident enterprise holders of H shares, i.e., any shareholders who hold the Company's shares in the name of non-individual shareholders, including but not limited to HKSCC Nominee Limited, other nominees, trustees, or holders of H shares registered in the name of other groups and organisations, the Company will withhold and pay the enterprise income tax at the tax rate of 10% for such holders of H shares pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局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》(國稅函[2008]897號)). Should the holders of H shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H shares or any disputes over the withholding mechanism or arrangements.



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

(5) AGM

The AGM of the Company will be held on 14 May 2021 (Friday), while the notice of the AGM will be published and dispatched to shareholders of the Company in the manner as stipulated on the Articles of Association and the Stock Exchange Listing Rules when appropriate.

(6) Closure of register of members

In order to determine the shareholders eligible to attend the AGM of the Company, the register of holders of H shares of the Company will be closed from 11 May 2021 (Wednesday) to 14 May 2021 (Friday), both days inclusive, during which no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company's H Share registrar, Tricor Investor Services Limited at 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. (Hong Kong time) on 10 May 2021 (Tuesday), being the last share registration date.

In order to determine the shareholders entitled to the 2020 Final Dividend, the register of holders of H shares of the Company will be closed from 21 May 2021 (Friday) to 27 May 2021 (Tuesday), both days inclusive, during which no transfer of shares will be registered. In order to qualify for the entitlement to the 2020 Final Dividend (subject to approval by shareholders at the AGM), all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company's H Share registrar, Tricor Investor Services Limited at 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. (Hong Kong time) on 20 May 2021 (Thursday), being the last share registration date.

(7) Professional tax advice recommended

If the shareholders of the Company have any doubt about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

(8) Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the PRC (the jurisdiction in which the Company was established) which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

(9) Fixed assets

Details of movements in the fixed assets of the Group during the Reporting Period are set out in Note V.13 to the financial statements.

(10) Reserve

Details of movements in the reserve of the Group during the Reporting Period are set out in the consolidated statement of changes in equity in the financial statements of this report.

(11) Distributable reserve

During the Reporting Period, the Company's reserve available for distribution as dividends, calculated in accordance with the relevant rules and regulations, amounted to RMB278,688,000.00. In addition, none of the Company's share premium account is available for distribution as dividends by way of capitalization issues.



V. Discussion and Analysis of Operations (Report of Directors) (Continued)

(12) Permitted indemnity provision

The Company did not have any arrangement with a term providing for indemnity against liability incurred by the Director during their tenure as such. During the Reporting Period, the Company has taken out liability insurance for the Directors, Supervisors and senior management.

(13) Charitable donation

During the Reporting Period, the Group did not make any charitable donation.

(14) Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

(15) Equity-linked agreement

During the Reporting Period, the Group did not enter into any equity-linked agreements.

(16) Competing business

During the Reporting Period, none of the Directors, Supervisors, chief executive or the shareholders of the Company or their respective associates engage in or are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

(17) Remuneration for Directors and five highest paid employees

Details of the emoluments for Directors and five highest paid employees are set out in Note X.5(2) to the financial statements.

During the Reporting Period, no Director waived or agreed to waive any emoluments.

Chairman: Zhi Jun

30 March 2021



VI. Significant Events

I. PROPOSAL OF PROFIT DISTRIBUTION FOR ORDINARY SHARES OR CONVERSION OF CAPITAL RESERVE

(I) Formulation, implementation or adjustment of the cash dividend policy

☒ Applicable ☐ Not applicable

1. The Company's cash dividend policy and its implementation

The Resolution on the Three-year Shareholders' Profit Distribution Plan after Listing of A Shares had been considered and passed at the 6th meeting of the second session of the Board and the first Extraordinary General Meeting for the year 2016, and the Resolution on Shareholders' Return Plan for the Next Three Years (2020-2022) had been considered and passed at the 21st meeting of the third session of the Board and the first Extraordinary General Meeting for the year 2020. The above profit distribution plans proposed that: while the Company may declare profit distribution by cash, stock or a combination of both, the distribution will be made primarily by cash. Profit distribution shall not exceed the accumulated profit distributable or adversely affect the sustainable operating ability of the Company. The Company may distribute interim dividends according to profit and capital needs of the Company. The Company shall give priority to the payment of cash dividends. If no cash dividends are available, no scrip dividends shall be issued for the same year. Any cash dividends proposed shall satisfy the following criteria: the current profit and accumulated retained earnings of the Company shall be positive and its cash flow shall be sufficient to support the continuous operation and long-term development of the Company; the profit to be distributed in cash shall not be less than 10% of the distributable profits of the year, and the cumulative profit distributed in cash in the previous three consecutive financial years shall not be less than 30% of the average distributable profit of the Company for such three years.

The dividend plan for the year 2018, the dividend plan for the year 2019 and the dividend proposal for the year 2020 of the Company were made according to the above plan and relevant provisions of the Articles of Association.

(II) Profit distribution plan for ordinary shares, conversion plan of capital reserve of the Company or related proposals for the previous three years, including the Reporting Period

Unit: RMB'0,000

Year of distribution	Number of bonus shares for every 10 shares (share)	Amount of Dividend for every 10 shares (before tax) (RMB)	Number of shares transferred for every 10 shares (share)	Amount of cash dividend (before tax)	Net profit attributable to ordinary shareholders of the Company in the consolidated financial statement during the year of dividend distribution	Percentage in net profit attributable to ordinary shareholders of the Company in the consolidated financial statement (%)
2020	0	2	0	27,869	50,338.55	55.36
2019	0	1	0	11,612	41,608.85	27.91
2018	0	1	0	11,612	27,277.33	42.57

(III) The inclusion of shares repurchased through cash in cash dividend

☐ Applicable ☒ Not applicable



VI. Significant Events (Continued)

- (IV) Profits are made during the Reporting Period and the parent company's profits distributed to ordinary shareholders are positive. However, if the proposal on distribution of cash profit of ordinary shares is unavailable, the Company shall disclose in detail the causes thereof as well as the purpose and use plan of the undistributed profit**

☐ Applicable ☒ Not applicable

II. PERFORMANCE OF UNDERTAKINGS

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

☒ Applicable ☐ Not applicable

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Time and period of the undertaking	Whether there is deadline for performance	Whether the undertaking was strictly and timely performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings related to initial public offering	Restriction on selling of shares	BSAM	Within 36 months from the listing date of the A shares of Dynagreen, the shares issued prior to the public offering of shares by Dynagreen directly or indirectly held by BSAM shall neither be transferred nor entrusted to other parties for management, nor be repurchased by Dynagreen.	11 June 2018 to 10 June 2021	Yes	Yes		



VI. Significant Events (Continued)

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Time and period of the undertaking	Whether there is deadline for performance	Whether the undertaking was strictly and timely performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings related to initial public offering	Others	BSAM	For the shares of Dynagreen held by BSAM prior to the initial public offering of A shares by Dynagreen, if BSAM reduces the shares held within two years after the expiry of the lockup period, the price shall not be lower than the issue price and the issuer's shares reduced each year shall not exceed 5%.	11 June 2021 to 10 June 2023	Yes	Yes		
Undertakings related to initial public offering	Others	Qiao Dewei, Hu Shengyong, Hou Zhiyong, Cheng Yan, Huang Jianzhong, Zhong Xia, Zhang Yong and Zhu Shuguang	For the shares of Dynagreen held by the undertaking party prior to the initial public offering of A shares by Dynagreen, if the undertaking party reduces the shareholding held within two years after the expiry of the lockup period, the price shall not be lower than the issue price.	11 June 2019 to 10 June 2021	Yes	Yes		
Undertakings related to initial public offering	Others	BSAM, Qiao Dewei, Hu Shengyong, Hou Zhiyong, Cheng Yan, Huang Jianzhong, Zhong Xia, Zhang Yong and Zhu Shuguang	The proposal on price stabilisation will be executed when the share prices of Dynagreen are lower than the latest audited net assets per share for 20 consecutive trading days within 3 years after listing.	11 June 2018 to 10 June 2021	Yes	Yes		
Undertakings related to initial public offering	Others	BSAM	For any loss or risk of Dynagreen and its subsidiaries caused by BOT projects not obtained through bidding, BSAM will provide timely, full and effective compensation to Dynagreen and its subsidiaries to ensure Dynagreen and/or its domestic subsidiaries will not suffer any loss.	30 May 2016	No	Yes		



VI. Significant Events (Continued)

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Time and period of the undertaking	Whether there is deadline for performance	Whether the undertaking was strictly and timely performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings related to refinancing	Restriction on selling of shares	BSAM	Within 18 months from the listing date of the non-public offering of shares, the non-publicly issued shares held by the undertaking party shall neither be transferred nor entrusted to other parties for management.	9 December 2020 to 8 June 2022	Yes	Yes		
Undertakings related to refinancing	Restriction on selling of shares	Three Gorges Capital Holdings Co., Ltd. (三峽資本控股有限責任公司)	Within 6 months from the listing date of the non-public offering of shares, the non-publicly issued shares held by the undertaking party shall neither be transferred nor entrusted to other parties for management.	9 December 2020 to 8 June 2021	Yes	Yes		
Undertakings related to refinancing	Restriction on selling of shares	Guangdong Yue Macao Cooperative Development Fund Management Ltd. – Zhuhai Fuheng Investment Partnership (Limited Partnership) (廣東粵澳合作發展基金管理有限公司－珠海福恒投資合夥企業(有限合夥))	Within 6 months from the listing date of the non-public offering of shares, the non-publicly issued shares held by the undertaking party shall neither be transferred nor entrusted to other parties for management.	9 December 2020 to 8 June 2021	Yes	Yes		
Undertakings related to refinancing	Restriction on selling of shares	Guangdong Hengjian Asset Management Co., Ltd. – Guangdong Henghang Industrial Investment Fund Partnership (Limited Partnership) (廣東恒健資產管理有限公司－廣東恒航產業投資基金合夥企業(有限合夥))	Within 6 months from the listing date of the non-public offering of shares, the non-publicly issued shares held by the undertaking party shall neither be transferred nor entrusted to other parties for management.	9 December 2020 to 8 June 2021	Yes	Yes		
Undertakings related to refinancing	Restriction on selling of shares	First Capital Securities Co., Ltd. (第一創業證券股份有限公司)	Within 6 months from the listing date of the non-public offering of shares, the non-publicly issued shares held by the undertaking party shall neither be transferred nor entrusted to other parties for management.	9 December 2020 to 8 June 2021	Yes	Yes		
Undertakings related to refinancing	Restriction on selling of shares	China International Capital Corporation Limited (中國國際金融股份有限公司)	Within 6 months from the listing date of the non-public offering of shares, the non-publicly issued shares held by the undertaking party shall neither be transferred nor entrusted to other parties for management.	9 December 2020 to 8 June 2021	Yes	Yes		



VI. Significant Events (Continued)

- (II) Where the Company has profit forecasts on assets or projects, and the Reporting Period was within the term of profit forecasts, the Company has to state whether such profit forecasts on assets or projects are fulfilled and the reasons therefor**

☐ Achieved ☐ Not achieved ☒ Not Applicable

- (III) Execution of the performance undertakings and its impact on the goodwill impairment testing**

☐ Applicable ☒ Not Applicable

III. OCCUPATION OF FUNDS AND REPAYMENT OF DEBTS DURING THE REPORTING PERIOD

☐ Applicable ☒ Not Applicable

IV. EXPLANATION OF THE COMPANY ON THE “NON-STANDARD OPINIONS AUDIT REPORT” FROM ACCOUNTING FIRM

☐ Applicable ☒ Not Applicable

V. ANALYSIS AND EXPLANATION FROM THE COMPANY ON THE REASONS AND IMPACT OF THE CHANGE OF ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION ON SIGNIFICANT ACCOUNTING ERRORS

- (I) Analysis and explanation from the Company on the reasons and impact of the change of accounting policies or accounting estimates**

☒ Applicable ☐ Not applicable

For the contents and reasons of the changes in the current accounting policies and the main impact of the changes, please refer to Note III.31 Changes in significant accounting policies and accounting estimates in Section XIII.

- (II) Analysis and explanation from the Company on the reasons and impact of the correction on significant accounting errors**

☐ Applicable ☒ Not Applicable

- (III) Communication with the previous accounting firm**

☐ Applicable ☒ Not Applicable

- (IV) Other Explanation**

☐ Applicable ☒ Not Applicable



VI. Significant Events (Continued)

VI. INFORMATION IN RELATION TO THE REVIEW OF THE ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Board has reviewed the accounting standards and policies adopted by the Group and the audited consolidated financial statements for the year together with the management and the external independent auditors.

The Audit Committee of the third session of Board of the Company heard the report of KPMG Huazhen LLP on the progress of the audit on 2020 annual report of the Company, reviewed the “key audit matters” in the auditor’s Report, and agreed with the judgment of KPMG Huazhen LLP on the “key audit matters” and the audit procedures implemented.

VII. APPOINTMENT AND DISMISSAL OF AUDITOR

Unit: RMB0'000

Existing Auditors		
Name of auditor	KPMG Huazhen LLP	
Remuneration of auditor	245	
Term of the auditor for audit services	5 years	
	Name	Compensation
The auditors for internal control audit	KPMG Huazhen LLP	50
Sponsor	CITIC Securities	0

Explanation of appointment or dismissal of auditors

☒ Applicable ☐ Not applicable

During the Reporting Period, as passed at the 2019 annual general meeting of the Company, the Company reappointed KPMG Huazhen LLP as its auditors to provide financial reporting audit services for the Company in 2020 with a term from the date of the general meeting at which this resolution was passed to date of the conclusion of the next annual general meeting.

Explanation of change of auditors during the audit period

☐ Applicable ☒ Not Applicable



VI. Significant Events (Continued)

VIII. RISK OF SUSPENSION OF LISTING

(I) Causes of Suspension of Listing

☐ Applicable ☒ Not Applicable

(II) Measures to be taken by the Company

☐ Applicable ☒ Not Applicable

IX. SITUATION AND CAUSES FOR TERMINATION OF LISTING

☐ Applicable ☒ Not Applicable

X. MATTERS RELATED TO BANKRUPTCY AND REORGANISATION

☐ Applicable ☒ Not applicable

XI. MATERIAL LITIGATION AND ARBITRATION

☐ The Company had material litigation and arbitration during the year.

☒ The Company did not have material litigation and arbitration during the year.

XII. PUNISHMENT AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, BENEFICIAL CONTROLLER AND BIDDERS

☐ Applicable ☒ Not applicable

XIII. EXPLANATION ON CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND BENEFICIAL CONTROLLERS DURING THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

XIV. EQUITY INCENTIVE PLAN, EMPLOYEE SHAREHOLDING PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY AND THEIR IMPACTS

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

☐ Applicable ☒ Not applicable



VI. Significant Events (Continued)

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

Equity incentive

☐ Applicable ☒ Not applicable

Other explanation

☐ Applicable ☒ Not applicable

Employee shareholding plan

☐ Applicable ☒ Not applicable

Other incentive measures

☐ Applicable ☒ Not applicable

XV. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

☐ Applicable ☒ Not applicable

2. Matters which have been published in temporary announcements but with further progress or changes (non-exempt connected transactions disclosed pursuant to the requirements of the Stock Exchange Listing Rules)

☒ Applicable ☐ Not applicable

Continuing connected transactions

On 28 August 2019, the Company and Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司) ("Shenzhen CDT") entered into a Service Framework Contract, pursuant to which publicity display design and construction were proposed to be carried out for thirteen municipal waste-to-energy projects of the Company in 2019 to 2020 and the Company will irregularly hold tender for the publicity display design and construction services of its municipal waste-to-energy projects in which Shenzhen CDT shall participate. If Shenzhen CDT successfully wins a tender for the project services, the Company will further enter into a specific project service contract with Shenzhen CDT according to the contents of the relevant letter of acceptance to clarify the specific fee and payment method. In 2019 and 2020, the estimated amount of the daily related party transactions with Shenzhen CDT are RMB14 million and RMB26 million, respectively.



VI. Significant Events (Continued)

In 2020, the actual amount of transaction between the Company and Shenzhen CDT was RMB2,101,800 which did not exceed the annual cap for the year.

Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司) is an indirect wholly owned subsidiary of BSAM (a controlling shareholder of the Company) and therefore a connected person of the Company. Accordingly, the entering into of the Service Framework Contract constitutes a connected transaction of the Company.

For details of the transaction, please refer to the announcement of the Company dated 28 August 2019. The value and terms of the continuing connected transactions between the Company and Shenzhen CDT in 2020 are in line with the pricing terms disclosed in the announcement.

The independent non-executive Directors have reviewed the Group's continuing connected transactions mentioned above, and confirmed that the transactions carried out during the year ended 31 December 2020:

1. were carried out in the ordinary and usual course of business of the Group;
2. were conducted on normal commercial terms or better, or if there were insufficient number of comparable transactions to determine whether or not they can be determined as on normal commercial terms or better, then as far as the Group is concerned, the conditions of such transactions were no less favourable than those received from, or offered to, an independent third party; and
3. were conducted according to the terms of agreement of the relevant transactions, where the terms of agreement were fair and reasonable, and in the interests of the Company and the shareholders as a whole.

The Company's auditors have confirmed that the respective counterparties to the aforementioned continuing connected transactions had allowed them sufficient access to their records for the purpose of reporting on the transactions as set out in this report, and the aforementioned continuing connected transactions carried out during the year ended 31 December 2020:

1. had been approved by the Board;
2. were, in all material respects, in accordance with the requirements of pricing policies of the Company;
3. had been entered into in accordance with the relevant agreements governing the transactions; and
4. had not exceeded the estimated annual caps.

3. Matters which have not been published in temporary announcements

☐ Applicable ☒ Not applicable



VI. Significant Events (Continued)

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

1. **Matters which have been published in temporary announcements and without further progress or changes**
☐ Applicable ☒ Not applicable
2. **Matters which have been published in temporary announcements but with further progress or changes**
☐ Applicable ☒ Not applicable
3. **Matters which have not been published in temporary announcements**
☐ Applicable ☒ Not applicable
4. **Disclose the performance of the results relating to the results agreement during the Reporting Period**
☐ Applicable ☒ Not applicable

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

1. **Matters which have been published in temporary announcements and without further progress or changes**
☐ Applicable ☒ Not applicable
2. **Matters which have been published in temporary announcements but with further progress or changes**
☐ Applicable ☒ Not applicable
3. **Matters which have not been published in temporary announcements**
☐ Applicable ☒ Not applicable



VI. Significant Events (Continued)

(IV) Claims and liabilities between related parties

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

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

The balance of the financial assistance provided by BSAM to the Company based on benchmark interest rate for RMB loans was RMB2,885 million as at the end of the Reporting Period.

Fengcheng Company applied for a loan of RMB35 million from the Company, the balance of the borrowings was RMB0 as at the end of the Reporting Period.

3. Matters which have not been published in temporary announcements

☐ Applicable ☒ Not applicable

(V) Others

☒ Applicable ☐ Not applicable

Connected transactions

On 29 May 2020, the Company approved the revised proposed non-public issuance of A shares and as part of the revised proposed non-public issuance of A shares. The Company and BSAM entered into a supplementary agreement to the subscription agreement of BSAM dated 29 May 2020. On 8 December 2020, the Company completed the non-public issuance of A shares, a total of 232,240,000 A shares were issued at the issue price of RMB7.82 per share, and the aggregate proceeds was RMB1,816,116,800.00. Among which, BSAM subscribed for 92,896,000 shares with a subscribed amount of RMB726,446,720.00. After deducting the issuance expenses, the proceeds are intended to be used to invest in Huizhou Phase II Project, Jinsha Project, Pingyang Phase II Project, Shishou Project and Yongjia Phase II Project of the Company and to repay bank loans. After the completion of the non-public issuance of A shares, the aggregate percentage of shareholding directly and indirectly held by BSAM in the Company is approximately 44.41%.



VI. Significant Events (Continued)

BSAM is a controlling shareholder of the Company and therefore a connected person of the Company. Accordingly, the subscription by BSAM constitutes a connected transaction of the Company.

For details of the transaction, please refer to the announcements of the Company dated 29 May 2020, 29 June 2020, 21 September 2020, 13 October 2020, 8 December 2020 and the circular of the Company dated 11 June 2020.

The Group entered into the Non-Competition Agreement with BSAM (a connected entity of the Company by virtue of being the controlling shareholder of the Company) on 23 December 2013, under which BSAM has agreed not to and will procure its subsidiaries (other than listed subsidiaries of BSAM) not to compete with us in our Core Business and has granted us options for new business opportunities, the call option and preemptive rights. In addition, if requested by the Hong Kong Stock Exchange or other regulatory authorities, BSAM will use its best endeavors to procure its associated companies and joint ventures (if any) to comply with the Non-Competition Agreement. According to the Non-Competition Agreement, when the Group decides whether to exercise the options for acquisition of new business opportunities, subscription right or the pre-emptive rights, the Group shall comply with related requirements under the Chapter 14A of the Stock Exchange Listing Rules. The Company and the independent non-executive Directors have received the statement issued by BSAM confirming its compliance with the Non-Competition Agreement during the Reporting Period.

The Group entered into certain transactions with parties regarded as “related parties” under the applicable accounting standards during the year ended 31 December 2020. Save as the non-exempt connected transaction as set out in the section headed “Connected transactions” on page 53 of this annual report, these related party transactions were not regarded as connected transactions under the Listing Rules and were fully exempt from shareholders’ approval, annual review and all disclosure requirements pursuant to Chapter 14A of the Listing Rules. Details are set out in Note X.5 to the Financial Statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Exchange Listing Rules.

XVI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Trusteeship, contracting and leasing matters

1. Trusteeship

☐ Applicable ☒ Not applicable

2. Contracting

☐ Applicable ☒ Not applicable

3. Leasing

☐ Applicable ☒ Not applicable



VI. Significant Events (Continued)

(II) Guarantees

✓ Applicable ☐ Not applicable

Unit: RMB

Guarantor	Relationship Between the guarantor and the Company	Guaranteed party	Amount of guarantee	External guarantees provided by the Company (excluding those for subsidiaries)							Anti- guarantee or not	Connected parties guarantee or not	Connected relations
				Date of occurrence of guarantee (signature date of agreement)	Date of commencement of guarantee	Expiry date of guarantee	Guarantee type	Completed or not	Overdue or not	Amount overdue			
The Company	Head office of the Company	Fengcheng Company	310,000,000	1 July 2019	1 July 2019	1 July 2029	Joint and several liability guarantee	No	No	0	No	Yes	Joint venture
Total guarantees during the Reporting Period (excluding those for subsidiaries)												94,250,908.29	
Total guarantee balance as at the end of Reporting Period (A) (excluding those for subsidiaries)												310,000,000.00	
Guarantees for subsidiaries provided by the Company together with its subsidiaries													
Total guarantees for subsidiaries during the Reporting Period												2,234,511,314.30	
Total guarantee balance for subsidiaries as at the end of Reporting Period (B)												5,920,121,915.10	
Total amount of guarantees provided by the Company (including those for subsidiaries)													
Total amount of guarantees (A+B)												6,230,121,915.10	
Total amount of guarantees over the net assets of the Company (%)												113.53%	
Including:													
Amount of guarantees provided to shareholders, beneficial controllers and their related parties (C)												0	
Amount of debt guarantees directly or indirectly provided for guaranteed parties with the gearing ratio exceeding 70% (D)												1,353,758,584.96	
Amount of the total guarantees exceeding 50% of net assets (E)												3,486,288,964.97	
Total amount of above three guarantees (C+D+E)												4,840,047,549.93	
Explanations on outstanding guarantee which may undertake joint liability for satisfaction													
Explanations on guarantees													

Guarantee to banks in respect of banking credit facilities granted to certain subsidiaries

In order to ensure the smooth completion of operating targets of the Company, to support the development of the subsidiary project companies, and to meet financing needs of the project companies, the Company sought shareholders' approval on the provision of guarantee in respect of banking facilities granted to its project companies at the 2019 annual general meeting and the 2020 first extraordinary general meeting. As contained in the relevant circular to shareholders, it is expected that the amount of guarantee to be provided in respect of new banking facilities granted to the project companies in 2020 would not exceed RMB3,920 million. As at 31 December 2020, guarantee provided by the Company in respect of new banking facilities granted to its project companies amounted to RMB223,451.13.



(III) Entrusted others to manage cash assets

1. Entrusted wealth management

(1) *Overall entrusted wealth management*

☐ Applicable ☒ Not applicable

Others

☐ Applicable ☒ Not applicable

(2) *Individual entrusted wealth management*

☐ Applicable ☒ Not applicable

Others

☐ Applicable ☒ Not applicable

(3) *Provisions for impairment of entrusted wealth management*

☐ Applicable ☒ Not applicable

2. Entrusted loans

(1) *Overall entrusted loans*

☐ Applicable ☒ Not applicable

Others

☐ Applicable ☒ Not applicable

(2) *Individual entrusted loans*

☐ Applicable ☒ Not applicable

Others

☐ Applicable ☒ Not applicable

(3) *Provisions for Impairment of entrusted loan*

☐ Applicable ☒ Not applicable



VI. Significant Events (Continued)

3. Others

☐ Applicable ☒ Not applicable

(IV) Other material contracts

☐ Applicable ☒ Not applicable

XVII. EXPLANATION ON OTHER SIGNIFICANT EVENTS

☐ Applicable ☒ Not applicable

XVIII. ACTIVE FULFILLMENT OF SOCIAL RESPONSIBILITY

(I) Poverty alleviation work of the Company

☐ Applicable ☒ Not applicable

(II) Activities in connection with social responsibilities

☒ Applicable ☐ Not applicable

For details, please refer to the Environmental, Social and Governance Report disclosed on the same date.



VI. Significant Events (Continued)

(III) Environmental information

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

✓ Applicable ☐ Not applicable

(1) Information on pollutant emission

✓ Applicable ☐ Not applicable

Huizhou Company, Tongzhou Company, Zhangqiu Company and Shantou Company, which are subsidiaries of the Company, are the major pollutant-emission units designated by the environmental protection authorities. These companies are all the operating entities of municipal waste-to-energy plants.

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

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

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit
1	Huizhou Company	Sulfur dioxide	South China Institute of Environmental Sciences of MEP	Report number: Hua Huan Jian Ce Zi 2020 No. 962	1 [#] furnace: 3 2 [#] furnace: 9 3 [#] furnace: N.D	100mg/m ³ 100mg/m ³ /
		Oxynitride	(環境保護部華南環境科學研究所)	Testing date: 27 November 2020	1 [#] furnace: 132	300mg/m ³
					2 [#] furnace: 154 3 [#] furnace: 104.66	300mg/m ³ /
		Smog			1 [#] furnace: N.D 2 [#] furnace: N.D 3 [#] furnace: 1.2	30mg/m ³ 30mg/m ³ /
		Dioxin		Report number: Hua Huan Jian Ce Zi [Dioxin] 2020 No. 468	1 [#] furnace: 0.007 2 [#] furnace: 0.0028	0.1ng TEQ/Nm ³ 0.1ng TEQ/Nm ³
				Testing date: 19 October 2020	3 [#] furnace: 0.008	0.1ng TEQ/Nm ³



VI. Significant Events (Continued)

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration		Emission limit	
2.	Tongzhou Company	Sulfur dioxide	Beijing Centre Testing International Group Co., Ltd (華測檢測認證集團北京有限公司)	Report number: A2200429223101 Testing date: 4 December 2020	1# furnace	<3	50mg/m³	
					2# furnace	<2	50mg/m³	
					3# furnace	<3	50mg/m³	
		Oxynitride		1# furnace	30	80mg/m³		
				2# furnace	33	80mg/m³		
				3# furnace	35	80mg/m³		
		Smog		1# furnace	<1	10mg/m³		
				2# furnace	<1	10mg/m³		
				3# furnace	<1	10mg/m³		
		Dioxin		Report number: A2200436237101002 Testing date: 10 December 2020	1# furnace	0.014	0.1ng TEQ/Nm³	
				Report number: A2200436237101001 Testing date: 10 December 2020	2# furnace	0.0054	0.1ng TEQ/Nm³	
				Report number: A2200355963111002 Testing date: 19 November 2020	3# furnace	0.015	0.1ng TEQ/Nm³	
3	Zhangqiu Company		Sulfur dioxide	Shandong Analysis and Test Center (山東省分析測試中心)	Report number: SFW203573 Testing date: 4 December 2020	1# furnace	12	100mg/m³
						2# furnace	11	100mg/m³
						3# furnace	14	100mg/m³
		Oxynitride	1# furnace		98	300mg/m³		
			2# furnace		87	300mg/m³		
			3# furnace		72	300mg/m³		
Smog	1# furnace	7.3	30mg/m³					
	2# furnace	6.1	30mg/m³					
	3# furnace	4.8	30mg/m³					
Dioxin	Shandong Weipu Test Technology Service Co., Ltd. (山東微譜檢測技術有限公司)	Report number: WSD-20091014-HJ-01 Testing date: 18 September 2020	1# furnace	0.026	0.1ng TEQ/Nm³			
		2# furnace	0.0014	0.1ng TEQ/Nm³				
		3# furnace	0.028	0.1ng TEQ/Nm³				



VI. Significant Events (Continued)

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration		Emission limit
4	Shantou Company	Sulfur dioxide	SGS-CSTC Standards Technical Services Co., Ltd., Guangzhou Branch (通標標準技術服務有限公司廣州分公司)	Report number: GZE20-02739R0	1# furnace	<12	100mg/m³
				Testing date: 23 December 2020			
				Report number: GZE20-02740R0	2# furnace	<10	100mg/m³
				Testing date: 22 December 2020			
				Report number: GZE20-02741R0	3# furnace	<10	100mg/m³
				Testing date: 22 December 2020			
				Report number: GZE20-02739R0	1# furnace	153	300mg/m³
				Testing date: 23 December 2020			
				Report number: GZE20-02740R0	2# furnace	150	300mg/m³
		Testing date: 22 December 2020					
		Report number: GZE20-02741R0	3# furnace	134	300mg/m³		
		Testing date: 22 December 2020					
		Oxynitride	Report number: GZE20-02739R0	1# furnace	153	300mg/m³	
			Testing date: 23 December 2020				
			Report number: GZE20-02740R0	2# furnace	150	300mg/m³	
			Testing date: 22 December 2020				
			Report number: GZE20-02741R0	3# furnace	134	300mg/m³	
			Testing date: 22 December 2020				
Smog	Report number: GZE20-02739R0		1# furnace	<0.9	300mg/m³		
	Testing date: 23 December 2020						
	Report number: GZE20-02740R0		2# furnace	<0.7	300mg/m³		
	Testing date: 22 December 2020						
	Report number: GZE20-02741R0	3# furnace	<0.72.4	300mg/m³			
	Testing date: 22 December 2020						
	Dioxin	Guangdong Dongsan Testing Technology Co., Ltd. (廣東東森檢測技術有限公司)	Report number: SHE20-51649	1# furnace	0.066	0.1ng TEQ/Nm³	
			Testing date: 23 December 2020				
			Report number: SHE20-51650	2# furnace	0.047	0.1ng TEQ/Nm³	
Testing date: 23 December 2020							
Report number: SHE20-51651			3# furnace	0.089	0.1ng TEQ/Nm³		
Testing date: 24 December 2020							

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



VI. Significant Events (Continued)

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

The estimated total emissions and the approved total annual emissions of major pollutants of the above companies during the Reporting Period are summarised as follows:

Name of pollutant	Actual emissions (ton)	Emission indicators (ton/year)
Sulfur dioxide	130.30	762.33
Oxynitride	855	2,000
Smog	22	183

(2) *Construction and operation of facilities for pollution prevention and control*

☒ Applicable ☐ Not applicable

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



VI. Significant Events (Continued)

- (3) *Environmental impact assessment of construction projects and other environmental protection administrative licensing*
☒ Applicable ☐ Not applicable

No.	Name of project	Date of approval to environmental impact assessment	Authority for approval
1	Huizhou Project	24 December 2014	Huizhou Environmental Protection Bureau
2	Tongzhou Project	25 December 2015	Beijing Municipal Environmental Protection Bureau
3	Zhangqiu Project	31 October 2017	Jinan Environmental Protection Bureau
4	Shantou Project	28 March 2017	Shantou Environmental Protection Bureau

- (4) *Emergency plan for emergency environmental incidents*
☒ Applicable ☐ Not applicable

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

- (5) *Environmental self-monitoring programme*
☒ Applicable ☐ Not applicable

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

- (6) *Other environmental information to be disclosed*
☐ Applicable ☒ Not applicable



VI. Significant Events (Continued)

2. Environmental information of companies other than major pollutant-emission units

☒ Applicable ☐ Not applicable

All of the Company's domestic waste incineration power plants are equipped with complete exhaust gas, leachate and fly ash treatment systems, which are up to standard discharge during the Reporting Period.

3. Reasons for not disclosing the environmental information of companies other than major pollutant-emission units

☐ Applicable ☒ Not applicable

4. Further progress or changes of environmental information disclosed during the Reporting Period

☐ Applicable ☒ Not applicable

(IV) Other Explanation

☒ Applicable ☐ Not applicable

The Environmental, Social and Governance Report of the Company is disclosed separately at the same time with the annual report. The Report includes more details about the environmental, social and governance aspects of the Company.

XIX. CONVERTIBLE BONDS

☐ Applicable ☒ Not applicable

XX. SUBSEQUENT EVENTS

The Group achieved an earning of RMB503,385,500.00 for the year of 2020. As at 31 December 2020, the retained profits recorded on the Group's consolidated statements amounted to RMB1,569,479,200.00. Taking into account factors such as the Group's operating results, financial position and its capital requirement for future development, the Company proposed a profit distribution plan for 2020 as follows: to distribute cash dividends of RMB0.2 (tax included) per share to all shareholders based on the total share capital on the share-based equity registration date.

Save for the above matters, the Company has no other subsequent events.



VII. Changes in Ordinary Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL OF ORDINARY SHARES

(I) Table of changes in ordinary shares:

1. Table of changes in ordinary shares:

Unit: share

	Before change		Increase or decrease (+/-)				After change	
	Number	Percentage (%)	New issue	Bonus issue	Shares converted from reserves	Others	Sub-total	Percentage (%)
I. Restricted shares	501,189,618	43.16	232,240,000				232,240,000	733,429,618
1. Shares held by the state								
2. Shares held by state-owned legal persons	501,189,618	43.16	222,009,821				222,009,821	723,199,439
3. Shares held by other domestic investors	0		10,230,179				10,230,179	10,230,179
Including: shares held by domestic non-state-owned legal persons								
shares held by domestic natural persons	0		10,230,179				10,230,179	10,230,179
4. Shares held by overseas investors								
Including: shares held by overseas legal persons								
shares held by overseas natural persons								
II. Non-restricted shares	660,010,382	56.84						660,010,382
1. RMB ordinary shares	255,650,590	22.02						255,650,590
2. Domestic listed foreign shares								
3. Overseas listed foreign shares	404,359,792	34.82						404,359,792
4. Others								
III. Total number of ordinary shares	1,161,200,000	100	232,240,000				232,240,000	1,393,440,000

2. Explanation of changes in ordinary shares

✓ Applicable □ Not applicable

With the approval of CSRC, the Company issued 232,240,000 A shares under the non-public issuance on 9 December 2020 at the issue price of RMB7.82 per share, with gross proceeds of RMB1,816,116,800.00. In the issuance, the lock-up period for the shares subscribed by BSAM is 18 months, and the lock-up period for the shares subscribed by other investors is 6 months. The listing and trading of the above shares will take place on the Shanghai Stock Exchange on the next trading day after the expiration of the lock-up period.



VII. Changes in Ordinary Shares and Particulars of Shareholders (Continued)

3. The effects of changes in Share Capital of Ordinary Shares on the financial indicators of the Company such as earnings per share and net assets per share, in the previous year and the latest period (if any)

☒ Applicable ☐ Not applicable

The impact of the Company's non-public offering of A shares on financial indicators such as earnings per share and net assets per share is as follows:

Item	Calculated on new share capital	Calculated on original share capital
Share capital (share)	1,393,440,000	1,161,200,000
Basic earnings per share (RMB/share)	0.43	0.43
Diluted earnings per share (RMB/share)	0.43	0.43
Net assets per share (RMB/share)	3.94	3.19

Notes:

- (1) Basic earnings per share and diluted earnings per share calculated on the basis of new share capital = net profit attributable to ordinary shareholders of the Company/weighted average share capital
- (2) Net assets per share attributable to ordinary shareholders of the Company calculated on the basis of new share capital = equity attributable to ordinary shareholders of the Company at the end of the period/share capital at the end of the period
- (3) Net assets per share attributable to ordinary shareholders of the Company calculated on the basis of original share capital = (equity attributable to ordinary shareholders of the Company at the end of the period – newly added share capital in the current period – newly added capital reserves in the current period)/share capital at the beginning of the period

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

☐ Applicable ☒ Not applicable



VII. Changes in Ordinary Shares and Particulars of Shareholders (Continued)

(II) Changes in restricted shares

✓ Applicable □ Not applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the year	Release of restricted shares during the year	Increase of restricted shares during the year	Number of restricted shares at the end of the year	Reason for restriction	Date of release of the restricted shares
Beijing State-owned Assets Management Co., Ltd. *	501,189,618	0	92,896,000	594,085,618	Undertaking in relation to restriction on selling of shares and undertaking of non-public issuance	11 June 2021
Three Gorges Capital Holdings Co., Ltd.*	0	0	76,726,342	76,726,342	Undertaking of non-public issuance	9 June 2021
Zuhai Fuheng Investment Partnership (Limited Partnership) *	0	0	38,361,892	38,361,892	Undertaking of non-public issuance	9 June 2021
Guangdong Henghang Industrial Investment Fund Partnership (Limited Partnership)*	0	0	12,787,723	12,787,723	Undertaking of non-public issuance	9 June 2021
First Capital Securities Co., Ltd.	0	0	10,230,179	10,230,179	Undertaking of non-public issuance	9 June 2021
China International Capital Corporation Limited	0	0	1,237,864	1,237,864	Undertaking of non-public issuance	9 June 2021
Total	0	0	232,240,000	232,240,000	/	/

Note: 501,189,618 restricted shares of BSAM will be released on 11 June 2021, the newly added 92,896,000 restricted shares in 2020 will be released on 9 June 2022.

* For identification purposes only



VII. Changes in Ordinary Shares and Particulars of Shareholders (Continued)

II. SHARE ISSUE AND LISTINGS

(I) Issuance of securities during the Reporting Period

☒ Applicable ☐ Not applicable

Unit: share Currency: RMB

Types of Shares and other derivative instruments	Date of issuance	Issue price (or interest rate)	Issue amount	Listing date	Transaction amount approved to be listed	Transaction termination date
Ordinary shares Non-public issuance	9 December 2020	7.82	232,240,000	9 December 2020		

Issuance of securities during the Reporting Period:

☒ Applicable ☐ Not applicable

With the approval of CSRC, the Company issued 232,240,000 A shares under the non-public issuance on 9 December 2020 at the issue price of RMB7.82 per share. In the issuance, the lock-up period for the shares subscribed by Beijing State-owned Assets Management Co., Ltd.* is 18 months, and the lock-up period for the shares subscribed by other investors is 6 months. The listing and trading of the above shares will take place on the Shanghai Stock Exchange on the next trading day after the expiration of the lock-up period.

* For identification purposes only

(II) Changes in total ordinary shares and share structure and changes in the structure of assets and liabilities

☒ Applicable ☐ Not applicable

Unit: share

		Before changes	Number changed	After changes
Tradable shares with sales restrictions	1. Shares held by state-owned legal persons	501,189,618	222,009,821	723,199,439
	2. Shares held by other domestic legal persons	–	10,230,179	10,230,179
	Total tradable shares with sales restrictions	501,189,618	232,240,000	733,429,618
Tradable shares without sales restrictions	A Shares	255,650,590	–	255,650,590
	H Shares	404,359,792	–	404,359,792
	Total tradable shares without sales restrictions	660,010,382	–	660,010,382
Total shares		1,161,200,000	232,240,000	1,393,440,000

Upon the completion of the issuance, the total assets and net assets of the Company will increase simultaneously and the asset-liability ratio will decrease.

(III) Shares held by employees

☐ Applicable ☒ Not applicable



VII. Changes in Ordinary Shares and Particulars of Shareholders (Continued)

III. SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Total number of shareholders:

Number of holders of the ordinary shares as of the end of the Reporting Period	42,951
Number of holders of the ordinary shares as of the end of the month preceding the disclosure of the annual report	41,898

As of the Latest Practicable Date prior to the publication of this annual report, based on the publicly available information and as far as the Directors are aware, the Company has a total public float of 761,183,512 shares, representing 54.63% of the issued share capital of the Company. Among them, public float of H shares is 379,500,000 shares, accounting for 27.23% of the issued share capital of the Company; public float of A shares is 381,683,512 shares, accounting for 27.39% the issued share capital of the Company.

Based on the information that is publicly available to the Company and to the knowledge of the Directors, from the date on which the Company became listed on the Hong Kong Stock Exchange and up to the Latest Practicable Date prior to the publication of this annual report, the Company had maintained a public float as required under the Listing Rules.

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

Unit: share

Name of shareholder (full name)	Shareholding of the top ten shareholders						Nature of shareholder
	Change during the Reporting Period	Number of shares held as at the end of the Period	Percentage (%)	Number of shares held subject to selling restrictions	Pledged or frozen		
					Status	Number	
Beijing State-owned Assets Management Co., Ltd.	92,896,000	594,085,618	42.6345	594,085,618	Nil		State-owned legal person
HKSCC NOMINEES LIMITED	86,000	379,477,000	27.2324	0	Unknown		Overseas legal person
Three Gorges Capital Holdings Co., Ltd.*	76,726,342	76,726,342	5.5063	76,726,342	Nil		State-owned legal person
Guangdong Yueao Cooperation and Development Fund Management Co., Ltd-Zhuhai Fuheng Investment Partnership (Limited Partnership) *	38,361,892	38,361,892	2.7530	38,361,892	Nil		State-owned legal person
Beijing State-Owned Assets Management (Hong Kong) Company Limited	0	24,859,792	1.7841	0	Nil		Overseas legal person
Beijing Huitai Hengrui Investment Co., Ltd.*	0	18,000,707	1.2918	0	Nil		Domestic non-state-owned legal person
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)*	0	13,311,078	0.9553	0	Nil		Domestic non-state-owned legal person
Guangdong Henghang Industrial Investment Fund Partnership (Limited Partnership)*	12,787,723	12,787,723	0.9177	12,787,723	Nil		State-owned legal person
First Capital Securities-Essence Securities-First Capital Fujie Collective Asset Management Program	6,393,861	6,393,861	0.4589	6,393,861	Nil		Other
Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership)*	-21,501,472	5,000,000	0.3588	0	Nil		Domestic non-state-owned legal person

* For identification purposes only



VII. Changes in Ordinary Shares and Particulars of Shareholders (Continued)

Top ten holders of shares not subject to selling restrictions

Name of shareholder	Number of tradable shares not subject to selling restrictions held	Class and number of shares	
		Type	Number
HKSCC NOMINEES LIMITED	379,477,000	Overseas listed foreign shares	379,477,000
Beijing State-Owned Assets Management (Hong Kong) Company Limited	24,859,792	Overseas listed foreign shares	24,859,792
Beijing Huitai Hengrui Investment Co., Ltd.	18,000,707	RMB ordinary shares	18,000,707
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	13,311,078	RMB ordinary shares	13,311,078
Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership)*	5,000,000	RMB ordinary shares	5,000,000
Shenzhen Fuxiao Investment Co., Ltd.	2,944,844	RMB ordinary shares	2,944,844
Shenzhen Xiaoxi Business Management Consulting Co., Ltd.	2,201,038	RMB ordinary shares	2,201,038
Chen Daqu	1,500,000	RMB ordinary shares	1,500,000
Hong Kong Securities Clearing Company Ltd.	1,416,322	RMB ordinary shares	1,416,322
Zhang Chun	1,276,600	RMB ordinary shares	1,276,600

Particulars of related party relationship or concert party arrangement among the shareholders above

Beijing State-owned Assets Management (Hong Kong) Company Limited is a wholly-owned subsidiary of BSAM

* For identification purposes only



VII. Changes in Ordinary Shares and Particulars of Shareholders (Continued)

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

✓ Applicable □ Not applicable

Unit: share

No.	Name of shareholders subject to selling restrictions	Number of shares held subject to selling restrictions	Listing and trading of restricted shares		Conditions of selling restrictions
			Date permitted to be listed and traded in the market	Number of shares permitted to be listed and traded in the market	
1	Beijing State-Owned Assets Management Company Limited	594,085,618	11 June 2021		Undertaking in relation to restriction on selling of shares
2	Three Gorges Capital Holdings Co., Ltd.*	76,726,342	9 June 2021		Undertaking of non-public issuance
3	Guangdong Yueao Cooperation and Development Fund Management Co., Ltd.-Zhuhai Fuheng Investment Partnership (Limited Partnership) *	38,361,892	9 June 2021		Undertaking of non-public issuance
4	Guangdong Hengjian Asset Management Co., Ltd – Guangdong Henghang Industrial Investment Fund Partnership (Limited Partnership)*	12,787,723	9 June 2021		Undertaking of non-public issuance
5	First Capital Securities-Essence Securities-First Capital Fuxian Collective Asset Management Program	6,393,861	9 June 2021		Undertaking of non-public issuance
6	First Capital Securities-Essence Securities-First Capital Fuxian Selected Private Placement Collective Asset Management Program	2,557,546	9 June 2021		Undertaking of non-public issuance
7	First Capital Securities-Guo Xueli-First Capital Fuying Selected Private Placement Single Asset Management Program	1,278,772	9 June 2021		Undertaking of non-public issuance
8	China International Capital Co., Ltd	1,237,864	9 June 2021		Undertaking of non-public issuance

Particulars of related party relationship or concert party arrangement among the shareholders above

Note: 501,189,618 restricted shares of BSAM will be released on 11 June 2021, the newly added 92,896,000 restricted shares in 2020 will be released on 9 June 2022.

* For identification purposes only



VII. Changes in Ordinary Shares and Particulars of Shareholders (Continued)

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

✓ Applicable ☐ Not applicable

Name of Strategic investors or general legal persons	Agreed shareholding start date	Agreed shareholding end date
Three Gorges Capital Holdings Co., Ltd.*	9 December 2020	9 June 2021
Guangdong Yueao Cooperation and Development Fund Management Co., Ltd-Zhuhai Fuheng Investment Partnership (Limited Partnership) *	9 December 2020	9 June 2021
Guangdong Hengjian Asset Management Co., Ltd – Guangdong Henghang Industrial Investment Fund Partnership (Limited Partnership)*	9 December 2020	9 June 2021
First Capital Securities-Essence Securities-First Capital Fujie Collective Asset Management Program	9 December 2020	9 June 2021

Explanation on the participation of the strategic investors or general legal persons in the placement of new shares and agreed shareholding periods

IV. SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

Save as disclosed in the section headed “Directors’, Supervisors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures”, as at 31 December 2020, according to the Register kept under Section 336 of the SFO, the following shareholders who had 5% or more interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO:

Shareholder	Number of shares held	Capacity	Approximate percentage of share holding in the relevant class of shares ⁽¹⁾	Approximate percentage of share holding in the total share capital of the Company ⁽²⁾
Beijing State-Owned Assets Management Co., Ltd (“BSAM”)	594,085,618 A shares (long position)	Beneficial owner	60.06%	42.63%
Beijing State-owned Assets Management (Hong Kong) Company Limited (“BSAM (HK)”) ⁽³⁾	24,859,792 H shares (long position)	Beneficial owner	6.15%	1.78%
BSAM ⁽³⁾	24,859,792 H shares (long position)	Interest in controlled corporation	6.15%	1.78%
Tenbagger Capital Management CO.,LTD	39,834,000 H shares (long position)	Investment manager	9.85%	2.86%
Three Gorges Capital Holdings Co., Ltd.*	76,726,342 A shares (long position)	Beneficial owner	7.76%	5.51%

* For identification purposes only



VII. Changes in Ordinary Shares and Particulars of Shareholders (Continued)

- (1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 31 December 2020.
- (2) The calculation is based on the total number of 1,393,440,000 Shares in issue as at 31 December 2020.
- (3) BSAM (HK) is a wholly-owned subsidiary of BSAM. Pursuant to the SFO, BSAM is deemed to be interested in the H Shares held by BSAM (HK), holding 24,859,792 H Shares, representing approximately 6.15% of the total H Shares of the Company and approximately 1.78% of the total share capital of the Company.

Apart from the above, as at 31 December 2020, no other interests required to be recorded in the Register kept under Section 336 of the SFO have been notified to the Company.

The non-executive directors of the Company, Mr. ZHI Jun and Mr. CHENG Suning are employees of BSAM or entities under the BSAM group.

V. INFORMATION ON CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Information on controlling shareholder

1 Legal Representative

☒ Applicable ☐ Not applicable

Name	BSAM
Authorised Representative and Legal Representative	YUE Peng
Date of establishment	4 September 1992
Main business	Assets management; project investment; investment management.
Control and shareholdings in other domestic or overseas listed companies during the Reporting Period	Holding 63.30% of the shares of CAPINFO COMPANY LIMITED (首都信息發展股份有限公司) (1075.HK); directly and indirectly holding 44.38% of the shares of Beijing Certificate Authority Co., Ltd. (北京數字認證股份有限公司) (300579); indirectly holding 4.31% of the shares of Beijing Konruns Pharmaceutical Co., Ltd (北京康辰藥業股份有限公司) (603590).
Other explanations	Nil

2 Natural person

☐ Applicable ☒ Not applicable

3 Special explanation on the Company not having controlling shareholders

☐ Applicable ☒ Not applicable



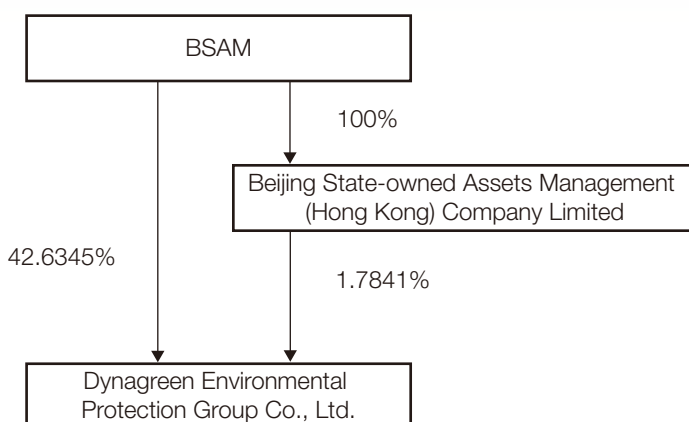
VII. Changes in Ordinary Shares and Particulars of Shareholders (Continued)

4 Index and date of changes in controlling shareholders during the Reporting Period

☐ Applicable ☒ Not applicable

5 Diagram of the ownership and controlling relationship between the Company and its beneficial controller

☒ Applicable ☐ Not applicable



(III) De Facto Controller

1 Legal Representative

☒ Applicable ☐ Not applicable

Name BSAM

Authorised Representative and Legal Representative YUE Peng

Date of establishment 4 September 1992

Main business Assets management; project investment; investment management.

Control and shareholdings in other domestic or overseas listed companies during the Reporting Period Holding 63.30% of the shares of CAPINFO COMPANY LIMITED (1075. HK); directly and indirectly holding 44.38% of the shares of Beijing Certificate Authority Co., Ltd. (300579); indirectly holding 4.31% of the shares of Beijing Konruns Pharmaceutical Co., Ltd (603590).

Other explanations Nil

2 Natural person

☐ Applicable ☒ Not applicable



VII. Changes in Ordinary Shares and Particulars of Shareholders (Continued)

3 Special explanation on the Company not having controlling shareholders

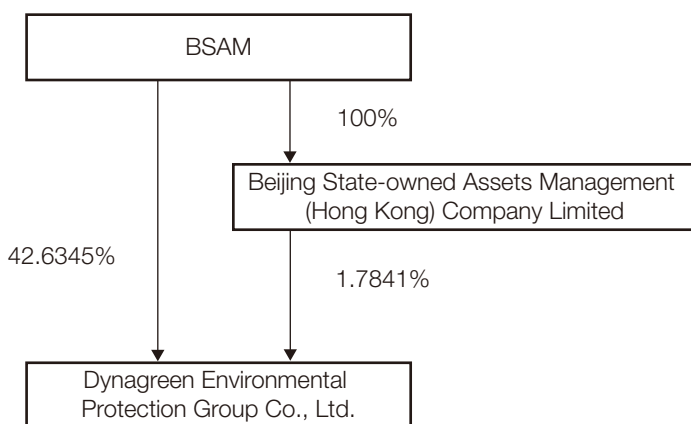
☐ Applicable ☒ Not applicable

4 Index and date of changes in controlling shareholders during the Reporting Period

☐ Applicable ☒ Not applicable

5 Diagram of the ownership and controlling relationship between the Company and its beneficial controller

☒ Applicable ☐ Not applicable



6 Control of the Company by de facto controllers by way of trust or other means of asset management

☐ Applicable ☒ Not applicable

(III) Other explanation regarding the controlling shareholder and the de facto controller

☐ Applicable ☒ Not applicable

VI. OTHER LEGAL PERSON SHAREHOLDERS HOLDING OVER 10% OF THE TOTAL SHARES OF THE COMPANY

☐ Applicable ☒ Not applicable

VII. EXPLANATION ON REDUCED SHAREHOLDING

☐ Applicable ☒ Not applicable

VIII. PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

During the Reporting Period, there was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries.



VIII. PREFERENCE SHARES

☐ Applicable ☒ Not applicable



IX. Directors, Supervisors, Senior Management and Staff

I. INFORMATION ON THE CHANGES OF SHAREHOLDINGS AND ON THE REMUNERATION

(I) Information on the Change of Shareholdings and on the Remuneration of Current Directors, Supervisors and Senior Management, and of Directors, Supervisors and Senior Management Resigned during the Reporting Period

✓ Applicable ☐ Not applicable

Unit: share

Name	Position (Note)	Gender	Age	The beginning of the term	The end of the term	Number of shares at the beginning of the year	Number of shares at the end of the year	Increase/Decrease in shareholding during the year	Reason for change	Total remuneration before tax received from the Company during the Reporting Period (RMB'000)	Whether received remuneration from the related parties of the Company
ZHI Jun	Chairman	Male	58	2012.04.11	2021.03.30	0	0	0		0	Yes
CHENG Suning	Director	Male	36	2018.10.19	2021.10.18	0	0	0		0	Yes
CAO Jinjun	Director	Male	60	2018.10.19	2021.02.05	0	0	0		0	Yes
LIU Shuguang	Director	Male	52	2012.04.11	2021.10.18	0	0	0		0	Yes
QIAO Dewei	Director/General Manager	Male	54	2012.04.11	2021.10.18	0	0	0		203.47	No
HU Shengyong	Director/Chief Financial Officer	Male	51	2014.11.07	2021.10.18	0	0	0		138.62	No
FU Jie	Independent Director	Female	42	2018.02.26	2021.10.18	0	0	0		10.86	No
OU Yuezhou	Independent Director	Male	70	2015.06.19	2021.10.18	0	0	0		8	No
XIE Lanjun	Independent Director	Male	55	2018.10.19	2021.10.18	0	0	0		8	No
LUO Zhaoquo	Chairman of the Supervisory Committee	Male	43	2013.06.19	2021.10.18	0	0	0		0	Yes
HE Hong	Supervisor	Female	45	2018.10.19	2021.10.18	0	0	0		0	Yes
WANG Meilin	Employee Representative Supervisor	Female	35	2017.06.02	2021.10.18	0	0	0		31.27	No
CHENG Yan	Deputy General Manager	Male	57	2012.04.11	2020.10.31	0	0	0		100.80	No
HUANG Jianzhong	Deputy General Manager	Male	55	2012.04.11	2021.10.18	0	0	0		142.62	No
ZHANG Yong	Deputy General Manager	Male	49	2017.01.01	2021.10.18	0	0	0		131.62	No
Zhu Shuguang	Deputy General Manager/Secretary to the Board	Male	45	2017.01.01	2021.10.18	0	0	0		136.62	No
Hao Jingli	Deputy General Manager	Male	53	2019.10.10	2021.10.18	0	0	0		135.62	No
Xi Qiang	Deputy General Manager	Male	42	2019.10.10	2021.10.18	0	0	0		129.33	No
Zhang Wei	Chief engineer	Male	53	2019.10.10	2021.10.18	0	0	0		124.96	No
Total										1,301.77	

Note: As of 31 December 2020



IX. Directors, Supervisors, Senior Management and Staff (Continued)

Name	Major Working Experience
ZHI Jun	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
CHENG Suning	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
CAO Jinjun	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
LIU Shuguang	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
QIAO Dewei	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
HU Shengyong	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
FU Jie	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
OU Yuezhou	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
XIE Lanjun	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
LUO Zhaoguo	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
HE Hong	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
WANG Meilin	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
HUANG Jianzhong	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
ZHANG Yong	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
ZHU Shuguang	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
Hao Jingli	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
Xi Qiang	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”
Zhang Wei	For details, please refer to “II. (I) Resume of existing Directors, supervisors and senior management”

Other explanations

☐ Applicable ☒ Not applicable

(II) Equity Incentive Granted to Directors and Senior Management during the Reporting Period

☐ Applicable ☒ Not applicable

During the Reporting Period, none of the Directors, supervisors and chief executive of the Company was granted options to subscribe for H shares of the Company. As at 31 December 2020, none of the Directors, Supervisors and chief executive of the Company had any rights to acquire H shares of the Company.

No share option scheme was adopted by the Company since the establishment.



IX. Directors, Supervisors, Senior Management and Staff (Continued)

II. INFORMATION ON THE POSITIONS OF CURRENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT, AND OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT RESIGNED DURING THE REPORTING PERIOD

(I) Resume of Current Directors, Supervisors and Senior Management

1. Directors

Mr. ZHI Jun (直軍), aged 58, is the Chairman of the Board and became a non-executive Director of the Company on 11 April 2012, and resigned on 30 March 2021. Mr. ZHI served as a financial officer of Beijing Public Transport Company (北京市公共交通總公司) from August 1985 to December 1987, and served as the deputy financial director of that company from December 1987 to May 1992. He served as the Finance Department Chief (deputy level) of Beijing Tramways (北京市電車公司) from May 1992 to April 1993, and served as the deputy financial director of Beijing Public Transport Company (北京市公共交通總公司) from April 1993 to August 1994, then served as the financial director from August to October 1994, and served as the chief accountant of that company from October 1994 to September 2004. Between September 2004 and November 2006, Mr. ZHI served as the director and chief accountant of Beijing Public Transport Holdings, Ltd. (北京市公共交通控股(集團)有限公司), and he served as the director, deputy general manager and chief accountant of that company from November 2006 to March 2010. Since February 2011, Mr. ZHI has served as the president of BSAM. He resigned from the position as a chairman of Beijing Science Park Development (Group) Co., Ltd. (北京科技園建設(集團)股份有限公司) in May 2016. Mr. ZHI graduated from Beijing Economics College (北京經濟學院) majoring in Finance and Accounting in August 1985. Mr. ZHI qualified as a senior accountant, the certificate of which was issued by the Beijing Evaluation Committee of Senior Professional Technology Position (北京市高級專業技術職務評審委員會), in November 1996. Mr. ZHI is the Chairman of the Strategy Committee of the Company.

Mr. LIU Shuguang (劉曙光), aged 52, became a non-executive Director of the Company on 11 April 2012. Mr. LIU served as a director and the vice-president of Beijing Taikeping Electrical Appliances Limited Company (北京泰克平電子儀器有限公司) between July 1991 and June 1992. Mr. LIU served as a director and the vice-president of Beijing Huatai Industrial Company (北京華泰實業總公司) from June 1992 to April 1994. Mr. LIU also served as the legal representative and president of Beijing Jupeng Investment Company (北京巨鵬投資公司) from April 1994 to May 2016. Since May 2016, Mr. LIU has served as a director of Beijing Jupeng Investment Company. Between October 2003 and December 2011, Mr. LIU also served as the deputy chairman of the Board of Capital Securities Co., Ltd. (首創證券有限責任公司). From May 2011 to April 2012, Mr. LIU served as a Director of Dynagreen Environmental Engineering Co., Ltd. Mr. LIU obtained his Executive Master of Business Administration degree from China Europe International Business School (中歐國際工商學院) in September 2007. Mr. LIU is a member of the Strategy Committee of the Company.

Mr. CHENG Suning (成蘇寧), aged 36, became a non-executive director of the Company on 19 October 2019. Mr. CHENG served as the sales consultant of the sales department of Shenyang Huabao Auto Sales & Service Co., Ltd. (沈陽華寶汽車銷售服務有限公司) from September 2007 to May 2010, and served as officer of sales department of Jianghe Paper Product US Co., Ltd (江河紙業美國公司) from September 2011 to August 2012. Since April 2013, Mr. CHENG has served various positions of the Urban Function and Social Investment Department of BSAM, including project director, project manager, senior project manager, deputy general manager and general manager. He became a director of Capital Healthcare Industry Group Co., Ltd. (首都醫療健康產業集團有限公司) in April 2020 and a director of Beijing CHI-CARE Investment Co., Ltd. (北京誠和敬投資有限責任公司) in October 2020. Mr. CHENG graduated from the University of Illinois at Chicago with a master's degree. Mr. CHENG is a member of the Audit Committee and the Nomination Committee of the Company.



IX. Directors, Supervisors, Senior Management and Staff (Continued)

Mr. CAO Jinjun (曹進軍), aged 60, became a non-executive director of the Company on 19 October 2018 and resigned with effect from 5 February 2021. Mr. CAO served as the technician of Civil Design Institute of Inner Mongolia First Machinery Group Co., Ltd. (內蒙古第一機械製造廠) from August 1980 to August 1982. He was a technician of Shijiazhuang Phosphorus Plant (石家莊市黃磷廠) from August 1982 to August 1985. From August 1985 to December 2001, Mr. CAO held various positions in Shijiazhuang Dongfang Group (石家莊東方集團公司), including technician, office head of the First Thermal Power Plant (熱電一廠), deputy director of the Joint Stock System Reform Office of the Group (集團公司股份制改革辦公室), deputy director of Security Department of Shenzhen Dongfang Thermoelectric Co., Ltd. (東方熱電股份公司) and securities affairs representative. Mr. CAO served as the deputy general manager of Shenzhen Dongfang Thermal Power Investment Co., Ltd. (深圳東方熱電投資有限公司) from December 2002 to October 2008. He worked in Shenzhen Cy-tech Biotech Co., Ltd. (深圳賽泰克生物科技股份有限公司) from October 2008 to June 2017. Since June 2017, Mr. CAO has been the senior manager of Beijing Huitai Hengrui Investment Co., Ltd.. Mr. CAO graduated from college. Mr. CAO was a member of the Remuneration and Appraisal Committee of the Company.

Mr. QIAO Dewei (喬德衛), aged 54, became an executive Director on 11 April 2012 and is the Chairman of the Board and resigned as the General Manager on 30 March 2021. Mr. QIAO worked as a clerk at the Central Enterprises Management Department of the Bureau of Finance in Hubei Province (湖北省財政廳中央企業管理處) from July 1988 to July 1994, and worked as a clerk at the deputy director level from August 1994 to December 1995. He worked as the deputy manager of the Finance Department at Wuhan International Trust and Investment Company (武漢國際信託投資公司) from January 1996 to December 1997, and worked as a manager of the Finance Department at that company from January 1998 to February 2001. Mr. QIAO worked as the president assistant of Wuhan Zhengxin State-owned Assets Management Company (武漢正信國有資產經營有限公司) from March 2001 to September 2005. Between September 2005 and August 2008, Mr. QIAO served as the chief financial officer of the Company. Between September 2008 and April 2009, Mr. QIAO worked as the acting general manager of the Company, and has worked as the General Manager of the Company between April 2009 and March 2021. Mr. QIAO was a Director of the Company from September 2005 to May 2011, and has also been a Director of the Company since April 2012. Mr. QIAO graduated from Zhongnan University of Economics and Law (中南財經大學) with a Bachelor's degree in Economics in July 1988 and obtained his Master's degree in Law from Hubei University (湖北大學) in June 1999. Between May 2005 and August 2006, Mr. QIAO furthered his studies in a learning project under the postgraduate course in Financial Management at Tsinghua University, and obtained his Executive Master of Business Administration degree from Peking University in July 2013. Mr. QIAO qualified as an accountant, the certificate of which was issued by Profession Administration Department of Ministry of Finance (財政部專業主管部門), in November 1993. Mr. QIAO is a member of the Strategy Committee. Mr. QIAO also has indirect shareholding interest in the Company through Gongqingcheng Jingxiu Investment Partnership (Limited Partnership).



IX. Directors, Supervisors, Senior Management and Staff (Continued)

Mr. HU Shengyong (胡聲泳), aged 51, became an executive Director and the Chief Financial Officer of the Company on 7 November 2014, and resigned as the Chief Financial Officer of the Company on 30 March 2021. Mr. HU worked at the finance department of Wuhan Zhengxin State-owned Assets Management Company (武漢正信國有資產經營有限公司) ("Zhengxin Company") from August 1996 to November 2000. Under the delegation of Zhengxin Company, he served as the chief accountant at Wuhan Unity Laser Co., Ltd. (武漢團結鐳射股份有限公司) from November 2000 to May 2001 and served as director of the general office of the chief financial officer and a manager of Department of Auditors of Zhengxin Company from May 2001 to March 2004. Mr. HU served as the president assistant as well as the general manager of the Audit Department of Wuhan Securities (武漢證券公司) from April 2004 to September 2005, and served as the general manager of the Central China Region of Sunrise Environmental Protection Group (晨興環保集團公司華中區) from September 2005 to August 2008. Between August 2008 and January 2010, Mr. HU served as the president assistant of Shenzhen Dynagreen Environmental Engineering Co., Ltd (深圳綠色動力環境工程有限公司) (the predecessor of the Company). From January 2010 to April 2012, Mr. HU served as the Chief Financial Officer of Shenzhen Dynagreen Environmental Engineering Co., Ltd (深圳綠色動力環境工程有限公司) (the predecessor of the Company). Since April 2012, Mr. HU has served as the Chief Financial Officer of the Company. Mr. HU concurrently served as the Secretary of the Board from April 2012 to December 2013. Mr. HU graduated from China University of Geosciences (中國地質大學) with an Engineering Bachelor's degree majoring in Economic Management Engineering in June 1991. Mr. HU qualified as a senior accountant, the certificate of which was issued by Senior Evaluation Committee of Accounting Profession of Hubei Province (湖北省會計專業高級評委會) in March 2003. Mr. HU concurrently serves as the chairman of the board of directors of Wuhan Dynagreen Renewable Energy Co., Ltd. (武漢綠色動力再生能源有限公司) and Haining Dynagreen Renewable Energy Co., Ltd. (海寧綠色動力再生能源有限公司), which are the subsidiaries of the Company. Mr. HU is a member of the Strategy Committee of the Company.

Mr. OU Yuezhou (區岳州), aged 70, was appointed as an independent non-executive Director of the Company on 19 June 2015. Mr. OU is the honorary chairman of Guangdong Province Environmental Protection Enterprise Association (廣東省環境保護產業協會). Mr. OU served as deputy director in Guangdong Environmental Protection Engineering Laboratory (廣東省環境保護工程研究室) under Guangdong Environmental Protection Bureau from January 1982 to January 1983, the deputy chief of business department of Guangdong Environmental Engineering & Equipment General Corporation (廣東省環境工程裝備總公司) under Guangdong Environmental Protection Bureau from January 1983 to November 1985, the deputy director of Guangdong Province Environmental Protection Engineering Research & Design Office (廣東省環境保護工程研究設計室) under Guangdong Environmental Protection Bureau from November 1985 to May 1987, the director of Guangdong Environmental Protection Engineering Laboratory under Guangdong Environmental Protection Bureau from April 1988 to January 1992, the deputy general engineer, general engineer, deputy general manager and general manager of Guangdong Environmental Engineering & Equipment General Corporation under Guangdong Environmental Protection Bureau from January 1992 to January 2000. From January 2000 to December 2004, he worked as the president of Guangdong Province Environmental Protection Engineering Research & Design Institute (廣東省環境保護工程研究設計院), the general manager of Guangdong Environmental Engineering & Equipment General Corporation, the deputy general manager of Guangdong Ipek Environmental Protection Industry Co., Ltd. (Group) (廣東省伊佩克環保產業有限公司(集團)). From January 2005 to September 2011, Mr. OU was the deputy general manager and general engineer of Guangye Environmental Protection Industry Group Co., Ltd (廣業環保產業集團) in Guangdong province. From September 2011 to December 2019, he served as the chairman of Guangdong Province Environmental Protection Enterprise Association (廣東省環境保護產業協會). He was elected as the honorary chairman of Guangdong Province Environmental Protection Enterprise Association in August 2020 and appointed as an independent director of Guangzhou Pengkai Environment Technology Co., Ltd (廣州鵬凱環境科技股份有限公司) in September 2020. Mr. OU graduated from South China University of Technology majoring in Chemical Engineering with a Bachelor's degree in Engineering in July 1982. Then, he studied in civil and environmental engineering department of Tsinghua University majoring in environmental engineering from June 1982 to December 1982, environmental engineering in Japanese Hyogo Hazards Research Institute (日本國兵庫公害研究所) from May 1987 to April 1988 and environmental engineering in Ministry of Environmental Protection and DHV company in Holland under the government of Ude Frieze province, Netherlands (荷蘭國烏德列茲省政府) from January 1996 to June 1996. Mr. OU is the chairman of the Remuneration and Appraisal Committee and a member of the Nomination Committee and Strategy Committee of the Company.



IX. Directors, Supervisors, Senior Management and Staff (Continued)

Ms. FU Jie (傅捷), aged 42, was appointed as an independent non-executive Director of the Company on 26 February 2019. Ms. FU is a member of the China Institute of Certified Public Accountants, the Association of Chartered Certified Accountants (ACCA) and the Hong Kong Institute of Certified Public Accountants. Ms. FU graduated with a bachelor's degree in economics with a Finance Major from Central University of Finance and Economics in 2000. Ms. FU worked for Ernst & Young Hua Ming LLP from August 2004 to March 2016, and served as the senior manager of audit department from October 2012 to March 2016. She participated in the audit work for a number of Hong Kong listed companies and A-share listed companies in China. She served as the chief financial officer of China U-Ton Holdings Limited (Stock Code: 6168) from April 2016 to July 2019. She has served as the chief financial officer of China Kangda Food Company Limited (Stock Code: 0834) since September 2019 and is mainly responsible for the Company's financial management, investment and financing and investor relations. Ms. FU was an independent non-executive director of Dahe Media Co., Ltd, a company listed on Hong Kong Stock Exchange (Stock Code: 8243) from June 2019 to August 2019. Ms. FU is the chairman of the Audit Committee and a member of the Remuneration and Appraisal Committee of the Company.

Mr. XIE Lanjun (謝蘭軍), aged 55, was appointed as an independent non-executive Director of the Company on 19 October 2019. From February 1989 to May 2000, Mr. XIE served as a lawyer and deputy director of the law firm of the Heyuan Municipal Justice Bureau of Guangdong Province. Mr. XIE served as a practicing lawyer of Guangdong V&T Law Firm (廣東萬商律師事務所) from May 2000 to August 2002, and a partner and practicing lawyer of Guangdong Xindongfang Law Firm (廣東新東方律師事務所) from August 2002 to March 2005. Mr. XIE served as a partner and practicing lawyer of Guangdong Allied Law Firm (廣東雅爾德律師事務所) from March 2005 to January 2009. Mr. XIE has been a senior partner and practicing lawyer of Beijing Zhongyin (Shenzhen) Law Firm (北京市中銀(深圳)律師事務所) since January 2009 and has served as an external director of Shenzhen Airport Group since June 2017. Since December 2019, he served as an independent director of China Resources Shengguotou Trust Co., Ltd. (華潤深國投信託有限公司). In May 2020, he was appointed as an independent director of Shenzhen Jinjia Group Co., Ltd. (深圳勁嘉集團股份有限公司), Shenzhen Institute of Building Research Co., Ltd. (深圳市建築科學研究院股份有限公司) and RAYITEK Hi-Tech Film Company, Ltd., Shenzhen (深圳瑞華泰薄膜科技股份有限公司). Mr. XIE graduated from Lanzhou University (蘭州大學) with a bachelor's degree. Mr. XIE is the chairman of the Nomination Committee and a member of the Audit Committee of the Company.



IX. Directors, Supervisors, Senior Management and Staff (Continued)

2. Supervisors

Mr. LUO Zhaoguo (羅照國), aged 43, is the chairman of the supervisory committee of the Company (the “Supervisory Committee”) and became a Supervisor of the Company on 19 June 2013. Mr. LUO worked as an accountant of the Finance Department and director assistant of Beijing Metallurgical Equipment Research and Design Institute (北京冶金設備研究設計總院) of China Metallurgical Group Corporation (中冶集團) from August 2000 to August 2007 and from August 2007 to October 2008 respectively. From November 2008 to July 2013, Mr. LUO has served as the fund manager of the Department of Finance Planning of BSAM. Since July 2003, Mr. LUO has served as the deputy general manager and the general manager of the Department of Finance Planning of BSAM. Mr. LUO graduated from the Management School of the University of Science and Technology Beijing (北京科技大學) with a Bachelor’s degree majoring in Accounting in July 2000. Mr. LUO obtained his Master’s degree in Management from Capital University of Economics and Business (首都經濟貿易大學) in July 2009.

Ms. WANG Meilin (王梅林), aged 35, became an employee representative supervisor of the Company on 2 June 2017. She was a legal assistant at Guangdong Guanghe Law Firm (廣東廣和律師事務所) from July 2007 to January 2010. She served as a legal counsel at Zhong An Credit Venture Capital Limited (中安信業創業投資有限公司) in Shenzhen from February 2010 to October 2012. Since November 2012, she has successively worked as the legal counsel and legal manager of the Company. Ms. WANG graduated from Zhaoqing University (肇慶學院) in Guangdong with a Bachelor’s Degree in Law in July 2007. Ms. WANG obtained the Qualification Certificate for Legal Professions (司法職業資格證書) awarded by the Ministry of Justice of the People’s Republic of China in March 2013.

Ms. HE Hong (何紅女士), aged 45, became a supervisor of the Company on 19 October 2019. From 1998 to 2000, Ms. HE served as the assistant to the financial manager of Shanghai Shengkang Liaoshi Real Estate Development Co., Ltd. (上海勝康廖氏房地產開發有限公司). Ms. HE served as the financial manager of Diebold Financial Equipment (Shanghai) Co., Ltd. (迪堡金融設備(上海)有限公司) from 2001 to 2002. Ms. HE was the chief financial officer of Shanghai Weiyin Information Technology Co., Ltd. (上海維音信息技術股份有限公司) from 2003 to 2011. Ms. HE was the co-founder of Shanghai Zhonghuijin Investment Co., Ltd. (上海中匯金投資集團股份有限公司) since 2011. Ms. HE graduated from Shanghai University of Finance and Economics (上海財經大學) with a master’s degree.

3. Senior management

Mr. QIAO Dewei (喬德衛), is the general manager of the Company. Please refer to the sub-section headed “Directors” for biographical details of Mr. QIAO.

Mr. HU Shengyong (胡聲泳), is the Chief Financial Officer of the Company. Please refer to the subsection headed “Directors” for biographical details of Mr. HU.



IX. Directors, Supervisors, Senior Management and Staff (Continued)

Mr. HUANG Jianzhong (黃建中), aged 55, is a Deputy General Manager of the Company. Between June 1989 and October 1990, Mr. HUANG served as a director of the General Office of Shenzhen China Travel Service Home Appliances Unit (深圳市中旅家電總匯辦公室). Mr. HUANG worked at the Shenzhen China Travel Service (深圳市中國旅行社) from October 1990 to December 1991. Between December 1991 and August 1993, Mr. HUANG served as a director of the General Office of Shenzhen China Travel Services Automobile Transportation Company (深圳市中旅汽車運輸公司) and served as the assistant to general manager of Transportation Department at Shenzhen China Travel Services Eastern International Travelling Development Company (深圳市中旅東部國際旅遊開發有限公司) from August 1993 to May 1994. Mr. HUANG served as the Head of Credit-lending Section at Shenzhen Commercial Bank, Longgang Subbranch (深圳市商業銀行龍崗支行) from May 1994 to April 1998 and served as the director of Marketing Department of Shenzhen Commercial Bank, Zhenhua Sub-branch (深圳市商業銀行振華支行) from April to August 1998. Mr. HUANG served as a deputy general manager and chief financial officer of Shenzhen Dow's Waste-to-Energy Tech Development Co., Ltd (深圳市道斯垃圾處理技術開發有限公司) from August 1998 to March 2001, and concurrently served as the deputy general manager and chief financial officer of Shenzhen Dow's Environmental Science and Technology Co., Ltd (深圳道斯環保科技有限公司) from August 1998 to March 2001. Between March 2001 and December 2009, Mr. HUANG was the director, deputy general manager and chief financial officer of Dynagreen International Holding (綠色動力國際控股), and concurrently served as the chairman of the board of Shenzhen Dynagreen Environmental Engineering Co., Ltd. (深圳綠色動力環境工程有限公司) (the predecessor of the Company) from January 2002 to September 2005 and served as a director of Blue-ocean Environment from September 2005 to December 2009, and the chairman of the board of Foshan Shunde Shuneng Garbage Power Company Limited (佛山市順德區順能垃圾發電有限公司) from November 2007 to August 2010. Mr. HUANG was the chief operational officer of Shenzhen Dynagreen Environmental Engineering Co., Ltd. (深圳綠色動力環境工程有限公司) (the predecessor of the Company) from January 2010 to April 2012, and concurrently served as the general manager of Changzhou Dynagreen Environmental and Thermoelectric Co., Ltd. (常州綠色動力環保熱電有限公司) from April to August 2010. Mr. HUANG has been a Deputy General Manager of the Company since April 2012. Mr. HUANG graduated from the College of Economics of Jinan University (暨南大學經濟學院) with a Bachelor's degree in Economics in Planning and Statistics in June 1989, and obtained his Master's degree in Economics from Zhongnan University of Economics & Law (中南財經政法大學) in December 2002. Mr. HUANG qualified as a Senior Operating Manager, the certificate of which was issued by Labor Bureau of Hubei Province (湖北省勞動廳), in July 2000.



IX. Directors, Supervisors, Senior Management and Staff (Continued)

Mr. ZHANG Yong (張勇), aged 49, is the deputy general manager and manager of the president's office of the Company. Mr. ZHANG was a technical management staff of Sichuan Qingyan Machinery Plant (State-owned 5027 Plant) (四川慶岩機械廠(國營5027廠)) from July 1993 to July 1994; a resident representative at factory of New Power Tech (Shenzhen) Co., Ltd (力新科技(深圳)有限公司) from July 1994 to October 1996; vice manager, manager and assistant to general manager of the department of quality control of Weiyong Technology (Shenzhen) Co., Ltd (維用科技(深圳)有限公司) from October 1996 to May 2004; the operation support director (chief operating officer) of E-Bi International Supply Chain Management Co., Ltd (億柏國際供應鏈管理有限公司) from May 2004 to September 2006. Mr. ZHANG served as the deputy officer and officer of the president's office in the Company from September 2006 to March 2014; the chairman of labor union of the Company from February 2014 to June 2019; and served as the chief operating officer and manager of the president's office from March 2014 to December 2016. Since January 2017, he has been a deputy general manager and officer of the president's office of the Company. Mr. ZHANG graduated from Sichuan Normal College (四川師範學院) (now known as China West Normal University (西華師範大學)) with a Bachelor of Science in July 1993, and studied Business Administration in the Antai College of Economics and Management of Shanghai Jiao Tong University (上海交通大學安泰經濟管理學院) from September 2002 to January 2005 and obtained his Master of Business Administration.

Mr. ZHU Shuguang (朱曙光), aged 45, is currently the Secretary of the Board and a Deputy General Manager of the Company. Mr. ZHU worked at China Securities (華夏證券) before March 2002. He worked in securities investment while working at Shenzhen Han's Laser Technology Co., Ltd. (深圳市大族激光科技股份有限公司) from August 2002 to March 2004. Between April 2004 and August 2008, Mr. ZHU was the deputy general director of Department of Securities of Shenzhen Baoneng Group (深圳市寶能投資集團有限公司). Mr. ZHU was a manager of Department of Securities of AVIC Sanxin Co., Ltd. (中航三鑫股份有限公司) as well as deputy general manager and secretary of the board of Shenzhen JMT Glass Co., Ltd. (深圳三鑫精美特有限公司), a subsidiary of AVIC Sanxin Co., Ltd., from August 2008 to August 2010. Mr. ZHU has been the Officer of Treasury Department of the Company from September 2010 to February 2017, and the Secretary of the Board from 3 December 2013 to present. Mr. ZHU has also concurrently served as the General Manager of the Legal Affairs Department of the Company from May 2015 to present. Since January 2017, he has been a deputy general manager of the Company. Mr. ZHU graduated from Central University of Finance and Economics (中央財經大學) with a Bachelor's degree in Economics in July 1999.

Mr. HAO Jingli (郝敬立), aged 53, is a deputy general manager of the Company. Mr. HAO successively served as a technician, an engineer specialized in thermal control, a project production manager and a deputy project manager of Heilongjiang First Thermal Power Company (黑龍江省火電一公司) from July 1990 to March 2007; he successively served as a deputy general manager of Changzhou Project Company, a deputy general manager of engineering management department (presiding over work), and the general manager of Wuhan Project Company of Dynagreen Environmental Protection Group Co., Ltd. from March 2007 to March 2014; Mr. HAO served as the assistant to general manager of Dynagreen Environmental Protection Group Co., Ltd. and concurrently served as the general manager of Wuhan Project Company, the general manager of Tongzhou Project Company and the general manager of Miyun Project Company from March 2014 to January 2019; he served as the assistant to general manager of Dynagreen Environmental Protection Group Co., Ltd. from January 2019 to October 2019. Since October 2019, he has been a deputy general manager of the Company. Mr. HAO holds an undergraduate degree and is a senior engineer.



IX. Directors, Supervisors, Senior Management and Staff (Continued)

Mr. XI Qiang (奚強), aged 42, is a deputy general manager of the Company. Mr. XI successively served as the shift supervisor of the power general department of Taicang Xinhaikang GCL Thermal Power Co., Ltd. of GCL Group (協鑫集團太倉新海康協鑫熱電有限公司), the manager of operation department of Jiaying GCL Thermal Power Co., Ltd. (嘉興協鑫熱電有限公司), the head of Taicang GCL Waste-to-energy Co., Ltd. (太倉協鑫垃圾焚燒發電有限公司) and a deputy general manager of Dongguan Zhongke Environmental Power Co., Ltd. (東莞中科環保電力有限公司) from September 1997 to July 2009; he served as the director of operations and technology management at the head office in China of C&G Environmental Protection (China) Co. Ltd. (創冠環保(中國)有限公司) from July 2009 to October 2011 and successively served as the general manager of Jiamusi Project Company and director of engineering and technology department of Guangyuan Promising Environmental Protection Company Limited from October 2011 to March 2014; he served as the general manager of waste-to-energy business department of Yonker Environmental Protection Co., Ltd. (永清環保股份有限公司) from March 2014 to April 2015. Mr. XI served as the general manager of Wuhan Project Company of Dynagreen Environmental Protection Group Co., Ltd. from April 2015 to January 2019, during which he concurrently served as the general manager of Hong'an Project Company from October 2016 to August 2018; he served as the general manager of operation management center and the general manager of Wuhan Project Company of Dynagreen Environmental Protection Group Co., Ltd. from January 2019 to August 2019. Mr. XI has served the general manager of the operation management center of Dynagreen Environmental Protection Group Co., Ltd. since August 2019. Since October 2019, he has been a deputy general manager of the Company. Mr. XI holds an undergraduate degree and is a senior engineer.

Mr. ZHANG Wei (張衛), aged 53, is the chief engineer of the Company. Mr. Zhang successively served as the assistant engineer, engineer and engineer in charge of the production technology division of Guangdong Zhongshan Power Development Company (廣東中山市電力開發公司) from July 1989 to February 2004; he served as the deputy head of the production technology management department of Guangdong Zhongshan Zhongfa Power Co., Ltd. (廣東中山中發電力有限公司) from February 2004 to May 2007 and successively served as the manager of the technology department of the technology research and development center, the general manager of Zengcheng Project Company and the chief engineer of Nansha Project Company of GZ Environmental Protection Investment Group Co., Ltd. (廣州環保投資集團有限公司) from May 2007 to May 2014; Mr. ZHANG served as a deputy general manager and the chief engineer of waste-to-energy business department of Yonker Environmental Protection Co., Ltd. (永清環保股份有限公司) from May 2014 to September 2016; since September 2016, he has served as the general manager of the technology research and development department of Dynagreen Environmental Protection Group Co., Ltd. Since October 2019, he has been the chief engineer of the Company. Mr. Zhang holds a bachelor's degree and is a senior engineer.

4. Company secretary

Ms. YUEN Wing Yan, Winnie (袁穎欣) ("Ms. YUEN") is currently a director of the corporate services division of Tricor Services Limited, which is a global professional provider of integrated business, corporate and investor services. Ms. YUEN has over 25 year of experience in corporate services and has provided professional corporate services for listed companies in Hong Kong and multi-national companies, private companies and offshore companies. Ms. YUEN graduated from Lingnan College (currently known as Lingnan University). Ms. YUEN is a Chartered Secretary and a fellow of both of The Hong Kong Institute of Chartered Secretaries ("HKICS") and The Chartered Governance Institute (formerly named as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.



IX. Directors, Supervisors, Senior Management and Staff (Continued)

(II) Positions in Shareholder Entities

✓ Applicable ☐ Not applicable

Name	Name of shareholder entities	Position held in shareholder entities	Starting date of term of office	Expiry date of term of office
ZHI Jun	BSAM	President		
CHENG Suning	BSAM	General manager of the urban function and social investment department		
LUO Zhaoguo	BSAM	General manager of the Department of Finance Planning		
LIU Shuguang	Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership)	General manager of Anhui Botao Venture Capital Fund Management Co., Ltd. (安徽博韜創投基金管理有限公司) (Executive Partner)		
CAO Jinjun	Beijing Huitai Hengrui Investment Co., Ltd.	Senior manager		
HE Hong	Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership)	Supervisor of Shanghai Zhonghui Jinjiu Investment Co., Ltd. (上海中匯金玖投資有限公司) (Executive Partner)		
Explanation on positions held in shareholder entities	Nil			

(III) Positions in Other Entities

✓ Applicable ☐ Not applicable

Name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
FU Jie	China Kangda Food Limited (中國康大食品有限公司)	Chief financial officer		
XIE Lanjun	Beijing Zhongyin (Shenzhen) Law Firm (北京市中銀(深圳)律師事務所)	Senior partner		
Explanation on positions held in other entities	Nil			



IX. Directors, Supervisors, Senior Management and Staff (Continued)

III. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

☒ Applicable ☐ Not applicable

Procedures for determining the remuneration of Directors, supervisors and senior management

Non-independent Directors and supervisors do not receive Directors' and supervisors' allowances. Independent Directors' allowances shall be discussed by the Board of the Company and approved by the general meeting. The emoluments of the senior management are recommended by the Remuneration and Appraisal Committee of the Board of the Company and approved by the Board.

Determination criteria for the remuneration of Directors, supervisors and senior management

Such remuneration is determined according to the remuneration level in the industry, combined with the remuneration system and annual operation performance of the Company.

Payment of the remuneration payable to Directors, supervisors and senior management

RMB13.0177 million

Total remuneration actually received by all Directors, supervisors and senior management at the end of the Reporting Period

RMB13.0177 million

Details of the emoluments for Directors, supervisors and highest paid employees of the Company are set out in Note X.5(2).

IV. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

☒ Applicable ☐ Not applicable

Name	Position	Change situation	Reasons for changes
CHENG Yan	Deputy general manager	Resignation	Personal reasons

Note: Ms. He Hong, a supervisor, has resigned for personal reasons. The resignation will take effect after her successor is elected at the next shareholders' general meeting. Mr. Cao Jinjun, a non-executive director, resigned due to adjustment of work arrangement with effect from 5 February 2021. Mr. Zhi Jun, a non-executive director, resigned due to adjustment of work arrangement with effect from 30 March 2021.

V. THE RECORDS OF BEING PUBLISHED BY SECURITIES REGULATORS IN RECENT THREE YEARS

☐ Applicable ☒ Not applicable



IX. Directors, Supervisors, Senior Management and Staff (Continued)

VI. EMPLOYEES OF PARENT COMPANY AND MAJOR SUBSIDIARIES

(I) Employees

Number of in-service employees of the parent company	180
Number of in-service employees of the major subsidiaries	2,456
Total number of in-service employees	2,636
The number of retired employees whose expenses are borne by the parent company and the major subsidiaries	0

Composition of professions

Type of profession	Number of staff in the profession
Production staff	1,558
Technical staff	527
Finance staff	109
Administrative staff	305
Others	137
Total	2,636

Education level

Type of education level	Number of persons
Master	23
Bachelor	560
College graduate	1,211
Below college graduate	842
Total	2,636



IX. Directors, Supervisors, Senior Management and Staff (Continued)

(II) Remuneration Policy

☒ Applicable ☐ Not applicable

The Company provides remuneration with “competitiveness in the industry” to employees. The Company has established a compensation management system based on “management by objectives and performance appraisal”. The remuneration of employees is linked to their completion of tasks assigned by the Company and performances. The remuneration management of the Company follows the “model differentiation principle”. According to work needs, the Company implements four different compensation modes of “effective annual salary system, basic annual salary system, project salary system and basic monthly salary system” for different positions.

The Company will maintain the stability of the remuneration system, and will continue to improve on the basis of the implementation of current remuneration system in accordance with the actual situation of the Company. The Company will make timely adjustments to the salary level of employees according to the operation situation, price index and industry salary level, so that the income level of employees will continue to be competitive.

(III) Training Program

☒ Applicable ☐ Not applicable

By facilitating various kinds of training, including self-study, after-work training and on-the-job and off-the-job training, the Group educates its employees about its history, corporate culture, business philosophy, rules and systems, operations management, relevant PRC laws and regulations as well as the Group’s core technologies and waste-to-energy procedures. In particular, the Group recruits recent graduates with high level of education from technical schools, secondary technical schools, colleges and universities and trains them through trainee mentoring programs so as to expand a pool of reserve talent. The Group also trains cadre candidates to enhance their management skills and comprehensive capabilities.

(IV) Labour Outsourcing

☐ Applicable ☒ Not applicable

(V) Post-employment Benefits – Defined Contribution Plans

Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government authorities. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government.



IX. Directors, Supervisors, Senior Management and Staff (Continued)

VII. OTHERS

✓ Applicable ☐ Not applicable

(I) Directors' Supervisors' and Chief Executives' Interest and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2020, the interests and short positions of the Directors, supervisors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in the Listing Rules were as follows:

Director	Number of shares held	Capacity	Approximate percentage of shareholding in the relevant class of shares ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽²⁾
Mr. Qiao Dewei ⁽³⁾	13,311,078 A Shares (Long position)	Interest in controlled corporation	1.35%	0.96%

Notes:

(1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 31 December 2020.

(2) The calculation is based on the total number of 1,393,440,000 Shares in issue as at 31 December 2020.

(3) Gongqingcheng Jingxiu Investment Partnership (Limited Partnership) ("Jingxiu Investment", originally known as Shenzhen Jingxiu Investment Partnership (Limited Partnership)) held 13,311,078 A Shares, representing approximately 1.35% of the total A Shares and approximately 0.96% of the total share capital of the Company respectively. As Mr. Qiao Dewei is a general partner of Jingxiu Investment according to the partnership agreement of Jingxiu Investment, pursuant to the SFO, Mr. Qiao Dewei is deemed to be interested in the A Shares held by Jingxiu Investment.

Apart from the above, none of the Directors, supervisors and chief executives of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2020 as recorded in the Register required to be kept under Section 352 of the SFO or which were required to be notified to the Company or the Hong Kong Stock Exchange pursuant to the Model Code.

Apart from the above, at no time during the period from 1 January 2020 to 31 December 2020 was the Company or its associated corporations (within the meaning of Part XV of the SFO) a party to any arrangement to enable the Directors, supervisors or chief executives of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



IX. Directors, Supervisors, Senior Management and Staff (Continued)

(II) Directors' and Supervisors' Service Contracts

Neither the Company nor other members of the Group has entered into or intended to enter into any service contract with the Directors proposed for re-election at the AGM, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

(III) Directors', Supervisors' or Controlling Shareholders' Interests in Transactions, Arrangements or Contracts of Significance

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or a supervisor or their respective connected entities had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

Save as disclosed, no contracts, transactions or arrangements of significance were entered into during the Reporting Period between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries.

(IV) Relations with Employees

The Group attaches importance to maintaining good relationship with employees. The Group is of the view that employees are the most important assets of the Group, and the basis for sustainable development. To establish good relationship with employees and retain talents, the Group has offered employees with competitive remuneration package, excellent working environment and welfare. The remuneration policy of the Group is determined based on the performance of employees, and will be reviewed regularly. The Group will distribute discretionary bonuses to employees for their contributions to the Group based on its profitability and the performance of the employees, and promote employees with excellent performance. The Group will also provide trainings for new and existing staff so as to enhance their skills and knowledge. For frontline production staff, the Group will also provide firefighting and safety production trainings. These measures can improve the production capacity and efficiency of the Group.

(V) Compliance with Relevant Laws and Regulations of Significant Influence

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations (particularly), those that have significant impact on the Group such as the Listing Rules of the Stock Exchange and the Chinese Financial Reporting Standards. The Board is responsible for monitoring the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

To the knowledge of the Company, it has complied in all material aspects with relevant laws and regulations which have significant impact on its business and operation.



X. Supervisory Committee's Report

To all shareholders of Dynagreen Environmental Protection Group Co., Ltd. (the “Company”),

During the year, the supervisory committee of the Company (the “**Supervisory Committee**”) duly carried out its supervisory duties in a stringent manner to effectively protect the interests of the Company and its shareholders (the “**Shareholder(s)**”) in accordance with the relevant provisions of the PRC Company Law and the requirement of the relevant laws and regulations of Hong Kong and articles of association of the Company (the “**Articles**”).

On 30 March 2021, the Supervisory Committee convened a meeting, at which the 2020 financial statements of the Group and the auditor's report were reviewed and approved. The Supervisory Committee was of the opinion that the financial statements were prepared in accordance with the relevant accounting standards and fairly reflected the financial position and results of operations of the Group.

The Supervisory Committee concluded that, during the year, all members of the Board and the senior management of the Group had, under the principles of diligence, fairness and honesty, duly performed the responsibilities stipulated in the Articles, and carefully implemented all resolutions of the general meetings and the Board, and did not identify any breach of law, regulations and the Articles.

In the coming year, the Supervisory Committee shall continue to carry out its duties in accordance with the relevant provisions of the Articles and the Listing Rules of the Stock Exchange, and commit to perform supervisory duties honestly and diligently, with the aim of protecting the interests of the Company and its shareholders.

By Order of the Supervisory Committee

Dynagreen Environmental Protection Group Co., Ltd.

Chairman of the Supervisory Committee

LUO Zhaoguo

Shenzhen, the PRC

30 March 2021



XI. Corporate Governance (Corporate Governance Report)

I. CORPORATE GOVERNANCE

☒ Applicable ☐ Not applicable

The Company complied with requirements under the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies and other laws, regulations, rules and regulatory documents and the Articles of Association, set up an established governance structure comprising of shareholders' meeting, the Board, the Supervisory Committee and senior management, and formulated rules of procedures of general meeting, the Board and the Supervisory Committee, the Working System for Independent Directors, the Working Rules of General Manager; the Working Rules of Secretary to the Board, as well as formed the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee under the Board. During the Reporting Period, the shareholders' meeting, the Board and the Supervisory Committee were all operated according to laws and members performed their roles and responsibilities diligently. During the Reporting Period, the Company amended the Articles of Association and the rules of procedures of general meeting in accordance with the Code of Corporate Governance for Listed Companies and the Guidelines for Articles of Association of Listed Companies. The Company was not aware of any insider trading of the shares of the Company by taking advantage of inside information by the persons with insider information, and no investigation was conducted by regulatory authorities against insider trading of shares by the persons with insider information.

Does corporate governance significantly deviate from relevant CSRC provisions? If so, please explain the reason.

☐ Applicable ☒ Not applicable

II. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to achieving high corporate governance standards in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company has adopted the Code Provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Listing Rules of the Stock Exchange as its own code of corporate governance. During the year ended 31 December 2020, the Company has complied with the code provisions as set out in the CG Code, save for Code Provision A.5.2(a) provides that the Nomination Committee should review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. The Nomination Committee did not hold any meeting during the Reporting Period as there was no nomination of director was required during the Reporting Period.



III. OVERVIEW OF GENERAL MEETINGS

Session of the meeting	Date of meeting	The enquiry index at designated websites where the resolutions were published	Disclosure date of the published resolutions
2019 Annual General Meeting	22 May 2020	www.hkexnews.hk/ www.sse.com.cn	22 May 2020
First Extraordinary General Meeting for the Year 2020	29 June 2020	www.hkexnews.hk/ www.sse.com.cn	29 June 2020

Explanation of general meetings

☒ Applicable ☐ Not applicable

The 2020 first A share class meeting and first H share class meeting were held on 29 June 2020.

IV. SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules of the Stock Exchange and poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting.

(I) Convening an Extraordinary General Meeting

Shareholders holding 10% or more Shares (individually or together with others) shall be entitled to request for an extraordinary general meeting or class meeting.

The aforesaid shareholders may sign one or several written requests stating the subject of the meeting to request the Board to convene an extraordinary general meeting or class meeting. Shares held by the above shareholders shall be calculated as at the date of submitting the written request.



XI. Corporate Governance (Corporate Governance Report) (Continued)

(II) Putting Forward Proposals at Extraordinary General Meeting

When a general meeting is held by the Company, the Board, Supervisory Committee or shareholders who individually or together holding more than 3% of the Shares of the Company may propose resolutions to the Company.

Shareholders who individually or together holding more than 3% of the Shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting at least 10 days before the holding of the general meeting.

The contents of the proposals to be raised shall be within the scope of duties of the general meetings. It shall have a clear topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations and the Company's Articles of Association.

(III) Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

(IV) Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following address:

Tricor Investor Services Limited

Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

(For the attention of Mr. ZHU Shuguang)

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.



V. BOARD OF DIRECTORS

(I) The Board

1. Composition of the Board

During the Reporting Period, the Board of Directors of the Company consisted of the following Directors:

Non-executive Directors

ZHI Jun (*Chairman*) (resigned on 30 March 2021)
LIU Shuguang
CHENG Suning
CAO Jinjun (resigned with effect from 5 February 2021)

Executive Directors

QIAO Dewei (*General Manager*)
HU Shengyong

Independent Non-executive Directors

OU Yuezhou
FU Jie
XIE Lanjun

During the Reporting Period, the Board consisted of nine members, including four non-executive Directors, two executive Directors and three independent non-executive Directors. Biographic information of Directors is set out in the section headed “Current and Resigned Directors, Supervisors and Senior Management during the Reporting Period” of the annual report for the year ended 31 December 2020.

None of the members of the Board is related to each other.

2. Non-executive Directors and Directors' Re-election

Code provision A.4.1 of the CG Code stipulates that non-executive Directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 of the CG Code states that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the Directors of the Company has been appointed for a term ending on the expiration of the term of the session of the Board (i.e. not more than three years), subject to re-election by shareholders.



XI. Corporate Governance (Corporate Governance Report) (Continued)

(II) The Board and management

1. Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

2. Board Committees

The Board has established four committees, namely, the Audit Committee, Remuneration and Appraisal Committee, Nomination Committee and Strategy Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.



XI. Corporate Governance (Corporate Governance Report) (Continued)

VI. DIRECTORS' PERFORMANCE OF RESPONSIBILITIES

(I) Directors' attendance of meeting of the Board, general meetings and special committees under the Board

Name of Director	Attendance of the Board meetings							Attendance of general meetings
	Independent Director or not	Meetings that should be attended during the year	Attendance in person	Attendance via communication	Attendance by proxy	Absence	Not in attendance in person for two consecutive times	Number of general meeting attended
ZHI Jun	No	11	11	6	0	0	No	2
LIU Shuguang	No	11	11	11	0	0	No	1
CHENG Suning	No	11	11	6	0	0	No	1
CAO Jinjun	No	11	11	11	0	0	No	1
QIAO Dewei	No	11	11	6	0	0	No	2
HU Shengyong	No	11	11	6	0	0	No	2
OU Yuezhou	Yes	11	11	11	0	0	No	1
FU Jie	Yes	11	11	11	0	0	No	1
XIE Lanjun	Yes	11	11	11	0	0	No	2

Explanation for not attendance in person for two consecutive times

☐ Applicable ☒ Not applicable

Number of board meetings held in the year	11
Of which: number of on-site meeting	0
Number of meeting via communication	6
Number of meeting via on-site and communication	5

Name of Director	Attendance at the Committees' Meetings		
	Audit Committee	Strategy Committee	Remuneration And Appraisal Committee
ZHI Jun		1	
LIU Shuguang		1	
CHENG Suning	6		
CAO Jinjun			1
QIAO Dewei		1	
HU Shengyong		1	
OU Yuezhou		1	1
FU Jie	6		1
XIE Lanjun	6		



XI. Corporate Governance (Corporate Governance Report) (Continued)

(II) Circumstances under which Independent Directors raised dissent for matters of the Company

☐ Applicable ☒ Not applicable

(III) Others

☒ Applicable ☐ Not applicable

1. Training of Directors

Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailor-made induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

All the Directors have actively participated in the continuous professional development by way of attending seminars and/or conferences and/or forums and/or reading materials.

During the year ended 31 December 2020, the following Directors attended seminars/training sessions/in-house briefing/reading materials:

Director	Attending seminars and/or conferences and/or forums	Reading journals, updates, articles and/or materials, etc.
<i>Non-executive Directors</i>		
ZHI Jun (Chairman)	✓	✓
LIU Shuguang	✓	✓
CHENG Suning	✓	✓
CAO Jinjun	✓	✓
<i>Executive Directors</i>		
QIAO Dewei (General Manager)	✓	✓
HU Shengyong	✓	✓
<i>Independent Non-executive Directors</i>		
OU Yuezhou	✓	✓
FU Jie	✓	✓
XIE Lanjun	✓	✓



XI. Corporate Governance (Corporate Governance Report) (Continued)

2. Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Management Measures and Written Employee Guidance, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

3. Independent non-executive Directors

During the Reporting Period, the Board complied with (1) the requirement that the Board of a listed issuer must include at least three independent non-executive Directors under Rule 3.10(1) of the Listing Rules of the Stock Exchange; (2) the requirement that at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules of the Stock Exchange; and (3) the requirement that the number of independent non-executive Directors must represent at least one-third of the Board under Rule 3.10A of the Listing Rules of the Stock Exchange.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

VII. CHAIRMAN AND GENERAL MANAGER

The positions of the chairman and the general manager are held by Mr. ZHI Jun and Mr. QIAO Dewei respectively. The chairman provides leadership for the Board and is responsible for formulating corporate and business strategies and making major corporations and operations decisions. The general manager focuses on the business development and is responsible for the daily operation and management. He is also taking part in formulating and implementing the overall corporate and business strategy. Their respective responsibilities are clearly defined and set out in writing.



XI. Corporate Governance (Corporate Governance Report) (Continued)

VIII. SPECIAL COMMITTEES UNDER THE BOARD

(I) Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) in compliance with the Listing Rules of the Stock Exchange. The Audit Committee of the Company currently comprises the following Directors:

Independent non-executive Directors

FU Jie (*chairman*)

XIE Lanjun

Non-executive Director

CHENG Suning

The primary responsibilities of the Audit Committee include but are not limited to: (i) proposing appointment, reappointment or removal of external auditors; (ii) reviewing and monitoring external auditors’ independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (iii) reviewing the financial information of the Company; (iv) overseeing the financial reporting system of the Company; (v) enhancing communication channels which the Group’s employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and (vi) reviewing the risk management and internal control systems, effectiveness of the internal audit function.

The Audit Committee reviewed the financial results of the Group for the year ended 31 December 2020, considered the re-appointment of KPMG Huazhen LLP as the Company’s external auditors in 2021 and held two meetings with the external auditors in the absence of the executive Directors.



XI. Corporate Governance (Corporate Governance Report) (Continued)

(II) Remuneration and Appraisal Committee

The Company has established a remuneration and appraisal committee (the “**Remuneration Committee**”) in compliance with the Listing Rules of the Stock Exchange. The Remuneration Committee of the Company currently comprises the following Directors:

Independent non-executive Directors

OU Yuezhou (*chairman*)

FU Jie

Non-executive Director

CAO Jinjun (resigned with effect from 5 February 2021)

The primary responsibilities of the Remuneration Committee include but are not limited to: (i) researching and recommending to the Board on the Company’s remuneration structure and policy for all Directors and senior management of the Company; (ii) determining, with delegated responsibilities from the Board, or recommending to the Board the remuneration packages of individual executive Directors and members of the senior management; (iii) recommending to the Board on the remuneration of non-executive Directors; (iv) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct; and (v) monitoring the implementation of remuneration policies of Directors and senior management.

Pursuant to Code Provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2020 is set out below:

Remuneration band(s) (HK\$)	Number of individuals
HK\$1,000,001 to 1,500,000	1
HK\$1,500,001 to 2,000,000	7
HK\$2,000,001 to 2,500,000	1

Details of remuneration of all Directors, Supervisors and certain members of the senior management for the year ended 31 December 2020 are set out in note X to the Financial Statements contained in the annual report.



XI. Corporate Governance (Corporate Governance Report) (Continued)

(III) Nomination Committee

The Company has established a nomination committee (the “**Nomination Committee**”) in compliance with the Listing Rules of the Stock Exchange. The Nomination Committee currently comprises the following Directors:

Independent non-executive Directors

XIE Lanjun (*chairman*)

OU Yuezhou

Non-executive Director

CHENG Suning

The primary responsibilities of the Nomination Committee include but are not limited to: (i) making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors; (ii) reviewing the structure, size and composition of the Board annually and making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy; and (iii) identifying individuals suitably qualified to become Directors, selecting or recommending to the Board on the selection of individuals nominated for directorships or providing advice to the Board in respect thereof.

As to nomination of suitable Director candidates, the Board of the Company adopted the Nomination Policy for Directorship to clarify the nomination criteria for Directors. The Nominating Committee will refer to the following factors when evaluating candidates:

- Compliance with the qualifications for appointment required under the Company Law and the Listing Rules of the Stock Exchange
- Reputation
- Knowledge and experience in corporate management, legal, financial or environmental industries
- Commitment in respect of available time and relevant interest
- Diversity of the Board in the aspects, amongst others, of gender, age (aged 18 or above), cultural and educational background, professional experience, skills, knowledge and length of service.

The above factors are for reference only and are not intended to cover all factors and are not decisive. The Nominating Committee may decide to nominate any person it deems appropriate.



XI. Corporate Governance (Corporate Governance Report) (Continued)

In addition, according to the Nomination Policy for Directorship, candidates shall submit the required personal data in the agreed format and his/her written consent to be appointed as a Director and agree to the public disclosure of his/her personal data on any documents or the relevant websites for the purpose of or in relation to his/her appointment as a Director. The Nomination Committee may request the candidate to provide additional information and documents, if considered necessary.

As to assessment of the composition of the Board, according to Rule 7 of the Terms of Reference of the Nominating Committee, the Nomination Committee focuses on developing Board diversity in the member selection process. Factors to consider include but are not limited to gender, age, culture, education background, and previous experience. In addition, the Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. The Nominating Committee believes that the diversity of Board is properly balanced.

(IV) Strategy Committee

The Company has also established a strategy committee (the “**Strategy Committee**”). The Strategy Committee currently comprises the following Directors:

Non-executive Directors

ZHI Jun (*Chairman*) (resigned with effect from 30 March 2021)

LIU Shuguang

Executive Directors

QIAO Dewei

HU Shengyong

Independent non-executive Director

OU Yuezhou

The primary responsibilities of the Strategy Committee include but are not limited to: (i) researching and recommending on the medium to long term strategic and development plans of the Company; (ii) researching and recommending on the significant capital expenditure, investment and financing projects of the Company; and (iii) researching and recommending on the significant matters relating to the development of the Company.



XI. Corporate Governance (Corporate Governance Report) (Continued)

IX. IMPORTANT ADVICE AND RECOMMENDATIONS FROM THE SPECIAL COMMITTEES OF THE BOARD IN PERFORMING DUTIES DURING THE REPORTING PERIOD, IN CASE OF OBJECTIONS, THE DETAILS SHOULD BE DISCLOSED

☒ Applicable ☐ Not applicable

- (i). The Audit Committee: six meetings were held in 2020, at which proposals regarding annual internal audit plan, internal control evaluation program, quarterly internal audit work reports, annual/interim/third quarterly financial report, significant related party transaction involved in the non-public issuance of A shares and engagement of annual audit firms were considered and approved;
- (ii). Remuneration and Appraisal Committee: one meeting was held in 2020, at which proposals regarding annual remuneration appraisal of senior management and compensation plan of Directors were considered and approved;
- (iii). Strategy Committee: one meeting was held in 2020, at which proposals regarding annual work report of general manager, annual operating plan, etc. were considered and approved.

X. EXPLANATION ON RISKS OF THE COMPANY DETECTED BY THE SUPERVISORY COMMITTEE

☐ Applicable ☒ Not applicable

XI. INDEPENDENCE OF BUSINESS, STAFF, ASSETS, ORGANIZATION AND FINANCE BETWEEN THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND CAPABILITY OF INDEPENDENT OPERATION

☐ Applicable ☒ Not applicable

Responding solutions, progress and subsequent plan for non-competition

☐ Applicable ☒ Not applicable



XI. Corporate Governance (Corporate Governance Report) (Continued)

XII. APPRAISAL AND MOTIVATION MECHANISM FOR SENIOR MANAGEMENT DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

The Company implements the annual salary system for the senior management. The income of the senior management of the Company includes the basic annual salary and the annual target benefit bonus. The Remuneration and Appraisal Committee of the Board of Directors proposes a bonus plan based on the completion of the annual management objectives of the senior management personnel and submits it to the board of Directors for approval.

XIII. DISCLOSE SELF-ASSESSMENT REPORT ON THE INTERNAL CONTROL OR NOT

☒ Applicable ☐ Not applicable

For details, please refer to the Self-assessment Report on the Internal Control disclosed by the Company on the same date

Significant deficiency existed in internal control during the Reporting Period

☐ Applicable ☒ Not applicable

XIV. AUDITORS' REPORT ON INTERNAL CONTROL

☒ Applicable ☐ Not applicable

The Auditors' Report on Internal Control was issued by KPMG Huazhen LLP

Whether to disclose the internal control audit report: Yes

Opinion type of internal control audit report: standard unqualified

XV. OTHERS

☒ Applicable ☐ Not applicable

(I) Trading of Shares by Directors, Supervisors and Employees

The Company has adopted Management Measures on Securities Transactions by Directors, Supervisors and Senior Management Personnel (the "Management Measures") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules of the Stock Exchange. The Company had made specific inquiries to all of the Directors and Supervisors on whether they had complied with the Management Measures during the Reporting Period, and all of the Directors and supervisors had confirmed that they had all complied with the Management Measures. The Company has established the Employees Written Guidance (the "Employees Written Guidance") for its employees who may hold unpublished internal information of the Company in relation to dealing in securities, with terms no less favourable than the Model Code. The Company was not aware of any matters in relation to breaches of the Employees Written Guidance by any employee.



XI. Corporate Governance (Corporate Governance Report) (Continued)

(II) Directors' responsibility in respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2020.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the independent auditor's report.

(III) Auditors' Remuneration

The remuneration paid to the Company's external auditors (including KPMG Huazhen LLP and other PRC auditors) in respect of audit services for the year ended 31 December 2020 amounted to RMB2.95 million, of which RMB2.45 million is for audit services conducted under CASBE and RMB0.5 million is for audit services relating to the internal control for financial reporting rendered by KPMG Huazhen LLP. For the year ended 31 December 2020, the Company incurred a total of RMB0.1 million of fees for non-audit services by its external auditors relating to the production of the environmental, social and governance report of the Company.

(IV) Risk Management and Internal Controls

The Board acknowledge its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Board, through the Audit Committee, has reviewed the effectiveness of the risk management and internal control systems of the Company and its subsidiaries for the year ended 31 December 2020.

The management monitors the assessment of the risk management and internal controls and has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2020.



XI. Corporate Governance (Corporate Governance Report) (Continued)

The Company has developed and adopted different risk management procedures and guidelines with defined authority. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. The management, in coordination with department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress. The Internal Audit Department is responsible for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee, assessed the effectiveness of the risk management and internal control systems by reviewing the management report and the internal audit report and considered that, for the year ended 31 December 2020, the risk management and internal control systems of the Company are effective and adequate.

(V) Company Secretary

Ms. YUEN Wing Yan, Winnie of Tricor Services Limited, a service provider, acts as the company secretary of the Company. The primary contact person of Ms. YUEN at the Company is Mr. ZHU Shuguang, the secretary of the Board.

Ms. YUEN Wing Yan, Winnie has complied with Rule 3.29 of the Listing Rules of the Stock Exchange by taking more than 15 hours of the relevant professional training during the year.

(VI) Communication with Shareholders and Investors/Investor Relations

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

During the year ended 31 December 2020, the Company has amended its Articles of Association. Details of the amendments are set out in the circular to shareholders dated 6 April 2020. The latest Articles of Association of the Company may also be viewed on the website of the Company and the website of the Stock Exchange.



XII. Corporate Bonds

☐ Applicable ☒ Not applicable



XIII. Financial Report

AUDITOR'S REPORT

KPMG Huazhen Shen Zi No. 2102272

All Shareholders of Dynagreen Environmental Protection Group Co., Ltd.:

I. OPINION

We have audited the accompanying financial statements of Dynagreen Environmental Protection Group Co., Ltd. ("the Company"), which comprise the consolidated and company balance sheets as at 31 December 2020, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of the Company as at 31 December 2020, and the consolidated and company financial performance and cash flows of the Company for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



AUDITOR'S REPORT (Continued)

KPMG Huazhen Shen Zi No. 2102272

III. KEY AUDIT MATTERS (Continued)

Recognition of financial assets and intangible assets relating to service concession arrangements

Refer to Note III.15 and III.20 of Significant Accounting Policies and Accounting Estimates and Note V.11 and V.15 of Notes to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Company and its subsidiaries ("the Group") has entered into service concession arrangements with different local governments in China ("the grantor") in respect of its waste-to-energy ("WTE") projects on a Build-Operate-Transfer ("BOT") basis. Under the service concession arrangements, the Group builds WTE plants (construction period) and operates these WTE plants (operation period) for a concession period of 23 to 30 years. Upon the expiry of the concession period, the Group would transfer these WTE plants to respective grantor without consideration. The terms of the service concession arrangements allow the Group to earn waste treatment fees and electricity tariffs for the processing of waste and generation of electricity. In addition, the grantors agree to pay the Group minimum service income, representing a fixed guaranteed minimum amount of waste (tons per annum) that will be treated at a fixed price or a fixed price subject to adjustment according to prevailing market price ("minimum service income"), during the concession period.	Our audit procedures to assess recognition of financial assets and intangible assets relating to service concession arrangements included the following: • understanding and assessing the design, implementation and operating effectiveness of the key internal controls over recognition of financial assets and intangible assets relating to service concession arrangements; • understanding the Group's process for applying the requirements of the prevailing accounting standards and inspecting the associated contracts for projects which commenced construction in the current year to assess whether these fell within the scope of service concession arrangements under the prevailing accounting standards; • assessing the impact of any changes to the terms of arrangements entered into in previous years which could affect the accounting for BOT projects in the current year; • verifying if the guaranteed minimum waste amount used by management in computing of financial assets are in line with relevant terms under the arrangements; • verifying if the actual waste amount of each BOT projects in operation exceed the guaranteed minimum waste amount by checking, on a sample basis, to the actual waste amount in the monthly waste treatment statements which are signed by BOT projects entities and its grantors;



AUDITOR'S REPORT (Continued)

KPMG Huazhen Shen Zi No. 2102272

III. KEY AUDIT MATTERS (Continued)

Recognition of financial assets and intangible assets relating to service concession arrangements (Continued)

Refer to Note III.15 and III.20 of Significant Accounting Policies and Accounting Estimates and Note V.11 and V.15 of Notes to the consolidated financial statements. (Continued)

The Key Audit Matter	How the matter was addressed in our audit
The Group recognises financial assets during construction period to the extent that the construction costs are recoverable from the minimum service income generated during the concession period. The excess of total construction costs over the minimum service income are recognised as intangible assets (WTE project operating rights). Financial assets and intangible assets are recognized based on the stage of completion of each project at the reporting date, which is estimated based on the percentage of costs incurred to date to the budgeted construction costs for each project. The budgeted construction costs are estimated principally on the costs of raw materials and equipment, other relevant costs and market conditions. We identified the recognition of financial assets and intangible assets relating to service concession arrangements as a key audit matter because of its financial significance to the financial statements and the significant judgement required to be exercised in estimating the budgeted construction costs and the stage of completion of construction work for each project which could be subject to management bias.	- conducting site visits to significant construction projects and discussing with project managers and site personnel to understand the construction progress of BOT projects; - discussing and understanding management's estimates for total budgeted costs for BOT projects under construction in the current year by comparison with prior years' projects with similar waste treatment capacities and assessing whether or not there was an indication of management bias in the preparation of total budgeted costs by comparing the budgeted costs with the costs included in major suppliers' contracts signed for these BOT projects; - calculating the percentage of completion of incomplete projects by reference to the progress reports for BOT projects under construction which were prepared by management, and certified by independent supervising engineers if applicable, and comparing, on a sample basis, the actual costs incurred to date with relevant underlying documents, including suppliers' contracts, payment records and supervision reports, to assess whether the recorded contract progress was consistent with the terms of the contracts, the payments made to date and the surveyors' reports.



AUDITOR'S REPORT (Continued)

KPMG Huazhen Shen Zi No. 2102272

III. KEY AUDIT MATTERS (Continued)

Assessing potential impairment of intangible assets relating to service concession arrangements

Refer to Note III.18 of Significant Accounting Policies and Accounting Estimates and Note V.15 of Notes to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Intangible assets mainly represent waste-to-energy operating rights where the Group has the right to charge local government authorities for treating waste, which is supplied by the local government authorities, and to convert the waste to energy using the Group's waste to – energy infrastructure upon fulfilment of its obligations as stipulated in the service concession arrangements. There is a risk that the value of certain waste-to-energy operating rights may not be recoverable in full through the future cash flows to be generated from the specific waste-to-energy operations. Therefore, at the end of each reporting period: - for those waste-to-energy projects which have not yet commenced operations, management assesses the recoverable amount of each operating right; and - the recoverable amount of each operating right when an indicator of impairment has been identified.	Our audit procedures to assess potential impairment of intangible assets relating to service concession arrangements included the following: - understanding and assessing the design, implementation and operating effectiveness of the key internal control, over impairment of intangible assets relating to service concession arrangements; - inquiring the management of the criteria adopted for identifying indicators of impairment for waste-to-energy operating projects so as to assess if all BOT projects with indicators of impairment are identified by management; - evaluating management's discounted cash flow forecasts for each waste-to-energy operating rights by comparing the key assumptions adopted by management with the future prospects of the business, the budgets approved by management and the external data, in particular, for the assumptions relating to the revenue growth rate over the concession period and the amount of future operating costs; - comparing the key assumptions and estimates included in the discounted cash flow forecasts for each operating right as projected by management in previous year with the 2020 actual results and inquiring management of the reasons for any differences between the forecast and actual figures to assess whether there were any indicators of management bias;



AUDITOR'S REPORT (Continued)

KPMG Huazhen Shen Zi No. 2102272

III. KEY AUDIT MATTERS (Continued)

Assessing potential impairment of intangible assets relating to service concession arrangements (Continued)

Refer to Note III.18 of Significant Accounting Policies and Accounting Estimates and Note V.15 of Notes to the consolidated financial statements. (Continued)

The Key Audit Matter	How the matter was addressed in our audit
The recoverable amount of each operating right is determined based on value-in-use calculations. Management assessed value-in-use of each operating right using discounted cash flow forecasts based on financial budgets covering each specific operating period. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in assessing revenue growth rates over the concession period, future operating costs and the discount rates applied. We identified assessing potential impairment of intangible assets relating to service concession arrangements as a key audit matter because determining the level of impairment involves a significant degree of management judgement, in particular in estimating the present value of future cash flows forecasts, which is inherently uncertain and could be subject to management bias.	- engaging our internal valuation specialists to assist us in evaluating the discount rates adopted by management in the discounted cash flow forecasts by comparison with available financial information of other companies in the relevant industry and considering any country and company specific risk premiums; and assessing whether the discount rates applied were within the range adopted by other companies in the same industry; - assessing the sensitivity of key assumptions in management's discounted cash flow forecasts to changes and considering whether there were any evidence of potential management bias; - considering the disclosures in the financial statements in respect of the impairment of intangible assets relating to service concession arrangements, with reference to the requirements of the prevailing accounting standards.



XIII. Financial Report (Continued)

AUDITOR'S REPORT (Continued)

KPMG Huazhen Shen Zi No. 2102272

IV. OTHER INFORMATION

The Company's management is responsible for the other information. The other information comprises all the information included in 2020 annual report of the Company, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



AUDITOR'S REPORT (Continued)

KPMG Huazhen Shen Zi No. 2102272

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



XIII. Financial Report (Continued)

AUDITOR'S REPORT (Continued)

KPMG Huazhen Shen Zi No. 2102272

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Huazhen LLP

Certified Public Accountants

Registered in the People's Republic of China

Xu Haifeng (Engagement Partner)

Wu Huihuang

Beijing, China

30 March 2021



XIII. Financial Report (Continued)

CONSOLIDATED BALANCE SHEET

(Expressed in Renminbi Yuan)

	Note	31 December 2020	31 December 2019
ASSETS			
Current assets:			
Cash at bank and on hand	V.1	1,608,061,795.80	432,140,938.55
Bills receivable	V.2	27,687,500.00	–
Accounts receivable	V.3	785,699,955.92	452,783,629.70
Other receivables Receivables under financing	V.4	2,000,000.00	10,036,291.46
Prepayments	V.5	15,139,014.07	15,355,672.33
Other receivables	V.6	42,029,816.24	22,779,939.42
Inventories	V.7	37,184,080.74	29,114,023.28
Contract assets	V.8	467,951,853.72	395,564,422.73
Long-term receivables due within one year	V.9	135,193,612.91	87,687,596.31
Other current assets	V.10	208,380,072.22	181,724,630.58
Total current assets		3,329,327,701.62	1,627,187,144.36
Non-current assets:			
Long-term receivables	V.11	5,239,640,603.64	4,466,535,132.13
Long-term equity investments	V.12	66,190,681.00	62,907,982.84
Fixed assets	V.13	53,174,313.11	49,996,842.55
Construction in progress	V.14	184,879,239.06	–
Right-of-use assets	V.54	781,466.98	1,464,901.09
Intangible assets	V.15	7,366,230,070.06	6,453,018,803.00
Goodwill	V.16	43,910,821.67	43,910,821.67
Long-term deferred expenses	V.17	402,028.28	581,287.19
Deferred tax assets	V.18	207,536,077.65	203,427,135.40
Other non-current assets	V.19	953,998,419.31	761,757,354.24
Total non-current assets		14,116,743,720.76	12,043,600,260.11
Total assets		17,446,071,422.38	13,670,787,404.47
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	V.20	2,495,169,633.87	2,433,082,965.96
Accounts payable	V.21	1,291,193,658.66	1,212,897,951.38
Contract liabilities	V.22	26,043,106.14	9,737,256.69
Employee benefits payable	V.23	95,551,982.29	85,954,559.07
Taxes payable	V.24	47,874,599.04	49,034,096.54
Other payables	V.25	101,598,868.06	149,645,055.37
Non-current liabilities due within one year	V.26	674,419,529.18	705,048,955.21
Total current liabilities		4,731,851,377.24	4,645,400,840.22

The notes on pages 136 to 282 form part of these financial statements.



XIII. Financial Report (Continued)

	Note	31 December 2020	31 December 2019
Non-current liabilities:			
Long-term loans	V.27	6,414,689,592.99	5,057,022,246.80
Lease liabilities	V.54	515,729.38	554,586.70
Long-term payables	V.28	289,389,673.47	297,314,473.80
Deferred income	V.29	78,431,192.88	46,592,569.32
Deferred tax liabilities	V.18	150,915,654.85	127,386,997.96
Total non-current liabilities		6,993,941,843.57	5,528,870,874.58
Total liabilities		11,665,793,220.81	10,174,271,714.80
Shareholders' equity:			
Share capital	V.30	1,393,440,000.00	1,161,200,000.00
Capital reserve	V.31	2,412,410,905.73	859,074,607.53
Other comprehensive income	V.32	10,473,349.95	(8,121,791.15)
Surplus reserve	V.33	101,682,143.23	87,319,205.31
Retained earnings	V.34	1,569,479,247.47	1,196,756,895.66
Total equity attributable to shareholders of the Company		5,487,665,900.26	3,296,228,917.35
Non-controlling interests		292,612,301.31	200,286,772.32
Total shareholders' equity		5,780,278,201.57	3,496,515,689.67
Total liabilities and shareholders' equity		17,446,071,422.38	13,670,787,404.47

These financial statements were approved by the Board of Directors of the Company on 30 March 2021.

Qiao Dewei
Authorised Representative
(Signature and stamp)

Hu Shengyong
Chief Financial Officer
(Signature and stamp)

Zhao Linbin
Chief Accountant
(Signature and stamp)

(Company stamp)

The notes on pages 136 to 282 form part of these financial statements.



XIII. Financial Report (Continued)

COMPANY BALANCE SHEET

(Expressed in Renminbi Yuan)

	Note	31 December 2020	31 December 2019
ASSETS			
Current assets:			
Cash at bank and on hand		439,958,075.95	47,174,478.11
Accounts receivable	XV.1	107,336,363.20	75,971,673.15
Prepayments		833,325.22	71,288.95
Other receivables	XV.2	1,189,714,812.51	904,583,206.37
Long-term receivables due within one year		196,727,227.49	195,400,000.00
Other current assets		1,267,822.89	1,351,164.06
Total current assets		1,935,837,627.26	1,224,551,810.64
Non-current assets:			
Long-term receivables	XV.3	261,664,200.00	463,320,000.00
Long-term equity investments	XV.4	5,509,051,548.21	4,726,940,333.87
Fixed assets		2,360,453.27	2,160,807.88
Right-of-use assets		–	510,805.36
Intangible assets		1,356,377.85	1,117,232.18
Deferred tax assets		1,925,917.36	938,062.23
Other non-current assets		9,860,000.00	–
Total non-current assets		5,786,218,496.69	5,194,987,241.52
Total assets		7,722,056,123.95	6,419,539,052.16
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans		2,484,118,926.91	2,415,000,000.00
Accounts payable		172,721.24	172,721.24
Contract liabilities		25,864,406.74	10,000,000.00
Employee benefits payable		20,060,092.10	20,287,897.76
Taxes payable		243,209.46	449,290.11
Other payables		242,880,113.84	229,503,503.87
Non-current liabilities due within one year		108,475,385.22	253,828,192.74
Total current liabilities		2,881,814,855.51	2,929,241,605.72

The notes on pages 136 to 282 form part of these financial statements.



XIII. Financial Report (Continued)

	Note	31 December 2020	31 December 2019
Non-current liabilities			
Long-term loans		388,354,927.77	853,299,321.97
Total non-current liabilities		388,354,927.77	853,299,321.97
Total liabilities		3,270,169,783.28	3,782,540,927.69
Shareholders' equity:			
Share capital	V.30	1,393,440,000.00	1,161,200,000.00
Capital reserve	XV.5	2,459,501,733.70	906,165,435.50
Surplus reserve	V.33	101,862,397.11	87,319,205.31
Retained earnings	XV.6	497,082,209.86	482,313,483.66
Total shareholders' equity		4,451,886,340.67	2,636,998,124.47
Total liabilities and shareholders' equity		7,722,056,123.95	6,419,539,052.16

These financial statements were approved by the Board of Directors of the Company on 30 March 2021.

Qiao Dewei
Authorised Representative
(Signature and stamp)

Hu Shengyong
Chief Financial Officer
(Signature and stamp)

Zhao Linbin
Chief Accountant
(Signature and stamp)

(Company stamp)

The notes on pages 136 to 282 form part of these financial statements.



XIII. Financial Report (Continued)

CONSOLIDATED INCOME STATEMENT

(Expressed in Renminbi Yuan)

	Note	2020	2019
I. Operating income	V.35	2,277,618,815.00	1,752,449,088.97
Less: Operating costs	V.35	967,675,984.97	806,468,273.61
Taxes and surcharges	V.36	46,567,497.50	36,269,997.46
General and administrative expenses	V.37	161,321,513.88	142,237,649.84
Research and development expenses	V.38	7,603,578.05	10,667,001.22
Finance expense	V.39	446,176,244.89	328,355,274.31
Including: Interest expense		429,221,807.42	330,832,005.04
Interest income		6,528,405.47	4,493,227.56
Add: Other income	V.40	82,424,498.85	93,631,981.53
Investment income	V.41	3,286,528.36	860,528.23
Including: Income from investment in joint ventures		3,282,698.16	6,735.47
Credit losses	V.42	(30,451,159.44)	(37,752,762.71)
Impairment losses	V.43	(76,628,379.14)	(12,547,763.33)
Gains/(losses) from asset disposals	V.44	57,092.39	(128,702.00)
II. Operating profit		626,962,576.73	472,514,174.25
Add: Non-operating income	V.45	2,455,092.02	2,428,556.02
Less: Non-operating expenses	V.45	1,529,078.65	1,020,639.15
III. Profit before income tax		627,888,590.10	473,922,091.12
Less: Income tax expenses	V.46	99,453,958.03	57,067,526.80
IV. Net profit		528,434,632.07	416,854,564.32
Net profit attributable to shareholders of the company		503,385,543.61	416,088,473.60
Non-controlling interests		25,049,088.46	766,090.72

The notes on pages 136 to 282 form part of these financial statements.



XIII. Financial Report (Continued)

	Note	2020	2019
V. Other comprehensive income			
Other comprehensive income attributable to shareholders of the Company, net of tax		—	—
Other comprehensive income to be reclassified into profit or loss in the future			
Translation differences arising from translation of foreign currency financial statements	V.32	18,595,141.10	(3,631.70)
Other comprehensive income attributable to non-controlling interests, net of tax		—	—
VI. Total comprehensive income		547,029,773.17	416,850,932.62
Total comprehensive income attributable to shareholders of the Company		521,980,684.71	416,084,841.90
Total comprehensive income attributable to non-controlling interests		25,049,088.46	766,090.72
VII. Earnings per share			
(I) Basic earnings per share	V.47	0.43	0.36
(II) Diluted earnings per share	V.47	0.43	0.36

These financial statements were approved by the Board of Directors of the Company on 30 March 2021.

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Zhao Linbin
Chief Accountant
 (Signature and stamp)

(Company stamp)

The notes on pages 136 to 282 form part of these financial statements.



XIII. Financial Report (Continued)

COMPANY INCOME STATEMENT

(Expressed in Renminbi Yuan)

	Note	2020	2019
I. Operating income	XV.7	69,352,381.54	116,665,855.23
Less: Operating costs	XV.7	9,005,561.30	8,664,581.08
Taxes and surcharges		692,849.38	593,417.93
General and administrative expenses		44,138,416.55	46,202,081.43
Research and development expenses		7,603,578.05	8,615,733.03
Finance expenses		160,865,895.79	136,078,887.50
Including: Interest expense		161,628,711.94	135,231,247.22
Interest income		4,127,837.18	1,777,320.74
Add: Other income		1,268,318.40	579,406.67
Investment income	XV.8	297,530,515.88	240,638,934.28
Including: Income/(losses) from investment in a joint venture		3,282,698.16	(6,131,302.61)
Credit impairment (losses)/income		(1,449,921.25)	67,294.43
Gains from assets disposal		49,073.38	10,145.67
II. Operating profit		144,444,066.88	157,806,935.31
Add: Non-operating income		—	—
Less: Non-operating expenses		4.01	—
III. Profit before income tax		144,444,062.87	157,806,935.31
Less: Income tax expenses		(987,855.13)	(56,603.79)
IV. Net profit		145,431,918.00	157,863,539.10
V. Other comprehensive income		—	—
VI. Total comprehensive income		145,431,918.00	157,863,539.10

These financial statements were approved by the Board of Directors of the Company on 30 March 2021.

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(Company stamp)

The notes on pages 136 to 282 form part of these financial statements.



XIII. Financial Report (Continued)

Consolidated Cash Flow Statement

(Expressed in Renminbi Yuan)

	Note	2020	2019
I. Cash flows from operating activities:			
Cash received from sale of goods, rendering of services and the Build-Operate-Transfer ("BOT") projects and the Build-Transfer ("BT") projects	V.49(6)	2,175,616,049.41	1,581,019,824.12
Refund of taxes		59,441,547.76	71,068,724.08
Cash received from other operating activities	V.49(1)	146,749,926.15	100,443,759.85
Sub-total of cash inflows from operating activities		2,381,807,523.32	1,752,532,308.05
Cash paid for goods and services		659,630,599.25	541,159,462.88
In crease of principal of long-term receivables of BOT projects and BT projects	V.49(6)	868,984,007.15	699,417,945.94
Cash paid to and for employees		325,538,692.22	288,236,968.73
Payments of various taxes		203,260,415.84	182,809,981.78
Cash paid for other operating activities	V.49(2)	94,358,734.31	89,097,484.27
Sub-total of cash outflows from operating activities		2,151,772,448.77	1,800,721,843.60
Net cash generated from/(used in) operating activities	V.50(1)(a)	230,035,074.55	(48,189,535.55)
II. Cash flows from investing activities:			
Cash received from recovery of an investment		—	3,500,000.00
Net cash received from disposal of fixed assets		420,674.80	192,343.96
Cash received from other investing activities	V.49(3)	2,003,830.20	58,734,275.91
Sub-total of cash inflows from investing activities		2,424,505.00	62,426,619.87
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,599,009,706.95	2,001,872,546.01
Cash paid for acquisition of subsidiaries	V.50(2)	19,332,500.00	257,548,030.05
Cash paid for investments		—	37,816,510.20
Cash paid for other investing activities	V.49(4)	27,860,000.00	30,000,000.00
Sub-total of cash outflows from investing activities		1,646,202,206.95	2,327,237,086.26
Net cash used in investing activities		(1,643,777,701.95)	(2,264,810,466.39)

The notes on pages 136 to 282 form part of these financial statements.



XIII. Financial Report (Continued)

	Note	2020	2019
III. Cash flows from financing activities:			
Cash received from investments		67,400,000.00	123,187,632.34
Including: Cash received from non-controlling shareholders of subsidiaries		67,400,000.00	123,187,632.34
Cash received from non-public issuance of A shares		1,816,116,800.00	–
Cash received from loans		3,958,912,274.30	3,369,572,393.53
Sub-total of cash inflows from financing activities		5,842,429,074.30	3,492,760,025.87
Cash paid for repayment of loans		2,590,329,167.68	1,006,847,714.68
Cash paid for distribution of dividends or payment of interests		556,650,057.28	450,793,898.59
Cash paid for other financing activities	V.49(5)	42,607,949.27	4,324,032.43
Sub-total of cash outflows for financing activities		3,189,587,174.23	1,461,965,645.70
Net cash generated from financing activities		2,652,841,900.07	2,030,794,380.17
IV. Effect of foreign exchange rate changes on cash		1,885,348.64	210,556.60
V. Net increase/(decrease) in cash	V.50(1)(b)	1,240,984,621.31	(281,995,065.17)
Add: Balance of cash at the beginning of the year		351,983,418.55	633,978,483.72
VI. Balance of cash at the end of the year	V.50(3)	1,592,968,039.86	351,983,418.55

These financial statements were approved by the Board of Directors of the Company on 30 March 2021.

Qiao Dewei
Authorised Representative
(Signature and stamp)

Hu Shengyong
Chief Financial Officer
(Signature and stamp)

Zhao Linbin
Chief Accountant
(Signature and stamp)

(Company stamp)

The notes on pages 136 to 282 form part of these financial statements.



XIII. Financial Report (Continued)

Company Cash Flow Statement

(Expressed in Renminbi Yuan)

	Note	2020	2019
I. Cash flows from operating activities:			
Cash received from rendering of services		55,870,473.34	63,500,759.26
Cash received from other operating activities		52,376,107.12	60,128,142.64
Sub-total of cash inflows from operating activities		108,246,580.46	123,628,901.90
Cash paid for goods		4,025,535.70	3,857,789.07
Cash paid to and for employees		44,048,207.62	43,213,095.86
Payments of various taxes		1,700,184.53	3,890,826.88
Cash paid for other operating activities		89,185,824.58	76,452,446.58
Sub-total of cash outflows from operating activities		138,959,752.43	127,414,158.39
Net cash used in operating activities	XV.9(1)(a)	(30,713,171.97)	(3,785,256.49)
II. Cash flows from investing activities:			
Proceeds from disposal of an investment		—	18,500,000.00
Cash received from investment income		215,200,000.00	166,175,738.10
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		102,495.88	26,097.22
Cash received from other investing activities		1,171,239,206.53	625,826,026.15
Sub-total of cash inflows from investing activities		1,386,541,702.41	810,527,861.47
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,298,641.29	1,491,935.46
Cash paid for investments		622,457,500.00	728,109,200.89
Cash paid for acquisition of subsidiaries		48,995,272.50	258,048,280.00
Cash paid for other investing activities		1,239,694,100.00	1,264,600,000.00
Sub-total of cash outflows from investing activities		1,912,445,513.79	2,252,249,416.35
Net cash used in investing activities		(525,903,811.38)	(1,441,721,554.88)

The notes on pages 136 to 282 form part of these financial statements.



XIII. Financial Report (Continued)

	Note	2020	2019
III. Cash flows from financing activities:			
Cash received from loans		1,260,000,000.00	2,003,000,000.00
Cash received from non-public issuance of A shares		1,816,116,800.00	–
Sub-total of cash inflows from financing activities		3,076,116,800.00	2,003,000,000.00
Cash paid for repayment of loans		1,810,568,407.39	543,354,661.34
Cash paid for distribution of dividend or payment of interests		283,072,650.52	247,164,839.54
Cash paid for other financing activities		30,094,754.47	3,521,097.37
Sub-total of cash outflows for financing activities		2,123,735,812.38	794,040,598.25
Net cash generated from financing activities		952,380,987.62	1,208,959,401.75
IV. Effect of foreign exchange rate changes on cash		19,593.57	(88,161.69)
V. Net increase/(decrease) in cash	XV.9(1)(b)	395,783,597.84	(236,635,571.31)
Add: Balance of cash at the beginning of the year		35,174,478.11	271,810,049.42
VI. Balance of cash at the end of the year	XV.9(2)	430,958,075.95	35,174,478.11

These financial statements were approved by the Board of Directors of the Company on 30 March 2021.

Qiao Dewei
Authorised Representative
(Signature and stamp)

Hu Shengyong
Chief Financial Officer
(Signature and stamp)

Zhao Linbin
Chief Accountant
(Signature and stamp)

(Company stamp)

The notes on pages 136 to 282 form part of these financial statements.



XIII. Financial Report (Continued)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Renminbi Yuan)

Note	Equity attributable to shareholders of the Company						Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub - total		
At 1 January 2020	1,161,200,000.00	859,074,607.53	(8,121,791.15)	87,319,205.31	1,196,756,895.66	3,296,228,917.35	200,286,772.32	3,496,515,689.67
Changes for the year								
(I) Total comprehensive income	-	-	18,595,141.10	-	503,385,543.61	521,980,684.71	25,049,088.46	547,029,733.17
(II) Capital contribution and reduction from shareholders								
1. Ordinary shares contributed by shareholders	V.30	232,240,000.00	1,553,336,298.20	-	-	1,785,576,298.20	67,400,000.00	1,852,976,298.20
2. Others		-	-	-	-	-	(123,559.47)	(123,559.47)
(III) Profit distribution								
1. Appropriation for surplus reserve	V.33	-	-	-	14,543,191.80	(14,543,191.80)	-	-
2. Distributions to shareholders	V.34	-	-	-	-	(116,120,000.00)	-	(116,120,000.00)
At 31 December 2020	1,393,440,000.00	2,412,410,905.73	10,473,349.95	101,862,397.11	1,569,479,247.47	5,487,665,900.26	292,612,301.31	5,780,278,201.57
At 1 January 2019	1,161,200,000.00	858,803,441.83	(8,118,159.45)	71,532,851.40	912,574,775.97	2,995,992,909.75	76,604,214.95	3,072,597,124.70
Changes for the year								
(I) Total comprehensive income	-	-	(3,631.70)	-	416,088,473.60	416,084,841.90	766,090.72	416,850,932.62
(II) Capital contribution from shareholders								
1. Ordinary shares contributed by shareholders		-	-	-	-	-	122,916,466.65	122,916,466.65
2. Others		-	271,165.70	-	-	271,165.70	-	271,165.70
(III) Profit distribution								
1. Appropriation for surplus reserve	V.33	-	-	-	15,786,353.91	(15,786,353.91)	-	-
2. Distributions to shareholders	V.34	-	-	-	-	(116,120,000.00)	-	(116,120,000.00)
At 31 December 2019	1,161,200,000.00	859,074,607.53	(8,121,791.15)	87,319,205.31	1,196,756,895.66	3,296,228,917.35	200,286,772.32	3,496,515,689.67

These financial statements were approved by the Board of Directors of the Company on 30 March 2021.

Qiao Dewei
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(Signature and stamp)

Hu Shengyong
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(Signature and stamp)

Zhao Linbin
Chief Accountant
(Signature and stamp)

(Company stamp)

The notes on pages 136 to 282 form part of these financial statements.



XIII. Financial Report (Continued)

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Renminbi Yuan)

	Note	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total
At 1 January 2020		1,161,200,000.00	906,165,435.50	87,319,205.31	482,313,483.66	2,636,998,124.47
Changes for the year						
(I) Total comprehensive income		-	-	-	145,431,918.00	145,431,918.00
(II) Ordinary shares contributed by shareholders		232,240,000.00	1,553,336,298.20	-	-	1,785,576,298.20
(III) Profit distribution						
1. Appropriation for surplus reserve	V.6	-	-	14,543,191.80	(14,543,191.80)	-
2. Distribution of profit to shareholders	V.6	-	-	-	(116,120,000.00)	(116,120,000.00)
At 31 December 2020		1,393,440,000.00	2,459,501,733.70	101,862,397.11	497,082,209.86	4,451,886,340.67
At 1 January 2019		1,161,200,000.00	906,165,435.50	71,532,851.40	456,356,298.47	2,595,254,585.37
Changes for the year						
(I) Total comprehensive income		-	-	-	157,863,539.10	157,863,539.10
(II) Ordinary shares contributed by shareholders		-	-	-	-	-
(III) Profit distribution						
1. Appropriation for surplus reserve	V.6	-	-	15,786,353.91	(15,786,353.91)	-
2. Distribution of profit to shareholders	V.6	-	-	-	(116,120,000.00)	(116,120,000.00)
At 31 December 2019		1,161,200,000.00	906,165,435.50	87,319,205.31	482,313,483.66	2,636,998,124.47

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(Signature and stamp)

Hu Shengyong
Chief Financial Officer
(Signature and stamp)

Zhao Linbin
Chief Accountant
(Signature and stamp)

(Company stamp)

The notes on pages 136 to 282 form part of these financial statements.



XIII. Financial Report (Continued)

NOTES TO FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

I. COMPANY OVERVIEW

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

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

As approved by the Approval in Relation to the Initial Public Offering of Dynagreen Environmental Protection Group Co., Ltd. (Zheng Jiang Xu Ke [2018] No. 746) 《關於核准綠色動力環保集團股份有限公司首次公開發行股票的批覆》(證監許可[2018]746號)) issued by the China Securities Regulatory Commission (the “CSRC”), the Company issued not more than 232,240,000 ordinary shares (A shares) under the non-public offering on the Shanghai Stock Exchange on 23 April 2018. Under the offering, the actual size of the public offering was 116,200,000.00 RMB ordinary shares with a nominal value of RMB1 per share, increasing the share capital by RMB116,200,000.00. Upon the public offering of A shares, the paid-in capital (share capital) of the Company amounted to RMB1,161,200,000.00 comprising a total of 1,161,200,000.00 shares.

Approved by the “Approval on the Non-Public Issuance of Shares of Dynagreen Environmental Protection Group Co., Ltd.”(《關於核准綠色動力環保集團股份有限公司非公開發行股票的批覆》) (Zheng Jiang Xu Ke [2020] No. 2493) on 9 October 2020, the Company issued no more than 232,240,000 shares under non-public issuance of A shares. According to the issuance result, the actual non-public issuance of 232,240,000.00 RMB ordinary shares with a par value of RMB1.00 each to six specific targets will increase the share capital by RMB232,240,000.00. After this non-public issuance of A shares, the Company’s share capital is RMB1,393,440,000.00, and the total number of shares is 1,393,440,000.00.

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

For the information about the subsidiaries and new subsidiaries of the Group during the Reporting Period, please refer to Notes VI and VII.



II. BASIS OF PREPARATION

1. Basis of preparation

These financial statements were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the “MOF”) and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting (amended in 2014) issued by the China Securities Regulatory Commission (the “CSRC”).

In addition, these financial statements also included the relevant disclosure in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

2. Going concern

As of 31 December 2020, the Group’s net current liabilities were RMB1,402,523,675.62, including short-term borrowings from BSAM of approximately RMB2,403,117,750.50. In addition, the Group’s committed capital expenditure within one year is approximately RMB2,332,067,723.39, which presents a certain degree of liquidity risk.

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

- (a) The Group maintained good long-term business relationship with various financial institutions, so as to ensure that it can obtain adequate lines of credit from them. At 31 December 2020, the available banking facilities of the Group amounted to RMB5,362,745,098.81;
- (b) With the constant completion and commencement of operations of the new waste-to-energy projects, the management foresees that the Group will generate stable cash inflow from future operating activities to meet its liquidity requirement.

In view of the above factors, the management is of the opinion that, the Group will have sufficient working capital to meet its operation requirement for the next twelve months from 1 January 2021, and thus the management believes that the Group’s preparation of the financial statements on a going concern basis is appropriate.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises, and present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2020, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for 2020.

2. Accounting period

The accounting period is from 1 January to 31 December.

3. Operating cycle

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

4. Functional currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Company's subsidiaries have functional currencies that are different from the Company's functional currency. Their financial statements have been translated based on the accounting policy set out in Note III.8.

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

For the transaction that the Group obtains the control over one or more companies (a group of assets or net assets) which constitutes a business, the transaction or matter constitutes a business combination. Business combinations are divided into business combinations involving entities under common control and not under common control.

For business combinations not under common control, the acquirer will consider whether to adopt the simplified judgment method of "concentration test" when judging whether the acquired production and operation activities or the combination of assets constitute a business. If the combination passes the concentration test, it does not constitute a business. If the combination fails the concentration test, the judgment shall be made according to business conditions.

If the Group obtains a group of assets or net assets which does not constitute a business, the Group shall allocate the acquisition costs based on the relative fair values of the acquired identifiable assets and liabilities on the acquisition date, rather than account for it with the following accounting treatment methods for business combinations.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(1) Business combination involving entities under common control

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

(2) Business combination involving entities not under common control

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

For a business combination involving entities not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income for the current period. Any amount recognised in other comprehensive income that may be reclassified to profit or loss, in prior reporting periods relating to the previously-held equity interest, and any other changes in the owners' equity under equity accounting, are transferred to investment income at the date when the acquisition occurs (see Note III.11(2)).



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Preparation of consolidated financial statements

(1) General principles

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

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

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

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

(2) Subsidiaries acquired through a business combination

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Preparation of consolidated financial statements (Continued)

(3) Disposal of subsidiaries

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

(4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

7. Cash and cash equivalents

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

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

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

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the construction of qualifying assets (see Note III.14). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the spot exchange rate at the transaction date.

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments

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

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

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

A financial assets and financial liabilities is measured initially at fair value. For financial assets or financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are directly charged to profit or loss; for other categories of financial assets or financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable without a significant financing component or do not consider the financing component of the contract not exceeding one year is initially measured at the transaction price determined according to the accounting policies in Note III.20.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

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

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

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(2) Classification and subsequent measurement of financial assets (Continued)

(a) *Classification of financial assets (Continued)*

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably designate it as financial assets at FVOCI. This designation is made on an investment-by-investment basis, and may only be made if the investment meets the definition of equity from the issuer's perspective.

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. In addition the Group evaluates the contractual terms that may result in a change in the time distribution or amount of financial asset contractual cash flows to determine whether it meets the requirements of the above contractual cash flow characteristics.

The Group does not have financial liability at FVTPL during the Reporting Period.

(b) *Subsequent measurement of financial assets*

– Financial assets at amortised cost

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(2) Classification and subsequent measurement of financial assets (Continued)

(b) Subsequent measurement of financial assets (Continued)

- Equity instrument investment measured at FVTOCI as a result of interest income included in other comprehensive income.

Upon initial recognition, such financial assets are measured subsequently at fair value. Gains or losses shall be recognized in other comprehensive income. Upon termination of recognition, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred to the profit and loss for the current period.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as financial liabilities measured at FVTPL and financial liabilities measured at amortised cost.

– Financial liabilities at FVTPL

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

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

– Financial liabilities at amortised cost

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

The Group does not have financial liability at FVTPL during the Reporting Period, and only holds financial liability measured at amortised cost.

(4) Offsetting

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(5) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when one of the following conditions is met:

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

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

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

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

(6) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on financial assets and contract assets measured at amortised cost:

The expected credit loss model is not applicable to financial assets invested in equity instruments held by the Group that are measured at fair value changes on financial assets are included in other comprehensive income.

Measurement of ECLs

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(6) Impairment (Continued)

Measurement of ECLs (Continued)

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

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

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

Financial instruments that have low credit risk

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

Significant increases in credit risk

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(6) Impairment (Continued)

Significant increases in credit risk (Continued)

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

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

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

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

Credit-impaired financial assets

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

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

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(6) Impairment (Continued)

Write-off

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

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

(7) Equity instrument

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

10. Inventories

(1) Classification and cost

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

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

(2) Measurement method of cost of inventories

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Inventories (Continued)

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

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

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

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

(4) Inventory count system

The Group maintains a periodic inventory system.

11. Long-term equity investments

(1) Investment cost of long-term equity investments

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments (Continued)

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

(a) *Investments in subsidiaries*

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

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

For the impairment of the investments in subsidiaries, please refer to Note III.18.

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

(b) *Investment in joint ventures*

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.11(3)) and rights to the net assets of the arrangement.

An investment in a joint venture is accounted for using the equity method for subsequent measurement.

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

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.
- After the acquisition of the investment, the Group recognises its share of the investee's net profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments (Continued)

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

(b) *Investment in joint ventures*

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

For the impairment test and provisioning of the investments in a joint venture, please refer to Note III.18.

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Fixed assets

(1) Recognition of fixed assets

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

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

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

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

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

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its useful life.

The useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
Motor vehicles	5-10 years	5%	9.50% – 19.00%
Office and other equipment	3–5 years	0%-5%	19% – 33.33%
Buildings and structures	20 years	5%	4.75%

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

(3) For the impairment of the fixed assets, please refer to Note III.18.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Fixed assets (Continued)

(4) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

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

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

13. Construction in progress

The cost of self-built fixed assets includes costs for engineering materials and direct labor, borrowing costs for a qualifying asset (see Note III. 14) and necessary expenses incurred before the assets reach the intended available state.

Self-built fixed assets, previously presented below the construction in progress, are transferred into fixed assets when they reach the intended available state, and no provision of depreciation is made.

The construction in progress is presented in the balance sheet as cost less provision (see Note III. 18).

14. Borrowing costs

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. Borrowing costs (Continued)

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

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

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

15. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.18). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life.

The respective amortisation periods for intangible assets are as follows:

Item	Amortisation period
Concession rights	23–30 years
Software	10 years
Land use rights	50 years

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group estimates its useful life and accounts for it in accordance with the same policy as intangible assets with finite useful lives described above.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

15. Intangible assets (Continued)

(1) Concession rights

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

The Group has entered into service concession arrangements with local governments in China (“the grantor”) in respect of its hazardous waste treatment project on a Build-Operate-Own (“BOO”) basis. Under the service concession arrangements, the Group builds and operates the hazardous waste treatment plant and the terms of the service concession arrangements allow the Group to earn waste treatment fees for the processing of waste.

The Group recognises construction costs as financial assets to the extent that it has an unconditional contractual right to receive specified or determinable amount of cash or another financial asset from the grantor, or to receive the shortfall, if any, between the amount received from grantor and the specified or determinable amount, and accounts for the financial asset in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (see Note III.9). The Group recognises construction costs as intangible assets (WTE project operating rights) to the extent that it has a right to receive unspecified or indeterminable amount of fees from the users of service within a certain operating period after the completion of the relevant infrastructure where such right does not constitute an unconditional right to receive cash.

(2) Research and development expenditure

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Goodwill

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

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.18). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

17. Long-term deferred expenses

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

Item	Amortisation period (year)
Renovation for office and others	3-5 years

18. Impairment of assets other than inventories and financial assets

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

- fixed assets
- construction in progress
- intangible assets
- right-of-use assets
- long-term equity investments
- goodwill
- long-term deferred expenses, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually at each year-end, irrespective of whether there is any indication of impairment. The Group estimates the recoverable amounts of goodwill at each year-end. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

18. Impairment of assets other than inventories and financial assets (Continued)

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note III.19) less costs to sell and its present value of expected future cash flows.

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

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

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

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

19. Fair value measurement

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Revenue

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

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

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. Stand-alone selling price refers to the price at which the Group sells goods or provides services to customers separately. If a stand-alone selling price is not directly observable, the Group shall consider all information that is reasonably available to the Group and maximize the use of observable inputs and apply estimation methods consistently in similar circumstances.

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Revenue (Continued)

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

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

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

The following is the description of accounting policies regarding revenue from the Group's principal activities:

Revenue from BOT, BOO and Build-Transfer ("BT") projects

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

During the operating period, the Group recognises the electricity tariff and waste treatment fees according to the following principles respectively.

(a) Electricity tariff

Revenue is recognised by the Group when the electricity is supplied to and controlled by the local grid company. The Group recognises the electricity tariff according to the actual volume of electricity supplied and the unit price and on-grid electricity as agreed in the electricity purchase and sale contracts.

(c) Waste treatment fees

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Interest income

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

22. Contract cost

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

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

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

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

23. Employee benefits

(1) Short-term employee benefits

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

(2) Post-employment benefits – defined contribution plans

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

(3) Termination benefits

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

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

24. Government grants

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Income tax

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

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

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

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

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

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Lease

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Lease (Continued)

The Group acts as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note III.18.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

27. Profit distributions

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

28. Related parties

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

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

29. Segment reporting

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

30. Significant accounting estimates and judgements

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

Except for accounting estimates relating to depreciation and amortisation of assets such as fixed assets and intangible assets (see Notes III.12 and 15) and provision for impairment of various types of assets (see Notes V.2, 3, 6, 7, 8, 13, 14, 16 and 54 and Notes XV.1 and 2). Other significant accounting estimates are as follows:

- (1) BOT Projects – As referred in Note III.15(1), the Group recognises financial assets and intangible assets based on the construction costs incurred and contract arrangement of each project. The Group recognises the financial assets and intangible assets at the end of each Reporting Period based on the aggregate of the financial assets and intangible assets of each BOT project that can be recognised and the stage of completion of each project at the reporting date. In the course of project construction, the Group reviews and revises the carrying amounts of the financial assets and intangible assets based on the budgeted construction costs and the estimated construction period.
- (2) Recognition of deferred assets (see Note V.18)



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

31. Changes in significant accounting policies and accounting estimates

(1) Contents and reasons of the changes in accounting policies

The relevant provisions of the Group's Accounting Standards for Business Enterprises that will take effect in 2020 are as follows:

- Interpretation No. 13 on Accounting Standards for Business Enterprises (Cai Kuai [2019] No. 21) (“Interpretation No. 13”)
- Regulations on Accounting Treatment of COVID-19 – Related Rent Concessions (Cai Kuai [2020] No.10)

(a) *Interpretation No. 13*

Interpretation No. 13 revised the three elements of business composition and refined the judgment conditions of business. When the acquirer of a business combination not under common control determines whether the acquired business activity or asset combination constitutes a business, the option of “concentration test” is introduced. In addition, Interpretation No. 13 further clarifies the definition of related party.

In addition, Interpretation No. 13 further clarifies that the related parties of an enterprise also include joint ventures or joint ventures of other member units (including parent companies and subsidiaries) of the enterprise group to which the enterprise belongs, and other joint ventures of investors who exercise joint control over the enterprise. Or associates, etc.

Interpretation No. 13 has been implemented since 1 January 2020. The Group adopts the prospective application method to account for the abovementioned accounting policy changes. The adoption of this interpretation does not have a material impact on the Group's disclosures on financial position, operating results and related parties.

(b) *Cai Kuai [2020] No. 10*

Cai Kuai [2020] No. 10 provides a simplified method for rental concessions directly caused by COVID-19 when certain conditions are met (see Note III. 26). If enterprises choose to adopt the simplified approach, it is not required to assess whether there is a lease change or reassess the lease classification.

Cai Kuai [2020] No. 10 has been implemented since 24 June 2020, and the relevant rent concessions that occur between 1 January 2020 and the effective date of this regulation can be adjusted in accordance with this regulation. The Group was not subject to Rental Concessions for Epidemic during the current period.



XIII. Financial Report (Continued)

IV. TAXATION

1. Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value-added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue according to taxation laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable.	3%*, 6%, and 13%
City maintenance and construction tax	Based on VAT effectively paid	5% and 7%
Education surcharges	Based on VAT effectively paid	3%
Local education surcharges	Based on VAT effectively paid	2%
Corporate income tax ("CIT")	Based on taxable profits	25%
PRC withholding income tax	Based on dividends declared to foreign investors	10%

* Qingdao Dynagreen Renewable Energy Co., Ltd. (青島綠色動力再生能源有限公司) ("Qingdao Company"), which was subsidiaries of the Company, were small-scale VAT taxpayers and their applicable tax rate was 3%.

The applicable income tax rate for the Company and its subsidiaries (except for Dynagreen Investment Holding Company Limited (formerly known as Blue-ocean Environment Investment Holding Company Limited (藍洋環保投資控股有限公司)) ("Hong Kong Dynagreen") was 25% for the year.

An income tax rate of 16.5% as stipulated by the Hong Kong tax laws was applicable to Hong Kong Dynagreen, a company incorporated in Hong Kong.

According to the Enterprise Income Tax Law, a 10% withholding tax will be levied on the dividends declared to foreign investors from the foreign investment enterprises established in Mainland China.



IV. TAXATION (Continued)

2. Tax preferential benefits and approvals (Continued)

2.1 CIT preferential benefits and approvals

The Company's subsidiary Huizhou Dynagreen Dynagreen Renewable Energy Co., Ltd. ("Huizhou Company"), Tianjin Dynagreen Renewable Energy Co., Ltd. ("Jizhou Company"), Anshun Dynagreen Renewable Energy Co., Ltd. ("Anshun Company"), Jurong Dynagreen Renewable Energy Co., Ltd. ("Jurong Company"), Guangyuan Boneng Renewable Energy Co., Ltd. ("Guangyuan Boneng Company"), Bengbu Dynagreen Renewable Energy Co., Ltd. ("Bengbu Company"), Tianjin Environmental Protection Energy Co., Ltd. ("Ninghe Company"), Beijing Environmental Protection Energy Co., Ltd. ("Tongzhou Company"), Jiamusi Bohai Environmental Protection Energy Co., Ltd. ("Jiamusi Company"), Shantou Dynagreen Renewable Energy Co., Ltd. ("Shantou Company"), Zhaoqing Boneng Renewable Resources Power Generation Co., Ltd. ("Zhaoqing Company"), Beijing Dynagreen Renewable Energy Co., Ltd. ("Miyun Company"), Zhangqiu Dynagreen Renewable Energy Co., Ltd. ("Zhangqiu Company"), Bobai Dynagreen Renewable Energy Co., Ltd. ("Bobai Company"), Yichun Dynagreen Renewable Energy Co., Ltd. ("Yichun Company"), Hongan Dynagreen Renewable Energy Co., Ltd. ("Hongan Company"), Huizhou Dynagreen Renewable Energy Co., Ltd. ("Huizhou Phase II Company") and Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd. ("Haining extension Company") which all were subsidiaries of the Company, were qualified for the earnings from environmental protection, water and energy conservation as stipulated under the Enterprise Income Tax Law, and were eligible for a tax exemption for the first year to the third year, and a 50% reduction in CIT for the fourth year to the sixth year starting from the year in which the entities first generate operating income (the "3+3 tax holiday"). The details are as follows:

- The Huizhou Company Incineration Plant Project and Jizhou Company completed the CIT preferential benefits and approvals in 2016 and were entitled to the 3+3 tax holiday from 2016 to 2021;
- Anshun Company completed the "CIT preferential benefits and approvals" in 2016 and was entitled to the 3+3 tax holiday from 2015 to 2020;
- Anshun Company is an encouraged industry established in the Northwest region and completed its filing in 2018. Its taxable income is subject to corporate income tax at a preferential tax rate of 15%;
- Jurong Company, Guangyuan Company and Bengbu Company completed the "CIT preferential benefits and approvals" in 2017 and were entitled to the 3+3 tax holiday from 2017 to 2022;
- Ninghe Company Biomass Power Generation Project, Tongzhou Company, Jiamusi Company completed the "CIT preferential benefits and approvals" in 2018 and were entitled to the 3+3 tax holiday from 2018 to 2023;
- Shantou Company, Zhaoqing Company, Miyun Company, Zhangqiu Company and Bobai Company completed the "CIT preferential benefits and approvals" in 2019 and were entitled to the 3+3 tax holiday from 2019 to 2024;
- Yichun Company, Hongan Company, Huizhou Phase II Company, Haining Expansion Company, Anshun Phase II and Jizhou Phase II were entitled to the 3+3 tax holiday from 2020 to 2025;

Before obtaining the notification of CIT, the subsidiaries made income tax provisions and payment based on a tax rate of 25% and income tax expenses.



XIII. Financial Report (Continued)

IV. TAXATION (Continued)

2. Tax preferential benefits and approvals (Continued)

2.2 VAT preferential benefits and approvals

According to the Notice on Publishing the VAT Catalogue for Products Generated from Comprehensive Utilisation of Resources and Services (Cai Shui [2015] No. 78) issued by MOF and State Administration of Taxation, 70% refund of VAT in respect of the waste treatment services and 100% refund of VAT in respect of the sale of power or heat produced from waste or methane from waste fermentation. The tax rates and preferential tax rate policies applicable to the Company and its subsidiaries had no obvious change from 2019.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

Item	2020	2019
Cash on hand	5,666.56	44,369.38
Deposits with banks	1,592,962,373.30	351,939,049.17
Other monetary funds	15,093,755.94	80,157,520.00
Total	1,608,061,795.80	432,140,938.55
Including: Total overseas deposits	2,146,921.75	1,903,049.36

As at 31 December 2020, the Group did not hold any time deposit (31 December 2019: Nil).

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

2. Bills receivable

(1) Classification of bills receivable

Type	2020	2019
Commercial acceptance bills	3,237,500.00	—
Bank acceptance bills	24,450,000.00	—
Total	27,687,500.00	—

All of the above bills receivable were due within one year.

(2) At 31 December 2020, the Group did not have any pledged bills receivable.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Bills receivable (Continued)

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

Type	31 December 2020	
	Amount derecognized at the end of the year	Amount not derecognized at the end of the year
Bank acceptance bills	–	19,780,000.00
Commercial acceptance bills	–	3,237,500.00
Sub-total	–	23,017,500.00
Provision for impairment	–	–
Total	–	23,017,500.00

As at 31 December 2020 and 31 December 2019, the Group did not have any bills transferred to accounts receivable due to non-performance of the issuers.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable

(1) Accounts receivable by customer type are as follows:

Customer Type	2020	2019
Due from third parties	821,771,322.02	467,830,771.16
Due from related parties	10,000,000.00	10,000,000.00
Less: Provision for bad and doubtful debts	(46,071,366.10)	(25,047,141.46)
Total	785,699,955.92	452,783,629.70

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

Ageing	2020	2019
Within 1 year (inclusive)	746,536,414.49	455,238,680.70
Over 1 year but within 2 years (inclusive)	74,522,904.67	22,332,107.06
Over 2 years but within 3 years (inclusive)	10,452,019.46	259,983.40
Over 3 years but within 4 years (inclusive)	259,983.40	–
Sub – total	831,771,322.02	477,830,771.16
Less: Provision for bad and doubtful debts	(46,071,366.10)	(25,047,141.46)
Total	785,699,955.92	452,783,629.70

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



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable (Continued)

(3) Accounts receivable by provisioning method:

Category	Note	31 December 2020				
		Book balance		Provision for bad and doubtful debts		Carrying amount
		Amounts	Percentage (%)	Amounts	Percentage (%)	
Provision for bad and doubtful debts individually	(i)	–	0%	–	0%	–
Provision for bad and doubtful debts collectively	(ii)	831,771,322.02	100%	(46,071,366.10)	100%	785,699,955.92
Total		831,771,322.02	100%	(46,071,366.10)	100%	785,699,955.92

Category	Note	31 December 2019				Carrying amount
		Book balance		Provision for bad and doubtful debts		
		Amounts	Percentage (%)	Amounts	Percentage (%)	
Provision for bad and doubtful debts individually	(i)	–	0%	–	0%	–
Provision for bad and doubtful debts collectively	(ii)	477,830,771.16	100%	(25,047,141.46)	100%	452,783,629.70
Total		477,830,771.16	100%	(25,047,141.46)	100%	452,783,629.70

(i) Accounts receivables were not provided individually for bad and doubtful debts in 2020.

(ii) Criteria for collective assessment in 2020 and details:

Customers of accounts receivable of the Group are the grid customers who are located in the PRC, to whom the Group sells electricity or those public services units to whom the Group provide waste treatment service. Based on the Group's historical experience, there was no significant difference in the loss incurred by different customer groups. Therefore, different customer groups were not further segmented when calculating the provision for bad and doubtful debts.



XIII. Financial Report (Continued)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable (Continued)

(3) (Continued)

(iii) Expected credit loss assessment on accounts receivables:

At all times the Group measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the number of overdue days and the lifetime expected credit loss rates. According to the historical experience of the Group, there are no significant differences in the losses of different customer groups. Therefore, different customer groups are not further distinguished when calculating impairment loss based on the overdue information.

2020

Ageing	Loss give default	Book balance at the end of the year	Provision for impairment at the end of the year
Within 1 year (inclusive)	1.32%-6.55%	746,536,414.49	15,298,497.87
Over 1 year but within 2 years (inclusive)	19.83%-58.16%	74,522,904.67	20,060,865.37
Over 2 years but within 3 years (inclusive)	100%	10,452,019.46	10,452,019.46
Over 3 years but within 4 years (inclusive)	100%	259,983.40	259,983.40
Total		831,771,322.02	46,071,366.10

2019

Ageing	Loss give default	Book balance at the end of the year	Provision for impairment at the end of the year
Within 1 year (inclusive)	5%	455,238,680.70	22,761,934.05
Over 1 year but within 2 years (inclusive)	10%	22,332,107.06	2,233,210.72
Over 2 years but within 3 years (inclusive)	20%	259,983.40	51,996.69
Total		477,830,771.16	25,047,141.46

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



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable (Continued)

(4) Change in provision for bad and doubt debts:

Item	2020	2019
Balance at the beginning of the year	25,047,141.46	12,209,551.93
Provisions for the year	21,024,224.64	12,758,287.57
Business combination involving entities not under common control	—	79,301.96
Balance at the end of the year	46,071,366.10	25,047,141.46

During this Reporting Period, the Group did not write off any accounts receivable. For the accounts receivable with restricted ownership, please see Note V. 51.

(5) Five largest accounts receivable by debtor at the end of the year

As at 31 December 2020, the subtotal of five largest accounts receivable of the Group amounted to RMB333,749,728.96, representing 40% of the total accounts receivable at the end of the year, and the provisions of bad and doubtful debts amounted to RMB8,559,554.21.

As at 31 December 2019, the subtotal of five largest accounts receivable of the Group amounted to RMB162,511,421.26, representing 34% of the total accounts receivable at the end of the year, and the provisions of bad and doubtful debts amounted to RMB8,524,815.68.

4. Receivables under financing

Item	Balance at the end of the year	Balance at the beginning of the year
Bills receivable at fair value through other comprehensive income	2,000,000.00	10,036,291.46

In its day-to-day capital management, the Group endorses or discounts some of its bank acceptance bills. Such bills receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group categorizes these bills receivables of fair value through other comprehensive income.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Prepayments

(1) Prepayments by category:

Item	2020	2019
Prepayments to third parties	15,139,014.07	15,355,672.33

The ageing is counted starting from the date when prepayments are recognised. As at 31 December 2020 and 31 December 2019, the ageing of the Group's prepayments were within one year and the Group did not need to make provisions for impairment.

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

As at 31 December 2020, the subtotal of five largest prepayments of the Group amounted to RMB5,030,114.29, representing 33% of the total prepayments at the end of the year, and no provisions for bad and doubtful debts had been made.

As at 31 December 2019, the subtotal of five largest prepayments of the Group amounted to RMB9,293,176.75, representing 61% of the total prepayments at the end of the year, and no provisions for bad and doubtful debts had been made.

6. Other receivables

	Note	2020	2019
Due from third parties	(1)	42,029,816.24	22,779,939.42



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(1) Due from third parties

(a) Analyse as follows:

Customer Type	2020	2019
Due from third parties	66,868,360.20	45,405,856.45
Less: Provision for bad and doubtful debts	(24,838,543.96)	(22,625,917.03)
Total	42,029,816.24	22,779,939.42

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

Ageing	2020	2019
Within 1 year (inclusive)	34,841,660.78	18,973,312.52
Over 1 year but within 2 years (inclusive)	6,344,443.56	1,200,853.17
Over 2 years but within 3 years (inclusive)	1,048,235.68	3,534,223.16
Over 3 years but within 4 years (inclusive)	3,046,027.58	545,798.94
Over 4 years but within 5 years (inclusive)	545,798.94	1,617,862.87
Over 5 years	21,042,193.66	19,533,805.79
Sub – total	66,868,360.20	45,405,856.45
Less: Provision for bad and doubtful debts	(24,838,543.96)	(22,625,917.03)
Total	42,029,816.24	22,779,939.42

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



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(1) Due from third parties (Continued)

(c) Other receivables are disclosed by type based on the methods of provision for bad and doubtful debts:

Category	Book balance		2020 Provision for bad and doubtful debts		Carrying amount
	Amounts	Percentage	Amounts	Percentage	
		(%)		(%)	
Provision for bad and doubtful debts individually					
– Performance bond	6,000,000.00	9%	(5,050,000.00)	20%	950,000.00
– Due from former shareholders	17,956,189.25	27%	(13,380,047.32)	54%	4,576,141.93
Provision for bad and doubtful debts collectively					
– VAT refunds receivable and other tax refunds receivable	8,503,492.16	13%	–	0%	8,503,492.16
– Others	34,408,678.79	51%	6,408,496.64	26%	28,000,182.15
Total	66,868,360.20	100%	24,838,543.96	100%	42,029,816.24

Category	Book balance		2019 Provision for bad and doubtful debts		Carrying amount
	Amounts	Percentage	Amounts	Percentage	
		(%)		(%)	
Provision for bad and doubtful debts individually					
– Performance bond	8,030,000.00	18%	(5,151,500.00)	23%	2,878,500.00
– Due from former shareholders	17,800,529.85	39%	(13,126,249.60)	58%	4,674,280.25
Provision for bad and doubtful debts collectively					
– VAT refunds receivable and other tax refunds receivable	5,013,482.89	11%	–	0%	5,013,482.89
– Others	14,561,843.71	32%	(4,348,167.43)	19%	10,213,676.28
Total	45,405,856.45	100%	(22,625,917.03)	100%	22,779,939.42



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(1) Due from third parties (Continued)

(c) (Continued)

(i) Criteria and statement of recognition of provision for bad and doubtful debts individually in 2020:

Other receivables (by entity)	Provision for bad and doubtful debts			Rationale for provision
	Book balance		Percentage	
Shenzhen Hanyang Holdings Company	6,988,073.50	(6,988,073.50)	100%	Had long ageing and risk on collection
Dynagreen Environment Investment Limited	5,160,600.00	(5,160,600.00)	100%	Had long ageing and risk on collection
Former shareholder of Guangyuan Promising Environmental Protection Company Limited	5,075,954.40	(499,812.47)	10%	Had risk on collection
Ganzhou Nanbei Bidding Agency Co., Ltd.	1,000,000.00	(50,000.00)	5%	Overdue and not recovered
Sheyang County Government	4,000,000.00	(4,000,000.00)	100%	Had long ageing and risk on collection
City Administration Bureau of Changzhou City Wujin District	1,000,000.00	(1,000,000.00)	100%	Had long ageing and risk on collection
Zheng Shen	355,664.38	(355,664.38)	100%	Had long ageing and risk on collection
Dynagreen International Holding (Group) Co., Ltd.	294,835.67	(294,835.67)	100%	Had long ageing and risk on collection
Huang Jianzhong	70,000.00	(70,000.00)	100%	Had long ageing and risk on collection
Zheng Daobin	11,061.30	(11,061.30)	100%	Had long ageing and risk on collection
Total	23,956,189.25	(18,430,047.32)		

(ii) Criteria and statement of recognition of provision for bad and doubtful debts collectively in 2020:

Other receivables are primarily grouped by nature. Of which, VAT refunds receivable and other tax refunds receivable are mainly refunds receivable from taxation bureaus; others are mainly prepayments.



XIII. Financial Report (Continued)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(1) Due from third parties (Continued)

(a) Changes in provision for bad and doubtful debts:

Provision for bad and doubtful debts:	2020				2019			
	Second stage		Third stage		Second stage		Third stage	
	Lifetime		Lifetime		Lifetime		Lifetime	
	First stage ECL for next 12 months	ECL – no credit impairment	ECL – credit impairment occurred	Total	First stage ECL for next 12 months	ECL – no credit impairment	ECL – credit impairment occurred	Total
Balance at the beginning of the year	546,491.46	4,047,690.72	18,031,734.85	22,625,917.03	2,481,442.43	2,808,506.54	17,330,234.85	22,620,183.82
Transfer to the second stage	(317,222.18)	317,222.18	-	-	(60,042.66)	60,042.66	-	-
Transfer to the third stage	-	-	-	-	-	-	-	-
Turn back to the second stage	-	-	-	-	-	-	-	-
Turn back to the first stage	-	-	-	-	-	-	-	-
Business combination involving entities not under common control	-	-	-	-	16,349.97	-	-	16,349.97
Provisions/(Reversals) for the year	1,087,639.15	1,276,487.78	(151,500.00)	2,212,626.93	(1,891,258.28)	1,179,141.52	701,500.00	(10,616.76)
Balance at the end of the year	1,316,908.43	5,641,400.68	17,880,234.85	24,838,543.96	546,491.46	4,047,690.72	18,031,734.85	22,625,917.03



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(1) Due from third parties (Continued)

(e) Other receivables by nature

Nature of money	2020	2019
Performance bond	6,000,000.00	8,030,000.00
VAT refunds receivable and other tax refunds receivable	8,503,492.16	5,013,482.89
Others	52,364,868.04	32,362,373.56
Sub – total	66,868,360.20	45,405,856.45
Less: Provision for bad and doubtful debts	(24,838,543.96)	(22,625,917.03)
Total	42,029,816.24	22,779,939.42

(f) Five largest other receivables by debtor at the end of the year

Entity name	Nature of the receivable	Balance at the end of the year	2020		
			Ageing	Percentage of total other receivables at the end of the year (%)	Provision for bad and doubtful debts at year-end
Huludao City Land Reserve Center	Others	12,550,215.00	Within 1 year (inclusive)	19%	(627,510.75)
Shenzhen Hanyang Holdings Company	Current accounts of former shareholders	6,988,073.50	Over 5 years	10%	(6,988,073.50)
Dynagreen Environment Investment Limited	Current accounts of former shareholders	5,160,600.00	Over 5 years	8%	(5,160,600.00)
Tianjin Municipal Tax Service, State Taxation Administration	VAT refunds	5,145,209.56	Within 1 year (inclusive)	8%	–
Former shareholder of Guangyuan Promising Environmental Protection Company Limited	Current accounts of former shareholders	5,075,954.40	Within 1 year for part, 1-2 years for the other part	8%	(499,812.47)
Total		34,920,052.46		53%	(13,275,996.72)



XIII. Financial Report (Continued)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(1) Due from third parties (Continued)

(f) Five largest other receivables by debtor at the end of the year

Entity name	Nature of the receivable	Balance at the end of the year	2019		
			Ageing	Percentage of total other receivables at the end of the year (%)	Provision for bad and doubtful debts at year-end
Shenzhen Hanyang Holdings Company	Current accounts of former shareholders	6,988,073.50	Over 5 years	15%	(6,988,073.50)
Dynagreen Environment Investment Limited	Current accounts of former shareholders	5,160,600.00	Over 5 years	11%	(5,160,600.00)
Sheyang County Government	Performance bond	4,000,000.00	Over 5 years	9%	(4,000,000.00)
Guizhou Xijie Environmental Sanitation Management Co., Ltd. (貴州西潔環境衛生管理有限公司)	Others	2,668,488.18	Over 2 years but within 4 years	6%	(618,173.06)
Former shareholder of Guangyuan Promising Environmental Protection Company Limited	Current accounts of former shareholders	4,920,295.00	within 1 year	11%	(246,014.75)
Total		23,737,456.68		52%	(17,012,861.31)

7. Inventories

Inventories by category

Type of inventories	31 December 2020		
	Book balance	Provision for impairment of inventories	Carrying amount
Turnover materials	37,184,080.74	–	37,184,080.74

Type of inventories	31 December 2019		
	Book balance	Provision for impairment of inventories	Carrying amount
Turnover materials	29,114,023.28	–	29,114,023.28

The Group's balance of inventories as at 31 December neither included capitalised borrowing costs nor was pledged as security.

There was no provision for impairment of inventories by the Group for this year and last year.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract assets

(1) Contract assets by nature are as follows:

Item	31 December 2020		
	Book balance	Provision for impairment	Carrying amount
Contract assets generated by electricity sales contract	519,261,410.38	(51,309,556.66)	467,951,853.72

Item	31 December 2019		
	Book balance	Provision for impairment	Carrying amount
Contract assets generated by electricity sales contract	431,583,768.30	(36,019,345.57)	395,564,422.73

The Group's contract assets primarily relate to the tariff revenue from the national renewable energy subsidies in the electricity supply contract between the Group and the grid customers at the balance sheet date.

The tariff revenue from the national renewable energy subsidies for selling electricity shall be paid after the project is included in the National Renewable Energy Subsidy Catalogue. When the Group obtains the right to receive the unconditional consideration, the contract assets will be converted into accounts receivable.

For the details of contract assets with restricted ownership, please see Note V. 51.

(2) Significant changes in contract assets for the year:

Significant changes in the balance of the Group's contract assets for the year are as follows:

Item	For the 12-month period ended 31 December 2020	
	Amount (Increase/ (decrease))	Reason
Ninghe Company	79,634,986.62	Due to sales of electricity
Tongzhou Company	40,776,217.20	Due to sales of electricity
Bengbu Company	(83,169,933.22)	Transfer from contract assets to receivables
Jizhou Company	(48,468,643.96)	Transfer from contract assets to receivables
Guangyuan Company	(22,262,501.29)	Transfer from contract assets to receivables



XIII. Financial Report (Continued)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract assets

(3) Provision for impairment of contract assets:

Item	For the 12-month period ended 31 December 2020					Reason
	Balance at the beginning of the year	Provisions for the year	Reversed for the year	Write-back or write-off for the year	Balance at the end of the year	
Provision for impairment	36,019,345.57	15,290,211.09	-	-	51,309,556.66	Extension of operating time and increase in new operating projects

Item	For the 12-month period ended 31 December 2019					Reason
	Balance at the beginning of the year	Provisions for the year	Reversed for the year	Write-back or write-off for the year	Balance at the end of the year	
Provision for impairment	11,014,253.67	25,005,091.90	-	-	36,019,345.57	Extension of operating time and increase in new operating projects

9. Long-term receivables due within one year

Item	2020	2019
BOT projects	98,710,363.59	81,338,533.42
BT projects	43,697,557.19	6,349,062.89
Sub-total	142,407,920.78	87,687,596.31
Less: Provision for impairment	(7,214,307.87)	-
Total	135,193,612.91	87,687,596.31

For the long-term receivables due within one year with restricted ownership, please see Note V.51.

10. Other current assets

As at the end of each accounting year, the other current assets of the Group mainly comprise deductible VAT.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Long-term receivable

Item	2020		
	Book balance	Provision for bad and doubtful debts	Carrying amount
BOT projects	5,258,774,805.42	–	5,258,774,805.42
BT projects	67,135,861.89	(7,214,307.87)	59,921,554.02
Performance bond	56,137,857.11	–	56,137,857.11
Sub – total	5,382,048,524.42	(7,214,307.87)	5,374,834,216.55
Less: Due within one year	142,407,920.78	(7,214,307.87)	135,193,612.91
Total	5,239,640,603.64	–	5,239,640,603.64

Item	2019		
	Book balance	Provision for bad and doubtful debts	Carrying amount
BOT projects	4,450,399,035.83	–	4,450,399,035.83
BT projects	64,080,060.13	–	64,080,060.13
Performance bond	39,743,632.48	–	39,743,632.48
Sub – total	4,554,222,728.44	–	4,554,222,728.44
Less: Due within one year	87,687,596.31	–	87,687,596.31
Total	4,466,535,132.13	–	4,466,535,132.13

As at 31 December 2020 and 31 December 2019, the ranges of discount rate of the long-term receivables of BOT projects were both 4.97% – 8.53%; the ranges of discount rate of the long-term receivables of BT projects were 8.42% and 6.99% respectively.

For the long-term receivables with restricted ownership, please see Note V.51.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Long-term equity investments

(1) Long-term equity investments by category at the end of the accounting year were as follows:

Item	2020	2019
Investments in joint ventures	66,190,681.00	62,907,982.84
Sub – total	66,190,681.00	62,907,982.84
Less: Provision for impairment	–	–
Total	66,190,681.00	62,907,982.84

(2) Analysis of the movements of long-term equity investments is as follows:

Investee	Changes for 2020					Balance at the end of the year
	Balance at the beginning of the year	Additional investment	Investment deducted	Investment income recognized under equity method	Other changes in equity	
Joint ventures Fengcheng Company	62,907,982.84	–	–	3,282,698.16	–	66,190,681.00



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Fixed assets

Item	Motor vehicles	Office and other equipment	Buildings and structures *	Total
Cost				
1 January 2019	24,254,898.16	28,327,284.95	23,779,400.00	76,361,583.11
Additions for the year				
– Purchases	625,440.81	7,881,198.86	–	8,506,639.67
– Addition in business combination involving entities not under common control	360,800.00	71,000.00	–	431,800.00
Disposals during the year	(308,420.00)	(955,652.65)	–	(1,264,072.65)
31 December 2019	24,932,718.97	35,323,831.16	23,779,400.00	84,035,950.13
Additions for the year				
– Purchases	5,840,341.53	6,468,863.20	–	12,309,204.73
Disposals during the year	(3,141,160.52)	(207,705.87)	–	(3,348,866.39)
31 December 2020	27,631,899.98	41,584,988.49	23,779,400.00	92,996,288.47
Accumulated depreciation				
1 January 2019	10,758,374.13	12,973,060.19	3,092,118.00	26,823,552.32
Additions for the year				
Provisions for the year	2,565,283.27	4,050,379.68	1,292,815.05	7,908,478.00
Addition in business combination involving entities not under common control	45,736.00	11,355.00	–	57,091.00
Disposals during the year	(292,999.00)	(457,014.74)	–	(750,013.74)
31 December 2019	13,076,394.40	16,577,780.13	4,384,933.05	34,039,107.58
Additions for the year				
Provisions for the year	2,650,224.88	4,836,252.81	1,292,815.05	8,779,292.74
Disposals during the year	(2,819,100.57)	(177,324.39)	–	(2,996,424.96)
31 December 2020	12,907,518.71	21,236,708.55	5,677,748.10	39,821,975.36
Carrying amount				
31 December 2020	14,724,381.27	20,348,279.94	18,101,651.90	53,174,313.11
31 December 2019	11,856,324.57	18,746,051.03	19,394,466.95	49,996,842.55

* The land occupied by Dongguan Changneng Clean Energy and Greening Service Co., Ltd. (東莞市長能清潔能源綠化服務有限公司) (hereinafter referred to as "Dongguan Company"), was provided free of charge by the Chang'an Town People's Government and the Yongtuo Community Residents Committee of Chang'an Town, Dongguan City. Dongguan Company does not have a land use right certificate, so 31 December 2020, the building with a book value of RMB18,101,651.90 (31 December 2019: RMB19,394,466.95) has no House Title Certificate. The management believes that the Group can effectively occupy and use the above fixed assets.



XIII. Financial Report (Continued)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Construction in progress

	31 December 2020	31 December 2019
Construction in progress	184,879,239.06	—

Condition of construction in progress

	Book balance	2020 Provision for impairment	Carrying amount
Huludao Hazardous Waste Project	184,879,239.06	—	184,879,239.06

Changes of major projects under construction for the year

Item	2020									
	Balance at the beginning of the Budget year	Additions for the year	Transferred into fixed assets for the year	Other decrease	Balance at the end of the year	Proportion of cumulative project investment in budget	Accumulated amount of interest capitalisation	Including: amount of interest capitalisation for the year	Interest rate for the year (%)	Source of funding
Huludao Hazardous Waste Project	289,075,765.50	—	184,879,239.06	—	—	184,879,239.06	63.90%	2,850,698.75	2,850,698.75	4.90% Loans from financial institutions



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Intangible assets

(1) Intangible assets

Item	Concession rights	Land use right	Software	Construction license	Total
Cost					
1 January 2019	4,703,720,414.22	83,956,207.40	1,497,716.40	6,529,123.58	4,795,703,461.60
Additions for the year					
– Purchases/construction	2,215,362,327.69	33,018.87	824,419.18	–	2,216,219,765.74
– Addition in business combination involving entities not under common control	810,500.00	–	34,791.56	–	845,291.56
Exchange gains and losses	305,639.04	–	–	–	305,639.04
31 December 2019	6,920,198,880.95	83,989,226.27	2,356,927.14	6,529,123.58	7,013,074,157.94
Additions for the year					
– Purchases/construction	1,218,978,290.61	464,816.85	–	–	1,219,443,107.46
Decreased during the year	–	(12,542,667.83)	–	–	(12,542,667.83)
Exchange gains and losses	(845,112.24)	–	–	–	(845,112.24)
31 December 2020	8,138,332,059.32	71,446,558.44	2,821,743.99	6,529,123.58	8,219,129,485.33
Accumulated amortisation					
1 January 2019	377,262,123.74	–	665,855.42	3,396,442.65	381,324,421.81
Provisions for the year	160,674,313.86	2,066,298.25	211,600.52	–	162,952,212.63
Addition in business combination involving entities not under common control	–	–	2,899.30	–	2,899.30
Exchange gains and losses	95,376.94	–	–	–	95,376.94
31 December 2019	538,031,814.54	2,066,298.25	880,355.24	3,396,442.65	544,374,910.68
Provisions for the year	230,433,823.82	1,470,740.10	233,067.51	–	232,137,631.43
Decreased during the year	–	(334,471.14)	–	–	(334,471.14)
Exchange gains and losses	(297,268.01)	–	–	–	(297,268.01)
31 December 2020	768,168,370.35	3,202,567.21	1,113,422.75	3,396,442.65	775,880,802.96
Provision for impairment of assets					
1 January 2019	–	–	–	3,132,680.93	3,132,680.93
Provisions for the year	12,547,763.33	–	–	–	12,547,763.33
31 December 2019	12,547,763.33	–	–	3,132,680.93	15,680,444.26
Provisions for the year	61,338,168.05	–	–	–	61,338,168.05
31 December 2020	73,885,931.38	–	–	3,132,680.93	77,018,612.31
Carrying amount					
31 December 2020	7,296,277,757.59	68,243,991.23	1,708,321.24	–	7,366,230,070.06
31 December 2019	6,369,619,303.08	81,922,928.02	1,476,571.90	–	6,453,018,803.00



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Intangible assets (Continued)

(1) Intangible assets (Continued)

- (a) The cost of concession rights is recognised using the method stated in Note III.15(1). The concession rights were deemed to be definite life intangible assets as the BOT arrangements stated that the operation periods vary from 23 years to 30 years.

For those waste-to-energy projects which have not yet commenced operation, the Group assesses the recoverable amount of each concession right at the end of each year. As at 31 December 2020, the recoverable amounts of the concession right of the projects which have not yet commenced operation are estimated to be higher than the carrying amount, and no impairment is required.

For those waste-to-energy projects which have commenced operation, the Group assesses the recoverable amount of each concession right when an indication of impairment has been identified. As the Ninghe Straw Power Generation Project's operating efficiency and benefits have not yet reached expectations. From the beginning of operation at the end of 2017 to 2020, it has suffered operating losses. Management has assessed and considered the impact of national renewable energy subsidy policy, and drew a conclusion that there was an indicator of impairment for this project. As at December 31, 2020, the Group made provision for asset impairment losses of RMB50,388,668.05 for the difference between the recoverable amount of the franchise of the Ninghe Straw Power Generation Project and its carrying amount. The Jiamusi Waste-to-Energy Project's operating benefits have not yet reached expectations due to the low calorific value of the waste. From the beginning of operation at the end of 2018 to 2019, it has suffered operating losses and recorded small profit in 2020. After the management's evaluation and consideration of the impact of the national renewable energy subsidy policy, it is considered that there was an indicator of impairment for this project. As at December 31, 2020, the Group made provision for asset impairment losses of RMB10,949,500.00 for the difference between the recoverable amount of the franchise of the Jiamusi Waste-to-Energy Project and its carrying amount. The recoverable amount was determined based on the present value of the estimated future cash flows of the franchise assets, and the pre-tax discount rate used to estimate its present value was 11% (2019: 11%).

- (b) For the franchise of hazardous waste disposal projects, since the BOO agreement does not stipulate the franchise period, the franchise of the hazardous waste disposal project is regarded as an intangible asset with an indefinite useful life. As the recoverable amount of the franchise of hazardous waste disposal projects is higher than the carrying amount, no impairment is required.

- (2) For the intangible assets with restricted ownership, please see Note V.51.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Goodwill

(1) Changes in goodwill

Name of investees or issues forming goodwill		Balance at the beginning of the year	Additions for the year	Disposals during the year	Balance at the end of the year
Original book value					
Lyvi (Huludao) Environmental Services Limited* (綠益(葫蘆島)環境服務有限公司) ("Huludao Hazardous Waste Company")	Note	43,910,821.67	–	–	43,910,821.67
Provision for impairment					
Huludao Hazardous Waste Company		–	–	–	–
Carrying amount		43,910,821.67	–	–	43,910,821.67

Note: On 5 January 2018, the Group acquired 80% of interests in Huludao Hazardous Waste Company at the consideration of RMB90,000,000. The consideration exceeded the difference of RMB43,910,821.67 between the identified asset and liabilities at fair value of Huludao Hazardous Waste Company on a pro rata basis, and recognised as the goodwill relating to Huludao Hazardous Waste Company.

(2) Impairment provision of goodwill

Item	2020	2019
Huludao Hazardous Waste Company	–	–

For the purpose of impairment testing of goodwill, goodwill is allocated to a group of cash-generating units (being subsidiaries acquired in each acquisition). Such group of cash-generating units represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The recoverable amount of Huludao Hazardous Waste Company is determined under the method of present value of estimated future cash flows. The present value of future cash flows of the asset group was estimated by the Group according to the nearest four-year financial budget and using the pre-tax discount rate of 13% (2019: 13%). The cash flows beyond four-year financial budget remained steady. The estimated outcome of recoverable amount did not result in recognition of impairment loss. However, it is estimated that the significant assumptions on which the present value of future cash flow of the asset group is based may change. The management believes that any negative changes in the significant assumptions will probably result in the book value of the asset group exceeding its recoverable amount.

The significant assumptions used for impairment testing include the growth rates of future incomes from hazardous waste treatment, gross margin ratios and applicable discount rates, etc.. Management determined those significant assumptions based on historical operating condition and its expectation to future market development.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Long-term deferred expenses

Item	2020				Balance at the end of the year
	Balance at the beginning of the year	Additions for the year	Amortisation for the year	Decrease in the year	
Renovation costs for office under operating lease	–	366,972.48	(214,067.28)	–	152,905.20
Others	581,287.19	–	(332,164.11)	–	249,123.08
	581,287.19	366,972.48	(546,231.39)	–	402,028.28

Item	2019				Balance at the end of the year
	Balance at the beginning of the year	Amortisation for the year	Decrease in the year		
Renovation costs for office under operating lease	386,560.40	–	(386,560.40)		–
Others	913,451.31	(332,164.12)	–		581,287.19
	1,300,011.71	(332,164.12)	(386,560.40)		581,287.19



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Deferred tax assets and deferred tax liabilities

(1) Deferred income tax assets and deferred income tax liabilities

Item	2020		2019	
	Deductible or taxable temporary differences (for taxable temporary difference)	Deferred tax assets or liabilities (for liabilities)	Deductible or taxable temporary differences (for taxable temporary difference)	Deferred tax assets or liabilities (for liabilities)
Deferred tax assets				
Tax losses	53,944,644.20	13,486,161.06	94,097,313.88	23,524,328.47
Deferred income	10,741,385.56	2,685,346.39	10,991,040.00	2,747,760.00
Provision for impairment	115,718,075.17	18,550,203.95	70,070,689.20	9,823,872.03
Unrealised profits	835,380,464.92	196,369,565.88	799,261,163.75	189,093,725.66
Amount offset		(23,555,199.63)		(21,762,550.76)
Balance after offsetting		207,536,077.65		203,427,135.40
Deferred tax liabilities				
Temporary difference from concession rights and long-term receivables	(424,843,693.72)	(106,210,923.43)	(318,796,159.68)	(79,699,039.93)
PRC withholding tax on dividends	(46,997,446.75)	(4,699,744.68)	(37,571,655.17)	(3,757,165.52)
Additions from asset appraisal for business combination involving entities not under common control	(254,240,745.49)	(63,560,186.37)	(262,773,373.06)	(65,693,343.27)
Amount offset		23,555,199.63		21,762,550.76
Balance after offsetting		(150,915,654.85)		(127,386,997.96)



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Deferred tax assets and deferred tax liabilities (Continued)

(2) Details of unrecognised deferred tax assets

During the period of these financial statements, the Group did not recognise deferred tax assets for the following items:

Item	2020	2019
Tax losses	224,386,590.99	127,000,809.95
Deductible temporary differences	74,883,609.20	13,185,921.15
Total	299,270,200.19	140,186,731.10

According to the accounting policy stated in Note III.25, as it is not probable for some of the the Company and the Company's subsidiaries to obtain taxable profit which can be used to offset the loss and reversal of deductible temporary differences, and the Group expects that some provisions for bad and doubtful debts are not likely to be approved by the local competent tax authorities for being deducted from taxable income, the Group did not recognise deferred tax assets in respect of the above accumulated deductible tax losses and deductible temporary difference. According to the prevailing PRC tax laws, these tax deductible losses may offset future taxable profits within 5 years after the year incurred.

(3) Expiration of deductible tax losses for unrecognised deferred tax assets

Item	2020	2019
2020	—	3,148,493.71
2021	—	8,074,304.21
2022	9,480,590.65	14,105,232.54
2023	2,353,480.73	14,431,207.86
2024	51,328,815.16	87,241,571.63
2025 and afterwards	161,223,704.45	—
Total	224,386,590.99	127,000,809.95



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Other non-current assets

Item	2020	2019
Prepayments for BOT projects and equipment	527,818,511.18	418,058,924.97
Deductible VAT	416,162,388.13	343,698,429.27
Others	10,017,520.00	–
Less: Provision for impairment	–	–
Total	953,998,419.31	761,757,354.24

20. Short-term loans

Item	2020	2019
Credit loans – principal	2,449,130,690.80	2,433,082,965.96
Credit loans – interest	46,038,943.07	–
Total	2,495,169,633.87	2,433,082,965.96

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

21. Accounts payable

Details of accounts payables are as follows:

Item	2020	2019
Materials and equipment payables	1,291,193,658.66	1,212,897,951.38

As at 31 December 2020 and 31 December 2019, the accounts payable aged over one year amounted to RMB216,399,538.52 and RMB95,868,403.50 respectively, which were mainly the final payments payable that were quality guarantee deposit of construction and equipment.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Contract liabilities

Item	2020	2019
Electricity and waste treatment fees received in advance	26,043,106.14	9,737,256.69

Contract liabilities mainly consist of electricity fees received in advance by the Group from Huizhou Power Supply Bureau of Guangdong Power Grid Co., Ltd (廣東電網有限責任公司惠州供電局) and Shantou Power Supply Bureau of Guangdong Power Grid Co., Ltd (廣東電網有限責任公司汕頭供電局). The relevant revenue from that contract will be recognized upon the execution of the contractual obligation by the Group.

23. Employee benefits payable

(1) Employee benefits payable:

	2020			Balance at the end of the year
	Balance at the beginning of the year	Additions for the year	Decreased during the year	
Short-term employee benefits	82,094,943.43	363,881,249.02	(353,908,293.41)	92,067,899.04
Post-employment benefits – defined contribution plans	3,859,615.64	2,943,366.72	(3,318,899.11)	3,484,083.25
Total	85,954,559.07	366,824,615.74	(357,227,192.52)	95,551,982.29

	2019			Balance at the end of the year
	Balance at the beginning of the year	Additions for the year	Decreased during the year	
Short-term employee benefits	72,092,134.61	319,146,388.84	(309,143,580.02)	82,094,943.43
Post-employment benefits – defined contribution plans	3,910,450.78	26,934,810.17	(26,985,645.31)	3,859,615.64
Total	76,002,585.39	346,081,199.01	(336,129,225.33)	85,954,559.07



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Employee benefits payable (Continued)

(2) Short-term employee benefits

	2020			
	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of the year
Salaries, bonuses, allowances and subsidies	74,220,582.48	298,978,202.34	(288,614,834.53)	84,583,950.29
Staff welfare	930,844.97	12,359,272.30	(13,092,956.46)	197,160.81
Social insurance	258,180.42	13,929,486.78	(13,907,771.31)	279,895.89
Medical insurance	220,220.35	12,942,965.21	(12,897,926.05)	265,259.51
Work-related injury insurance	20,403.31	100,872.03	(117,442.88)	3,832.46
Maternity insurance	17,556.76	885,649.54	(892,402.38)	10,803.92
Housing provident	540,789.79	27,956,462.35	(27,955,575.35)	541,676.79
Labour union fee, staff and workers' education fee	6,094,517.24	5,435,358.84	(5,098,729.12)	6,431,146.96
Commercial insurance	50,028.53	1,220,194.65	(1,236,154.88)	34,068.30
Others	–	4,002,271.76	(4,002,271.76)	–
Total	82,094,943.43	363,881,249.02	(353,908,293.41)	92,067,899.04

	2019			
	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of the year
Salaries, bonuses, allowances and subsidies	64,513,844.84	250,862,335.60	(241,155,597.96)	74,220,582.48
Staff welfare	324,695.07	18,485,628.24	(17,879,478.34)	930,844.97
Social insurance	245,782.50	14,735,992.03	(14,723,594.11)	258,180.42
Medical insurance	207,660.43	12,801,076.34	(12,788,516.42)	220,220.35
Work-related injury insurance	21,135.14	980,000.91	(980,732.74)	20,403.31
Maternity insurance	16,986.93	954,914.78	(954,344.95)	17,556.76
Housing provident	522,192.79	22,200,977.68	(22,182,380.68)	540,789.79
Labour union fee, staff and workers' education fee	6,438,051.13	4,882,356.96	(5,225,890.85)	6,094,517.24
Commercial insurance	47,568.28	5,237,861.78	(5,235,401.53)	50,028.53
Others	–	2,741,236.55	(2,741,236.55)	–
Total	72,092,134.61	319,146,388.84	(309,143,580.02)	82,094,943.43



XIII. Financial Report (Continued)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Employee benefits payable (Continued)

(3) Post-employment benefits – defined contribution plans

	2020			Balance at the end of the year
	Balance at the beginning of the year	Additions for the year	Decreased during the year	
Basic pension insurance	3,844,669.94	2,851,464.23	(3,212,076.75)	3,484,057.42
Unemployment insurance	14,945.70	91,902.49	(106,822.36)	25.83
Total	3,859,615.64	2,943,366.72	(3,318,899.11)	3,484,083.25

	2019			Balance at the end of the year
	Balance at the beginning of the year	Additions for the year	Decreased during the year	
Basic pension insurance	3,895,779.61	26,151,339.31	(26,202,448.98)	3,844,669.94
Unemployment insurance	14,671.17	783,470.86	(783,196.33)	14,945.70
Total	3,910,450.78	26,934,810.17	(26,985,645.31)	3,859,615.64

24. Taxes payable

Item	2020	2019
Corporate income tax	31,112,375.58	29,562,725.42
Individual income tax	257,191.48	377,737.78
City maintenance and construction tax	678,896.70	452,925.06
Urban land use tax	1,904,416.60	1,538,382.20
Property tax	4,700,128.49	2,600,571.01
Value-added tax	8,050,011.90	13,488,202.55
Others	1,171,578.29	1,013,552.52
Total	47,874,599.04	49,034,096.54



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Other payables

	Note	2020	2019
Interest payable	(1)	–	22,003,438.71
Others	(2)	101,598,868.06	127,641,616.66
Total		101,598,868.06	149,645,055.37

(1) Interest payable

Item	2020	2019
Interest payable for long-term loans with interest paid in instalments and principal repaid on maturity	–	18,827,220.73
Interest payable on short-term loans	–	3,176,217.98
Total	–	22,003,438.71

At the end of each accounting year, the Group did not have overdue interest payment.

(2) Others

(a) By nature

Item	2020	2019
Payables for power grid lines construction projects	–	10,022,705.35
Intermediary fees payable	2,466,850.94	3,251,850.94
Risk guarantees payable for suppliers	16,072,590.38	11,960,424.52
Payable for purchase of equity	42,734,620.00	62,067,120.00
Management fee payable to Urban Construction Bureau	20,260,870.41	16,291,880.29
Slag processing fee	727,070.00	964,317.53
Other payables	19,336,866.33	23,083,318.03
Total	101,598,868.06	127,641,616.66



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Other payables (Continued)

(2) Others (Continued)

(b) Significant other payables aged over one year

Significant other payables aged over one year as at 31 December 2020:

Item	Balance at the end of the year	Reason for no repayment
Risk guarantees payable for suppliers	6,485,210.50	Risk guarantees for suppliers

Significant other payables aged over one year as at 31 December 2019:

Item	Balance at the end of the year	Reason for no repayment
Payables for power grid lines construction projects	10,022,705.35	Creditors did not request for repayment
Risk guarantees payable for suppliers	2,349,260.00	Risk guarantees for suppliers

26. Non-current liabilities due within one year

Non-current liabilities due within one year by category are as follows:

Item	31 December 2020	31 December 2019
Long-term loans due within one year (note)	665,854,955.24	696,473,337.14
Long-term payables due within one year	8,287,770.60	7,783,848.99
Lease liabilities due within one year	276,803.34	791,769.08
Total	674,419,529.18	705,048,955.21

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



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Long-term loans

(1) Long-term loans by nature:

Item	2020	2019
Credit loans	485,598,277.78	60,000,000.00
Guaranteed and pledged loans	6,594,946,270.45	5,693,495,583.94
Less: Long-term loans due within one year	(665,854,955.24)	(696,473,337.14)
Total	6,414,689,592.99	5,057,022,246.80

There was no long-term loans formed from extension of overdue loans of the Group as at the end of the accounting year.

As at 31 December 2020 and 31 December 2019, the interest rates of the Group's long-term loans were 3.25% – 5.77% and 4.28% – 6.52%, respectively.

In 2016, Beijing Dynagreen Environment Co., Ltd. (北京綠色動力環保有限公司) ("Tongzhou Company"), a subsidiary of the Company, entered into a contract with Beijing State-owned Financial Leasing Company ("BSOFL"), pursuant to which, BSOFL appointed Tongzhou Company to purchase heat recovery steam generator and other equipment ("Underlying Equipment") from third party suppliers, amounting to RMB102,725,000.00. At the same time, BSOFL entered into an agreement with Tongzhou Company to hand over the underlying equipment to Tongzhou Company for the construction and operation of WTE projects in a BOT business model. According to the agreement, Tongzhou Company had to pay the initial payment of RMB5,136,250.00 to BSOFL on the date of receiving the consideration for the purchase from BSOFL, and pay RMB5,510,564.99 to BSOFL at each quarter during the first five years. In substance, the above arrangement was BSOFL paid for the price of equipment for Tongzhou Company initially, and then recovered the money from Tongzhou Company by instalments, which is financing in nature. The effective interest rate of such arrangements was 5.77%. As at 31 December 2020, the balance of related loans from BSOFL was RMB16,066,035.25 (2019: RMB36,441,442.93).

In 2020, the parent company of the Group, Green Power Environmental Protection Group Co., Ltd., subsidiary Changzhou Dynagreen Environmental Protection Group Co., Ltd. ("Changzhou Company") and CIB Leasing Co., Ltd. ("CIB Leasing Company"). Three parties jointly signed a financial lease contract. Industrial Financial Leasing Company purchased from Changzhou Company the equipment and facilities related to the item waste incineration power generation of the first phase and second phase of the domestic waste incineration thermal power project in Wujin District, Changzhou City, and leased it to the parent company and Changzhou Company. The purchase price of the leased property It is RMB100 million and the lease term is 5 years. As of 31 December 2020, the balance of the Group's borrowings from CIB Leasing Company was RMB100,000,000.00.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Long-term loans (Continued)

(1) Long-term loans by nature: (Continued)

As at 31 December 2020 and 31 December 2019, the bank loans amounting to RMB2,826,638,492.66 and RMB2,080,343,482.28 of the Group were secured by certain accounts receivable relating to the Group's concessionary projects and concession rights (Note V.51).

As at 31 December 2020 and 31 December 2019, the bank loans amounting to RMB2,876,696,172.56 and RMB2,211,813,407.31 of the Group's subsidiaries were secured by the guarantees provided by the Company (Note X.5(1)).

As at 31 December 2020 and 31 December 2019, the bank loans amounting to RMB214,992,857.26 and RMB934,061,264.65 were secured by the guarantees provided by the parent company of the Group (Note X.5(1)).

(2) Repayment terms of the long-term loans:

	2020	2019
Over 1 year but within 2 years (inclusive)	801,862,826.40	778,474,460.19
Over 2 years but within 5 years (inclusive)	2,757,636,906.07	2,313,176,116.47
Over 5 years	2,855,189,860.52	1,965,371,670.14
Total	6,414,689,592.99	5,057,022,246.80

28. Long-term payables

Item	2020	2019
Long-term payables for leachate treatment stations	551,194,585.20	578,489,519.34
Less: Long-term payables due within one year	(28,216,534.15)	(28,216,534.15)
Sub – total	522,978,051.05	550,272,985.19
Less: unrecognised financing expenses	(233,588,377.58)	(252,958,511.39)
Total	289,389,673.47	297,314,473.80

The net amount of the above long-term payables due within one year deducting the unrecognised financing expenses is disclosed in Note V.26.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Deferred income

Item	2020				Reason
	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of the year	
Government grant (Note) – related to assets	46,592,569.32	33,440,000.00	(1,601,376.44)	78,431,192.88	Granted by the government

Item	2019				Reason
	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of the year	
Government grant (Note) – related to assets	21,297,023.96	26,281,040.00	(985,494.64)	46,592,569.32	Granted by the government

Projects involving government grants:

Liabilities	Balance at the beginning of the year	Increase in the period	Credited for the year Other income	Balance at the end of the year	Related to assets/ Related to income
Infrastructure subsidies for the Anshun WTE project	17,000,000.12	–	(666,666.64)	16,333,333.48	Related to assets
Specific fund for Guangyuan technology upgrading and phasing out outdated production capacities	3,494,642.96	–	(135,714.24)	3,358,928.72	Related to assets
Award fund for investment promotion enterprise infrastructure in Hong'an County	4,494,040.00	–	(99,867.56)	4,394,172.44	Related to assets
Yichun enterprise development fund	6,497,000.00	–	(149,786.72)	6,347,213.28	Related to assets
Subsidies for ecological civilization construction of Zhangqiu	15,106,886.24	–	(549,341.28)	14,557,544.96	Related to assets
Shuo Zhou City Human Settlement Improvement Award	–	14,340,000.00	–	14,340,000.00	Related to assets
Supplementary Fund	–	19,100,000.00	–	19,100,000.00	Related to assets
Enshi special financial subsidies	–	19,100,000.00	–	19,100,000.00	Related to assets
Total	46,592,569.32	33,440,000.00	(1,601,376.44)	78,431,192.88	

Notes: Shuo Zhou Company and Enshi Company received RMB14,340,000.00 from the Shanxi Provincial Department of Finance for the 2020 Urban Living Environment Improvement Award on 4 September 2020, and RMB19,100,000.00 of special financial funds for the comprehensive treatment project of domestic waste issued by the Bureau of Finance of Enshi City on 23 December 2020, respectively. The government subsidy is related to assets, and is carried out according to the amortization method of BOT assets during the operating period of relevant BOT assets.



XIII. Financial Report (Continued)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Share capital

		Balance at the beginning of the year	New shares issued during the year	Balance at the end of the year
Total number of shares	(a)	1,161,200,000.00	232,240,000.00	1,393,440,000.00

- (a) On 19 June 2014, the Company conducted an initial public offering of 300,000,000 shares with a par value of RMB1 each on the Hong Kong Stock Exchange at a price of HK\$3.45 per share, in which an amount of RMB300,000,000.00 was the par value of the ordinary shares and was included in the share capital of the Company, and the amount of RMB470,587,493.90 after deducting issuance expenses from the total amount of proceeds in the excess of the par value of the ordinary shares was included in the capital reserve of the Company.

On 29 June 2014, the underwriter of the Company in respect of the public offering project on the Hong Kong Stock Exchange exercised all of the over-allotment options stated in the Company's prospectus dated 9 June 2014 (the "Prospectus"), pursuant to which the Company issued 45,000,000 ordinary shares. The ordinary shares were issued at HK\$3.45 per share on 3 July 2014. The additional proceeds of approximately RMB123,361,650.00 from the over-allotment issuance on 3 July 2014 were included in the share capital and capital reserve of the Company respectively.

On 11 June 2018, the Company publicly issued 116,200,000.00 ordinary shares with a nominal value of RMB1 per share on the Shanghai Stock Exchange. The subscription price was RMB3.29 per share. The amount of the total proceeds is RMB382,298,000.00, after deducting the issuance expenses RMB36,279,200.00 (tax not included). The actual availability of the total proceeds is RMB346,018,800.00, RMB116,200,000.00 was included in the paid-in capital (share capital) and RMB229,818,800.00 was included in the capital reserve of the Company.

On 23 November 2020, the Company privately issued 232,240,000 shares with a par value of RMB1 per share by non-public offering on the Shanghai Stock Exchange at an issue price of RMB7.82 per share. The gross proceeds raised from the non-public issuance of shares was RMB1,186,116,800.00, and the net proceeds was RMB1,785,576,298.20 after deducting the related issuance expenses of RMB30,540,501.80 (excluding value-added tax), of which, RMB232,240,000.00 was included in equity, and RMB1,553,336,298.20 in capital reserve.

31. Capital reserve

Item	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of the year
Share capital premium	858,803,441.83	1,553,336,298.20	–	2,412,139,740.03
Other capital reserve	271,165.70	–	–	271,165.70
Total	859,074,607.53	1,553,336,298.20	–	2,412,410,905.73



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Other comprehensive income

Item	2020					
	Balance at the beginning of the year attributable to shareholders of the parent company	Before-tax amount during the year	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After-tax amount attributable to non-controlling interests	Balance at the end of the year attributable to shareholders of the parent company
Other comprehensive income that may be reclassified subsequently to profit or loss Including: Translation differences arising from translation of foreign currency financial statements	(8,121,791.15)	18,595,141.10	-	-	-	10,473,349.95

Item	2019					
	Balance at the beginning of the year attributable to shareholders of the parent company	Before-tax amount during the year	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After-tax amount attributable to non-controlling interests	Balance at the end of the year attributable to shareholders of the parent company
Other comprehensive income that may be reclassified subsequently to profit or loss Including: Translation differences arising from translation of foreign currency financial statements	(8,118,159.45)	(3,631.70)	-	-	-	(8,121,791.15)

33. Surplus reserve

Statutory surplus reserve	2020	2019
Balance at the beginning of the year	87,319,205.31	71,532,851.40
Additions for the year	14,543,191.80	15,786,353.91
Balance at the end of the year	101,862,397.11	87,319,205.31

Pursuant to the Company Law of the PRC, after making up for the losses incurred in the previous years, 10% of the after-tax profit shall be appropriated to statutory reserve. When the accumulated appropriation exceeds 50% of the Company's registered capital, the Company may cease to make such allocation.



XIII. Financial Report (Continued)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Retained earnings

	2020	2019
Retained earnings at the end of last year before adjustment	1,196,756,895.66	768,994,226.22
Effect of changes in accounting policies on retained earnings (Note 1)	–	143,580,549.75
Retained earnings at the beginning of the period after adjustment	1,196,756,895.66	912,574,775.97
Add: Net profits for the year attributable to shareholders of the parent company	503,385,543.61	416,088,473.60
Less: Appropriation for statutory surplus reserve	(14,543,191.80)	(15,786,353.91)
Distributions to shareholders (note 2)	(116,120,000.00)	(116,120,000.00)
Retained earnings at the end of the period (note 3)	1,569,479,247.47	1,196,756,895.66

Note 1: Effect of changes in accounting policies on retained earnings

Due to the Group's change in the accounting policy for the recognition of tariff revenue from the national renewable energy subsidies since 1 January 2019, the affected amount in the beginning of 2019 was RMB143,580,549.75. There was no such adjustment for this year.

Note 2: Distributions to shareholders

In June 2020, as resolved at the general meeting, the Company distributed dividends of RMB116,120,000.00 at RMB0.1 per share to shareholders and completed the payment of such dividends in June 2020.

Note 3: Retained earnings at the end of the period

As at 31 December 2020, the retained earnings attributable to the Company included appropriation to surplus reserves made by the Company's subsidiaries amounting to RMB301,674,555.99 (31 December 2019: RMB170,645,764.36).



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35. Operating income and operating costs

(1) Operating income and operating costs

Item	Note	2020		2019	
		income	cost	income	cost
Income from principal activities		2,277,618,815.00	967,675,984.97	1,752,449,088.97	806,468,273.61
Including: income generated from contract	V.35(2)	1,964,864,278.74	967,675,984.97	1,478,718,014.20	806,468,273.61
Other income		312,754,536.26	-	273,731,074.77	-

(2) Income generated from contracts

Contract classification	2020	2019
Electricity tariff	1,572,648,231.41	1,196,607,353.43
Waste treatment fees	291,828,625.75	199,906,934.17
Others	100,387,421.58	82,203,726.60
Total	1,964,864,278.74	1,478,718,014.20

The Group's electricity supply business recognizes revenue at the time of transfer of electricity control rights, while waste treatment services recognize revenue during the period in which services are rendered.



XIII. Financial Report (Continued)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Taxes and surcharges

Item	2020	2019
City maintenance and construction tax	5,229,117.07	5,320,338.98
Education surcharges	4,046,731.46	4,283,394.84
Property tax	26,328,108.30	16,914,814.94
Land use tax	6,248,451.55	5,453,216.41
Others	4,715,089.12	4,298,232.29
Total	46,567,497.50	36,269,997.46

37. General and administrative expenses

Item	2020	2019
Staff cost	94,861,836.52	84,876,510.40
Depreciation and amortisation	5,849,748.66	6,990,091.46
Utilities and leasing expenses	4,333,187.84	1,981,707.34
Business entertainment expenses	3,545,208.29	3,347,949.74
Transportation expenses	3,960,062.33	5,556,459.73
Intermediary service fees	8,084,421.89	8,948,788.82
External labour costs	15,949,859.27	11,887,587.51
Tax expenses	199,474.88	123,610.14
Others	24,537,714.20	18,524,944.70
Total	161,321,513.88	142,237,649.84

38. Research and development expenses

Item	2020	2019
Staff cost	6,661,757.65	9,113,223.39
Depreciation and amortisation	283,093.74	647,951.51
Utilities and leasing expenses	160,352.20	70,443.22
Others	498,374.46	835,383.10
Total	7,603,578.05	10,667,001.22



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39. Finance costs

Item	2020	2019
Interest expenses from loans and accounts payable	457,710,452.00	363,784,058.38
Interest expenses from lease liabilities	42,771.15	134,482.20
Less: Borrowing costs capitalised	28,531,415.73	33,086,535.54
Interest income from deposits and receivables	(6,528,405.47)	(4,493,227.56)
Net exchange loss/(revenue)	19,240,358.42	(210,556.60)
Other financial expenses	4,242,484.52	2,227,053.43
Total	446,176,244.89	328,355,274.31

The interest rates at which the borrowing costs were capitalised by the Group during the Reporting Period were 3.25% – 5.77% (2019: 4.35% – 6.37%).

40. Other income

	Note	2020	2019
VAT refund income		62,454,734.17	66,168,972.98
Environmental incentives from Ninghe government		5,000,000.00	20,000,000.00
Financial subsidies for epidemic prevention and control of Wuhan		3,100,000.00	–
Ecological subsidies for fly ash treatment of Zhangqiu		2,858,637.98	–
Yongjia industry and trade enterprises paid in tax growth, local financial contributed part of the award		1,094,900.00	–
Subsidy received for stabilizing employment		1,027,907.81	239,209.67
Provincial special funds for housing and urban construction in Haiyun		741,600.00	–
Infrastructure subsidies for the Anshun WTE project	V.29	666,666.64	666,666.64
Property tax, land use tax refunds		606,314.86	1,125,923.73
Subsidies for ecological civilization construction of Zhangqiu	V.29	549,341.28	183,113.76
Jiamusi industry and information industry support Award		500,000.00	–
Enterprise R&D fund of Shenzhen Science and Technology Innovation Commission		445,000.00	–
Refunds of handling fees of Shenzhen withholding tax		269,179.05	251,621.24
Supporting funds for office buildings of listed companies of Shenzhen Economic Promotion Bureau		238,200.00	238,000.00
Unemployment insurance refunds received by Yongjia Company		81,316.54	226,570.75
Subsidies for the increase in the cost of waste-to-energy project of Haining government		–	3,500,000.00
Others		2,790,700.52	1,031,902.76
Total		82,424,498.85	93,631,981.53



XIII. Financial Report (Continued)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Investment income

Item	2020	2019
Income from long-term equity investments accounted for using equity method	3,282,698.16	6,735.47
Interest income	3,830.20	747,727.57
Others	—	106,065.19
Total	3,286,528.36	860,528.23

42. Impairment loss of credit

Item	2020	2019
Accounts receivable	21,024,224.64	12,758,287.57
Contract assets	—	25,005,091.90
Long-term receivables	7,214,307.87	—
Other receivables	2,212,626.93	(10,616.76)
Total	30,451,159.44	37,752,762.71

43. Impairment losses

Item	2020	2019
Contract assets	15,290,211.09	—
Intangible assets	61,338,168.05	12,547,763.33
Total	76,628,379.14	12,547,763.33

44. Gains from assets disposal

Item	2020	2019	Included in extraordinary gains and losses in 2020
Gains/(losses) from disposal of fixed assets	57,092.39	(128,702.00)	57,092.39



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Non-operating income and expenses

(1) Non-operating income by item is as follows:

Item	2020	2019	Included in extraordinary gains and losses in 2020
Gains from business combination involving entities not under common control	–	545,075.45	–
Government grants	74,338.36	74,932.15	74,338.36
Gains from disposal of non-current assets	30,201.76	61,179.68	30,201.76
Others	2,350,551.90	1,747,368.74	2,350,551.90
Total	2,455,092.02	2,428,556.02	2,455,092.02

(2) Non-operating expenses

Item	2020	2019	Included in extraordinary gains and losses in 2020
Losses from retirement of non-current assets	19,064.74	4,993.78	19,064.74
Others	1,510,013.91	1,015,645.37	1,510,013.91
Total	1,529,078.65	1,020,639.15	1,529,078.65

46. Income tax expenses

Item	Note	2020	2019
Current tax expenses for the year based on tax law and relevant regulations		76,078,634.71	66,020,159.44
Adjustments for tax filling differences		3,955,608.68	(2,954,334.79)
Changes in deferred income tax	(1)	19,419,714.64	(5,998,297.85)
Total		99,453,958.03	57,067,526.80



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Income tax expenses (Continued)

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

Item	2020	2019
Origination and reversal of temporary differences	(19,419,714.64)	5,998,297.85

(2) Relationship between income tax expenses and accounting profit:

Item	2020	2019
Profit before tax	627,888,590.10	473,922,091.12
Statutory tax rate	25%	25%
CIT based on statutory tax rate	156,972,147.53	118,480,522.78
Effect of tax preferential benefits and tax rate differences	(117,308,652.07)	(88,148,323.21)
Non-deductible expenses	2,742,587.77	2,375,117.34
Additional deduction on research and development expenses	(1,425,670.88)	(2,000,062.73)
Reversal of the temporary differences recognised in previous years	1,707,204.47	3,266,702.83
Tax losses and other temporary differences for which no deferred income tax was recognized	55,657,462.30	24,703,859.40
Tax effect of utilisation of tax losses not recognised of previous years	(4,167,051.67)	(427,932.07)
Adjustments for tax filling differences	3,955,608.68	(2,954,334.79)
PRC withholding tax on dividends	2,210,153.02	1,684,145.23
Non-taxable income	(989,232.72)	(136,268.86)
Others	99,401.60	224,100.88
Income tax expenses for the year	99,453,958.03	57,067,526.80



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47. Basic earnings per share and diluted earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	2020	2019
Consolidated net profit attributable to ordinary shareholders of the Company	503,385,543.61	416,088,473.60
Weighted average number of ordinary shares outstanding	1,184,105,863.01	1,161,200,000.00
Basic earnings per share (RMB/share)	0.43	0.36

Weighted average number of ordinary shares is calculated as follows:

	2020	2019
Issued ordinary shares at the beginning of the year	1,161,200,000.00	1,161,200,000.00
Effect of the issue of shares under the non-public offering	22,905,863.01	–
Weighted average number of ordinary shares at the end of the year	1,184,105,863.01	1,161,200,000.00

(2) Diluted earnings per share

The diluted earnings per share are the same as the basic earnings per share, because the Company did not have any potential dilutive shares during the year.



XIII. Financial Report (Continued)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48. Supplementary information on income statement

Expenses in the income statement are analysed by their nature:

Item	2020	2019
Operating income	2,277,618,815.00	1,752,449,088.97
Less: Waste treatment and power generation costs	(517,793,304.27)	(452,636,051.38)
Depreciation and amortisation	(240,304,433.01)	(172,509,581.67)
Employee benefits	(316,855,076.62)	(282,804,933.04)
External labour costs	(15,949,859.27)	(11,887,587.51)
Intermediary service fee	(8,092,636.04)	(9,022,905.99)
Impairment loss of credit	(30,451,159.44)	(37,752,762.71)
Impairment loss of assets	(76,628,379.14)	(12,547,763.33)
Rental expenses	(3,369,645.96)	(686,543.44)
Finance costs	(446,176,244.89)	(328,355,274.31)
Other income	82,424,498.85	93,631,981.53
Tax expenses	(46,766,972.38)	(36,393,607.60)
Business entertainment expenses	(3,545,208.29)	(3,347,949.74)
Transportation expenses	(3,960,062.33)	(5,643,647.53)
Communication expenses	(1,337,526.27)	(1,175,511.36)
Office expenses	(2,849,857.06)	(2,259,479.48)
Other expenses	(19,000,372.15)	(16,543,297.16)
Operating profit	626,962,576.73	472,514,174.25



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Cash flow statement items

(1) Cash received from other operating activities

Item	2020	2019
Retention money	20,900,000.00	17,830,000.00
Government grants and others (note)	49,637,363.38	52,724,809.04
Other monetary funds with restricted use	65,000,000.00	11,306,000.00
Others	11,272,502.77	18,582,950.81
Total	146,749,926.15	100,443,759.85

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

(2) Cash paid for other operating activities

Item	2020	2019
Retention money	18,910,000.00	9,172,010.00
Restricted deposits	5,093,755.94	14,706,000.00
Intermediary service fee, travel and communication expenses and others	70,354,978.37	65,219,474.27
Total	94,358,734.31	89,097,484.27

(3) Cash received from other investing activities

Item	2020	2019
Interest income	3,830.20	917,765.71
Current accounts of joint ventures	—	37,816,510.20
Borrowings	2,000,000.00	20,000,000.00
Total	2,003,830.20	58,734,275.91



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Cash flow statement items (Continued)

(4) Cash paid for other investing activities

Item	2020	2019
Payment of performance bond	25,860,000.00	10,000,000.00
Borrowings	2,000,000.00	20,000,000.00
Total	27,860,000.00	30,000,000.00

(5) Cash paid for other financing activities

Item	2020	2019
Financing expenses	41,568,583.05	551,164.06
Cash paid for repayment of lease liabilities and payment of interests and others	1,039,366.22	3,772,868.37
Total	42,607,949.27	4,324,032.43

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



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50. Information on cash flow statement

(1) Supplement to cash flow statement

(a) Reconciliation of net profit to cash flows from operating activities:

Item	2020	2019
Net profit	528,434,632.07	416,854,564.32
Add: Impairment loss of credit	30,451,159.44	37,752,762.71
Impairment loss of assets	76,628,379.14	12,547,763.33
Depreciation of fixed assets	8,256,224.04	7,266,617.47
Depreciation of right-of-use assets	1,052,955.79	3,639,924.36
Amortisation of intangible assets	230,663,089.07	160,884,315.32
Amortisation of long-term deferred expenses	332,164.11	718,724.52
(Gains)/Losses from scrapping of fixed assets	(68,229.39)	75,434.43
Finance costs	432,020,113.29	310,777,371.86
Investment income	(3,286,528.36)	(860,528.23)
Non-operating income	—	(547,634.79)
Increase in inventories	(8,070,057.46)	(9,019,629.48)
Changes in deferred income tax assets	(4,108,942.25)	(22,430,534.75)
Changes in deferred income tax liabilities	23,528,656.89	16,432,236.90
Increase/(Decrease) in restricted deposits	59,906,244.06	(3,400,000.00)
Increase in operating receivables	(1,343,460,376.75)	(1,202,541,536.04)
Increase in operating payables	197,755,590.86	223,660,612.52
Net cash inflow/(used) in operating activities	230,035,074.55	(48,189,535.55)

(b) Net changes in cash:

Item	2020	2019
Cash at the end of the year	1,592,968,039.86	351,983,418.55
Less: Cash at the beginning of the year	(351,983,418.55)	(633,978,483.72)
Increase/(decrease) in cash, net	1,240,984,621.31	(281,995,065.17)



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50. Information on cash flow statement (Continued)

(2) Acquisition of subsidiaries and other companies during the year

Acquisition of subsidiaries and joint ventures

	2020	2019
Cash paid for the acquisition of subsidiaries	–	68,115,400.00
Cash and cash equivalents paid for acquisition of subsidiaries during the year	–	66,880,780.00
Less: Cash and cash equivalents held by subsidiaries	–	500,249.95
Add: Cash paid for acquisition of subsidiaries in the previous years	19,332,500.00	191,167,500.00
Net cash paid for the acquisition of subsidiaries	19,332,500.00	257,548,030.05



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50. Information on cash flow statement (Continued)

(3) Components of cash

Item	2020	2019
Cash		
Including: Cash on hand	5,666.56	44,369.38
Bank deposits available on demand	1,592,962,373.30	351,939,049.17
Other monetary funds with restricted use	15,093,755.94	80,157,520.00
Balance of cash at the end of the year	1,608,061,795.80	432,140,938.55
Less: Other monetary funds with restricted use	(15,093,755.94)	(80,157,520.00)
Cash balance available on demand at the end of the year	1,592,968,039.86	351,983,418.55

51. Assets with restrictive ownership title or right of use

31 December 2020

Item	Note	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of the year	Reason for restriction
Assets for providing guarantees						Mainly used for Issuing performance bond
– Cash at bank and on hand, and other non-current assets	V.1	80,157,520.00	9,953,755.94	(65,000,000.00)	25,111,275.94	
– Intangible assets	V.15	2,371,539,207.79	2,258,947,925.51	(227,085,248.63)	4,403,401,884.67	Providing guarantees for loans
– Accounts receivable	V.3	248,064,017.38	1,400,630,822.75	(1,113,863,851.31)	534,830,988.82	Providing guarantees for loans
– Contract assets	V.8	353,727,976.53	140,478,812.82	(171,149,117.68)	323,057,671.67	Providing guarantees for loans
– Long-term receivables due within one year	V.9	31,109,288.24	30,862,164.45	(31,109,288.24)	30,862,164.45	Providing guarantees for loans
– Long-term receivables	V.11	1,641,569,400.61	827,655,014.65	(814,128,059.88)	1,655,096,355.38	Providing guarantees for loans
Total		4,726,167,410.55	4,668,528,496.12	(2,422,335,565.74)	6,972,360,340.93	



XIII. Financial Report (Continued)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

51. Assets with restrictive ownership title or right of use (Continued)

31 December 2019

Item	Note	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of the year	Reason for restriction
Assets for providing guarantees						Mainly used for
– Cash at bank and on hand	V.1	76,757,520.00	8,000,000.00	(4,600,000.00)	80,157,520.00	Issuing performance bond
– Intangible assets	V.15	2,609,152,080.47	41,797,616.83	(279,410,489.51)	2,371,539,207.79	Providing guarantees for loans
– Accounts receivable	V.3	157,661,328.79	1,212,021,543.76	(1,121,618,855.17)	248,064,017.38	Providing guarantees for loans
– Contract assets	V.8	154,879,707.04	198,848,269.49	–	353,727,976.53	Providing guarantees for loans
– Long-term receivables due within one year	V.9	23,565,132.64	31,109,288.24	(23,565,132.64)	31,109,288.24	Providing guarantees for loans
– Long-term receivables	V.11	1,391,320,745.15	576,871,320.77	(326,622,665.31)	1,641,569,400.61	Providing guarantees for loans
Total		4,413,336,514.09	2,068,648,039.09	(1,755,817,142.63)	4,726,167,410.55	

52. Foreign currency translation

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

Item	2020	2019
HKD	0.8416	0.8958



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

53. Government grants

(1) Basic information of government grants

Type	Amount	Items presented	Amount included in current profit or loss
VAT refund income	62,454,734.17	Other Income	62,454,734.17
Capital construction subsidy for Anshun Waste-to-energy Project	17,000,000.12	Deferred income/ Other Income	666,666.64
Zhangqiu ecological civilization construction subsidy	15,106,886.24	Deferred income/ Other Income	549,341.28
Yichun enterprise development fund	6,497,000.00	Deferred income/ Other Income	149,786.72
Environmental incentives from Ninghe government	5,000,000.00	Other Income	5,000,000.00
Infrastructure incentive fund for investment attracting enterprises in Hong'an County	4,494,040.00	Deferred income/ Other Income	99,867.56
Special fund for technological transformation and elimination of backward production capacity in Guangyuan	3,494,642.96	Deferred income/ Other Income	135,714.24
Financial subsidy for epidemic prevention and control in Wuhan	3,100,000.00	Other Income	3,100,000.00
Ecological subsidy for fly ash treatment in Zhangqiu	2,858,637.98	Other Income	2,858,637.98
Reward for local financial contribution to the increase of industrial and trade enterprises' tax payment of Yongjia County in 2018	1,094,900.00	Other Income	1,094,900.00
From stable post subsidy	1,027,907.81	Other Income	1,027,907.81
Provincial special fund for housing and urban construction of Haining Comprehensive Administrative Law Enforcement Bureau	741,600.00	Other Income	741,600.00
Property tax, land use tax refunds	606,314.86	Other Income	606,314.86
Jiamusi industry and information support award	500,000.00	Other Income	500,000.00
Enterprise R&D fund of Shenzhen Science and technology innovation Commission in 2019	445,000.00	Other Income	445,000.00
Social security and post subsidies received from Miyun	397,657.00	Other Income	397,657.00
Refunds of handling fees of Shenzhen withholding local tax	269,179.05	Other Income	269,179.05
Supporting funds from Economy Promotion Bureau of Nanshan District, Shenzhen Municipality (深圳南山區經濟促進局)	238,200.00	Other Income	238,200.00
Others	74,338.36	Non-operating Income	74,338.36
Others	2,088,991.54	Other Income	2,088,991.54

(2) There was no return of government subsidies in 2020.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

54. Leases

(1) the Group as lessee

Right-of-use assets

Item	Buildings and structures	Motor vehicles	Others	Total
Cost				
Balance at the beginning of the year	4,784,249.35	80,194.77	243,722.92	5,108,167.04
Accrued during the period	—	389,030.76	—	389,030.76
Decreased during the period	(4,048,654.97)	(80,194.77)	(64,782.45)	(4,193,632.19)
Balance at the end of the year	735,594.38	389,030.76	178,940.47	1,303,565.61
Accumulated depreciation				
Balance at the beginning of the year	3,530,058.62	69,988.14	43,219.19	3,643,265.95
Accrued during the period	873,966.51	164,533.80	33,964.56	1,072,464.87
Decreased during the period	(4,048,654.97)	(80,194.77)	(64,782.45)	(4,193,632.19)
Balance at the end of the year	355,370.16	154,327.17	12,401.30	522,098.63
Carrying amount				
Carrying amount at the end of the year	380,224.22	234,703.59	166,539.17	781,466.98
Carrying amount at the beginning of the year	1,254,190.73	10,206.63	200,503.73	1,464,901.09



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

54. Leases (Continued)

(1) the Group as lessee (Continued)

Lease liabilities

Item	2020	2019
Long-term lease liabilities	792,532.72	1,346,355.78
Less: Lease liabilities due within one year	(276,803.34)	(791,769.08)
Total	515,729.38	554,586.70
Item	2020	2019
Short-term lease expense under simplified approach	5,674,639.87	2,971,938.82
Low-value lease expense (except short-term lease expense of low-value assets) under simplified approach	178,483.75	76,218.38
Total cash outflows relating to leases	6,838,748.53	6,840,272.02

The Group leases staff dormitories, office equipment and printing equipment with lease terms ranging from six months to three years. These leases are short-term or low-value asset leasing. The Group decided not to recognise right-of-use assets and leasing liabilities for these leases.

VI. CHANGE OF CONSOLIDATION SCOPE

1. Subsidiaries established during the period of these financial statements

During the period, the Group established the following subsidiaries, namely Shantou Dynagreen Environmental Services Co., Ltd. ("Shantou Sludge Company"), Shuozhou Dynagreen Nanshan Environmental Energy Co., Ltd. (the "Shuozhou Company"), Jinan Dynagreen Environmental Co., Ltd. ("Zhangqiu Phase II Company") and Huizhou Dynagreen Environmental Services Co., Ltd. ("Huizhou Three-in-One Company").

2. Other new subsidiaries increased during the period of these financial statements

Laizhou Haikang Environmental Protection Energy Co., Ltd. ("Laizhou Company") was incorporated in Yantai City, Shandong Province on 30 March 2020. It is principally engaged in waste incineration power generation, solid waste treatment, sales of slag, slag ash and sewage treatment and recycling, etc. Before combination, the shareholders of Laizhou Company were Shanghai SUS Environment Co., Ltd., Laizhou Donghai Urban Construction Comprehensive Development Co., Ltd. and Hunan Industrial Equipment Installation Co., Ltd. On 29 April 2020, the Group acquired Laizhou Company. The Group holds 87.50% equity interest in Laizhou Company.



XIII. Financial Report (Continued)

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

Composition of the Group

Name of subsidiary	Company type	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
				Currency	Amount in original currency	Direct	Indirect	
Taizhou Company	Limited liability company	Taizhou, Jiangsu	Waste treatment and power generation	RMB	180 million/180 million	100%	–	Establishment
Yongjia Company	Limited liability company	Yongjia, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	–	Establishment
Pingyang Company	Limited liability company	Pingyang, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	–	Establishment
Rushan Company	Limited liability company	Rushan, Shandong	Waste treatment and power generation	RMB	100.88 million/100.88 million	100%	–	Establishment
Zhangqiu Company	Limited liability company	Zhangqiu, Shandong	Waste treatment and power generation	RMB	172.94 million/172.94 million	100%	–	Establishment
Anshun Company	Limited liability company	Anshun, Guizhou	Waste treatment and power generation	RMB	100 million/100 million	100%	–	Establishment
Jurong Company	Limited liability company	Jurong, Jiangsu	Waste treatment and power generation	RMB	100 million/100 million	100%	–	Establishment
Pingyao Company	Limited liability company	Pingyao, Shanxi	Waste treatment and power generation	RMB	100 million/20 million	100%	–	Establishment
Huizhou Company	Limited liability company	Huiyang, Guangdong	Waste treatment and power generation	RMB	220 million/220 million	100%	–	Establishment
Jizhou Company	Limited liability company	Tianjin	Waste treatment and power generation	RMB	120 million/119.5 million	60%	40% (a)	Establishment
Ninghe Company	Limited liability company	Ninghe, Tianjin	Waste treatment and power generation	RMB	150 million/150 million	100%	–	Establishment
Hongan Company	Limited liability company	Hongan, Hubei	Waste treatment and power generation	RMB	100 million/100 million	100%	–	Establishment
Tongzhou Company	Limited liability company	Beijing	Waste treatment and power generation	RMB	375 million/375 million	100%	–	Establishment
Shantou Company	Limited liability company	Shantou, Guangdong	Waste treatment and power generation	RMB	210 million/210 million	75%	25% (b)	Establishment



VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

Composition of the Group (Continued)

Name of subsidiary	Company type	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
				Currency	Amount in original currency	Direct	Indirect	
Longhui Company	Limited liability company	Longhui, Hunan	Waste treatment and power generation	RMB	100 million/20 million	100%	–	Establishment
Bobai Company	Limited liability company	Bobai, Guangxi	Waste treatment and power generation	RMB	100 million/100 million	75%	25% (b)	Establishment
Bengbu Company	Limited liability company	Bengbu, Anhui	Waste treatment and power generation	RMB	166 million/166 million	100%	–	Establishment
Changzhou Company	Limited liability company	Changzhou, Jiangsu	Waste treatment and power generation	RMB	138.40 million/138.40 million	75%	25% (b)	Business combination involving entities under common control
Qingdao Company	Limited liability company	Qingdao, Shandong	Waste treatment and power generation	HKD	93.50 million/93.50 million	75%	25% (b)	Business combination involving entities under common control
Wuhan Company	Limited liability company	Wuhan, Hubei	Waste treatment and power generation	RMB	129.484 million/129.484 million	100%	–	Business combination involving entities under common control
Hong Kong Dynagreen	Limited liability company	Hong Kong	Investment holding	HKD	23,932.9萬/23,932.9萬	100%	–	Business combination involving entities under common control
Haining Company	Limited liability company	Haining, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	–	Business combination involving entities not under common control
Shenzhen Jingxiu	Limited liability company	Dongyang, Zhejiang	Construction engineering	RMB	20.80 million/20.80 million	100%	–	Business combination involving entities not under common control
Miyun Company	Limited liability company	Miyun, Beijing	Waste treatment and power generation	RMB	120 million/120 million	100%	–	Establishment
Yichun Company	Limited liability company	Yichun, Jiangxi	Waste treatment and power generation	RMB	165 million/164.9068 million	–	60% (c)	Establishment
Yongjia Phase II Company	Limited liability company	Yongjia, Zhejiang	Waste treatment and power generation	RMB	100 million/71 million	51%	49% (d)	Establishment



XIII. Financial Report (Continued)

VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

Composition of the Group (Continued)

Name of subsidiary	Company type	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
				Currency	Amount in original currency	Direct	Indirect	
Huludao Hazardous Waste Company	Limited liability company	Huludao, Liaoning	Hazardous waste treatment	RMB	100 million/ 100 million	80% (e)	–	Business combination involving entities not under common control
Huizhou Phase II Project Company	Limited liability company	Huizhou, Guangdong	Waste treatment and power generation	RMB	450 million/ 350 million	100%	–	Establishment
Dengfeng Company	Limited liability company	Dengfeng, Henan	Waste treatment and power generation	RMB	100 million/ 51 million	100%	–	Establishment
Haining Expansion Company	Limited liability company	Haining, Zhejiang	Waste treatment and power generation	RMB	390 million/ 351 million	60% (f)	–	Establishment
Shishou Company	Limited liability company	Shishou, Hubei	Waste treatment and power generation	RMB	100 million/ 100 million	100%	–	Establishment
Guangyuan Company	Limited liability company	Guangyuan, Sichuan	Waste treatment and power generation	RMB	140 million/ 140 million	100%	–	Business combination involving entities not under common control



VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

Composition of the Group (Continued)

Name of subsidiary	Company type	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
				Currency	Amount in original currency	Direct	Indirect	
Dongguan Company	Limited liability company	Dongguan, Guangdong	Garbage transfer	RMB	10 million/ 10 million	–	100% (g)	Business combination involving entities not under common control
Jiamusi Changneng	Limited liability company	Jiamusi, Heilongjiang	Waste treatment and power generation	RMB	159 million/ 159 million	–	100% (g)	Business combination involving entities not under common control
Zhaoging Company	Limited liability company	Sihui, Guangdong	Waste treatment and power generation	RMB	180 million/ 155.50 million	100%	–	Business combination involving entities not under common control
Guangdong Promising Company	Limited liability company	Dongguan, Guangdong	Environmental protection industry and new energy investment	RMB	584.50 million/ 584.50 million	100%	–	Business combination involving entities not under common control
Shulan Company	Limited liability company	Shulan, Jilin	Waste treatment and power generation	RMB	90 million/ 5 million	–	100% (g)	Business combination involving entities not under common control
Yongxing Company	Limited liability company	Yongxing, Hunan	Waste treatment and power generation	RMB	83 million/ 3 million	–	100% (g)	Business combination involving entities not under common control
Zhangye Company	Limited liability company	Zhangye, Gansu	Garbage transfer	RMB	1 million/ 1 million	–	100% (g)	Business combination involving entities not under common control



XIII. Financial Report (Continued)

VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

Composition of the Group (Continued)

Name of subsidiary	Company type	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
				Currency	Amount in original currency	Direct	Indirect	
Jinsha Company	Limited liability company	Bijie, Guizhou	Garbage transfer, waste treatment and power generation	RMB	100 million/ 100 million	100%	–	Business combination involving entities not under common control
Pingyang Phase II Project Company	Limited liability company	Pingyang, Zhejiang	Waste treatment and power generation	RMB	110 million/ 110 million	100%	–	Establishment
Jingxi Company	Limited liability company	Jingxi, Guangxi	Waste treatment and power generation	RMB	120 million/ 5 million	100%	–	Establishment
Enshi Company	Limited liability company	Enshi, Hubei	Waste treatment and power generation	RMB	200 million/ 100 million	100%	–	Establishment
Huludao Waste-to-energy Company	Limited liability company	Huludao, Liaoning	Waste treatment and power generation	RMB	122.6575 million/ 110.1575 million	100%	–	Establishment
Shantou Dynagreen Environmental Service Company Limited (汕頭市綠色動力環境服務有限公司) ("Shantou Sludge Company")	Limited liability company	Shantou, Guangdong	Sludge treatment	RMB	210 million/ 210 million	100%	–	Establishment
Laizhou Haikang Environmental Protection Energy Company Limited (萊州海康環保能源有限公司) ("Laizhou Company")	Limited liability company	Laizhou, Shandong	Waste treatment and power generation	RMB	200 million/ 200 million	87.50%(h)	–	Business combination involving entities not under common control
Shuozhou Dynagreen Nanshan Environmental Energy Company Limited (朔州綠動南山環境能源有限公司) ("Shuozhou Company")	Limited liability company	Shuozhou, Shanxi	Waste treatment and power generation	RMB	195 million/ 160 million	98%(i)	–	Establishment



VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

Composition of the Group (Continued)

Name of subsidiary	Company type	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
				Currency	Amount in original currency	Direct	Indirect	
Jinan Dynagreen Environmental Protection Company Limited (濟南綠動環保有限公司) ("Zhangqiu Phase II Company")	Limited liability company	Jinan Shandong	Waste treatment and power generation	RMB	255 million/ 255 million	-	100%(l)	Establishment
Huizhou Dynagreen Environmental Service Company Limited (惠州綠色動力環境服務有限公司) ("Huizhou Three-in-one Company")	Limited liability company	Huizhou Guangdong	Collection, storage, transportation and disposal of kitchen waste (including gutter oil and swill oil), municipal sludge and excrement	RMB	63 million/ 3 million	80%(k)	-	Establishment

(a) 40% held by Hong Kong Dynagreen;

(b) 25% held by Hong Kong Dynagreen;

(c) 60% of equity interest in Yichun Company is held by Hong Kong Dynagreen, 40% held by Yichun Municipal Development Co., Ltd. (宜春市市政發展有限公司);

(d) 49% held by Hong Kong Dynagreen;

(e) 20% held by Fan Jie;

(f) 40% held by Haining Municipal Water Investment Group Co., Limited (海寧市水務投資集團有限公司);

(g) 100% held by Guangdong Promising Company;

(h) 10% held by Laizhou Donghai Urban Construction Comprehensive Development Co., Ltd.* (萊州市東海城建綜合開發有限公司), 2.40% held by Shanghai SUS Environment Co., Ltd.* (上海康恒環境股份有限公司), and 0.10% held by Hunan Industrial Equipment Installation Co., Ltd.* (湖南省工業設備安裝有限公司);

(i) 2% held by China Energy Engineering Group Shanxi Electric Power Construction Co., Ltd.* (中國能源建設集團山西電力建設有限公司);

(j) 100% held by Hong Kong Dynagreen;

(k) 20% held by Huizhou Jinxiong Industrial Co., Ltd.* (惠州市錦雄實業有限公司).



XIII. Financial Report (Continued)

VII. INTERESTS IN OTHER ENTITIES (Continued)

2. The transaction that caused changes of the parent company's share of the owner's equity in the subsidiary but still has control over the subsidiary

The minority shareholder of Yichun Company increased its capital contribution to Yichun Company by RMB60,187,632.35 in 2019. After the transaction, the shareholding ratio of the parent company to the subsidiaries was 60%, and the parent company has not lost its control over Yichun Company.

3. Interests in joint ventures

	2020	2019
Joint ventures – immaterial joint ventures (note)	66,190,681.00	62,907,982.84
Less: Provision for impairment	–	–
Total	66,190,681.00	62,907,982.84

Note: In 2018, the Group jointly invested and established Fengcheng Company with Fengcheng Municipal Utilities Operation Co., Ltd. (豐城市政公用營運有限公司). The Group holds 51% of the equity of Fengcheng Company. Pursuant to the articles of association of Fengcheng Company, its highest authority shall be its general meetings. The decisions in relation to business policies, investment plans and others of the company shall be subject to the agreement of shareholders holding more than two-thirds of its shares. As the Group cannot solely decide on the main operations of the Fengcheng Company, it does not have control over that company.

(1) The summary financial information of the insignificant joint ventures is as follows:

	2020	2019
Joint ventures		
Total carrying amount of investment	66,190,681.00	62,907,982.84
The total of the following items calculated according to the shareholding ratio	3,282,698.16	(6,131,302.63)
– Net profit	3,282,698.16	6,735.47
– Other changes in equity	–	(6,138,038.10)
– Other comprehensive income	–	–
– Total comprehensive income	–	–

VIII. RISK RELATED TO FINANCIAL INSTRUMENTS

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

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



VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

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

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

1. Credit risk

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

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

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The maximum exposure to accounts receivable, other receivables and contract assets is disclosed in Notes V.3, 6 and 8, respectively. Other than the financial guarantees provided by the Group as set out in Note, the Group does not provide any other guarantees which would expose the Group to credit risk.

(1) Accounts receivable and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant receivables and contract assets from individual customers. At the balance sheet date, 26% (2019: 8%) of the total accounts receivable and contract assets of the Group were due from the five largest customers of the Group.

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

For detailed information on accounts receivable and contract assets, please refer to relevant disclosures in Note V.3 – Accounts receivable and Note V.8 – Contract assets.



XIII. Financial Report (Continued)

VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

2. Liquidity risk

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

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

Item	Contractual undiscounted cash flow at the end of 2020				Total	Carrying amount at balance sheet date
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	Over 5 years		
Short-term loans	2,537,731,481.23	-	-	-	2,537,731,481.23	2,495,169,633.87
Accounts payable	1,291,193,658.66	-	-	-	1,291,193,658.66	1,291,193,658.66
Other payables	101,598,868.06	-	-	-	101,598,868.06	101,598,868.06
Non-current liabilities due within 1 year	725,099,395.08	-	-	-	725,099,395.08	674,419,529.18
Long-term payables	-	28,216,534.15	84,649,602.45	409,190,310.48	522,056,447.08	289,389,673.47
Lease liabilities	-	227,305.76	159,514.29	236,675.00	623,495.05	515,729.38
Long-term loans	290,028,409.87	1,082,773,476.94	3,358,172,381.68	3,330,544,773.08	8,061,519,041.57	6,414,689,592.99
Total	4,945,651,812.90	1,111,217,316.85	3,442,981,498.42	3,739,971,758.56	13,239,822,386.73	11,266,976,658.61

Item	Contractual undiscounted cash flow at the end of 2019				Total	Carrying amount at balance sheet date
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	Over 5 years		
Short-term loans	2,473,990,257.58	-	-	-	2,473,990,257.58	2,433,082,965.96
Accounts payable	1,212,897,951.38	-	-	-	1,212,897,951.38	1,212,897,951.38
Other payables	149,645,055.37	-	-	-	149,645,055.37	149,645,055.37
Non-current liabilities due within 1 year	760,593,600.17	-	-	-	760,593,600.17	705,048,955.21
Long-term payables	-	28,216,534.15	84,649,602.45	416,357,085.48	529,223,222.08	297,314,473.80
Lease liabilities	-	120,869.73	259,077.45	152,639.50	532,586.68	554,586.70
Long-term loans	272,860,249.46	1,257,638,460.07	3,439,183,960.12	2,933,450,357.06	7,903,133,026.71	5,057,022,246.80
Total	4,869,987,113.96	1,285,975,863.95	3,524,092,640.02	3,349,960,082.04	13,030,015,699.97	9,855,566,235.22



VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

3. Interest rate risk

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

(a) At 31 December, the Group held the following interest-bearing financial instruments:

Fixed rate financial instruments:

Item	2020		2019	
	Effective interest rate (%)	Amount	Effective interest rate (%)	Amount
Financial assets				
– Long-term receivables due within one year	4.97-8.53	135,193,612.91	4.98-8.53	87,687,596.31
– Long-term receivables	4.97-8.53	5,191,107,489.17	4.98-8.53	4,434,002,017.67
Financial liabilities				
– Short-term loans	0-4.05	(2,470,000,000.00)	0-4.35	(2,433,082,965.96)
– Long-term loans	3.25-5.09	(1,296,904,716.66)	4.30-5.38	(1,041,903,766.37)
– Lease liabilities	4.50	(515,729.38)	4.50	(554,586.70)
– Long-term payables due within one year	5.73-7.99	(8,287,770.60)	5.73-7.99	(7,783,848.99)
– Long-term loans due within one year	3.40-5.09	(103,055,661.34)	4.51-5.38	(240,471,309.51)
– Lease liabilities due within one year	4.50	(276,803.34)	4.50	(791,769.08)
– Long-term payables	5.73-7.99	(289,389,673.47)	5.73-7.99	(297,314,473.80)
Total		1,157,870,747.29		499,786,893.57



VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

3. Interest rate risk (Continued)

(a) At 31 December, the Group held the following interest-bearing financial instruments: (Continued)

Floating rate financial instruments:

Item	2020		2019	
	Effective interest rate (%)	Amount	Effective interest rate (%)	Amount
Financial assets				
– Cash at bank and on hand	0.35	1,608,056,129.24	0.35	432,096,569.17
Financial liabilities				
– Long-term loans due within one year	4.08-5.77	(548,292,915.38)	4.275-6.52	(456,002,027.63)
– Long-term loans	3.95-5.77	(5,117,784,876.33)	4.275-6.52	(4,015,118,480.43)
– Long-term loans	3.70-3.92	(22,000,000.00)		–
Total		(4,080,021,662.47)		(4,039,023,938.89)

(b) Sensitivity analysis

At 31 December 2020 and 31 December 2019, it was assumed that an increase of 100 basis points in interest rates, with all other variables held constant, would decrease the Group's net profit and shareholders' equity by RMB40,244,549.58 and RMB38,507,179.99, respectively.

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

4. Foreign currency risk

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



VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

4. Foreign currency risk (Continued)

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

	2020		2019	
	Foreign currency balance	Convert RMB balance	Foreign currency balance	Convert RMB balance
Cash at bank and on hand				
– HKD	81,511.07	68,602.98	666,079.58	596,660.77
– USD	285.28	1,861.42	285.28	1,990.17
– EUR	–	–	2,380.00	18,600.89
– JPY	11.00	0.70	11.00	0.70
Gross balance sheet exposure		70,465.10		617,252.53

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

	Average rate		Reporting date mid-spot rate	
	2020	2019	2020	2019
HKD	0.8687	0.8860	0.8416	0.8958
USD	6.7506	6.9197	6.5249	6.9762
EUR	7.9203	7.8314	8.0250	7.8155
JPY	0.0637	0.0630	0.0632	0.0641



VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

4. Foreign currency risk (Continued)

(3) Sensitivity analysis

Assuming all other risk variables remained constant (except for foreign exchange rate), a 1% strengthening of the Renminbi against the Hong Kong dollar, Euro, US dollar and Japanese Yen at 31 December 2020 and 31 December 2019 would have decreased the Group's shareholders' equity and net profit by the amount shown below, whose effect was in Renminbi and translated using the spot rate at the balance sheet date:

Item	2020	2019
HKD	(542.33)	(4,997.31)
EUR	–	(158.11)
USD	(15.54)	(17.00)
Total	(557.87)	(5,172.42)

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

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



IX. FAIR VALUE DISCLOSURE

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

Level 1 inputs:	unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;
Level 2 inputs:	inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;
Level 3 inputs:	inputs that are unobservable for underlying assets or liabilities.

1. Assets and liabilities measured at fair value

As at 31 December 2020 and 31 December 2019, the Group did not have any other assets and liabilities measured at fair value.

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

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



XIII. Financial Report (Continued)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on the parent of the Company:

Company name	Related party relationship	Type of enterprise	Registered place	Legal representative	Business nature	Registered capital	Shareholding percentage of the parent company in the Company (%)	Parent company's percentage of voting rights in the Company (%)	Ultimate controlling party of the Company	Organisation code
BSAM	Parent company	Limited company	Beijing	Yue Peng	Investment management	RMB10 billion	42.63	42.63	Beijing SASAC	40059216-4

2. Information on the subsidiaries of the Company

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

3. Information on joint ventures of the Company

For information on joint ventures of the Group, please refer to Note VII.3.



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Information on other related parties

Information on other related parties that are not mentioned in the above notes 1, 2 and 3 are disclosed as follows:

Names of other related parties	Related party relationship	Organisation code
Beijing State-owned Assets Management (Hong Kong) Company Limited	Shareholder and a subsidiary of the Company's ultimate controlling party	N/A
Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership)	Shareholder	55782525-3
Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership)	Shareholder	N/A
Beijing Huitai Hengrui Investment Co., Ltd. (北京惠泰恒瑞投資有限公司)	Shareholder	66911213-5
Three Gorges Capital Holdings Co., Ltd.	Shareholder	33546365-6
Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	A subsidiary of the Company's ultimate controlling party	06125014-2
Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司)	Shareholder and a subsidiary of the Company's ultimate controlling party	724711406
Beijing Crystal Digital Technology Co., Ltd. (北京水晶石數字科技有限公司)	Shareholder and a subsidiary of the Company's ultimate controlling party	665629276
Beijing Shibo International Sports Competition Co., Ltd. (北京時博國際體育賽事有限公司)	Shareholder and a subsidiary of the Company's ultimate controlling party	778600015
Beijing Beiao Group Corporation Limited (北京北奧集團有限責任公司)	Shareholder and a subsidiary of the Company's ultimate controlling party	101138105
Shouxin Cloud Technology Co., Ltd. (首信雲技術有限公司)	Shareholder and a subsidiary of the Company's ultimate controlling party	MA01CGBC5
Yichun Municipal Development Co., Ltd. (宜春市市政發展有限公司)	A shareholder of subsidiaries of the Company	332872972
Haining Municipal Water Investment Group Co., Limited* (海寧市水務投資集團有限公司)	A shareholder of subsidiaries of the Company	779382857

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



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties

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

(1) Related guarantee

The Group acts as the guaranteed party

2020

Name of guarantor	Amount of guaranty	Commencement date of guarantee	Commencement date of guarantee	Guaranty completed (Y/N)
BSAM*	56,336,190.61	9 December 2013	9 December 2023	N
BSAM*	158,656,666.65	8 January 2015	5 December 2023	N
Total	214,992,857.26			

2019

Name of guarantor	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
BSAM*	373,370,264.65	9 December 2013	9 December 2023	N
BSAM*	45,000,000.00	26 May 2017	9 December 2023	N
BSAM*	216,000,000.00	26 August 2017	9 December 2023	N
BSAM*	270,000,000.00	30 January 2018	9 December 2023	N
BSAM*	29,691,000.00	21 June 2018	9 December 2023	N
Total	934,061,264.65			

The Group as the guarantor

Name of guaranteed party	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
Fengcheng Company	310,000,000.00	30 July 2019	29 July 2029	N



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(1) Related guarantee (Continued)

The Company acts as the guaranteed party (Continued)

2020

Name of guaranteed party	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
Huizhou Company	130,814,527.02	13 July 2015	13 July 2027	N
Huizhou Company	21,000,000.00	13 May 2020	12 May 2024	N
Jurong Company	91,597,792.00	5 December 2014	4 December 2026	N
Taizhou Company	59,500,000.00	8 August 2018	22 December 2024	N
Jizhou Company	155,880,000.00	9 March 2018	8 March 2032	N
Jizhou Company	71,960,577.98	31 August 2020	23 August 2032	N
Ninghe Company	24,987,574.04	20 January 2016	21 June 2023	N
Ninghe Company	114,776,398.62	15 November 2016	15 November 2028	N
Tongzhou Company	16,146,701.81	20 July 2016	19 July 2032	N
Tongzhou Company	680,160,373.83	8 July 2016	7 July 2033	N
Tongzhou Company	31,216,452.08	13 January 2020	12 January 2034	N
Tongzhou Company	37,472,255.70	20 June 2019	19 June 2032	N
Rushan Company	9,400,000.00	27 October 2016	27 October 2023	N
Rushan Company	68,202,000.00	27 October 2019	27 October 2024	N
Bengbu Company	316,600,000.00	20 October 2016	19 July 2033	N
Bengbu Company	5,000,000.00	23 July 2020	22 July 2021	N
Anshun Company	138,000,000.00	28 August 2019	17 August 2026	N
Shantou Company	468,750,000.00	4 April 2018	7 March 2031	N
Shantou Company	136,066,375.53	7 September 2019	7 September 2031	N
Zhangqiu Company	331,095,265.53	4 April 2018	3 April 2032	N
Guangyuan Company	234,000,000.00	17 November 2020	17 November 2037	N
Jiamusi Company	135,000,000.00	23 December 2015	22 December 2026	N
Jiamusi Company	7,299,773.40	31 December 2020	30 December 2028	N
Zhaoqing Company	274,000,000.00	27 October 2017	31 January 2029	N
Zhaoqing Company	112,020,000.00	25 December 2019	24 December 2036	N
Guangdong Promising Company	19,519,395.00	2 December 2016	1 December 2022	N
Yichun Company	274,924,362.94	28 April 2019	27 April 2032	N
Haining Expansion Company	321,129,498.00	19 April 2019	18 April 2034	N
Huizhou Phase II Company	391,530,000.00	29 April 2019	28 April 2021	N
Huizhou Phase II Company	30,580,000.00	30 December 2020	29 December 2022	N
Huizhou Phase II Company	19,219,546.15	12 May 2020	12 May 2035	N
Bobai Company	148,995,000.00	24 April 2020	14 April 2028	N
Hongan Company	247,000,000.00	19 May 2020	18 May 2033	N
Pingyang Company	10,000,000.00	12 March 2020	12 March 2021	N
Wuhan Company	10,000,000.00	22 September 2020	21 September 2021	N
Pingyang Phase II Company	125,908,926.00	21 August 2019	20 August 2036	N
Yongjia Phase II Company	144,479,631.28	14 January 2020	13 January 2027	N
Shishou Company	194,190,606.30	9 January 2020	8 January 2030	N
Huludao Hazardous Waste Company	147,929,788.89	30 March 2020	30 March 2037	N
Jinsha Company	111,880,080.00	27 April 2020	26 April 2037	N
Dengfeng Company	27,888,913.00	24 August 2020	23 August 2037	N
Huludao Power Generation Company	24,000,000.00	25 November 2020	25 November 2035	N
Total	5,920,121,915.10			



XIII. Financial Report (Continued)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(1) Related guarantee (Continued)

The Company acts as the guaranteed party (Continued)

2019

Name of guaranteed party	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
Huizhou Company	156,830,875.00	13 July 2015	13 July 2027	N
Huizhou Company	48,150,000.00	21 April 2017	1 October 2024	N
Huizhou Company	1,731,887.72	29 October 2019	29 October 2020	N
Huizhou Company	4,436,668.22	11 October 2019	11 October 2020	N
Huizhou Company	4,085,132.12	27 September 2019	27 September 2020	N
Huizhou Company	18,000,000.00	7 May 2019	6 May 2020	N
Huizhou Company	3,580,000.00	13 December 2019	24 June 2020	N
Huizhou Company	7,249,277.90	30 December 2019	24 June 2020	N
Jurong Company	110,549,060.00	5 December 2014	4 December 2024	N
Taizhou Company	20,000,000.00	3 January 2018	2 January 2020	N
Jizhou Company	116,820,000.00	23 February 2018	22 February 2021	N
Ninghe Company	74,962,722.12	28 December 2015	1 June 2023	N
Ninghe Company	125,453,272.70	15 November 2016	15 November 2028	N
Tongzhou Company	718,587,513.61	8 July 2016	7 July 2033	N
Tongzhou Company	832,032.00	23 February 2017	9 November 2033	N
Tongzhou Company	22,724,042.92	20 June 2019	19 June 2032	N
Rushan Company	18,800,000.00	27 October 2016	27 October 2023	N
Rushan Company	81,000,000.00	27 October 2019	27 October 2024	N
Bengbu Company	326,600,000.00	20 July 2016	19 July 2033	N
Anshun Company	148,000,000.00	28 August 2019	17 August 2024	N
Tongzhou Company	36,441,442.93	23 August 2016	19 September 2023	N
Shantou Company	500,000,000.00	7 March 2018	6 March 2028	N
Shantou Company	51,540,000.00	19 November 2019	7 March 2022	N
Zhangqiu Company	335,505,265.53	4 April 2018	3 April 2031	N
Taizhou Company	67,000,000.00	8 August 2018	7 August 2022	N
Guangyuan Company	254,000,000.00	26 September 2016	25 March 2026	N
Jiamusi Company	185,000,000.00	23 December 2015	22 December 2024	N
Zhaoqing Company	316,000,000.00	27 October 2017	31 January 2027	N
Zhaoqing Company	13,000,000.00	25 December 2019	24 December 2034	N
Guangdong Promising Company	28,916,979.72	2 December 2016	1 December 2022	N
Yichun Company	195,866,464.09	28 April 2019	27 April 2029	N
Haining Expansion Company	206,528,058.00	19 April 2019	18 April 2034	N
Huizhou Phase II Company	290,100,000.00	29 April 2019	28 April 2034	N
Fengcheng Company	215,749,091.71	30 July 2019	1 July 2029	N
Total	4,704,039,786.29			



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(2) Remuneration of key management personnel

The Group

Item	2020	2019
Remuneration of key management personnel	12,991,696.64	12,223,104.86

The Company

Item	2020	2019
Remuneration of key management personnel	12,991,696.64	12,223,104.86

(a) Directors and supervisors

The emoluments of each director and supervisor in 2020 are as follows:

	Remuneration of Directors and supervisors	Salaries and allowances	Pension	Bonuses	2020 Total
Executive Directors					
Qiao Dewei	–	914,012.24	2,471.82	1,180,900.00	2,097,384.06
Hu Shengyong	–	596,540.24	2,661.96	850,000.00	1,449,202.20
Non-executive Directors					
Liu Shuguang	–	–	–	–	–
Cheng Suning	–	–	–	–	–
Zhi Jun	–	–	–	–	–
Cao Jinjun	–	–	–	–	–
Independent non-executive Directors					
Ou Yuezhou	80,000.00	–	–	–	80,000.00
Fu Jie	104,245.20	–	–	–	104,245.20
Xie Lanjun	80,000.00	–	–	–	80,000.00
Supervisors					
Luo Zhaoguo	–	–	–	–	–
Wang Meilin	–	254,345.41	2,310.00	96,000.00	352,655.41
He Hong	–	–	–	–	–
Cai Binqun	–	–	–	–	–
Total	264,245.20	1,764,897.89	7,443.78	2,126,900.00	4,163,486.87



XIII. Financial Report (Continued)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(2) Remuneration of key management personnel (Continued)

(a) Directors and supervisors (Continued)

The emoluments of each director and supervisor in 2019 are as follows:

	Remuneration of Directors and supervisors	Salaries and allowances	Pension	Bonuses	2019 Total
Executive Directors					
Qiao Dewei	–	902,868.22	32,363.76	1,149,600.00	2,084,831.98
Hu Shengyong	–	585,396.22	34,853.28	820,000.00	1,440,249.50
Non-executive Directors					
Liu Shuguang	–	–	–	–	–
Cheng Suning	–	–	–	–	–
Zhi Jun	–	–	–	–	–
Cao Jinjun	–	–	–	–	–
Independent non-executive Directors					
Ou Yuezhou	80,000.00	–	–	–	80,000.00
Fu Jie	106,318.80	–	–	–	106,318.80
Xie Lanjun	80,000.00	–	–	–	80,000.00
Supervisors					
Luo Zhaoguo	–	–	–	–	–
Wang Meilin	–	219,113.96	24,570.00	92,433.00	336,116.96
He Hong	–	–	–	–	–
Cai Binqun	–	–	–	–	–
Total	266,318.80	1,707,378.40	91,787.04	2,062,033.00	4,127,517.24

In 2019 and 2020, none of the Group's director terminated his/her benefits, and no consideration was paid to a third party for the service of directors.



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(2) Remuneration of key management personnel (Continued)

(b) Five highest paid individuals

The five individuals with the highest emoluments in 2020 include two Directors (2019: two), whose emoluments are disclosed in the table above. The aggregate of emoluments in respect of the other three (2019: three) individuals are as follows:

Item	2020	2019
Salaries and allowances	1,789,620.72	1,756,188.66
Pension	7,985.88	104,559.84
Bonuses	2,540,000.00	2,410,000.00
Total	4,337,606.60	4,270,748.50

Emolument band(s)	2020 Number of Individuals	2019 Number of Individuals
HKD		
1,000,001–1,500,000	–	1
1,500,001–2,000,000	3	2

(3) Management services provided for the construction for subsidiaries

The Company

Item	Related parties	2020	2019
Management services provided for the construction for subsidiaries	Bobai Company	–	11,298,113.23
	Shantou Company	–	7,924,528.32
	Zhangqiu Company	–	10,966,981.16
	Jinsha Company	11,940,943.43	–
	Shishou Company	12,315,396.27	–
Total		24,256,339.70	30,189,622.71



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(4) Service fee for project management

The Company

Item	Related party	2020	2019
Service fee for project management	Taizhou Company	9,937,874.13	9,940,863.73

(5) Income from technology transfer

The Group

Item	Related party	2020	2019
Provision of technology implementation license	Fengcheng Company	–	10,000,000.00

The Company

Item	Related party	2020	2019
Provision of technology implementation license	Bobai Company	–	24,000,000.00
	Shantou Company	–	9,000,000.00
	Zhangqiu Company	–	31,500,000.00
	Fengcheng Company	–	10,000,000.00
	Anshun Company	7,500,000.00	–
	Hongan Company	15,000,000.00	–
	Jizhou Company	7,500,000.00	–
Total		30,000,000.00	74,500,000.00



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(6) Income from guarantee services

The Group and the Company

Item	Related party	2020	2019
Income from provision of guarantee for a related party	Fengcheng Company Haining Expansion Company	–	2,035,368.79
Services from provision of bidding agency for related party	Shenzhen Jingxiu	2,135,593.26 2,928,234.83	–
Total		5,063,828.09	2,035,368.79

(7) Related-party loans

The Group

Related parties	2020		
	Amount	Commencement date	Maturity date
Borrowed from			
BSAM*	291,000,000.00	2 January 2020	25 October 2021
BSAM (HK)*	540,000,000.00	24 April 2020	24 April 2021
BSAM (HK)*	175,000,000.00	28 April 2020	27 April 2025
BSAM*	250,000,000.00	11 November 2020	10 November 2023
Total	1,256,000,000.00		

Related parties	Amount	2019	
		Commencement date	Maturity date
Borrowed from			
BSAM*	290,000,000.00	25 January 2019	24 January 2020
BSAM*	150,000,000.00	28 February 2019	27 February 2020
BSAM*	150,000,000.00	19 March 2019	18 March 2020
BSAM*	120,000,000.00	13 May 2019	12 May 2020
BSAM*	250,000,000.00	17 June 2019	16 June 2020
BSAM*	190,000,000.00	5 July 2019	4 July 2020
BSAM*	120,000,000.00	12 September 2019	11 September 2020
BSAM*	154,000,000.00	24 October 2019	23 October 2020
BSAM*	160,000,000.00	22 November 2019	21 November 2020
Yichun Municipal Development Co., Ltd. (宜春市市政發展有限公司)	10,000,000.00	8 January 2019	12 December 2019
Total	1,594,000,000.00		



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(7) Related-party loans (Continued)

The Group (Continued)

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

Related parties	2020		
	Amount	Commencement date	Maturity date
Lend to Fengcheng Company	2,000,000.00	17 December 2020	31 December 2020

Related parties	2019		
	Amount	Commencement date	Maturity date
Lend to Fengcheng Company	20,000,000.00	25 June 2019	30 July 2019

The Company

Related parties	2020		
	Amount	Commencement date	Maturity date
Borrowed from Shuozhou Company	80,000,000.00	July 1 2020	31 December 2021
Jingxi Company	2,000,000.00	July 1 2020	16 November 2020
BSAM	291,000,000.00	2 January 2020	20 October 2020
BSAM	540,000,000.00	24 April 2020	24 April 2021
Total	913,000,000.00		



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(7) Related-party loans (Continued)

The Company (Continued)

Related parties	2020		
	Amount	Commencement date	Maturity date
Lend to			
Haining Company	12,000,000.00	8 May 2020	1 July 2020
Huizhou Company	18,000,000.00	2 March 2020	1 March 2021
Huizhou Company	5,000,000.00	9 March 2020	23 March 2021
Huizhou Company	40,000,000.00	10 March 2020	20 October 2020
Huizhou Company	9,000,000.00	10 July 2020	9 January 2021
Pingyang Company	2,000,000.00	14 January 2020	12 March 2020
Rushan Company	10,000,000.00	20 April 2020	19 April 2021
Anshun Company	7,000,000.00	16 January 2020	31 December 2021
Anshun Company	5,610,000.00	19 February 2020	18 February 2021
Anshun Company	3,000,000.00	12 June 2020	10 November 2020
Jizhou Company	6,600,000.00	14 January 2020	31 August 2020
Ninghe Company	8,000,000.00	16 January 2020	31 December 2021
Ninghe Company	33,000,000.00	16 June 2020	31 December 2021
Ninghe Company	32,000,000.00	18 December 2020	31 December 2021
Ninghe Company	96,000,000.00	28 June 2020	31 December 2020
Ninghe Company	50,000,000.00	3 August 2020	2 August 2021
Ninghe Company	4,000,000.00	15 September 2020	31 December 2021
Ninghe Company	4,000,000.00	13 October 2020	31 December 2020
Ninghe Company	4,000,000.00	26 November 2020	31 December 2020
Ninghe Company	4,000,000.00	18 December 2020	31 December 2020
Jurong Company	4,000,000.00	16 June 2020	31 December 2021
Bobai Company	7,000,000.00	17 January 2020	31 December 2020
Bobai Company	2,500,000.00	20 January 2020	31 December 2020
Bobai Company	4,000,000.00	29 October 2020	31 December 2020
Shantou Company	20,000,000.00	3 September 2020	30 December 2020
Miyun Company	14,000,000.00	27 February 2020	31 March 2029
Guangyuan Company	10,000,000.00	26 February 2020	26 March 2020
Hongan Company	10,000,000.00	3 January 2020	15 May 2020
Hongan Company	10,000,000.00	7 January 2020	15 May 2020



XIII. Financial Report (Continued)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(7) Related-party loans (Continued)

The Company (Continued)

Related parties	2020		
	Amount	Commencement date	Maturity date
Hongan Company	10,000,000.00	10 January 2020	15 May 2020
Hongan Company	12,000,000.00	14 January 2020	15 May 2020
Hongan Company	3,000,000.00	16 January 2020	15 May 2020
Hongan Company	6,000,000.00	2 April 2020	15 May 2020
Hongan Company	3,000,000.00	15 April 2020	15 May 2020
Hongan Company	1,000,000.00	7 July 2020	29 December 2020
Zhangqiu Company	10,000,000.00	17 January 2020	15 May 2020
Yichun Company	17,000,000.00	26 October 2020	25 October 2023
Jiamusi Company	4,800,000.00	3 April 2020	31 December 2020
Jiamusi Company	4,500,000.00	13 May 2020	31 December 2020
Jiamusi Company	2,200,000.00	26 May 2020	31 December 2020
Jiamusi Company	20,000,000.00	4 June 2020	31 December 2020
Jiamusi Company	25,000,000.00	16 June 2020	31 December 2020
Jiamusi Company	2,500,000.00	3 August 2020	31 December 2020
Jiamusi Company	5,800,000.00	18 August 2020	31 December 2020
Jiamusi Company	15,000,000.00	9 September 2020	31 December 2020
Zhaoqing Company	10,000,000.00	21 August 2020	31 December 2020
Zhaoqing Company	10,000,000.00	1 December 2020	30 November 2021
Guangdong Promising Company	10,000,000.00	26 March 2020	17 June 2020
Huludao Hazardous Waste Company	500,000.00	11 February 2020	1 April 2020
Huludao Hazardous Waste Company	500,000.00	19 March 2020	1 April 2020
Huludao Hazardous Waste Company	7,000,000.00	7 January 2020	1 April 2020
Huludao Hazardous Waste Company	1,000,000.00	19 March 2020	1 April 2020
Huludao Hazardous Waste Company	10,019,200.00	30 March 2020	29 March 2035
Huludao Hazardous Waste Company	1,000,000.00	27 July 2020	3 August 2020
Huludao Hazardous Waste Company	7,000,000.00	31 July 2020	3 August 2020



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(7) Related-party loans (Continued)

The Company (Continued)

Related parties	2020		
	Amount	Commencement date	Maturity date
Shulan Company	100,000.00	3 April 2020	10 September 2020
Zhangye Boneng	2,000,000.00	7 January 2020	30 April 2034
Zhangye Boneng	800,000.00	20 January 2020	30 April 2034
Zhangye Boneng	2,000,000.00	20 March 2020	30 April 2034
Zhangye Boneng	1,000,000.00	20 August 2020	30 April 2034
Zhangye Boneng	1,225,000.00	20 October 2020	30 April 2034
Zhangye Boneng	800,000.00	4 December 2020	30 April 2034
Zhangye Boneng	1,300,000.00	30 December 2020	30 April 2034
Jinsha Company	2,000,000.00	14 January 2020	31 December 2020
Jinsha Company	500,000.00	20 January 2020	31 December 2020
Jinsha Company	10,000,000.00	24 March 2020	31 December 2020
Jinsha Company	2,000,000.00	24 July 2020	31 December 2020
Jinsha Company	5,000,000.00	29 September 2020	31 December 2020
Jinsha Company	10,000,000.00	15 October 2020	31 December 2020
Jinsha Company	121,471,300.00	18 December 2020	17 December 2021
Huizhou Phase II Company	18,000,000.00	10 March 2020	2 July 2020
Huizhou Phase II Company	10,000,000.00	20 March 2020	2 July 2020
Huizhou Phase II Company	5,000,000.00	7 May 2020	2 July 2020
Huizhou Phase II Company	5,000,000.00	26 May 2020	2 July 2020
Huizhou Phase II Company	80,648,200.00	23 December 2020	22 December 2021
Huizhou Phase II Company	161,826,300.00	28 December 2020	27 December 2021
Pingyang Phase II Company	84,859,600.00	22 December 2020	21 December 2021
Yongjia Phase II Company	27,098,200.00	28 December 2020	27 December 2021
Shishou Company	12,676,300.00	18 December 2020	17 December 2021
Tongzhou Company	30,000,000.00	18 June 2020	24 June 2020
Fengcheng Company	2,000,000.00	17 December 2020	31 December 2020
Total	1,230,834,100.00		



XIII. Financial Report (Continued)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(7) Related-party loans (Continued)

The Company (Continued)

Related parties	Amount	2019 Commencement date	Maturity date
Borrowed from			
Bengbu Company	8,000,000.00	10 December 2019	9 June 2020
Shishou Company	25,000,000.00	26 June 2019	28 October 2019
Enshi Company	98,000,000.00	16 September 2019	16 February 2020
Tongzhou Company	25,000,000.00	2 September 2019	9 September 2019
BSAM	290,000,000.00	25 January 2019	24 January 2020
BSAM	150,000,000.00	28 February 2019	27 February 2020
BSAM	150,000,000.00	19 March 2019	18 March 2020
BSAM	120,000,000.00	13 May 2019	12 May 2020
BSAM	250,000,000.00	17 June 2019	16 June 2020
BSAM	190,000,000.00	5 July 2019	4 July 2020
BSAM	120,000,000.00	12 September 2019	11 September 2020
BSAM	154,000,000.00	24 October 2019	23 October 2020
BSAM	160,000,000.00	22 November 2019	21 November 2020
Total	1,740,000,000.00		



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(7) Related-party loans (Continued)

The Company (Continued)

Related parties	Amount	2019 Commencement date	Maturity date
Lend to			
Haining Company	5,000,000.00	8 January 2019	27 March 2019
Haining Company	3,000,000.00	12 December 2019	31 December 2019
Yongjia Company	27,000,000.00	1 July 2019	30 June 2020
Yongjia Company	9,000,000.00	18 May 2019	18 November 2019
Huizhou Company	12,000,000.00	11 January 2019	13 March 2019
Wuhan Company	10,000,000.00	18 March 2019	3 June 2019
Wuhan Company	9,000,000.00	12 June 2019	6 June 2020
Wuhan Company	13,000,000.00	16 September 2019	1 August 2020
Pingyang Company	6,000,000.00	8 April 2019	7 July 2019
Pingyang Company	26,000,000.00	18 June 2019	17 June 2020
Taizhou Company	47,000,000.00	10 July 2019	21 October 2019
Taizhou Company	12,000,000.00	30 December 2019	30 June 2020
Taizhou Company	10,000,000.00	29 September 2019	18 October 2019
Rushan Company	9,400,000.00	23 October 2019	22 April 2020
Anshun Company	14,500,000.00	12 August 2019	31 December 2020
Jizhou Company	32,400,000.00	16 July 2019	9 December 2023
Ninghe Company	10,000,000.00	28 January 2019	27 January 2020
Ninghe Company	5,000,000.00	17 January 2019	16 January 2020
Ninghe Company	7,000,000.00	9 September 2019	31 December 2020
Ninghe Company	42,000,000.00	5 November 2019	31 December 2020
Ninghe Company	97,000,000.00	20 March 2019	17 March 2020
Ninghe Company	28,000,000.00	26 June 2019	23 June 2020
Jurong Company	2,000,000.00	December 2019	9 March 2020
Jurong Company	9,600,000.00	8 May 2019	7 May 2020
Jurong Company	24,000,000.00	8 May 2019	7 May 2020
Bobai Company	10,000,000.00	10 January 2019	9 January 2020
Bobai Company	20,000,000.00	22 January 2019	21 January 2020
Bobai Company	10,000,000.00	28 January 2019	27 January 2020
Bobai Company	10,000,000.00	18 March 2019	17 March 2020
Bobai Company	10,000,000.00	23 April 2019	22 April 2020
Bobai Company	5,000,000.00	5 May 2019	4 May 2020
Bobai Company	24,000,000.00	15 April 2019	14 April 2020
Bobai Company	2,500,000.00	31 October 2019	31 December 2020
Shantou Company	10,000,000.00	12 March 2019	25 June 2019
Miyun Company	40,000,000.00	30 May 2019	31 March 2029
Miyun Company	20,000,000.00	29 November 2019	31 March 2029
Miyun Company	40,000,000.00	30 January 2019	30 January 2020
Miyun Company	5,000,000.00	10 April 2019	9 October 2019



XIII. Financial Report (Continued)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(7) Related-party loans (Continued)

The Company (Continued)

Related parties	Amount	2019 Commencement date	Maturity date
Guangyuan Company	600,000.00	14 March 2019	14 April 2019
Guangyuan Company	8,000,000.00	15 April 2019	14 April 2020
Hongan Company	10,000,000.00	5 June 2019	4 July 2019
Hongan Company	167,500,000.00	19 June 2019	1 December 2023
Zhangqiu Company	50,000,000.00	26 February 2019	1 July 2019
Zhangqiu Company	10,000,000.00	30 May 2019	30 June 2019
Yichun Company	40,000,000.00	16 January 2019	28 December 2019
Yichun Company	10,000,000.00	17 May 2019	23 May 2019
Jiamusi Company	7,000,000.00	16 January 2019	15 January 2020
Jiamusi Company	41,000,000.00	8 March 2019	7 March 2020
Jiamusi Company	12,000,000.00	26 June 2019	31 December 2020
Jiamusi Company	75,200,000.00	19 August 2019	31 December 2020
Zhaoqing Company	16,000,000.00	18 January 2019	4 December 2019
Zhaoqing Company	6,000,000.00	15 June 2019	4 December 2019
Zhaoqing Company	30,000,000.00	20 June 2019	20 June 2020
Zhaoqing Company	13,000,000.00	26 July 2019	31 December 2020
Guangdong Promising Company	5,000,000.00	2 January 2019	1 January 2020
Guangdong Promising Company	2,000,000.00	18 January 2019	17 January 2020
Guangdong Promising Company	30,000,000.00	30 January 2019	29 January 2020
Huludao Hazardous	3,000,000.00	8 April 2019	7 April 2020
Huludao Hazardous	9,000,000.00	31 August 2019	30 August 2022
Shulan Company	200,000.00	30 January 2019	29 January 2020
Shulan Company	200,000.00	14 March 2019	13 March 2020
Yongxing Company	100,000.00	1 May 2019	30 April 2020
Guangyuan Promising	300,000.00	10 October 2019	9 April 2020
Guangyuan Promising	100,000.00	28 February 2019	27 February 2020
Zhangye Company	2,800,000.00	24 January 2019	31 January 2020
Zhangye Company	3,000,000.00	1 May 2019	30 April 2034
Jinsha Company	16,200,000.00	15 August 2019	31 December 2020
Fengcheng Company	20,000,000.00	25 June 2019	30 July 2019
Total	1,264,600,000.00		

In 2020 and 2019, the interest rates of the Company's related-party loans ranged from 0.00% ~ 5.22% and 0.00% ~ 4.90%, respectively.

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



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

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

The Group

Related parties	2020	2019
Interest received from related-party loans		
Fengcheng Company	3,830.20	747,727.57
Related parties	2020	2019
Payments of interests on related-party loans		
BSAM	125,588,733.94	75,597,318.20
BSAM (HK)	8,897,722.22	2,580,100.00
Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	1,666,852.27	2,801,173.15
Yichun Municipal Development Co., Ltd. (宜春市市政發展有限公司)	–	929,638.90
Total	136,153,308.43	81,908,130.25
Payments of service fee on related-party financing guarantee		
Haining Municipal Water Investment Group Co., Limited (海寧市水務投資集團有限公司)	12,000,000.00	–
Total	12,000,000.00	–



XIII. Financial Report (Continued)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(8) Interest income and expense on related-party loans (Continued)

The Company

Related parties	2020	2019
Interest received from related-party loans		
Huizhou Company	998,708.73	325,283.33
Rushan Company	445,128.14	903,311.32
Taizhou Company	114,563.68	728,875.78
Pingyang Company	240,873.27	633,285.22
Jizhou Company	2,841,931.08	4,545,426.40
Anshun Company	248,426.62	4,667,930.56
Wuhan Company	228,215.41	366,831.76
Miyun Company	8,257,227.49	7,004,349.30
Ninghe Company	2,422,107.64	3,732,705.70
Jurong Company	1,121,572.72	170,250.09
Bobai Company	3,253,441.48	8,035,883.61
Shantou Company	–	816,220.01
Fengcheng Company	3,830.19	747,727.57
Hongan Company	3,589,432.39	2,848,596.90
Jiamusi Company	–	105,900.16
Guangyuan Company	48,675.31	103,016.12
Huludao Hazardous Waste Company	560,623.37	138,368.04
Yichun Company	146,255.25	1,728,629.46
Yongjia Company	216,775.00	687,398.04
Huizhou Phase II Company	138,537.35	–
Jinsha Company	171,575.03	–
Pingyang Phase II Company	85,615.69	–
Shishou Company	17,904.94	–
Yongjia Phase II Company	10,935.86	–
Other subsidiaries	85,461.08	104,509.42
Total	25,247,817.72	38,394,498.79



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(8) Interest income and expense on related-party loans (Continued)

The Company (Continued)

Related parties	2020	2019
Payments of interests on related-party loans		
BSAM	125,588,733.94	75,631,516.66
Bengbu Company	—	12,083.34
Total	125,588,733.94	75,643,600.00

(9) Dividends received from subsidiaries

The Company

Related parties	2020	2019
Yongjia Company	15,000,000.00	18,000,000.00
Haining Company	14,000,000.00	16,500,000.00
Huizhou Company	30,000,000.00	42,000,000.00
Changzhou Company	67,500,000.00	37,500,000.00
Wuhan Company	20,000,000.00	20,000,000.00
Pingyang Company	10,000,000.00	20,000,000.00
Taizhou Company	30,000,000.00	20,000,000.00
Bengbu Company	10,000,000.00	13,000,000.00
Beijing Research Institute	—	2,023,535.41
Tongzhou Company	60,000,000.00	19,000,000.00
Shantou Company	7,500,000.00	—
Rushan Company	5,000,000.00	—
Total	269,000,000.00	208,023,535.41



XIII. Financial Report (Continued)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(10) Purchases from related parties

The Group

Related parties	2020	2019
Shenzhen Crystal Digital Technology Co., Ltd.* (深圳水晶石數字科技有限公司)	6,647,801.00	564,400.00
Beijing Crystal Digital Technology Co., Ltd.	215,000.00	359,000.00
Beijing Beiao Group Corporation Limited (北京北奧集團有限責任公司)	600,000.00	600,000.00
Shouxin Cloud Technology Co., Ltd (首信雲技術有限公司)	9,243.40	–
Total	7,472,044.40	1,523,400.00

(11) The net outflow of fund transfers (except for related-party loans) with subsidiaries after deduction of the amounts set out in note (8)

Related parties	2020	2019
Subsidiaries	(241,443,742.96)	(281,823,108.05)

In view of the frequent transactions of fund transfers between the Company and its subsidiaries for fund management purposes, the Company disclosed only the net changes of such fund transfers during the current period.

(12) Other related parties transactions

Corporate transactions amounts

Related parties	2020	2019
Fengcheng Company	3,005,715.82	2,894,785.37
Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司)	200.00	–
BSAM	145,098.85	–
Total	3,151,014.67	2,894,785.37

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



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Balance of related party transactions

The Group

(1) Long-term loans with related parties

Related parties	2020	2019
Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	16,066,035.25	36,441,442.93
BSAM (HK)	485,598,277.78	60,000,000.00
Total	501,664,313.03	96,441,442.93

(2) Short-term loans with related party

Related parties	2020	2019
BSAM	2,403,117,750.52	2,324,000,000.00
Total	2,403,117,750.52	2,324,000,000.00

(3) Receivables from related party

Related parties	2020	2019
Fengcheng Company	10,000,000.00	10,000,000.00

(4) Payables to related parties

Related parties	2020	2019
Shenzhen Crystal Digital Technology Co., Ltd.	1,650,956.60	451,956.60
Beijing Crystal Digital Technology Co., Ltd.	485,844.00	634,094.00
Total	2,136,800.60	1,086,050.60

(5) Other payables to related party

Related parties	2020	2019
BSAM	139,273.80	5,677,584.99



XIII. Financial Report (Continued)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Balance of related party transactions (Continued)

The Company

(1) Receivables from related parties

Item	Related parties	2020		2019	
		Book balance	Provision for bad and doubtful debts	Book balance	Provision for bad and doubtful debts
Service fee for project management	Shishou Company	3,988,820.00	-	-	-
Service fee for project management	Jinsha Company	5,876,650.00	-	-	-
License fee for patent transfer	Anshun Company	7,500,000.00	-	-	-
License fee for patent transfer	Hongan Company	15,000,000.00	-	-	-
Service fee for project management	Taizhou Company	2,169,893.20	-	2,670,673.15	-
Service fee for project management	Zhangqiu Company	2,325,000.00	-	2,325,000.00	-
License fee for patent transfer	Zhangqiu Company	25,500,000.00	-	25,500,000.00	-
Service fee for project management	Bobai Company	11,976,000.00	-	11,976,000.00	-
License fee for patent transfer	Bobai Company	24,000,000.00	-	24,000,000.00	-
License fee for patent transfer	Fengcheng Company	10,000,000.00	1,000,000.00	10,000,000.00	500,000.00
Total		108,336,363.20	1,000,000.00	76,471,673.15	500,000.00

(2) Short-term loans with related parties

Related parties	2020	2019
BSAM	2,403,117,750.52	2,324,000,000.00
Bengbu Company	-	8,000,000.00
Enshi Company	-	13,000,000.00
Shuozhou Company	80,000,000.00	-
Total	2,483,117,750.52	2,345,000,000.00



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Balance of related party transactions (Continued)

The Company (Continued)

(3) Other receivables from related parties

Related parties	2020	2019
Jurong Company	11,288,937.80	48,129,497.62
Pingyang Company	–	22,000,000.00
Rushan Company	17,000,000.00	8,400,000.00
Shantou Company	16,063.51	19,507.92
Jizhou Company	19,256,007.10	17,140,303.94
Huizhou Company	51,000,000.00	7,200,000.00
Ninghe Company	327,045,307.65	267,623,200.01
Anshun Company	16,448,811.69	8,591,857.05
Wuhan Company	–	29,000,000.00
Yongjia Company	–	22,000,000.00
Haining Company	6,000,000.00	2,000,000.00
Bobai Company	37,416,308.03	227,516,373.00
Guangdong Promising Company	–	36,000,000.00
Jiamusi Company	72,509,340.60	69,560,000.00
Zhaoqing Company	20,000,000.00	24,000,000.00
Hongan Company	12,721,070.72	6,445,044.97
Taizhou Company	25,000,000.00	24,000,000.00
Zhangqiu Company	603,254.37	–
Pingyang Phase II Company	84,859,600.00	–
Miyun Company	–	42,529,330.06
Yongjia Phase II Company	40,408,627.06	2,304,625.06
Huludao Hazardous Waste Company	174,486.54	4,296,515.87
Changzhou Company	30,000,000.00	14,000,000.00
Guangyuan Company	–	3,800,000.00
Zhangye Company	2,876,511.96	2,885,511.96
Shulan Company	–	400,000.00
Huizhou II Company	242,474,500.00	577,405.77
Jinsha Company	121,653,169.53	676,720.85
Shishou Company	12,695,279.24	435,093.03
Tongzhou Company	–	–
Other subsidiaries	1,747,955.05	1,740,400.93
Total	1,181,637,590.66	893,271,388.04



XIII. Financial Report (Continued)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Balance of related party transactions (Continued)

The Company (Continued)

(4) Long-term receivables from related parties and long-term receivables due within 1 year

Related parties	2020	2019
Anshun Company	21,500,000.00	14,500,000.00
Jizhou Company	25,000,000.00	112,400,000.00
Miyun Company	179,527,227.49	180,000,000.00
Zhangye Company	12,125,000.00	3,000,000.00
Hongan Company	—	167,500,000.00
Zhaoqing Company	—	13,000,000.00
Huludao Hazardous Waste Company	10,019,200.00	9,000,000.00
Ninghe Company	57,000,000.00	49,000,000.00
Jinsha Company	45,700,000.00	16,200,000.00
Jiamusi Company	55,000,000.00	87,200,000.00
Jurong Company	33,600,000.00	—
Yichun Company	17,000,000.00	—
Total	456,671,427.49	651,800,000.00

(5) Contract liabilities from related parties

Related parties	2020	2019
Qingdao Company	10,000,000.00	10,000,000.00
Haining Expansion Company	15,864,406.74	—
Total	25,864,406.74	10,000,000.00

(6) Other payables to related parties

Related parties	2020	2019
BSAM	139,273.80	3,097,584.99
Guangdong Promising Company	190,271,016.18	24,645.33
Shulan Company	1,812,465.00	1,812,465.00
Guangyuan Company	—	140,365,600.00
Total	192,222,754.98	145,300,295.32



XI. CAPITAL MANAGEMENT

The main objective of the Group's capital management is to ensure that the Group can continue to operate, set prices comparable to risk levels for products and services, and ensure that financing is financed at reasonable financing costs, providing ongoing returns to shareholders and reducing capital costs.

The Group makes use of its gearing ratio for the management of capital structure. Gearing ratios is defined as total liabilities divided by total assets. The Group's strategy in 2020 is the same as in 2019. The gearing ratios of the Group were 66.87% and 74.42% respectively in 2020 and 2019.

XII. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Item	2020	2019
Infrastructure construction contract authorised but not contracted for	1,439,122,762.38	843,832,736.57
Infrastructure construction contract contracted for and is or going to be effective	2,664,558,534.12	2,409,570,912.42
Total	4,103,681,296.50	3,253,403,648.99

2. Contingencies

The Company provided external parties with joint and several liability guarantee in regard to bank loans (Note X.5(1)), all guarantees of which were its subsidiaries and joint ventures. The Group has no material contingency which need to be disclosed.



XIII. Financial Report (Continued)

XIII. SUBSEQUENT EVENTS

1. Profit appropriations after the balance sheet date

Item	Amount
Profit distributions or dividends proposed	278,688,000.00

On 30 March 2020, the Board of Directors proposed the 2020 dividend of RMB0.2 per ordinary share to the Company's ordinary shareholders, amounting to a total of RMB278,688,000.00. The proposal is subject to approval by the shareholders' general meeting. Such cash dividends are not recognised as a liability at the balance sheet date.

XIV. OTHER SIGNIFICANT ITEMS

Segment reporting

The Group conducted an evaluation in accordance with the requirements set out in note III.29 for the classification of operating segments. Based on the internal organisational structure, management requirements and internal reporting system of the Group, its operating and strategies-making functions are run as a whole. The financial information provided to the chief operating decision maker does not contain profit or loss information on each operating activity. Therefore, the management considers that the Group has only one operating segment, thus the Group does not have to prepare segment report.

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

For the year of 2020, there was no customer (2019: 2) among the Group's customers, the separate income from which accounted for over 0% of the Group's total income, altogether representing approximately 10% (2019: 22%) of the Group's total income. The income from these customers are summarised as follows:

Item	2019
Tianjin State Grid Power Company	192,475,067.13
Jiangsu State Grid Power Company	185,009,196.02



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

- (1) Accounts receivable by customer type:

Customer type	2020	2019
Related parties	108,336,363.20	76,471,673.15
Less: Provision for bad and doubtful debts	(1,000,000.00)	(500,000.00)
Total	107,336,363.20	75,971,673.15

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

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

Ageing	2020	2019
Within 1 year (inclusive)	34,535,363.20	76,471,673.15
Over 1 year but within 2 years (inclusive)	73,801,000.00	–
Less: Provision for bad and doubtful debts	(1,000,000.00)	(500,000.00)
Total	107,336,363.20	75,971,673.15

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



XIII. Financial Report (Continued)

XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Accounts receivable (Continued)

(3) Classified disclosure by method of provision for bad and doubtful debts:

Class	31 December 2020				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad and doubtful debts on separate basis	–	0%	–	0%	–
Provision for bad and doubtful debts on a collective group basis					
Accounts receivable from subsidiaries	98,336,363.20	91%	–	0%	98,336,363.20
Accounts receivable from joint ventures	10,000,000.00	9%	(1,000,000.00)	100%	9,000,000.00
Sub-total of groups	108,336,363.20	100%	(1,000,000.00)	100%	107,336,363.20
Total	108,336,363.20	100%	(1,000,000.00)	100%	107,336,363.20

Class	31 December 2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad and doubtful debts on separate basis	–	0%	–	0%	–
Provision for bad and doubtful debts on a collective group basis					
Accounts receivable from subsidiaries	66,471,673.15	87%	–	0%	66,471,673.15
Accounts receivable from joint ventures	10,000,000.00	13%	(500,000.00)	100%	9,500,000.00
Sub-total of groups	76,471,673.15	100%	(500,000.00)	100%	75,971,673.15
Total	76,471,673.15	100%	(500,000.00)	100%	75,971,673.15

(i) Criteria for recognition and explanations for provision for bad and doubtful debts on a collective group basis in 2020:

The bad and doubtful debts for which the Company made provision on a collective group basis are accounts receivable from subsidiaries of the Group and accounts receivable from joint ventures.



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Accounts receivable (Continued)

- (4) Changes in provision for bad and doubtful debts:

Item	2020	2019
Balance at the beginning of the year	500,000.00	—
Provisions for the year	500,000.00	500,000.00
Recovery or reversal for the year	—	—
Balance at the end of the year	1,000,000.00	500,000.00

The Group assessed and calculated the accounts receivable for impairment using expected credit loss model, and then calculated the balance of the provision for bad and doubtful debts and reversed or made provision for bad and doubtful debts for the year after comparing the same with the balance of the provision for bad and doubtful debts for the preceding accounting year.

- (5) Five largest accounts receivable by debtor at the end of the year:

As at 31 December 2020, the subtotal of five largest accounts receivable of the Company amounted to RMB96,301,000.00, representing 89% of the total accounts receivable at the end of the year, and the provisions of bad and doubtful debts amounted to RMB1,000,000.00.

As at 31 December 2019, the subtotal of five largest accounts receivable of the Company amounted to RMB76,471,673.15, representing 100% of the total accounts receivable at the end of the year, and the provisions of bad and doubtful debts amounted to RMB500,000.00.



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables

	Note	2020	2019
Interest receivable	(1)	40,370,526.16	31,491,969.96
Dividends receivable		96,000,000.00	42,200,000.00
Others	(2)	1,053,344,286.35	830,891,236.41
Total		1,189,714,812.51	904,583,206.37

(1) Interest receivable

(a) Interest receivable by category:

Item	2020	2019
Entrusted loan interest	40,370,526.16	31,491,969.96

(b) As at 31 December 2020, the Company had no overdue interest receivable.

(2) Others

(a) Others by customer type:

Customer type	2020	2019
Amount due from third parties	20,756,079.63	23,040,754.86
Receivables from related parties	1,045,267,064.50	819,579,418.08
Sub-total	1,066,023,144.13	842,620,172.94
Less: Provision for bad and doubtful debts	(12,678,857.78)	(11,728,936.53)
Total	1,053,344,286.35	830,891,236.41



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

(2) Others (Continued)

(b) The ageing analysis is as follows:

Ageing	2020	2019
Within 1 year (inclusive)	879,702,667.89	547,673,776.18
Over 1 year but within 2 years (inclusive)	169,904,302.56	281,664,230.23
Over 2 years but within 3 years (inclusive)	3,134,507.15	2,386,903.42
Over 3 years but within 4 years (inclusive)	2,386,903.42	281,584.76
Over 4 years but within 5 years (inclusive)	281,584.76	100.00
Over 5 years	10,613,178.35	10,613,578.35
Sub-total	1,066,023,144.13	842,620,172.94
Less: Provision for bad and doubtful debts	(12,678,857.78)	(11,728,936.53)
Total	1,053,344,286.35	830,891,236.41

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



XIII. Financial Report (Continued)

XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

(2) Others (Continued)

(c) Classified disclosure by method of provision for bad and doubtful debts:

Class	Book balance		2020 Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad and doubtful debts on separate basis					
– Performance bond	5,000,000.00	1%	(4,050,000.00)	32%	950,000.00
– Due from former shareholders	10,968,115.75	1%	(6,391,973.82)	50%	4,576,141.93
Provision for bad and doubtful debts collectively (ii)					
– Accounts receivable from subsidiaries of the Group	1,045,267,064.50	98%	–	0%	1,045,267,064.50
– Others	4,787,963.88	0%	(2,236,883.96)	18%	2,551,079.92
Total	1,066,023,144.13	100%	(12,678,857.78)	100%	1,053,344,286.35

Class	Book balance		2019 Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad and doubtful debts on separate basis					
– Performance bond	7,000,000.00	1%	(4,150,000.00)	35%	2,850,000.00
– Due from former shareholders	5,892,161.35	1%	(5,892,161.35)	50%	–
Provision for bad and doubtful debts collectively (ii)					
– Accounts receivable from subsidiaries of the Group	819,579,418.08	97%	–	0%	819,579,418.08
– Others	10,148,593.51	1%	(1,686,775.18)	15%	8,461,818.33
Total	842,620,172.94	100%	(11,728,936.53)	100%	830,891,236.41



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

(2) Others (Continued)

(c) Classified disclosure by method of provision for bad and doubtful debts: (Continued)

(i) Criteria for recognition and explanations for provision for bad and doubtful debts on a separate basis in 2020:

Other receivables (by entity)	Book balance	Provision for bad and doubtful debts	Provision Percentage	Rationale for provision
Dynagreen Environment Investment Limited	5,160,600.00	(5,160,600.00)	100%	Had long ageing and risk on collection
Ganzhou Nanbei Bidding Agency Co., Ltd.	1,000,000.00	(50,000.00)	5%	Overdue and not recovered
Former shareholders of Guangdong Promising Environmental Protection Company Limited	5,075,954.40	(499,812.47)	10%	Had long ageing and risk on collection
Sheyang County Government	4,000,000.00	(4,000,000.00)	100%	Had risk on collection
Dynagreen International Holding (Group) Co., Ltd.	294,835.67	(294,835.67)	100%	Had long ageing and risk on collection
Current accounts of a former shareholder – individual	436,725.68	(436,725.68)	100%	Had long ageing and risk on collection
Total	15,968,115.75	(10,441,973.82)		

(ii) Criteria for recognition and explanations for provision for bad and doubtful debts on a collective group basis in 2020:

The Company mainly makes provision for bad and doubtful debts of other receivables on a collective group basis based on the nature of the receivables.



XIII. Financial Report (Continued)

XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

(2) Others (Continued)

(d) Changes in provision for bad and doubtful debts:

Provision for bad and doubtful debts	2020			Total
	First stage ECL for next 12 months	Second stage Lifetime ECL-no credit impairment	Third stage Lifetime ECL-credit impairment occurred	
Balance at the beginning of the year	328,753.73	1,358,021.45	10,042,161.35	11,728,936.53
Transfer to the second stage	(247,883.66)	247,883.66	-	-
Transfer to the third stage	-	-	-	-
Turn back to the second stage	-	-	-	-
Turn back to the first stage	-	-	-	-
Provisions for the year	36,515.06	1,063,406.19	-	1,099,921.25
Recovery or reversal for the year	-	-	(150,000.00)	(150,000.00)
Balance at the end of the year	117,385.13	2,669,311.30	9,892,161.35	12,678,857.78

Provision for bad and doubtful debts	2019			Total
	First stage ECL for next 12 months	Second stage Lifetime ECL-no credit impairment	Third stage Lifetime ECL-credit impairment occurred	
Balance at the beginning of the year	2,312,007.92	892,061.69	9,092,161.35	12,296,230.96
Transfer to the second stage	(9,175.69)	9,175.69	-	-
Transfer to the third stage	-	-	-	-
Turn back to the second stage	-	-	-	-
Turn back to the first stage	-	-	-	-
Provisions for the year	-	456,784.07	950,000.00	1,406,784.07
Recovery or reversal for the year	(1,974,078.50)	-	-	(1,974,078.50)
Balance at the end of the year	328,753.73	1,358,021.45	10,042,161.35	11,728,936.53

As at 31 December 2020 and 31 December 2019, the Company did not write off any significant other receivables.



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

(2) Others (Continued)

(e) Other receivables by nature

Nature of receivables	2020	2019
Performance bond	5,000,000.00	7,000,000.00
Accounts receivable from subsidiaries of the Group	1,045,267,064.50	819,579,418.08
Others	15,756,079.63	16,040,754.86
Sub-total	1,066,023,144.13	842,620,172.94
Less: Provision for bad and doubtful debts	(12,678,857.78)	(11,728,936.53)
Total	1,053,344,286.35	830,891,236.41

(f) Five largest other receivables by debtor at the end of the year

Entity name	Nature of the receivable	Balance at the end of the year	2020		
			Ageing	Percentage of total other receivables at the end of the year (%)	Provision for bad and doubtful debts at the end of the year
Ninghe Company	Current accounts of subsidiaries	322,500,000.00	Within 1 year for part, 1-2 years for the other part	30%	–
Huizhou Phase II Company	Current accounts of subsidiaries	242,474,500.00	Within 1 year	23%	–
Jinsha Company	Current accounts of subsidiaries	121,471,300.00	Within 1 year	11%	–
Pingyang Phase II Company	Current accounts of subsidiaries	84,859,600.00	Within 1 year	8%	–
Jiamusi Company	Current accounts of subsidiaries	72,509,340.60	Within 1 year for part, 1-2 years for the other part	7%	–
Total		843,814,740.60		79%	–



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

(2) Others (Continued)

(f) Five largest other receivables by debtor at the end of the year (Continued)

Entity name	Nature of the receivable	2019		Percentage of total other receivables at the end of the year (%)	Provision for bad and doubtful debts at the end of the year
		Balance at the end of the year	Ageing		
Ninghe Company	Current accounts of subsidiaries	265,500,000.00	Within 1 year for part, 1-2 years for the other part	32%	–
Bobai Company	Current accounts of subsidiaries	219,480,489.39	Within 1 year for part, 1-2 years for the other part	26%	–
Jiamusi Company	Current accounts of subsidiaries	69,560,000.00	Within 1 year	8%	–
Jurong Company	Current accounts of subsidiaries	48,023,676.78	Within 1 year for part, 1-2 years for the other part	6%	–
Miyun Company	Current accounts of subsidiaries	40,172,157.96	Within 1 year	5%	–
Total		642,736,324.13		77%	–



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term receivables

Item	2020			
	Book balance	Provision for bad and doubtful debts	Carrying amount	Interest rate range
Entrusted loans to subsidiaries	452,444,200.00	–	452,444,200.00	0.00% – 4.90%
Performance bond	1,920,000.00	–	1,920,000.00	
Less: Due within one year	(192,700,000.00)	–	(192,700,000.00)	
Total	261,664,200.00	–	261,664,200.00	

Item	2019			
	Book balance	Provision for bad and doubtful debts	Carrying amount	Interest rate range
Entrusted loans to subsidiaries	651,800,000.00	–	651,800,000.00	0.00% – 4.90%
Performance bond	6,920,000.00	–	6,920,000.00	
Less: Due within one year	(195,400,000.00)	–	(195,400,000.00)	
Total	463,320,000.00	–	463,320,000.00	

4. Long-term equity investments

(1) Long-term equity investments by category:

Item	2020		
	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	5,454,010,164.74	(11,149,297.53)	5,442,860,867.21
Investments in joint ventures	66,190,681.00	–	66,190,681.00
Total	5,520,200,845.74	(11,149,297.53)	5,509,051,548.21

Item	2019		
	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	4,675,181,648.56	(11,149,297.53)	4,664,032,351.03
Investments in joint ventures	62,907,982.84	–	62,907,982.84
Total	4,738,089,631.40	(11,149,297.53)	4,726,940,333.87



XIII. Financial Report (Continued)

XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Long-term equity investments (Continued)

(2) Investments in subsidiaries

Entity name	Balance at the beginning of the year	2020		Balance at the end of the year	Provision for Impairment during the year	Impairment at the end of the year
		Additions for the year	Decreased during the year			
Haining Company	86,000,000.00	-	-	86,000,000.00	-	-
Taizhou Company	180,000,000.00	-	-	180,000,000.00	-	-
Yongjia Company	100,000,000.00	-	-	100,000,000.00	-	-
Rushan Company	100,880,000.00	-	-	100,880,000.00	-	-
Pingyang Company	100,000,000.00	-	-	100,000,000.00	-	-
Changzhou Company	220,221,697.72	-	-	220,221,697.72	-	-
Wuhan Company	127,874,320.40	-	-	127,874,320.40	-	-
Qingdao Company	63,091,383.59	-	-	63,091,383.59	-	(4,620,173.95)
Anshun Company	102,083,479.98	-	-	102,083,479.98	-	-
Zhangjiu Company	172,940,000.00	-	-	172,940,000.00	-	-
Jurong Company	100,026,752.87	-	-	100,026,752.87	-	-
Huizhou Company	220,954,159.23	-	-	220,954,159.23	-	-
Pingyao Company	20,017,204.55	-	-	20,017,204.55	-	-
Jizhou Company	60,000,000.00	12,000,000.00	-	72,000,000.00	-	-
Hong Kong Dynagreen	163,613,261.06	-	-	163,613,261.06	-	-
Ninghe Company	149,610,235.39	-	-	149,610,235.39	-	-
Shenzhen Jingxiu	27,047,295.00	-	-	27,047,295.00	-	(6,529,123.58)
Tongzhou Company	375,066,706.59	-	-	375,066,706.59	-	-
Hong'an Company	100,029,152.18	-	-	100,029,152.18	-	-
Longhui Company	20,000,000.00	-	-	20,000,000.00	-	-
Shantou Company	157,500,000.00	-	-	157,500,000.00	-	-
Bobai Company	75,000,000.00	-	-	75,000,000.00	-	-
Bengbu Company	166,000,000.00	-	-	166,000,000.00	-	-
Miyun Company	120,000,000.00	-	-	120,000,000.00	-	-
Huludao Hazardous Waste Company	170,000,000.00	-	-	170,000,000.00	-	-
Huludao Power Generation Company	-	110,157,500.00	-	110,157,500.00	-	-
Huizhou Phase II Company	243,500,000.00	106,500,000.00	-	350,000,000.00	-	-
Dengfeng Company	15,000,000.00	36,000,000.00	-	51,000,000.00	-	-
Haining Expansion Company	163,800,000.00	46,800,000.00	-	210,600,000.00	-	-
Guangdong Promising Company	610,000,000.00	-	-	610,000,000.00	-	-
Shishou Company	56,000,000.00	44,000,000.00	-	100,000,000.00	-	-
Pingyang Phase II Company	39,200,000.00	70,800,000.00	-	110,000,000.00	-	-
Jinsha Company	102,360,400.00	-	-	102,360,400.00	-	-
Jingxi Company	5,000,000.00	-	-	5,000,000.00	-	-
Enshi Company	100,000,000.00	-	-	100,000,000.00	-	-
Yongjia Phase II Company	22,000,000.00	29,000,000.00	-	51,000,000.00	-	-
Shuozhou Company	-	156,800,000.00	-	156,800,000.00	-	-
Zhaocin Company	-	156,371,016.18	-	156,371,016.18	-	-
Shantou Sludge Company	-	8,000,000.00	-	8,000,000.00	-	-
Huizhou Three-in-One Company	-	2,400,000.00	-	2,400,000.00	-	-
Guangyuan Company	140,365,600.00	-	-	140,365,600.00	-	-
Total	4,675,181,648.56	778,828,516.18	-	5,454,010,164.74	-	(11,149,297.53)



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Long-term equity investments (Continued)

(2) Investments in subsidiaries (Continued)

Entity name	Balance at the beginning of the year	Additions for the year	2019		Balance at the end of the year	Provision for Impairment during the year	Impairment at the end of the year
			Decreased during the year				
Haining Company	86,000,000.00	-	-		86,000,000.00	-	-
Taizhou Company	180,000,000.00	-	-		180,000,000.00	-	-
Yongjia Company	100,000,000.00	-	-		100,000,000.00	-	-
Rushan Company	100,880,000.00	-	-		100,880,000.00	-	-
Pingyang Company	100,000,000.00	-	-		100,000,000.00	-	-
Beijing Research Institute	15,000,000.00	-	(15,000,000.00)		-	-	-
Changzhou Company	220,221,697.72	-	-		220,221,697.72	-	-
Wuhan Company	127,874,320.40	-	-		127,874,320.40	-	-
Qingdao Company	63,091,383.59	-	-		63,091,383.59	-	(4,620,173.95)
Anshun Company	98,000,000.00	4,083,479.98	-		102,083,479.98	-	-
Zhangjiu Company	120,880,000.00	52,060,000.00	-		172,940,000.00	-	-
Jurong Company	98,000,000.00	2,026,752.87	-		100,026,752.87	-	-
Huizhou Company	217,800,000.00	3,154,159.23	-		220,954,159.23	-	-
Pingyao Company	19,800,000.00	217,204.55	-		20,017,204.55	-	-
Jizhou Company	60,000,000.00	-	-		60,000,000.00	-	-
Hong Kong Dynagreen	163,613,261.06	-	-		163,613,261.06	-	-
Ninghe Company	149,000,000.00	610,235.39	-		149,610,235.39	-	-
Shenzhen Jingxiu	27,047,295.00	-	-		27,047,295.00	-	(6,529,123.58)
Tongzhou Company	320,000,000.00	55,066,706.59	-		375,066,706.59	-	-
Hong'an Company	63,000,000.00	37,029,152.18	-		100,029,152.18	-	-
Longhui Company	20,000,000.00	-	-		20,000,000.00	-	-
Shantou Company	120,000,000.00	37,500,000.00	-		157,500,000.00	-	-
Bobai Company	75,000,000.00	-	-		75,000,000.00	-	-
Bengbu Company	166,000,000.00	-	-		166,000,000.00	-	-
Miyun Company	120,000,000.00	-	-		120,000,000.00	-	-
Huludao Hazardous Waste Company	170,000,000.00	-	-		170,000,000.00	-	-
Huizhou Phase II Company	55,000,000.00	188,500,000.00	-		243,500,000.00	-	-
Dengfeng Company	5,000,000.00	10,000,000.00	-		15,000,000.00	-	-
Haining Expansion Company	70,200,000.00	93,600,000.00	-		163,800,000.00	-	-
Guangdong Promising Company	610,000,000.00	-	-		610,000,000.00	-	-
Shishou Company	50,000,000.00	6,000,000.00	-		56,000,000.00	-	-
Pingyang Phase II Company	-	39,200,000.00	-		39,200,000.00	-	-
Jinsha Company	-	102,360,400.00	-		102,360,400.00	-	-
Jingxi Company	-	5,000,000.00	-		5,000,000.00	-	-
Enshi Company	-	100,000,000.00	-		100,000,000.00	-	-
Yongjia Phase II Company	-	22,000,000.00	-		22,000,000.00	-	-
Guangyuan Company	-	140,365,600.00	-		140,365,600.00	-	-
Total	3,791,407,957.77	898,773,690.79	(15,000,000.00)		4,675,181,648.56	-	(11,149,297.53)

For information about the subsidiaries of the Company, please refer to Note VII.

(3) Investments in joint ventures:

For the investment in the joint venture of the Company as at 31 December 2020 and 31 December 2019, please refer to Note VII.3.



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

5. Capital reserve

Item	Balance at the beginning of the year	31 December 2020		Balance at the end of the year
		Additions for the year	Decreased during the year	
Capital premium (note)	858,803,441.83	1,553,336,298.20	–	2,412,139,740.03
Other capital reserves	47,361,993.67	–	–	47,361,993.67
Total	906,165,435.50	1,553,336,298.20	–	2,459,501,733.70

Note: On 23 November 2020, the Company completed the non-public issuance of 232,240,000 shares with a par value of RMB1 per share in Shanghai Stock Exchange at an issue price of RMB7.82 per share. The share capital and issue premium were RMB232,240,000.00 and RMB1,553,336,298.20 respectively, which were included in the share capital and capital reserve.

6. Retained earnings

	2020	2019
Retained earnings at the beginning of the year	482,313,483.66	456,356,298.47
Add: Net profit for the year	145,431,918.00	157,863,539.10
Less: Appropriation for statutory surplus reserve	(14,543,191.80)	(15,786,353.91)
Distributions to shareholders	(116,120,000.00)	(116,120,000.00)
Retained earnings at the end of the period	497,082,209.86	482,313,483.66

For the actual dividend distribution of the Company, please refer to Note V. 34.



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

7. Operating income and operating costs

(1) Operating income and operating costs

Item	Note	2020		2019	
		Income	Cost	Income	Cost
Principal activities		69,352,381.54	9,005,561.30	116,665,855.23	8,664,581.08
Including: income generated from contract	XV.7(2)	69,352,381.54	9,005,561.30	116,665,855.23	8,664,581.08

(2) Income generated from contracts

Contract classification	2020	2019
Income from management service	34,194,213.83	40,130,486.44
Income from technology transfer	30,000,000.00	74,500,000.00
Income from guarantee service	2,135,593.26	2,035,368.79
Income from agency service	3,022,574.45	—
Total	69,352,381.54	116,665,855.23

8. Investment income

Item	2020	2019
Income from long-term equity investments accounted for using cost method	269,000,000.00	208,269,672.91
Income from long-term equity investments accounted for using equity methods	3,282,698.16	(6,131,302.61)
Unified interest income	20,842,474.80	33,913,206.51
Interest income	4,405,342.92	4,481,292.28
Others	—	106,065.19
Total	297,530,515.88	240,638,934.28



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

9. Information on cash flow statement

(1) Supplement to cash flow statement

(a) Reconciliation of net profit to cash flows from operating activities:

Item	2020	2019
Net profit	145,431,918.00	157,863,539.10
Add: Impairment loss of credit	1,449,921.25	(67,294.43)
Depreciation of fixed assets	651,553.03	524,460.46
Amortisation of intangible assets	154,874.70	137,858.58
Depreciation of right-of-use assets	510,801.35	2,900,487.28
Losses from disposal of fixed assets	(49,069.37)	(10,145.67)
Finance costs	164,800,744.06	137,318,667.83
Investment income	(297,530,515.88)	(240,638,934.28)
Changes in deferred income tax assets	(987,855.13)	10,094.16
Changes in restricted deposits	2,000,000.00	(3,400,000.00)
Increase in operating receivables	(32,307,620.40)	(58,751,569.19)
Increase/(Decrease) in operating payables	(14,837,923.58)	327,579.67
Net cash flows from operating activities	(30,713,171.97)	(3,785,256.49)

(b) Net changes in cash:

Item	2020	2019
Cash at the end of the year	430,958,075.95	35,174,478.11
Less: Cash at the beginning of the year	(35,174,478.11)	(271,810,049.42)
Net increase/(decrease) in cash	395,783,597.84	(236,635,571.31)



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

9. Information on cash flow statement (Continued)

(2) Components of cash

Item	2020	2019
Cash		
Including: Cash on hand	–	18,602.08
Bank deposits available on demand	430,958,075.95	35,155,876.03
Other monetary funds with restricted use	18,860,000.00	12,000,000.00
Balance of cash at the end of the year	449,818,075.95	47,174,478.11
Less: Other monetary funds with restricted use	(18,860,000.00)	(12,000,000.00)
Cash balance available on demand at the end of the year	430,958,075.95	35,174,478.11

XVI. EXTRAORDINARY GAINS AND LOSSES

Item	2020	2019
Gains arising from the investment cost of acquiring a subsidiary less than the Company's share of fair value of the identifiable net assets of the investee on the acquisition date	–	545,075.45
Losses from disposal of non-current assets	68,229.39	(72,516.10)
Government grants recognised through profit or loss (excluding those having close relationships with the Group's operation and enjoyed in fixed amount or quantity according to uniform national standard)	19,894,695.13	27,485,767.51
Fund usage fee from non-financial institution recognized in profit or loss	3,830.20	747,727.57
Income tax refund income	–	–
Other non-operating income and expenses besides items above	840,538.00	750,151.69
Sub-total	20,807,292.72	29,456,206.12
Less: Income tax expenses	(1,552,708.93)	(1,589,005.78)
Net extraordinary gains and losses	19,254,583.79	27,867,200.34
Including: extraordinary gains and losses affecting the net profit of the shareholders of the parent company	18,685,844.04	27,775,435.33



XIII. Financial Report (Continued)

XVII. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with “Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share” (2010 revised) issued by the CSRC and relevant accounting standards, the Group’s return on net assets and earnings per share are calculated as follows:

	Weighted average return on net assets (%)	Basic Earnings Per share	Diluted earnings per share
2020			
Net profit attributable to ordinary equity shareholders of the Company	13.80%	0.43	0.43
Net profit excluding extraordinary gain and loss attributable to the Company’s ordinary equity shareholders	13.29%	0.41	0.41
	Weighted average return on net assets (%)	Basic Earnings Per share	Diluted earnings per share
2019			
Net profit attributable to ordinary equity shareholders of the Company	13.23%	0.36	0.36
Net profit excluding extraordinary gain and loss attributable to the Company’s ordinary equity shareholders	12.34%	0.33	0.33



XIV. Five-Year Operations Highlights

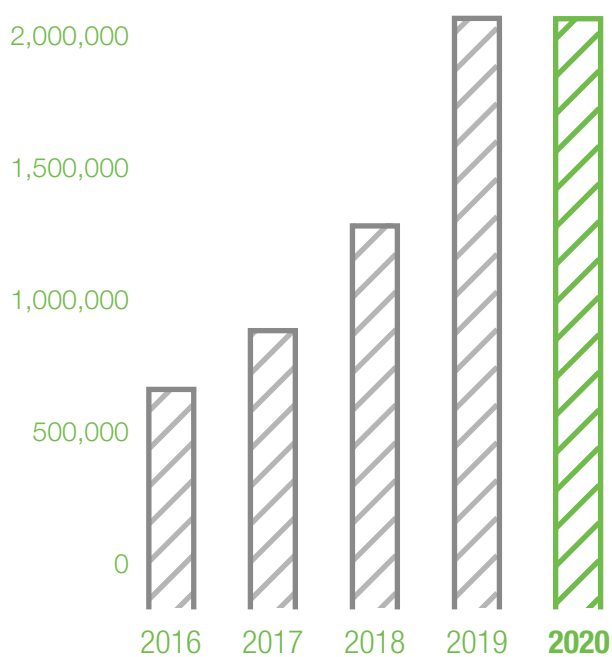
Unit: RMB'000

Year	2020	2019	2018	2017	2016
Results					
Operating income	2,277,619	1,752,449	1,140,074	823,755	648,454
Gross profit	1,309,943	945,981	671,462	497,442	397,219
Gross profit margin	57.51%	53.98%	58.90%	58.42%	62.18%
Net profit attributable to shareholders of the parent company	503,385	416,088	365,651	239,881	218,511
Financial position					
Total assets	17,446,071	13,670,787	10,689,006	6,864,526	5,629,834
Total liabilities	11,665,793	10,174,272	7,616,409	4,579,183	3,515,887

Note: The financial data for 2016 to 2018 is the data after retroactive adjustment.

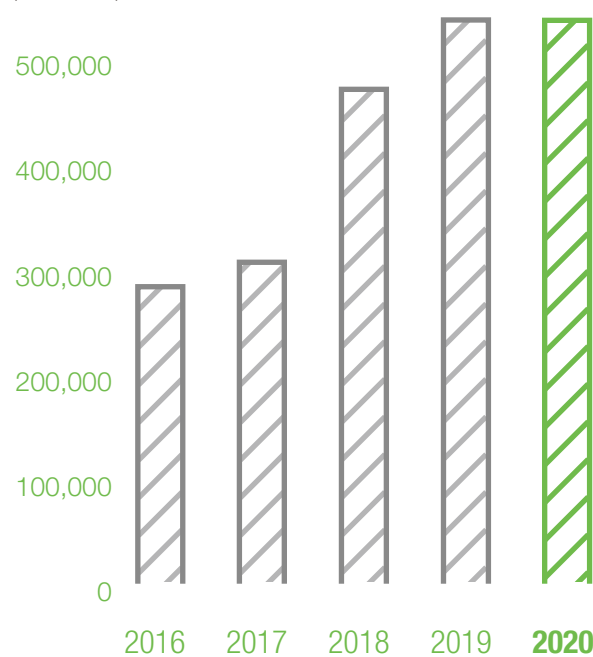
Operating income

(RMB'000)



Net profit attributable to shareholders of the parent company

(RMB'000)





XV. Documents Available for Inspection

Documents available for inspection	The financial statements signed and sealed by the President, Chief Financial Officer and Chief Accountant of the Company
Documents available for inspection	The full text of the annual report signed and sealed by the Chairman of the Company
Documents available for inspection	The original copies of all of the documents and announcements of the Company disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) and in China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times during the Reporting Period.

Chairman: ZHI Jun

Date of submission approved by the Board: 30 March 2021

Amendments

☐ Applicable ☒ Not applicable

By Order of the Board
Dynagreen Environmental Protection Group Co., Ltd.*
Qiao Dewei
Chairman

Shenzhen, the PRC
30 March 2021

As at the date of this announcement, the non-executive Directors of the Company are Mr. Liu Shuguang and Mr. Cheng Suning, the executive Directors of the Company are Mr. Qiao Dewei and Mr. Hu Shengyong and the independent non-executive Directors of the Company are Mr. Ou Yuezhou, Ms. Fu Jie and Mr. Xie Lanjun.

* For identification purposes only