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綠色動力
DYNAGREEN

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE YEAR 2021

The board of directors of Dynagreen Environmental Protection Group Co., Ltd.* (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2021. This announcement, containing the full text of the 2021 Interim Report of the Company, complies with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to the information to accompany the preliminary announcement of interim results. A printed version of the Company’s 2021 Interim Report will be despatched to the shareholders of the Company and available for viewing on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and Shanghai Stock Exchange (www.sse.com.cn) and of the Company (www.dynagreen.com.cn) on or before 30 September 2021.

* For identification purposes only

IMPORTANT NOTICE

- I. The board of directors (the “**Board**”), the supervisory committee and the directors (the “**Directors**”), supervisors (the “**Supervisors**”) and senior management of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of the interim report, guarantee that there are no false representations, misleading statements or material omissions contained in this interim report, and are jointly and severally responsible for the liabilities of the Company.
- II. All Directors of the Company were present at the Board meeting.
- III. This interim report is unaudited.
- IV. Qiao Dewei, an officer of the Company; Yi Zhiyong, 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 interim report.
- V. The audit committee of the Board has reviewed this report and has also discussed with the management of the Company regarding the accounting policies and practices adopted by the Company and internal controls.
- VI. Proposal of profit distribution or capitalisation of capital reserve during the Reporting Period approved by the Board
- Nil
- VII. Risk statement relating to forward-looking statements
- ☒ Applicable ☐ Not applicable
- Forward-looking statements such as future plans and development strategies described in this report do not constitute an actual commitment of the Company to investors. Investors should be aware of the relevant risks.
- VIII. Whether there was any appropriation of the Company's funds for purposes other than operations by the controlling shareholder and its related parties
- No
- IX. Whether there was any provision of guarantee to external parties in violation of the stipulated decision-making procedures?
- No
- X. Whether there were more than half of the directors who cannot guarantee the authenticity, accuracy and completeness of the interim report disclosed by the Company
- No
- XI. Major risk alerts
- Policy risk, market risk, business risk and other risks that may exist have been described in this report in details. Please refer to potential risks as set out in part V “other disclosures” in “III. Management Discussion and Analysis”.
- XII. Others
- ☒ Applicable ☐ Not applicable

The 2021 interim financial report of the Company was prepared in accordance with the China Accounting Standards for Business Enterprises promulgated by the Ministry of Finance of the PRC and the relevant provisions (the “**PRC Accounting Standards**”), and is unaudited. The functional currency of this interim report is Renminbi (RMB).

The contents of this interim report are in compliance with all the requirements in relation to information to be disclosed in interim reports under the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 – Contents and Formats of Interim Reports (Amended in 2021) 《公開發行證券的公司信息披露內容與格式準則第3號—半年度報告的內容與格式(2021年修訂)》), the SSE Listing Rules and the Stock Exchange Listing Rules. In addition, this interim report has been simultaneously published in Mainland China and Hong Kong. This report has been prepared in Chinese and English. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

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I. DEFINITIONS

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

Common words

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)
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)

I. DEFINITIONS (CONTINUED)

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	Lvyi (Huludao) Environmental Services Limited (綠益(葫蘆島)環境服務有限公司)
Huludao Power Generation Company	Huludao Dynagreen Environment Co., Ltd. (葫蘆島綠動環保有限公司)
Huizhou Three-in-One Company	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	Jinan Dynagreen Environmental Co., Ltd. (濟南綠動環保有限公司)
Shuozhou Company	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)

I. DEFINITIONS (CONTINUED)

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 (廣東惠州市惠陽區攬子壟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)
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 (惠環環境園), 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)

I. DEFINITIONS (CONTINUED)

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廚垃圾處理項目)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、餐廚垃圾、糞便無害化處理 PPP 項目)
Wuhan Phase II Project	the 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 2021 to 30 June 2021
The end of the Reporting Period	30 June 2021
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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
CSRC	the China Securities Regulatory Commission
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
National Subsidies	national renewable energy subsidies, the main source of funding of which is the national renewable energy tariff surcharge, which is paid by the power grid to eligible renewable energy power generation enterprises
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. Corporate 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	Qiao Dewei

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	Level 54 Hopewell Centre 183 Queen's Road East 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
E-mail address	ir@dynagreen.com.cn	—	ir@dynagreen.com.cn

III. Change in basic information

Registered office of the Company	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
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
Index to changes during the Reporting Period	During the Reporting Period, there was no change in basic information of the Company

II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

IV. Changes in 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 interim report	www.sse.com.cn
Website designated by Hong Kong Stock Exchange for publishing the interim report	www.hkexnews.hk
Place for inspection of the interim report	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Index to changes during the Reporting Period	No change during the Reporting Period

V. Basic information of the Company's shares

Class of shares	Stock exchanges on which the shares are listed	Stock abbreviation	Stock code	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 relevant information

☒ Applicable ☐ Not applicable

1. Auditors engaged by the Company

KPMG Huazhen LLP

2. Legal advisers engaged by the Company

As to Hong Kong law: Morrison & Foerster

As to the PRC law: Beijing Kangda Law Firm

3. Share registrar of the Company

Share registrar of A shares of the Company: China Securities Depository and Clearing Corporation Limited Shanghai Branch (Address: 188 Yanggao South Road, Pudong New District, Shanghai, China)

Share registrar of H shares of the Company: Tricor Investor Services Limited (Address: Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong)

II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

VII. Major accounting data and financial indicators

(I) Major accounting data

Unit: RMB

Major accounting data	The Reporting Period (January to June)	Corresponding period last year	Increase/decrease for the Reporting Period over the corresponding period last year (%)
Operating income	1,251,574,014.30	1,011,128,651.22	23.78
Net profit attributable to shareholders of the Company	378,275,082.82	248,732,696.26	52.08
Net profit excluding extraordinary gain and loss attributable to the shareholders of the Company	372,806,508.33	237,602,136.47	56.90
Net cash flows from operating activities	173,930,780.07	-29,258,448.69	N/A
	As at the end of the Reporting Period	As at the end of last year	Increase/decrease for the end of the Reporting Period over the end of last year (%)
Net assets attributable to shareholders of the Company	5,592,740,216.00	5,487,665,900.26	1.91
Total assets	18,244,461,836.76	17,446,071,422.38	4.58

II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

(II) Key financial indicators

Key financial indicators	The Reporting Period (January to June)	Corresponding period last year	Increase/decrease for the Reporting Period over the corresponding period last year (%)
Basic earnings per share (RMB/share)	0.27	0.21	28.57
Diluted earnings per share (RMB/share)	0.27	0.21	28.57
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	0.27	0.20	35.00
Weighted average return on net assets (%)	6.66	7.27	Decreased by 0.61 percentage point
Weighted average return on net assets excluding extraordinary gain and loss (%)	6.56	6.95	Decreased by 0.39 percentage point

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

☐ Applicable ☒ Not applicable

VIII. Accounting data differences between domestic and overseas accounting standards

☐ Applicable ☒ Not applicable

IX. Extraordinary gains and losses items and amounts

☒ Applicable ☐ Not applicable

Unit: RMB

Extraordinary gains and losses items	Amount	Note (if applicable)
Gains and losses from disposal of non-current assets	-10,296.07	
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)	4,135,409.14	
Fund usage fees received from non-financial institutions recognised in profit or loss	195,066.04	
Other non-operating income and expenses besides items above	1,202,105.09	
Other gains and losses within the definition of non-recurring gains and losses	236,571.96	
Effects on non-controlling shareholders	-85,217.98	
Effects on income tax	-205,063.69	
Total	5,468,574.49	

X. Others

☐ Applicable ☒ Not applicable

III. MANAGEMENT DISCUSSION AND ANALYSIS

I. Industry and Principal Operations 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, preliminarily forming a market layout based in the Yangtze River Delta, Pearl River Delta and Bohai Rim and spanning across the country. As at 30 June 2021, in respect of the municipal waste-to-energy sector, the Company had 29 projects under operation, 6 projects under construction, 3 phase II projects of projects under operation and 9 projects under preparation. The waste treatment capacity of the projects under operation reached 29,000 tons/day and the installed capacity was 593MW, 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

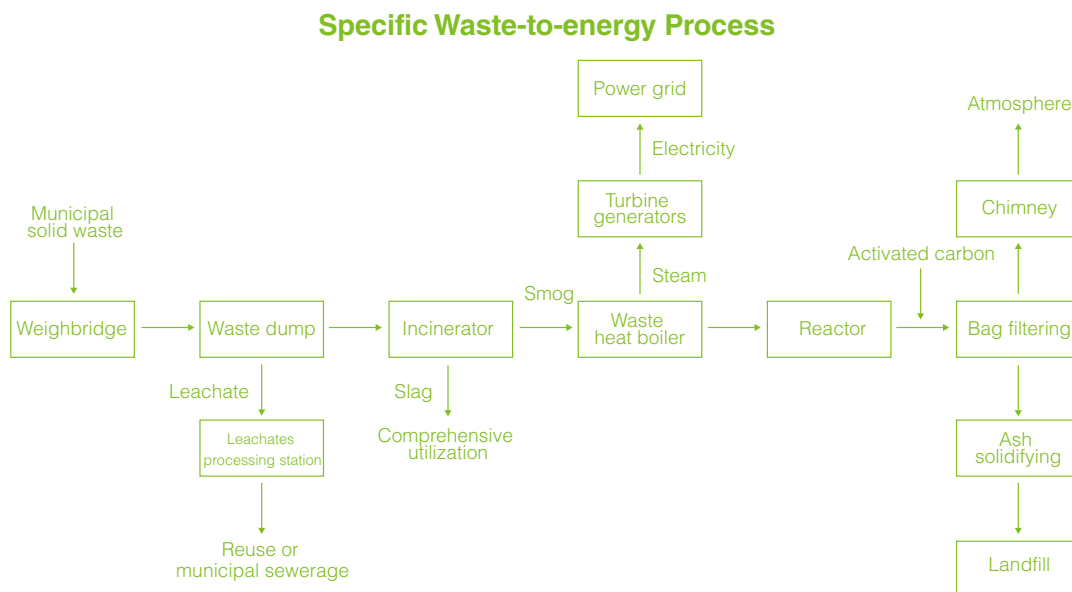
The Company mainly adopts the BOT model to operate its municipal waste-to-energy business as follows: the government department responsible for waste disposal selects a service provider to construct and operate the waste-to-energy plant under the BOT model through tenders or other means. After the Company 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.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Main processes and technologies

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



The core equipment of the waste incineration power generation system is 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 of municipal waste-to-energy industry

With the steady population growth, continuous advancement of urbanisation and economic development in the PRC, the volume of municipal waste generated in the PRC continues to rise, and the demand for treatment is growing. According to the data in the China Statistical Yearbook 2020 of the National Bureau of Statistics, the volume of municipal waste generated in the PRC throughout 2019 was 242.062 million tons, and as of the end of 2019, there were 1,183 domestic waste harmless treatment sites (plants) in cities across the country, with a daily treatment capacity of 869,900 tons and the harmless treatment amount of 240.128 million tons, and the harmless treatment rate of domestic waste reached 99.2%. At present, the domestic and foreign harmless treatment of domestic waste is mainly conducted in three methods: sanitary landfill, incineration and composting of which, sanitary landfill and incineration are the two most important treatment methods. In 2019, the harmless treatment of municipal domestic waste in the PRC was 240.128 million tons. Compared with the developed countries, the incineration treatment capacity was 121.742 million tons in the PRC, accounting for 50.70% of the total amount of harmless treatment of waste.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In August 2020, the NDRC, 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 “the building incineration capacity will be comprehensively promoted. 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. It is encouraged to proceed with cross-regional overall planning and construction of incineration treatment facilities, and explore and launch pilot projects for small-scale domestic waste incineration facilities in areas where the daily domestic waste removal volume is less than 300 tons. Waste-to-energy facilities shall strictly comply with the ‘Installation, Erection and Networking’ requirements of environmental supervision, the facility design and construction standards shall be gradually improved, and it is necessary to promote the construction of ‘community-friendly’ domestic waste incineration facilities”.

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 to 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.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

II. 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, Henan and Sichuan, preliminarily forming a market layout based in 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.

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 chairman of the Company, Mr. Qiao Dewei, was recognised as one of the “Top 100 Industry Leaders in Shenzhen” in 2020, 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.

III. Discussion and Analysis of Operations

Industry overview

In March 2021, the full text of the outline of the “14th Five-Year Plan” was officially announced. During the “14th Five-Year” period, China will continue to adhere to the concept that lucid waters and lush mountains are our invaluable assets, to proceed with pollution prevention and control in an in-depth way. The environmental governance system will be established and improved. Efforts will be exerted to advance accurate, scientific, legal and systematic pollution control, continuously improve the quality of air and water environment, and effectively manage and control soil pollution risks, to build a beautiful China. The environmental protection industry is still in a period with strategic opportunities for development.

As an important branch of the environmental protection industry, the waste-to-energy industry in China has maintained rapid development during the “13th Five-Year” period, and the development goals set in the “13th Five-Year Plan” have been basically achieved. In the “14th Five-Year” period, the waste incineration industry will enter a new stage of development. First, the previous rapid growth is unsustainable, and the release of new projects may slow down. Secondly, the adjustment to the policy on National Subsidies has been implemented. The upper limit of National Subsidies for the existing projects is limited by reasonable utilization hours or 15 years. The on-grid tariff of projects newly commenced after 2021 shall be subject to on-grid competitive bidding. The changes in the policy on National Subsidies highlighted the importance of project quality and the urgency of diversifying project income sources. In addition, with the continuous in-depth advancement of waste sorting policy in China, a whole-process sorting management system for domestic waste integrating sorted release, sorted collection, sorted transportation and sorted treatment is being built everywhere, and the demand for kitchen waste treatment is increasing. In the new development stage, waste-to-energy enterprises are required to take new measures.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Business review

The year 2021 is the first year of the “14th Five-Year” Plan. In order to make a good start, the Company focused on high-quality development in accordance with the annual work plan, and all works were advanced together and achieved remarkable results. In the first half of the year, the Company achieved revenue of RMB1,251,574,014.30, representing an increase of 23.78% as compared to the corresponding period last year, and a net profit attributable to shareholders of the Company of RMB378,275,082.82, representing an increase of 52.08% as compared to the corresponding period last year. As at 30 June 2021, the total assets and total equity attributable to shareholders of the Company amounted to RMB18,244,461,836.76 and RMB5,592,740,216.00, respectively. Details are as follows:

1. Projects under operation performed steadily hitting new highs in volume of waste treatment and on-grid electricity

In the first half of 2021, the Company treated 5.0765 million tons of municipal waste, representing a year-on-year increase of 27.57%, and generated on-grid electricity of 1,610 million kWh, representing a year-on-year increase of 41.34%. The Company constantly attaches great importance to operation management. In the first half of 2021, the Company conducted its operation under the concepts of being “safe, environmental friendly, civilized and effective” to further strengthen security and environment protection management and continuously deepen refined management, maintaining stable production and meeting emission standards.

Major operating data of the Company in each region in the first half of 2021

Region	Item	First half of 2021
East China	Waste input volume ('0,000 tons)	222.15
	Electricity generation volume ('0,000 kWh)	84,147.37
	On-grid electricity volume ('0,000 kWh)	70,651.63
North China	Waste input volume ('0,000 tons)	77.22
	Electricity generation volume ('0,000 kWh)	24,651.53
	On-grid electricity volume ('0,000 kWh)	19,338.52
South China	Waste input volume ('0,000 tons)	106.49
	Electricity generation volume ('0,000 kWh)	52,322.93
	On-grid electricity volume ('0,000 kWh)	44,440.32
Central China	Waste input volume ('0,000 tons)	44.09
	Electricity generation volume ('0,000 kWh)	15,628.48
	On-grid electricity volume ('0,000 kWh)	13,040.74
Southwest China	Waste input volume ('0,000 tons)	35.69
	Electricity generation volume ('0,000 kWh)	12,089.37
	On-grid electricity volume ('0,000 kWh)	9,963.68
Northeast China	Waste input volume ('0,000 tons)	22.00
	Electricity generation volume ('0,000 kWh)	4,622.23
	On-grid electricity volume ('0,000 kWh)	3,579.75

Note: The above data includes the production data of Fengcheng Company, a joint venture.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. The projects under construction successfully conducted and three projects were completed and commenced operation

In the first half of 2021, the projects under construction of the Company were conducted smoothly. Shishou Project, Yongjia Phase II Project and Pingyang Phase II Project began to supply electricity to the grid successively with newly added production capacity of 2,200 ton/day. As of the end of June, 80%, 96%, 72%, 62%, 36% and 21% of construction works were completed in Jinsha Project, stage II of Huizhou Phase II Project, Laizhou Project, Dengfeng Project, Huludao Waste-to-energy Project and Shuozhou Project, respectively. The construction of Huludao Hazardous Waste Project has been basically completed. At present, the incineration, physicochemical and curing equipment is undergoing trial operation and debugging; the construction of Enshi Project has commenced.

Major projects and works under construction in the first half of 2021

No.	Project	Design treatment capacity (tons/day)	Status
1	Shishou Project	700	Put into production in March 2021
2	Yongjia Phase II Project	750	Put into production in March 2021
3	Pingyang Phase II Project	750	Put into production in April 2021
4	Jinsha Project	800	In construction
5	Stage II of Huizhou Phase II Project	1,700	Put into production in August 2021
6	Huludao Hazardous Waste Project	—	In construction
7	Laizhou Project	1,000	In construction
8	Shuozhou Project	800	In construction
9	Dengfeng Project	800	In construction
10	Huludao Waste-to-energy Project	1,000	In construction
11	Enshi Project	1,200	In construction
12	Sihui Project Phase II	500	In construction
13	Jiamusi Project Phase II	500	In construction

3. Conforming to the development trend of the industry and great achievements in new business development

In response to industry trends such as waste sorting and changes in policy on national renewable energy subsidies, the Company proactively developed new businesses centering on existing waste incineration projects. In the first half of 2021, the Company was granted kitchen waste treatment projects in Chaoyang, Shantou. Therefore, the number of the Company's kitchen waste treatment projects reached seven. The kitchen waste treatment projects will achieve business synergy with the Company's local waste-to-energy project; Pingyang Project and Rushan Project successfully developed heating business and the Company had four waste-to-energy projects engaged in development of heating business.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

4. New breakthroughs in technology research and development and further improvement in core competitiveness

In the first half of 2021, the Company continued to research and develop large incinerators in line with the Company's trend towards large projects. The 800-ton incinerator as developed independently by the Company completed trial operation and was in stable operation with good combustion conditions; the Company completed the design and optimization of the 800-1,000 ton incinerator as developed independently by the Company which will be used in the large new projects; the online warning and control system of dioxin generated in waste incineration was tested and applied in Changzhou Project, with good results; the experiment of polymer denitration SER and low-temperature synthesis retarder of dioxin in the incinerator was carried out in Changzhou Project, and the expected results were achieved. As of the end of June 2021, the Group has obtained a total of 70 patents (including 15 invention patents).

BUSINESS OUTLOOK

In May 2021, the NDRC and the Ministry of Housing and Urban-Rural Development issued the "14th Five-year" Development Plan for Urban Domestic Waste Classification and Treatment Facilities", pursuant to which as of the end of the "13th Five-year" period, the national incineration facilities had a treatment capacity of 580,000 tons per day, and the national urban domestic waste incineration rate was about 45%. During the "14th Five-year" period, China will speed up the establishment of a domestic waste treatment system integrating sorted release, sorted collection, sorted transportation, and sorted treatment. By the end of 2025, the national urban domestic waste incineration capacity will reach about 800,000 tons per day, and the municipal solid waste incineration treatment capacity will account for about 65%. Therefore, the waste-to-energy industry still has a lot of room for growth.

In January 2021, the Ministry of Ecology and Environment promulgated the Administrative Measures for Carbon Emission Permit Trading (Trial Implementation), and issued a quota allocation plan for the power generation industry and a list of key emission units. On 16 July, the national carbon emission permit trading was officially launched at the Shanghai Environment and Energy Exchange. The Ministry of Ecology and Environment will take the lead in conducting carbon emission permit trading nationwide in the power generation industry. Based on the stable operation of carbon market of the power generation industry, the Ministry of Ecology and Environment will gradually expand the scope of the market in the industry, to enrich trading varieties and trading methods, achieve stable and effective operation and sustainable development of the national carbon market, and effectively play the important role of the market mechanism in achieving the peak carbon dioxide emission target and the vision of carbon neutrality. The carbon reduction effect of waste incineration was significant, and enterprises in the industry may obtain additional benefits through the trading of Chinese Certified Emission Reduction (CCER) in the future.

The Company will continue the mission of "creating a better living environment" and give full play to its advantages in brand, technology, talent team, project layout and financing channel, to seize the opportunities of industry development. In line with the development trend of the industry, while continuing to develop high-quality waste-to-energy projects to consolidate its leading position in the industry, the Company will develop solid waste co-treatment businesses including food waste, kitchen waste, faeces and sludge as well as heating and steam supply, etc. and promote the application for CCER, to achieve high-quality sustainable development.

In the second half of 2021, the Company will continue to ensure the safe production of operating projects and up-to-standard emissions, striving to complete the annual production targets; it will continue to speed up the project preparation and construction to ensure that Huludao Hazardous Waste Project, Sihui Project Phase II, Jiamusi Project Phase II and Jinsha Project will be put into production in the second half of the year and Dengfeng Project and Laizhou Project will be completed by the end of the year; and the construction of Jingxi Project, Wuhan Phase II Project and Zhangqiu Phase II Project will be commenced.

Material changes in the operations of the Company during the Reporting Period, and events that have a significant impact on the operations of the Company during the Reporting Period and are expected to have a significant impact in the future

☐ Applicable ☒ Not Applicable

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Major Operational Particulars during the Reporting Period

(I) Analysis of main businesses

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

Unit: RMB

Item	Amount for the current period	Amount for the corresponding period last year	Change (%)
Operating income	1,251,574,014.30	1,011,128,651.22	23.78
Operating cost	501,813,982.22	436,329,282.57	15.01
Administrative expenses	74,358,638.89	59,689,417.95	24.58
Finance costs	214,398,192.09	197,855,721.26	8.36
Research and development expenditure	2,352,833.32	2,304,519.88	2.10
Net cash flow generated from operating activities	173,930,780.07	-29,258,448.69	N/A
Net cash flow generated from investing activities	-919,517,881.87	-778,874,139.80	N/A
Net cash flow generated from financing activities	161,687,617.06	1,046,847,441.85	-84.56

Explanation on changes in operating income: Mainly due to the addition of operating projects including Yongjia Phase II Project, Shishou Project and Pingyang Phase II Project in the current period, and the commencement of operation of Hongan Project, Yichun Project, Huizhou Phase II Project and Haining Expansion Project in May of the last year, respectively.

Explanation on changes in operating cost: Mainly due to the addition of operating projects including Yongjia Phase II Project, Shishou Project and Pingyang Phase II Project in the current period, and the commencement of operation of Hongan Project, Yichun Project, Huizhou Phase II Project and Haining Expansion Project in May of the last year, respectively.

Explanation on changes in administrative expenses: Mainly due to the increase in operating projects including Yongjia Phase II Project, Shishou Project and Pingyang Phase II Project in the current period and commencement of operation of Hong'an Project, Yichun Project, Huizho Phase II Project and Haining Expansion Project since May of last year.

Explanation on changes in finance costs: Mainly due to the increase in borrowing

Explanation on changes in research and development expenses: Minor changes

Explanation on changes in net cash flow generated from operating activities: Mainly due to the increase in cash received for the sale of goods and provision of services

Explanation on changes in net cash flow generated from investing activities: Mainly due to the increase in cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets

Explanation on changes in net cash flow generated from financing activities: Mainly due to the increase in cash paid for repayment of borrowings in the current period and the increase in cash paid for distribution of dividends in the current period as compared to the same period last year.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2 Detailed explanation on material changes in the business type, profit composition or profit source of the Company in the period

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

(III) Analysis of assets and liabilities

☒ Applicable ☐ Not Applicable

1. Assets and liabilities

Unit: RMB

Item	Amount as at the end of the current period	Percentage of amount as at the end of the current period to total assets (%)	Amount as at the end of the last year	Percentage of amount as at the end of the last year to total assets (%)	Change of amount as at the end of the current period to amount as at the end of the last year (%)	Explanation
Cash at bank and on hand	1,024,623,886.08	5.62	1,608,061,795.80	9.22%	-36.28	Mainly due to the net outflow from investment activities of RMB920 million in the period, and the main expenditure was payment for the construction of the projects
Accounts receivable	1,127,282,756.07	6.18	785,699,955.92	4.5	43.48	Mainly due to the extension of the settlement cycle, the increase in accumulated balance of the receivables from national renewable energy subsidies, and the transfer of the receivables from national renewable energy subsidies from contract assets into accounts receivable as a result of the inclusion of Tongzhou Project, Miyun Project, Jurong Project and Zhangqiu Project into the catalogue of national renewable energy subsidies in February and April 2021, respectively.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 last year	Percentage of amount as at the end of the last year to total assets (%)	Change of amount as at the end of the current period to amount as at the end of the last year (%)	Explanation
Contract assets	342,034,147.62	1.87	467,951,853.72	2.68	-26.91	Mainly due to the transfer of the receivables from national renewable energy subsidies from contract assets into accounts receivable as a result of the inclusion of Tongzhou Project, Miyun Project, Jurong Project and Zhangqiu Project into the catalogue of national renewable energy subsidies in February and April 2021, respectively;
Long-term receivables	5,658,005,456.83	31.01	5,239,640,603.64	30.03	7.98	Mainly due to the increase in construction expenditure of Laizhou Project, Pingyang Phase II Project, Shuozhou Project, Jinsha Project, Huludao Power Generation Project, etc.
Construction in progress	280,789,298.19	1.54	184,879,239.06	1.06	51.88	Mainly due to the increase in the accumulated completion progress of the construction engineering of Huludao Hazardous Waste Project
Intangible assets	8,107,784,694.95	44.44	7,366,230,070.06	42.22	10.07	Mainly due to the increase in the accumulated completion progress of the construction engineering of Stage II of Huizhou Phase II Project, Laizhou Project, Dengfeng Project, Jinsha Project, Shuozhou Project, etc.
Other non-current assets	860,255,273.15	4.72	953,998,419.31	5.47	-9.83	Minor changes
Short-term loans	2,624,802,758.19	14.39	2,495,169,633.87	14.3	5.20	Minor changes
Accounts payable	1,333,100,621.46	7.31	1,291,193,658.66	7.40	3.25	Minor changes
Employee benefits payable	45,096,970.97	0.25	95,551,982.29	0.55	-52.80	Mainly due to the payment of year-end bonus provided for at the end of the last year in the period
Long-term loans	6,834,200,379.61	37.46	6,414,689,592.99	36.77	6.54	Minor changes
Deferred income	126,547,894.76	0.69	78,431,192.88	0.45	61.35	Mainly due to the receipt of government subsidies by Hong'an Project and Shishou Project in the period
Other explanation						
Nil						

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Overseas assets

☒ Applicable ☐ Not Applicable

(1) Scale of assets

Including: overseas assets of RMB1,711,980.38, accounting for 0.01% of the total assets.

(2) Explanation on overseas assets

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not Applicable

Item	Balance at the end of the period (RMB)	Reason for restriction
Assets for providing guarantees		
– Cash at bank and on hand and other non-current assets	22,064,275.94	Used for issuing performance bond
– Intangible assets	5,129,482,633.45	Providing guarantees for loans
– Accounts receivable	637,610,892.91	Providing guarantees for loans
– Contract assets	105,214,967.72	Providing guarantees for loans
– Long-term receivables due within one year	27,823,592.06	Providing guarantees for loans
– Long-term receivables	1,906,152,910.66	Providing guarantees for loans
Total	7,828,349,272.74	

4. Other explanation

☐ Applicable ☒ Not Applicable

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(IV) Financial Review (disclosure pursuant to the requirements of the Stock Exchange)

Financial position and net profit

For the first half of 2021, the Group achieved an operating income of RMB1,251,574,014.30 and net profit of RMB400,220,832.12. As at 30 June 2021, the Group's total assets and total liabilities amounted to RMB18,244,461,836.76 and RMB12,318,263,570.15, respectively. The total equity amounted to RMB5,926,198,266.61 and the gearing ratio (calculated as total liabilities over total assets) was 67.52%, and the net asset value per share attributable to the shareholders of the Company was RMB4.01.

Revenue analysis

During the Reporting Period, the Group achieved an operating income of RMB1,251,574,014.30 (corresponding period in 2020: RMB1,011,128,651.22), representing an increase of 23.78% as compared to the corresponding period in 2020. The increase was mainly due to the addition of three operating projects of Yongjia Phase II Project, Shishou Project and Pingyang Phase II Project in the period and the commencement of operation of Hong'an Project, Yichun Project, Huizhou Phase II Project and Haining Expansion Project in May of last year. In particular, project operating income amounted to RMB1,076,017,714.68 (corresponding period in 2020: RMB853,065,884.54), representing an increase of 26.14% as compared to the corresponding period in 2020, mainly due to the addition of operating projects. Interest income amounted to RMB175,556,299.62 (corresponding period in 2020: RMB158,062,766.68), representing an increase of 11.07% as compared to the corresponding period in 2020. The increase was mainly due to the increase in interest income recognised by using effective interest method as a result of the increase in the long-term receivables recognised based on the completion percentage for the construction of waste-to-energy projects, e.g., Laizhou Project, Jinsha Project, Huludao Waste-to-energy Project, Sihui Project Phase II, Shishou Project and Pingyang Phase II Project.

Gross profit and gross profit margin

During the Reporting Period, the gross profit of the Group increased by 30.44% to RMB749,760,032.08 (corresponding period in 2020: RMB574,799,368.65) and the gross profit margin was 59.91% (corresponding period in 2020: 56.85%), mainly because the gradual stabilization of the operation of Shantou Project, Zhangqiu Project, etc. and the full operation of large-scale projects including Haining Expansion Project and Huizhou Phase II Project in the period drove the overall gross profit margin to increase year-on-year.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group amounted to approximately RMB74,358,638.39 (corresponding period in 2020: RMB59,689,417.95), which accounted for approximately 5.94% (corresponding period in 2020: 5.90%) of the operating income of Group. The administrative expenses slightly increased as compared to the previous year.

Finance costs

During the Reporting Period, the finance costs for the Group amounted to RMB214,398,192.09, representing an increase of approximately RMB16,542,470.83 over the corresponding period of previous year. This was mainly due to an increase in the balance of borrowings and an increase in expensed interest as certain projects shifted from construction period into operation period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Total profit

During the Reporting Period, the total profit of the Group amounted to RMB455,255,424.89, representing an increase of approximately RMB151,405,183.24 as compared to corresponding period in 2020, which was mainly due to an increase in gross profit.

Income tax

During the Reporting Period, the income tax expenses of the Group amounted to approximately RMB55,034,592.77 (first half of 2020: RMB48,258,050.39), accounting for approximately 12.09% (first half of 2020: 15.88%) of total profit of the Group. The ratio of income tax expenses to total profit decreased mainly because that, as Shantou Project, Haining Expansion Project, Huizhou Phase II Project, Zhangqiu Project and other projects were in the tax-free period, the ratio of the total profit of the abovementioned projects for the current period to the Group's total consolidated profit increased as compared to the same period last year.

Total comprehensive income attributable to the shareholders of the Company

During the Reporting Period, the total comprehensive income attributable to the shareholders of the Company was RMB383,762,315.74 (corresponding period in 2020: RMB247,396,115.10). The increase was mainly due to an increase in net profit attributable to the shareholders of the Company.

Financial resources and liquidity

The Group adopts prudent principles in cash and financial management to ensure proper risk management and reduction in costs of fund. It finances its operations primarily from cash flow generated internally and loans from principal banks. As at 30 June 2021, the Group had cash and cash equivalents of approximately RMB1,008,872,610.14, representing a decrease of RMB584,095,429.72 as compared to RMB1,592,968,039.86 at the end of 2020. The cash balance decreased as compared with last year mainly because that the project construction expenditure was greater than the net cash inflow from operating activities and financing activities. As at 30 June 2021, the Group's gearing ratio increased from 66.87% at the end of 2020 to 67.52%. The increase was mainly due to the increase in borrowings.

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 reasonable capital structure to reduce capital costs. The Group makes use of its gearing ratio for the management of capital structure. The ratio is defined as total liabilities divided by total assets. During the six months ended 30 June 2021, the Group's strategy remained unchanged from 2020. As at 30 June 2021 and 31 December 2020, the gearing ratios of the Group were 67.52% and 66.87%, respectively.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Loans and pledge of assets

As at 30 June 2021, the Group had total outstanding borrowings of approximately RMB10,148,941,542.18, representing an increase of RMB590,903,372.49 as compared to RMB9,558,038,169.69 at the end of 2020. The borrowings included pledged loans of RMB3,644,559,298.32 and unpledged loans of RMB6,504,382,243.86. The Group's borrowings were denominated in Renminbi and Hong Kong dollars. Most of the Group's borrowings were at floating rates. As at 30 June 2021, the Group had composite banking credit facilities in the amount of RMB13,802,892,400.00, of which RMB4,190,140,891.34 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 to occur. 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, contract assets and accounts receivable) were pledged under the banking credit facilities. The book value of the pledged receivables and operating rights amounted to approximately RMB7,806,284,996.80 as at 30 June 2021.

Contingent liabilities

The Company has issued financial guarantees to banks in respect of the banking credit facilities granted to certain subsidiaries. The Board of the Company does not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 31 December 2020 and 30 June 2021 under the guarantees was the credit facility drawn down by the subsidiaries of RMB6,230,121,915.55 and RMB6,696,197,901.89, respectively.

Commitments

As at 31 December 2020 and 30 June 2021, the Group's outstanding purchase commitments in relation to the construction contracts which had not been provided for in the Group's interim financial statements were RMB4,103,681,296.50 and RMB3,545,283,879.92, respectively.

Foreign exchange risks and exchange gains and losses

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

Use of proceeds

On 9 December 2020, the Company completed the non-public issuance of A shares with an issuance of 232,240,000 A shares. The net proceeds amounted to approximately RMB1,786 million. As of 31 December 2020, the Company had used approximately RMB1.725 billion of proceeds to replace those funds previously invested for investment projects with the proceeds, repay bank loans, and make capital increase and provide loans to wholly-owned subsidiaries. The Company used proceeds to repay bank loan of RMB1 million in January 2021; in July 2021, the remaining RMB60 million was used to finance registered capital of wholly-owned subsidiaries.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(V) Investment analysis

1. Overall analysis of external equity investments

☒ Applicable ☐ Not Applicable

Investments during the Reporting Period (RMB)	Investments during the corresponding period last year (RMB)	Change
157,100,000	464,057,500	-66.15%

(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
Huizhou Phase II Project	Self-financing and borrowings	19,111.58	103,351.59	Stage I was put into production in May 2020, and stage II was put into production in August 2021

(3) Financial assets measured at fair value

☐ Applicable ☒ Not Applicable

(4) Details of future material investment or capital assets plans

As at 30 June 2021, save for the investment or construction of the waste-to-energy projects won by the Company through tender as announced in prior announcements and described in this interim report, the Company had no plan for material investment or acquisition of capital assets. However, the Company will actively pursue opportunities for investments in its ordinary course of business in order to enhance its profitability.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(VI) Material disposal of assets and equity

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not Applicable

RMB'0,000

Name of company	Principal business	Registered capita	Total assets	Net assets	Net profit	Operating income	Operating profit
Tongzhou Company	Waste treatment and power generation	37,500	143,886.77	61,776.64	5,591.94	11,318.66	6,558.40
Shantou Company	Waste treatment and power generation	21,000	99,709.64	34,875.05	5,719.07	10,546.67	5,754.83
Haining Expansion Company	Waste treatment and power generation	39,000	113,047.81	49,698.49	4,692.61	9,418.97	4,771.47
Huizhou Phase II Company	Waste treatment and power generation	45,000	122,240.11	43,189.32	3,715.04	8,157.40	3,708.87

As at the end of the Reporting Period, the total assets of Tongzhou Company represented 7.89% of the total assets of the Company, the total assets of Shantou Company represented 5.47% of the total assets of the Company, the total assets of Haining Expansion Company represented 6.20% of the total assets of the Company, and the total assets of Huizhou Phase II Company represented 6.70% of the total assets of the Company.

(VIII) Structured entities controlled by the Company

☐ Applicable ☒ Not Applicable

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. Other disclosures

(I) 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 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.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

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.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

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.

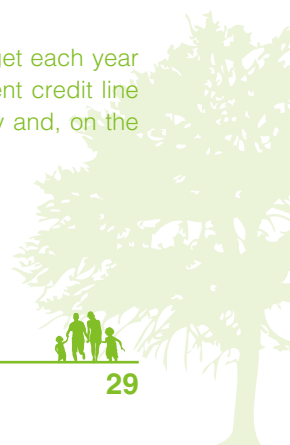
8. Risk of high gearing ratio

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%. As of the end of June 2021, the Company’s gearing ratio was 67.52%, 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.

(II) Other disclosures

☐ Applicable ☒ Not Applicable



IV. CORPORATE GOVERNANCE

I. Overview of general meetings

Session of the meeting	Date of meeting	The enquiry index at designated websites where the resolutions were published	Disclosure date of the published resolutions	Resolutions of the meeting
2020 Annual General Meeting	14 May 2021	www.hkexnews.hk www.sse.com.cn	14 May 2021 15 May 2021	All resolutions of the meeting were approved

Extraordinary general meetings requested by the shareholders of preference shares with restored voting rights

☐ Applicable ☒ Not Applicable

Explanation of general meetings

☐ Applicable ☒ Not applicable

II. Changes in Directors, Supervisors and senior management of the Company

☒ Applicable ☐ Not applicable

Name	Position	Change situation
ZHI Jun	Chairman, Director	Resigned
CAO Jinjun	Director	Resigned
QIAO Dewei	Chairman	Elected
HU Shengyong	Chief Financial Officer	Resigned
ZHONG Xia	Director, General Manager	Elected
YI Zhiyong	Chief Financial Officer	Elected
ZHANG Zhenhai	Director	Elected
HE Hong	Supervisor	Resigned
YU Lijun	Supervisor	Elected

Explanation of changes in Directors, Supervisors and senior management of the Company

☒ Applicable ☐ Not applicable

The resolutions regarding the election of the Chairman, Directors, general manager, chief financial officer and Supervisors were considered and approved at the 29th meeting of the third session of the Board, the 12th meeting of the third session of the Supervisory Committee and the 2020 annual general meeting, respectively. The term of the Chairman, general manager and chief financial officer is from the date of consideration and approval by the Board and the term of directors and supervisors is from the date of consideration and approval at the general meeting to the expiration of the term of the Board or the Supervisory Committee.

IV. CORPORATE GOVERNANCE (CONTINUED)

Changes in information of Directors (disclosure pursuant to the requirements of the Stock Exchange)

As of the date of this interim report, according to the requirements under Rule 13.51(B)(1) of the Stock Exchange Listing Rules, changes in information of the Directors of the Company are set out as follows:

- on 30 March 2021, Mr. Qiao Dewei, an executive Director of the Company, ceased to act as the general manager of the Company and assumed the position of the chairman and the legal representative of the Company. Mr. Qiao Dewei also assumed the position of the chairman of the strategy committee of the Board on the same date.
- on 30 March 2021, Mr. Cheng Suning, a non-executive Director of the Company, assumed the position of a member of the remuneration and appraisal committee of the Board.
- on 30 March 2021, Mr. Hu Shengyong, an executive Director of the Company, ceased to act as the chief financial officer of the Company. Mr. Yi Zhiyong was appointed as the chief financial officer of the Company on the same date.
- on 31 May 2021, Ms. Zhong Xia, an executive Director of the Company, assumed the position of a member of the strategy committee of the Board.

Save as disclosed above, there is no other information concerning the Directors which is required to be disclosed.

III. Proposal of profit distribution or conversion of capital reserve

Proposal of profit distribution or conversion of capital reserve to share capital for the half of the year

Any distribution or capital increase

No

Number of bonus shares for every 10 shares (share)

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

Reserve to share capital for every 10 Shares (share)

Details of proposal of profit distribution or conversion of capital reserve

Nil

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021.



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

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

☐ Applicable ☒ Not applicable

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

Equity incentive

☐ Applicable ☒ Not applicable

Other explanation

☐ Applicable ☒ Not applicable

Employee shareholding plan

☐ Applicable ☒ Not applicable

Other incentive measures

☐ Applicable ☒ Not applicable

V. ENVIRONMENT AND SOCIAL RESPONSIBILITY

I. Environmental information

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

☒ Applicable ☐ Not applicable

1. Information on pollutant emission

☒ Applicable ☐ Not applicable

Tongzhou Company, Shantou Company, Huizhou Phase II Company, and Haining Expansion Company, which are major subsidiaries of the Company, are the major pollutant-emission units designated by the environmental protection authorities. All companies mentioned above are operating entities of municipal waste-to-energy plants.

The main pollutants generated from the major pollutant-emission units of the Company are sulfur dioxide, smog and oxynitride. 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.



V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

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	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 No.: A2210155868118C/A221015586120C Testing date: 9 June 2021	1# furnace	16	50mg/m³	
					2# furnace	2	50mg/m³	
					3# furnace	9	50mg/m³	
		Oxynitride		1# furnace	50	80mg/m³		
				2# furnace	27	80mg/m³		
				3# furnace	26	80mg/m³		
		Smog		1# furnace	0.9	10mg/m³		
				2# furnace	0.8	10mg/m³		
				3# furnace	0.8	10mg/m³		
		Dioxin		Report No.: A2210132386102/A2210155868115 Testing date: 27 April 2021, 14 May 2021	1# furnace	0.003	0.1ng TEQ/Nm³	
					2# furnace	0.0039	0.1ng TEQ/Nm³	
					3# furnace	0.0016	0.1ng TEQ/Nm³	
2	Shantou Company	Sulfur dioxide	Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	Report No.: BKEN2021060158EQC Testing date: 28 June 2021	1# furnace	27	100mg/m³	
					2# furnace	27	100mg/m³	
					3# furnace	25	/	
		Oxynitride		1# furnace	194	300mg/m³		
				2# furnace	183	300mg/m³		
				3# furnace	180	/		
		Smog		1# furnace	3.2	30mg/m³		
				2# furnace	3.4	30mg/m³		
				3# furnace	2.9	/		
		Dioxin		SGS-CSTC Standards Technical Services (Shanghai) Co., Ltd. (通標標準技術服務（上海）有限公司)	Report No.: SHE20-51649, SHE20-516503, SHE20-51651 Testing date: 23 December 2020	1# furnace	0.035	0.1ng TEQ/Nm³
						2# furnace	0.019	0.1ng TEQ/Nm³
						3# furnace	0.036	0.1ng TEQ/Nm³

V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration		Emission limit		
3	Huizhou Phase II Company	Sulfur dioxide	South China Institute of the Ministry of Ecology and Environment (生態環境部 華南環境科學研究所)	Report No.: Hua Huan Jian Ce Zi 2021 No. 269 Testing date: 20 April 2021	1# furnace	N.D	100mg/m³		
					2# furnace	N.D	100mg/m³		
					Oxynitride		1# furnace	36.33	300mg/m³
							2# furnace	25.67	300mg/m³
		Smog			1# furnace	N.D	30mg/m³		
					2# furnace	N.D	30mg/m³		
		Dioxin	South China Institute of the Ministry of Ecology and Environment (生態環境部 華南環境科學研究所)	Report No.: Hua Huan Jian Ce Zi [Dioxin] 2021 No. 155 Testing date: 29 April 2021	1# furnace	0.005	0.1ng TEQ/Nm³		
					2# furnace	0.003	0.1ng TEQ/Nm³		
4	Haining Expansion Company	Sulfur dioxide	J&A Testing Center (浙江九安檢測科技有限公司)	Report No.: HC210395 Testing date: 7 April 2021	1# furnace	5	100mg/m³		
					2# furnace	4	100mg/m³		
		Oxynitride			1# furnace	55	300mg/m³		
					2# furnace	38	300mg/m³		
					3# furnace				
		Smog					1# furnace	20	30mg/m³
							2# furnace	18	30mg/m³
		Dioxin			J&A Testing Center (浙江九安檢測科技有限公司)	Report No.: HC210423 Testing date: 7 April 2021	1# furnace	0.076	0.1ng TEQ/Nm³
							2# furnace	0.029	0.1ng TEQ/Nm³
								0.1ng TEQ/Nm³	

Note: "ND" refers to not detected; the unit of sulfur dioxide, oxynitride, smog, and dioxin is ngTEQ/m³. The above emission limits of pollutants are based on the Municipal Solid Waste Incineration Pollution Control Standards (《生活垃圾焚燒污染控制標準》) (GB18485-2014).

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.



V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

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	70.89	743.53
Oxynitride	508.15	1,753.17
Smog	6.30	189.49

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 + outfurnace SCR denitrification + activated carbon adsorption + outfurnace 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.

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

☒ Applicable ☐ Not applicable

No.	Name of project	Date of reply to environmental impact assessment	Authority for reply
1	Tongzhou Project	25 December 2015	Environmental Protection Bureau of Beijing City
2	Shantou Project	28 March 2017	Environmental Protection Bureau of Shantou City
3	Huizhou Phase II Project	27 November 2018	Environmental Protection Bureau of Huizhou City
4	Haining Expansion Project	26 November 2018	Environmental Protection Bureau of Jiaxing City

V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

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 annually 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. Administrative penalties due to environmental problems during the Reporting Period

☐ Applicable ☒ Not applicable

7. Other environmental information to be disclosed

☐ Applicable ☒ Not applicable

(II) 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 systems for exhaust gas, leachate and fly ash treatment, of which the discharge to the environment have met the standard during the Reporting Period.

1. Administrative penalties due to environmental problems

☐ Applicable ☒ Not applicable

2. Disclosure of other environmental information with reference to major pollutant-emission units

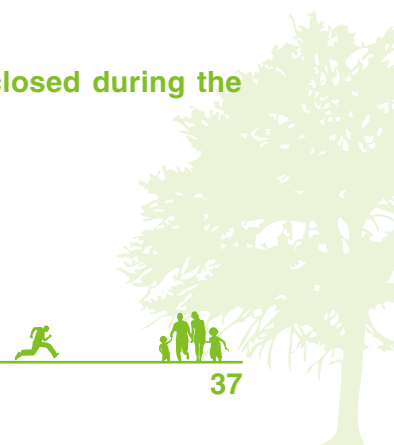
☐ Applicable ☒ Not applicable

3. Reasons for not disclosure of other environmental information

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable



V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

(IV) Relevant information that is conducive to protecting ecology, preventing pollution and fulfilling environmental responsibilities

☒ Applicable ☐ Not applicable

The Company's municipal waste-to-energy business is dedicated to the harmlessness treatment, reduction and resource utilization of domestic waste and is an important part of the battle of pure land defense in the fight against environmental pollution. Adhering to the policy of "prevention first and combination of prevention and control" in environmental protection management, the Company implements "three simultaneous" of environmental protection facilities and has formulated and strictly implemented the Environmental Protection Management System of Dynagreen Group and other systems to supervise the entire process of environmental protection in engineering construction and production and strictly abided by national laws and regulations and relevant emission standards.

(V) Measures taken to reduce carbon emissions during the Reporting Period and effects thereof

☒ Applicable ☐ Not applicable

The municipal waste-to-energy projects of the Company, on the one hand, replace the landfills and reduce the emission of methane and other greenhouse gases produced by the landfills. On the other hand, the projects contribute energy and replace thermal power to a certain extent, which makes direct contributions to carbon emission reduction and is a field for which it is allowed to apply for Chinese Certified Emission Reduction.

II. Consolidation and expansion of the results of poverty alleviation, rural revitalization and other specific work

☐ Applicable ☒ Not applicable

VI. SIGNIFICANT EVENTS

I. Performance of undertakings

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

☒ Applicable ☐ Not applicable

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



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
	Others	QIAO Dewei, HU Shengyong, HOU Zhiyong, CHENG Yan, HUANG Jianzhong, ZHONG Xia, ZHANG Yong, 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 lock-up period, the price shall not be lower than the issue price.	11 June 2019 to 10 June 2021	Yes	Yes		
	Others	BSAM, QIAO Dewei, HU Shengyong, HOU Zhiyong, CHENG Yan, HUANG Jianzhong, ZHONG Xia, ZHANG Yong, ZHU Shuguang	The proposal on price stabilisation will be executed when the share prices of Dynagreen are lower than the latest audited net assets per share for 20 consecutive trading days within 3 years after listing.	11 June 2018 to 10 June 2021	Yes	Yes		
	Others	BSAM	For any loss or risk of Dynagreen and its subsidiaries caused by BOT projects not obtained through bidding, BSAM will provide timely, full and effective compensation to Dynagreen and its subsidiaries to ensure Dynagreen and/or its domestic subsidiaries will not suffer any loss.	30 May 2016	No	Yes		

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		
	Restriction on selling of shares	Three Gorges Capital Holdings Co., Ltd. (三峽資本控股有限公司)	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		
	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		



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
	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		
	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		
	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. Appropriation of the Company's funds for purposes other than operations by the controlling shareholder and its related parties during the Reporting Period

☐ Applicable ☒ Not applicable

III. Illegal guarantees

☐ Applicable ☒ Not applicable

IV. Audit of the interim report

☐ Applicable ☒ Not applicable

V. Changes in the matters involved in non-standard audit opinions on the annual report for the last year and the treatment thereof

☐ Applicable ☒ Not applicable

VI. Matters related to bankruptcy and reorganization

☐ Applicable ☒ Not applicable

VII. Material litigation and arbitration

☐ The Company had material litigation and arbitration during the Reporting Period

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

VIII. Punishment and rectification of the Company and its Directors, Supervisors, senior management, controlling shareholder and beneficial controllers for suspected violation of laws and regulations

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable



X. Significant related party transactions

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

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

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

On 31 May 2021, 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 2021 to 2022 and the Company will from time to time hold tenders 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 specify fees and payment methods. In 2021 and 2022, the estimated caps of the day-to-day related party transactions with Shenzhen CDT are RMB29 million and RMB11 million, respectively. In the first half of 2021, the transaction amount under the abovementioned framework contract between the Company and Shenzhen CDT was nil.

3. Matters which have not been published in temporary announcements

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. Matters which have not been published in temporary announcements

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

VI. SIGNIFICANT EVENTS (CONTINUED)

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

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. Matters which have not been published in temporary announcements

☐ Applicable ☒ Not applicable

(IV) Claims and liabilities between related parties

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

☐ Applicable ☒ Not applicable

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 and its subsidiaries to the Company based on the interest rate not higher than the benchmark rate for loans of the same term as announced by the People's Bank of China rate was RMB2.275 billion as at the end of the Reporting Period.

3. Matters which have not been published in temporary announcements

☐ Applicable ☒ Not applicable

(V) Financial business between the Company and the financial company that is related to the Company, the financial company controlled by the Company and related parties

☐ Applicable ☒ Not applicable

(VI) Other significant related party transactions

☐ Applicable ☒ Not applicable



VI. SIGNIFICANT EVENTS (CONTINUED)

(VII) Others

☒ Applicable ☐ Not applicable

The Group entered into the Non-Competition Agreement with BSAM (a connected entity of the Company by virtue of it 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 six months ended 30 June 2021. Save as the non-exempt connected transaction and continuing connected transaction as set out in the section headed “Connected transactions” on page 43 of this interim 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 to the Financial Statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Exchange Listing Rules.

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

1 Trusteeship, contracting and leasing matters

☐ Applicable ☒ Not applicable

VI. SIGNIFICANT EVENTS (CONTINUED)

2 Material guarantees performed and not completely performed during the Reporting Period

☒ Applicable ☐ Not applicable

Unit: RMB

External guarantees provided by the Company (excluding those for subsidiaries)															
Guarantor	Relationship Between the guarantor and the Company	Guaranteed party	Amount of guarantee	Date of occurrence of guarantee (signature date of agreement)	Date of commencement of guarantee	Expiry date of guarantee	Guarantee type	Main debt	Collateral (if any)	Completed or not	Overdue or not	Amount overdue	Anti- guarantee	Connected parties	Connected relations
														guarantee or not	
The Company	Head office of the Company	Fengcheng Company	310,000,000	1 July 2019	30 July 2019	29 July 2029	Joint and several liability guarantee			No	No		Yes	Yes	Joint venture
Total guarantees during the Reporting Period (excluding those for subsidiaries)															0
Total guarantee balance as at the end of Reporting Period (A) (excluding those for subsidiaries)															310,000,000
Guarantees for subsidiaries provided by the Company															
Total guarantees for subsidiaries during the Reporting Period															1,587,077,777.00
Total guarantee balance for subsidiaries as at the end of Reporting Period (B)															6,386,197,901.89
Total amount of guarantees provided by the Company (including those for subsidiaries)															
Total amount of guarantees (A+B)															6,696,197,901.89
Total amount of guarantees over the net assets of the Company (%)															119.73
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)															1,193,595,649.71
Amount of the total guarantees exceeding 50% of net assets (E)															3,899,827,793.89
Total amount of above three guarantees (C+D+E)															5,093,423,443.60
Explanations on outstanding guarantee which may undertake joint liability for satisfaction															
Explanations on guarantees															

3 Other material contracts

☐ Applicable ☒ Not applicable

VI. SIGNIFICANT EVENTS (CONTINUED)

XII. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has fully complied with all the code provisions in the Corporate Governance Code as set out in Appendix 14 of the Stock Exchange Listing Rules for the six months ended 30 June 2021.

XIII. OTHER MATTERS OF SIGNIFICANCE

☒ Applicable ☐ Not applicable

As considered and approved at the 33rd meeting of the third session of the Board, the 16th meeting of the third session of the Supervisory Committee, the 2021 first extraordinary general meeting, the 2021 first A share class meeting and the 2021 first H share class meeting of the Company, the Company will apply to issue A-share convertible corporate bonds in a total amount not exceeding RMB2.39 billion.



VII. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

Unit: share

	Before change		Increase or decrease (+/-)				After change		
	Number	Percentage (%)	New issue	Bonus issue	Shares converted from reserves	Others	Sub-total	Number	Percentage (%)
I. Restricted shares	733,429,618	52.63				-640,533,618	-640,533,618	92,896,000	6.67
1. Shares held by the state									
2. Shares held by state-owned legal persons	723,199,439	51.90				-630,303,439	-630,303,439	92,896,000	6.67
3. Shares held by other domestic investors	10,230,179	0.73				-10,230,179	-10,230,179	0	0
Including: shares held by domestic non-state-owned legal persons									
shares shares held by domestic natural persons	10,230,179	0.73				-10,230,179	-10,230,179	0	0
4. Shares held by overseas investors									
Including: shares held by overseas legal persons									
shares shares held by overseas natural persons									
II. Non-restricted shares	660,010,382	47.37				640,533,618	640,533,618	1,300,544,000	93.33
1. RMB ordinary shares	255,650,590	18.35				640,533,618	640,533,618	896,184,208	64.31
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	404,359,792	29.02						404,359,792	29.02
4. Others									
III. Total number of shares	1,393,440,000	100						1,393,440,000	100

VII. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

2. Explanation of changes in shares

✓ Applicable ☐ Not applicable

The 501,189,618 restricted shares before the initial public offering and listing of A shares of the Company held by BSAM were released on 11 June 2021. The Company completed the non-public offering of A shares in December 2020. The lock-up period for the shares subscribed by BSAM is 18 months, and the 139,344,000 restricted shares subscribed by other investors were released on 9 June 2021.

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

☐ Applicable ✓ Not applicable

4. Repurchase, sales or redemption of listed securities of the Company

During the six months ended 30 June 2021, neither the Company nor its subsidiaries have purchased, sold or redeemed any listed securities of the Company.

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

☐ Applicable ✓ Not applicable

(II) Changes in restricted shares

✓ Applicable ☐ Not applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the Reporting Period	Release of restricted shares during the Reporting Period	Increase of restricted shares during the Reporting Period	Number of restricted shares at the end of the Reporting Period	Reason for restriction	Date of release of the restricted shares
Beijing State-owned Assets Management Co., Ltd.	594,085,618	501,189,618		92,896,000	Undertaking in relation to restriction on selling of shares and undertaking of non-public issuance	2021-06-11
Three Gorges Capital Holdings Co., Ltd.	76,726,342	76,726,342		0	Undertaking of non-public issuance	2021-06-09
Zhuhai Fuheng Investment Partnership (Limited Partnership)	38,361,892	38,361,892		0	Undertaking of non-public issuance	2021-06-09
Guangdong Henghang Industrial Investment Fund Partnership (Limited Partnership)	12,787,723	12,787,723		0	Undertaking of non-public issuance	2021-06-09
First Capital Securities Co., Ltd.	10,230,179	10,230,179		0	Undertaking of non-public issuance	2021-06-09
China International Capital Corporation Limited	1,237,864	1,237,864		0	Undertaking of non-public issuance	2021-06-09
Total	733,429,618	640,533,618		92,896,000	/	/

Note: The 92,896,000 restricted shares offered in a non-public way by the Company as subscribed by Beijing State-owned Assets Management Co., Ltd. will be released on 9 June 2022.

VII. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

II. Shareholders

(I) Total number of shareholders:

Total number of holders of ordinary shares as at the end of the Reporting Period 44,984

(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)	Change during the Reporting Period	Shareholding of the top ten shareholders			Pledged, marked or frozen	Nature of shareholder
		Number of shares held as at the end of the Period	Percentage (%)	Number of shares held subject to selling restrictions		
Beijing State-owned Assets Management Co., Ltd.		594,085,618	42.6345	92,896,000	Nil	State-owned legal person
HKSCC NOMINEES LIMITED		379,477,000	27.2331		Unknown	Overseas legal person
Three Gorges Capital Holdings Co., Ltd.	1,222,972	77,949,314	5.5940		Nil	State-owned legal person
Guangdong Yueao Cooperation and Development Fund Management Co., Ltd. – Zhuhai Fuheng Investment Partnership (Limited Partnership)		38,361,892	2.7530		Nil	State-owned legal person
Beijing State-Owned Assets Management (Hong Kong) Company Limited		24,859,792	1.7841		Nil	Overseas legal person
Beijing Huitai Hengrui Investment Co., Ltd.		18,000,707	1.2918		Nil	Domestic non- state-owned legal person
Guangdong Hengjian Asset Management Co., Ltd. – Guangdong Henghang Industrial Investment Fund Partnership (Limited Partnership)		12,787,723	0.9177		Nil	State-owned legal person
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	–6,180,700	7,130,378	0.5117		Nil	Domestic non- state-owned legal person
First Capital Securities- Essence Securities-First Capital Fujie Collective Asset Management Program		6,393,861	0.4589		Nil	Domestic non- state-owned legal person
Shenzhen Fuxiao Investment Co., Ltd.	–1,888,580	3,111,420	0.2233		Nil	Domestic non- state-owned legal person

VII. CHANGES IN 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
Beijing State-owned Assets Management Co., Ltd.	501,189,618	RMB ordinary shares	501,189,618
HKSCC NOMINEES LIMITED	379,477,000	RMB ordinary shares	379,477,000
Three Gorges Capital Holdings Co., Ltd.	77,949,314	RMB ordinary shares	77,949,314
Guangdong Yueao Cooperation and Development Fund Management Co., Ltd. – Zhuhai Fuheng Investment Partnership (Limited Partnership)	38,361,892	RMB ordinary shares	38,361,892
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
Guangdong Hengjian Asset Management Co., Ltd. – Guangdong Henghang Industrial Investment Fund Partnership (Limited Partnership)	12,787,723	RMB ordinary shares	12,787,723
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	7,130,378	RMB ordinary shares	7,130,378
First Capital Securities-Essence Securities-First Capital Fujie Collective Asset Management Program	6,393,861	RMB ordinary shares	6,393,861
Shenzhen Fuxiao Investment Co., Ltd.	3,111,420	RMB ordinary shares	3,111,420
Description of the special account for repurchase of the top ten shareholders	Nil		
Description of the abovementioned shareholders' entrusting of voting rights, entrusted voting rights, and waiver of voting rights	Nil		
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 Beijing State-owned Assets Management Co., Ltd.		

VII. CHANGES IN 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
			Time permitted to be listed and traded in the market	Number of shares permitted to be listed and traded in the market	
1	Beijing State-owned Assets Management Co., Ltd.	92,896,000	9 June 2022		Undertaking of non-public issuance

Particulars of related-party
relationship or concert party
arrangement among the
Shareholders above

N/A



VII. CHANGES IN 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

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

Save as disclosed in the section headed “Interests in securities held by Directors, Supervisors and senior management”, as at 30 June 2021, 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
Three Gorges Capital Holdings Co., Ltd.	77,949,314 A shares (Long position)	Beneficial owner	7.88	5.59
Tenbagger Capital Management CO., LTD	36,230,000 H shares (Long position)	Investment manager	8.96	2.60

Notes:

(1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 30 June 2021.

(2) The calculation is based on the total number of 1,393,440,000 Shares in issue as at 30 June 2021.

(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 30 June 2021, no other interests required to be recorded in the register kept under Section 336 of the SFO have been notified to the Company.

Mr. Cheng Suning, a non-executive director of the Company, is an employee of an entity under BSAM.

III. Directors, supervisors and senior management

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

☐ Applicable ☒ Not applicable

Other explanations

☐ Applicable ☒ Not applicable

(II) Interests in securities held by Directors, Supervisors and senior management (disclosure pursuant to the requirements of the Stock Exchange)

As at the end of the Reporting Period, none of the Directors, Supervisors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Stock Exchange Listing Rules, to be notified to the Company and the Stock Exchange.

(III) Equity incentive granted to Directors, Supervisors and senior management during the Reporting Period

☐ Applicable ☒ Not applicable

(IV) Other Explanation

☐ Applicable ☒ Not applicable



VII. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

IV. Code of conduct for trading of shares by Directors, Supervisors and employees (disclosure pursuant to the requirements of the Stock Exchange)

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 Stock Exchange Listing Rules. The Company had made specific inquiries to all of the Directors and Supervisors on whether they had complied with the Management Measures during the Reporting Period, and all of the Directors and Supervisors had confirmed that they had all complied with the Management Measures. The Company has established the Employees Written Guidance (the “Employees Written Guidance”) for its employees who may hold unpublished internal information of the Company in relation to dealing in securities, with terms no less favourable than the Model Code. The Company was not aware of any matters in relation to breaches of the Employees Written Guidance by any employee.

V. Human resources and policies (disclosure pursuant to the requirements of the Stock Exchange)

As at 30 June 2021, the Group had a total of 2,647 staff members.

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.

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

VI. Changes in controlling shareholders or beneficial controller

☐ Applicable ☒ Not applicable

VIII. PREFERENCE SHARES

☐ Applicable ☒ Not applicable



IX. BONDS

I. Enterprise bonds, corporate bonds and debt financing instruments of non-financial enterprises

☐ Applicable ☒ Not applicable

II. Convertible corporate bonds

☐ Applicable ☒ Not applicable

X. FINANCIAL REPORT

CONSOLIDATED BALANCE SHEET

(Expressed in Renminbi Yuan)

	Note	30 June 2021	31 December 2020
ASSETS			
Current assets:			
Cash at bank and on hand	V.1	1,024,623,886.08	1,608,061,795.80
Bills receivable	V.2	19,240,000.00	27,687,500.00
Accounts receivable	V.3	1,127,282,756.07	785,699,955.92
Receivables under financing	V.4	—	2,000,000.00
Prepayments	V.5	20,998,811.71	15,139,014.07
Other receivables	V.6	45,737,245.89	42,029,816.24
Inventories	V.7	36,143,628.97	37,184,080.74
Contract assets	V.8	342,034,147.62	467,951,853.72
Long-term receivables due within one year	V.9	140,905,681.00	135,193,612.91
Other current assets	V.10	193,424,612.42	208,380,072.22
Total current assets		2,950,390,769.76	3,329,327,701.62
Non-current assets:			
Long-term receivables	V.11	5,658,005,456.83	5,239,640,603.64
Long-term equity investments	V.12	70,852,634.15	66,190,681.00
Fixed assets	V.13	50,134,675.97	53,174,313.11
Construction in progress	V.14	280,789,298.19	184,879,239.06
Right-of-use assets	V.54	7,681,568.89	781,466.98
Intangible assets	V.15	8,107,784,694.95	7,366,230,070.06
Goodwill	V.16	43,910,821.67	43,910,821.67
Long-term deferred expenses	V.17	83,041.02	402,028.28
Deferred tax assets	V.18	214,573,602.18	207,536,077.65
Other non-current assets	V.19	860,255,273.15	953,998,419.31
Total non-current assets		15,294,071,067.00	14,116,743,720.76
Total assets		18,244,461,836.76	17,446,071,422.38

The notes on pages 74 to 195 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2021	31 December 2020
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	V.20	2,624,802,758.19	2,495,169,633.87
Accounts payable	V.21	1,333,100,621.46	1,291,193,658.66
Contract liabilities	V.22	287,177.23	26,043,106.14
Employee benefits payable	V.23	45,096,970.97	95,551,982.29
Taxes payable	V.24	50,569,187.52	47,874,599.04
Other payables	V.25	139,232,218.06	101,598,868.06
Non-current liabilities due within one year	V.26	728,403,266.40	674,419,529.18
Total current liabilities		4,921,492,199.83	4,731,851,377.24
Non-current liabilities:			
Long-term loans	V.27	6,834,200,379.61	6,414,689,592.99
Lease liabilities	V.54	4,088,953.36	515,729.38
Long-term payables	V.28	268,731,913.64	289,389,673.47
Deferred income	V.29	126,547,894.76	78,431,192.88
Deferred tax liabilities	V.18	163,202,228.95	150,915,654.85
Total non-current liabilities		7,396,771,370.32	6,933,941,843.57
Total liabilities		12,318,263,570.15	11,665,793,220.81

The notes on pages 74 to 195 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2021	31 December 2020
Liabilities and shareholders' equity (Continued)			
Shareholders' equity:			
Share capital	V.30	1,393,440,000.00	1,393,440,000.00
Capital reserve	V.31	2,412,410,905.73	2,412,410,905.73
Other comprehensive income	V.32	15,960,582.87	10,473,349.95
Surplus reserve	V.33	101,862,397.11	101,862,397.11
Retained earnings	V.34	1,669,066,330.29	1,569,479,247.47
Total equity attributable to shareholders of the Company		5,592,740,216.00	5,487,665,900.26
Non-controlling interests		333,458,050.61	292,612,301.31
Total shareholders' equity		5,926,198,266.61	5,780,278,201.57
Total liabilities and shareholders' equity		18,244,461,836.76	17,446,071,422.38

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

Qiao Dewei
Authorised Representative
 (Signature and stamp)

Yi Zhiyong
Chief Financial Officer
 (Signature and stamp)

Zhao Linbin
Chief Accountant
 (Signature and stamp)

(Company stamp)

The notes on pages 74 to 195 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

COMPANY BALANCE SHEET

(Expressed in Renminbi Yuan)

	Note	30 June 2021	31 December 2020
ASSETS			
Current assets:			
Cash at bank and on hand		372,343,095.65	439,958,075.95
Accounts receivable	XV.1	121,123,543.37	107,336,363.20
Prepayments		925,542.20	833,325.22
Other receivables	XV.2	1,233,501,787.16	1,189,714,812.51
Long-term receivables due within one year		126,200,000.00	196,727,227.49
Other current assets		—	1,267,822.89
Total current assets		1,854,093,968.38	1,935,837,627.26
Non-current assets:			
Long-term receivables	XV.3	239,819,200.00	261,664,200.00
Long-term equity investments	XV.4	5,670,813,501.36	5,509,051,548.21
Fixed assets		2,237,433.63	2,360,453.27
Right-of-use assets		7,060,422.33	—
Intangible assets		1,327,678.87	1,356,377.85
Deferred tax assets		1,304,954.59	1,925,917.36
Other non-current assets		5,860,000.00	9,860,000.00
Total non-current assets		5,928,423,190.78	5,786,218,496.69
Total assets		7,782,517,159.16	7,722,056,123.95

The notes on pages 74 to 195 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

	30 June 2021	31 December 2020
Liabilities and shareholders' equity		
Current liabilities:		
Short-term loans	2,905,859,521.30	2,484,118,926.91
Accounts payable	188,971.24	172,721.24
Contract liabilities	25,254,237.25	25,864,406.74
Employee benefits payable	3,174,494.58	20,060,092.10
Taxes payable	4,896,761.23	243,209.46
Other payables	235,862,753.12	242,880,113.84
Non-current liabilities due within one year	124,277,257.61	108,475,385.22
Total current liabilities	3,299,513,996.33	2,881,814,855.51
Non-current liabilities:		
Long-term loans	324,256,078.53	388,354,927.77
Lease liabilities	3,672,278.99	—
Total non-current liabilities	327,928,357.52	388,354,927.77
Total liabilities	3,627,442,353.85	3,270,169,783.28

The notes on pages 74 to 195 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2021	31 December 2020
Liabilities and shareholders' equity (Continued)			
Shareholders' equity:			
Share capital	V.30	1,393,440,000.00	1,393,440,000.00
Capital reserve	XV.5	2,459,501,733.70	2,459,501,733.70
Surplus reserve	V.33	101,862,397.11	101,862,397.11
Retained earnings	XV.6	200,270,674.50	497,082,209.86
Total shareholders' equity		4,155,074,805.31	4,451,886,340.67
Total liabilities and shareholders' equity		7,782,517,159.16	7,722,056,123.95

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

Qiao Dewei
Authorised Representative
 (Signature and stamp)

Yi Zhiyong
Chief Financial Officer
 (Signature and stamp)

Zhao Linbin
Chief Accountant
 (Signature and stamp)

(Company stamp)

The notes on pages 74 to 195 form part of these financial statements.

X. FINANCIAL REPORT (CONTINUED)

CONSOLIDATED INCOME STATEMENT

(Expressed in Renminbi Yuan)

	Note	January to June 2021	January to June 2020
I. Operating income	V.35	1,251,574,014.30	1,011,128,651.22
Less: Operating costs	V.35	501,813,982.22	436,329,282.57
Taxes and surcharges	V.36	24,980,480.18	21,006,267.18
General and administrative expenses	V.37	74,358,638.89	59,689,417.95
Research and development expenses	V.38	2,352,833.32	2,304,519.88
Financial expenses	V.39	214,398,192.09	197,855,721.26
Including: Interest expenses		211,497,339.97	198,288,233.09
Interest income		3,706,527.19	2,082,943.41
Add: Other income	V.40	32,781,873.16	42,522,494.38
Investment income ("–" indicating loss)	V.41	4,857,019.19	(841,960.75)
Including: In come from investment in joint ventures ("–" indicating loss)		4,661,953.15	(841,960.75)
Impairment loss of credit ("–" indicating loss)	V.42	(19,999,399.54)	(31,964,599.13)
Impairment loss of assets ("–" indicating loss)	V.43	2,754,235.46	–
Gains on disposal of assets ("–" indicating loss)	V.44	(6,283.57)	54,786.50
II. Operating profit		454,057,332.30	303,714,163.38
Add: Non-operating income	V.45	1,300,462.68	1,297,768.28
Less: Non-operating expenses	V.45	102,370.09	1,161,690.01
III. Total profit		455,255,424.89	303,850,241.65
Less: Income tax expenses	V.46	55,034,592.77	48,258,050.39
IV. Net profit		400,220,832.12	255,592,191.26
Net profit attributable to shareholders of the Company		378,275,082.82	248,732,696.26
Non-controlling interests		21,945,749.30	6,859,495.00
V. Other comprehensive income, net of tax			
(I) 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	5,487,232.92	(1,336,581.16)
(II) Other comprehensive income attributable to non-controlling interests, net of tax		–	–

The notes on pages 74 to 195 form part of these financial statements.

X. FINANCIAL REPORT (CONTINUED)

	Note	January to June 2021	January to June 2020
VI. Total comprehensive income		405,708,065.04	254,255,610.10
Total comprehensive income attributable to shareholders of the Company		383,762,315.74	247,396,115.10
Total comprehensive income attributable to non-controlling interests		21,945,749.30	6,859,495.00
VII. Earnings per share			
(I) Basic earnings per share	V.47	0.27	0.21
(II) Diluted earnings per share	V.47	0.27	0.21

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

Qiao Dewei
Authorised Representative
(Signature and stamp)

Yi Zhiyong
Chief Financial Officer
(Signature and stamp)

Zhao Linbin
Chief Accountant
(Signature and stamp)

(Company stamp)

The notes on pages 74 to 195 form part of these financial statements.

X. FINANCIAL REPORT (CONTINUED)

COMPANY INCOME STATEMENT

(Expressed in Renminbi Yuan)

	Note	January to June 2021	January to June 2020
I. Operating income	XV.7	40,364,119.50	32,167,841.67
Less: Operating costs	XV.7	3,618,177.15	3,066,213.53
Taxes and surcharges		101,624.20	94,162.77
General and administrative expenses		16,395,004.98	15,068,614.80
Research and development expenses		2,352,833.32	2,304,519.88
Financial expenses		61,268,128.86	84,806,259.95
Including: Interest expenses		63,000,394.09	83,091,059.63
Interest income		2,248,458.72	1,070,499.86
Add: Other income		265,154.29	799,853.34
Investment income	XV.8	23,124,336.45	166,190,006.15
Including: In come from investment in joint ventures (“-” indicating loss)		4,661,953.15	(841,960.75)
Impairment loss of credit (“-” indicating loss)		2,483,851.07	(720,268.91)
Gains on disposal of assets (“-” indicating loss)		(4,265.39)	49,073.38
II. Operating profit (“-” indicating loss)		(17,502,572.59)	93,146,734.70
Add: Non-operating income		—	—
Less: Non-operating expenses		—	4.01
III. Total profit (“-” indicating total loss)		(17,502,572.59)	93,146,730.69
Less: Income tax expenses		620,962.77	(108,040.33)
IV. Net profit (“-” indicating net loss)		(18,123,535.36)	93,254,771.02
V. Other comprehensive income, net of tax		—	—
VI. Total comprehensive income		(18,123,535.36)	93,254,771.02

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

Qiao Dewei
Authorised Representative
(Signature and stamp)

Yi Zhiyong
Chief Financial Officer
(Signature and stamp)

Zhao Linbin
Chief Accountant
(Signature and stamp)

(Company stamp)

The notes on pages 74 to 195 form part of these financial statements.

X. FINANCIAL REPORT (CONTINUED)

Consolidated Cash Flow Statement

(Expressed in Renminbi Yuan)

	Note	January to June 2021	January to June 2020
I. Cash flows from operating activities:			
Cash received from sale of goods, rendering of services and the Build-Operate-Transfer ("BOT") projects	V.49(6)	1,187,059,510.11	886,931,758.48
Refund of taxes		32,239,866.33	27,838,829.77
Cash received from other operating activities	V.49(1)	72,220,309.90	34,497,172.76
Sub-total of cash inflows from operating activities		1,291,519,686.34	949,267,761.01
Cash paid for goods and services		286,919,549.98	315,856,336.20
Increase of principal of long-term receivables of BOT projects and BT projects	V.49(6)	460,043,757.43	327,027,548.15
Cash paid to and for employees		224,626,887.68	181,349,067.42
Payments of various taxes		113,202,080.26	104,344,822.73
Cash paid for other operating activities	V.49(2)	32,796,630.92	49,948,435.20
Sub-total of cash outflows for operating activities		1,117,588,906.27	978,526,209.70
Net cash generated from/(used in) operating activities	V.50(1)(a)	173,930,780.07	(29,258,448.69)
II. Cash flows from investing activities:			
Net cash received from disposal of fixed assets		11,739.24	260,627.64
Cash received from other investing activities	V.49(3)	7,120,000.00	—
Sub-total of cash inflows from investing activities		7,131,739.24	260,627.64
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		877,513,624.01	746,802,267.44
Cash paid for acquisition of subsidiaries	V.50(2)	35,182,997.10	11,332,500.00
Cash paid for other investing activities	V.49(4)	13,953,000.00	21,000,000.00
Sub-total of cash outflows for investing activities		926,649,621.11	779,134,767.44
Net cash used in investing activities		(919,517,881.87)	(778,874,139.80)

The notes on pages 74 to 195 form part of these financial statements.

X. FINANCIAL REPORT (CONTINUED)

	Note	January to June 2021	January to June 2020
III. Cash flows from financing activities:			
Cash received from investments		18,900,000.00	34,600,000.00
Including: Cash received from non-controlling shareholders of subsidiaries		18,900,000.00	34,600,000.00
Cash received from loans		2,904,657,789.01	2,363,295,176.16
Sub-total of cash inflows from financing activities		2,923,557,789.01	2,397,895,176.16
Cash paid for repayment of loans		2,313,933,397.95	1,013,647,377.45
Cash paid for distribution of dividends or payment of interests		447,061,824.49	323,156,076.30
Cash paid for other financing activities	V.49(5)	874,949.51	14,244,280.56
Sub-total of cash outflows for financing activities		2,761,870,171.95	1,351,047,734.31
Net cash generated from financing activities		161,687,617.06	1,046,847,441.85
IV. Effect of foreign exchange rate changes on cash		(195,944.98)	(78,203.81)
V. Net increase in cash (“–” indicating net decrease)	V.50(1)(b)	(584,095,429.72)	238,636,649.55
Add: Balance of cash at the beginning of the period		1,592,968,039.86	351,983,418.55
VI. Balance of cash at the end of the period	V.50(1)(b)	1,008,872,610.14	590,620,068.10

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

Qiao Dewei
Authorised Representative
(Signature and stamp)

Yi Zhiyong
Chief Financial Officer
(Signature and stamp)

Zhao Linbin
Chief Accountant
(Signature and stamp)

(Company stamp)

The notes on pages 74 to 195 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

COMPANY CASH FLOW STATEMENT

(Expressed in Renminbi Yuan)

	Note	January to June 2021	January to June 2020
I. Cash flows from operating activities:			
Cash received from rendering of services		27,021,467.72	25,469,031.58
Cash received from other operating activities		22,968,552.30	32,622,445.14
Sub-total of cash inflows from operating activities		49,990,020.02	58,091,476.72
Cash paid for goods		859,003.43	1,437,701.60
Cash paid to and for employees		32,022,170.22	30,527,271.26
Payments of various taxes		101,624.20	148,687.78
Cash paid for other operating activities		44,165,554.65	57,243,132.24
Sub-total of cash outflows for operating activities		77,148,352.50	89,356,792.88
Net cash used in operating activities	XV.9(1)(a)	(27,158,332.48)	(31,265,316.16)
II. Cash flows from investing activities:			
Proceeds from disposal of an investment		30,000,000.00	117,700,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		8,288.50	102,495.88
Cash received from other investing activities		441,937,258.58	936,866,235.89
Sub-total of cash inflows from investing activities		471,945,547.08	1,054,668,731.77
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		384,205.03	513,536.98
Cash paid for investments		157,100,000.00	464,057,500.00
Net cash paid for acquisition of subsidiaries and other companies		35,182,997.10	11,332,500.00
Cash paid for other investing activities		386,479,030.50	518,629,200.00
Sub-total of cash outflows for investing activities		579,146,232.63	994,532,736.98
Net cash flows (used in)/generated from investing activities		(107,200,685.55)	60,135,994.79

The notes on pages 74 to 195 form part of these financial statements.

X. FINANCIAL REPORT (CONTINUED)

	Note	January to June 2021	January to June 2020
III. Cash flows from financing activities:			
Cash received from loans		1,599,000,000.00	935,000,000.00
Sub-total of cash inflows from financing activities		1,599,000,000.00	935,000,000.00
Cash paid for repayment of loans		1,228,527,830.67	767,040,576.72
Cash paid for distribution of dividend or payment of interests		303,285,529.09	201,430,194.27
Cash paid for other financing activities		728,241.54	1,995,353.22
Sub-total of cash outflows for financing activities		1,532,541,601.30	970,466,124.21
Net cash generated from/(used in) financing activities		66,458,398.70	(35,466,124.21)
IV. Effect of foreign exchange rate changes on cash		(214,360.97)	22,678.60
V. Net increase in cash (“–” indicating net decrease)	XV.9(1)(b)	(68,114,980.30)	(6,572,766.98)
Add: Balance of cash at the beginning of the period		430,958,075.95	35,174,478.11
VI. Balance of cash at the end of the period	XV.9(2)	362,843,095.65	28,601,711.13

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

Qiao Dewei
Authorised Representative
(Company stamp)

Yi Zhiyong
Chief Financial Officer
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Zhao Linbin
Chief Accountant
(Signature and stamp)

(Signature and stamp)

The notes on pages 74 to 195 form part of these financial statements.

X. 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		
I. Balance at 1 January 2021	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
II. Changes in equity during the period								
(I) Total comprehensive income V.34	-	-	5,487,232.92	-	378,275,082.82	383,762,315.74	21,945,749.30	405,708,065.04
(II) Shareholders' contribution								
- Ordinary shares contributed by shareholders	-	-	-	-	-	-	18,900,000.00	18,900,000.00
(III) Profit distribution								
- Distributions to shareholders V.34	-	-	-	-	(278,688,000.00)	(278,688,000.00)	-	(278,688,000.00)
III. Balance at 30 June 2021	1,393,440,000.00	2,412,410,905.73	15,960,582.87	101,862,397.11	1,669,066,330.29	5,592,740,216.00	333,458,050.61	5,926,198,266.61

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		
I. Balance 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
II. Changes in equity during the period								
(I) Total comprehensive income V.34	-	-	(1,336,581.16)	-	248,732,696.26	247,396,115.10	6,859,495.00	254,255,610.10
(II) Shareholders' contribution								
- Ordinary shares contributed by shareholders	-	-	-	-	-	-	34,600,000.00	34,600,000.00
(III) Profit distribution								
- Distributions to shareholders V.34	-	-	-	-	(116,120,000.00)	(116,120,000.00)	-	(116,120,000.00)
III. Balance at 30 June 2020	1,161,200,000.00	859,074,607.53	(9,458,372.31)	87,319,205.31	1,329,369,591.92	3,427,505,032.45	241,746,267.32	3,669,251,299.77

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

Qiao Dewei
Authorised Representative
(Signature and stamp)

Yi Zhiyong
Chief Financial Officer
(Signature and stamp)

Zhao Linbin
Chief Accountant
(Signature and stamp)

(Company stamp)

The notes on pages 74 to 195 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Renminbi Yuan)

	Note	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total
I. Balance at 1 January 2021		1,393,440,000.00	2,459,501,733.70	101,862,397.11	497,082,209.86	4,451,886,340.67
II. Changes for the period						
(I) Total comprehensive income	XV.6	–	–	–	(18,123,535.36)	(18,123,535.36)
(II) Shareholders' contribution		–	–	–	–	–
(III) Profit distribution						
– Distributions to shareholders	XV.6	–	–	–	(278,688,000.00)	(278,688,000.00)
III. Balance at 30 June 2021		1,393,440,000.00	2,459,501,733.70	101,862,397.11	200,270,674.50	4,155,074,805.31

	Note	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total
I. Balance 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
II. Changes for the period						
(I) Total comprehensive income	XV.6	–	–	–	93,254,771.02	93,254,771.02
(II) Shareholders' contribution		–	–	–	–	–
(III) Profit distribution						
– Distributions to shareholders	XV.6	–	–	–	(116,120,000.00)	(116,120,000.00)
III. Balance at 30 June 2020		1,161,200,000.00	906,165,435.50	87,319,205.31	459,448,254.68	2,614,132,895.49

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

Qiao Dewei
 Authorised Representative
 (Signature and stamp)

Yi Zhiyong
 Chief Financial Officer
 (Signature and stamp)

Zhao Linbin
 Chief Accountant
 (Signature and stamp)

(Company stamp)

The notes on pages 74 to 195 form part of these financial statements.

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 116,200,000.00 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.* (Zheng Jiang 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)) 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 No. 32 – Interim Financial Reporting issued by the Ministry of Finance of the PRC (the “MOF”).

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.

Save as the changes in the accounting policies as disclosed in Note III.31, the accounting policies adopted in the preparation of these financial statements are consistent with those adopted in preparation of the 2020 financial statements of the Group. These financial statements shall be read in conjunction with the 2020 financial statements of the Group.

2. Going concern

As of 30 June 2021, the Group's net current liabilities were RMB1,971,101,430.07, including short-term borrowings from BSAM of approximately RMB2,242,511,417.15. In addition, the Group's committed capital expenditure within one year is approximately RMB2,038,223,646.41, which presents a certain degree of liquidity risk.

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

- (a) The Group 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 30 June 2021, the available banking facilities of the Group amounted to RMB4,190,140,891.34;
- (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 July 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 30 June 2021, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the six months from 1 January 2021 to 30 June 2021.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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.

(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.



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)

(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)(b)).

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Preparation of consolidated financial statements (Continued)

(1) General principles (Continued)

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

(2) Subsidiaries acquired through a business combination

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

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

(3) Disposal of subsidiaries

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

(4) Changes in non-controlling interests

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.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

7. Cash and cash equivalents

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

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.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(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.

(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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(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).

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.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(6) Impairment (Continued)

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.

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).

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(6) Impairment (Continued)

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.

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.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

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

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

(2) Measurement method of cost of inventories

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

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

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

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

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

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

(4) Inventory count system

The Group maintains a periodic inventory system.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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.

(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.



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 (Continued)

(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;
- 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments (Continued)

(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.

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.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Fixed assets (Continued)

(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	5%	19.00%-31.67%
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.

(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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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.

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.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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.

(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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

15. Intangible assets (Continued)

(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.

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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.

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.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Revenue (Continued)

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.

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:

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Revenue (Continued)

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.

(b) 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.

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.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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.

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.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

30. Significant accounting estimates and judgements (Continued)

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, 9, 12, 13, 14, 15, 16, 17 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)

31. Changes in significant accounting policies and accounting estimates

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 2021 are as follows:

- Notice on Adjustment to the Application Scope of the Regulations on Accounting Treatment of COVID-19 – Related Rent Concessions (Cai Kuai [2021] No. 9)

The Regulations on Accounting Treatment of COVID-19 – Related Rent Concessions (Cai Kuai [2020] No.10) provides a simplified method for rent concessions directly caused by the COVID-19 that meet certain conditions. In accordance with the regulations of Cai Kuai [2021] No. 9, the rent concession period under this simplified method is for the amount of lease payable before 30 June 2022. The Group adjusted the retained earnings and other relevant items in the financial statements at the beginning of 2021 according to the cumulative impact of Cai Kuai [2021] No. 9 and did not adjust the data in the comparative financial statements for the previous period.

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.	1%*, 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% and 16.5%
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") was small-scale VAT taxpayer and its applicable tax rate was 1%.

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

2.1 CIT preferential benefits and approvals

- (1) 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 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"), Hong'an Dynagreen Renewable Energy Co., Ltd. ("Hong'an Company"), Huizhou Dynagreen Renewable Energy Co., Ltd. ("Huizhou Phase II Company"), Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd. ("Haining Expansion Project Company"), Pingyang Dynagreen Environmental Energy Co., Ltd. ("Pingyang Phase II Project Company"), Wenzhou Dynagreen Environmental Energy Co., Ltd. ("Yongjia Phase II Project Company") and Shishou Dynagreen Renewable Energy Co., Ltd. ("Shishou 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 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;

IV. TAXATION (Continued)

2. Tax preferential benefits and approvals (Continued)

2.1 CIT preferential benefits and approvals (Continued)

- Ninghe Company Biomass Power Generation Project, Tongzhou Company, Miyun Company and 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, 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, Hong'an Company, Huizhou Phase II Company, Haining Expansion Project Company, Anshun Phase II, Jizhou Phase II and Shantou Phase II were entitled to the 3+3 tax holiday from 2020 to 2025;
- Pingyang Phase II Project Company, Yongjia Phase II Project Company and Shishou Company were entitled to the 3+3 tax holiday from 2021 to 2026.

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.

- (2) Pursuant to the Announcement on Implementation of Tax Preferential Benefits Policy for Small and Micro Enterprises and Individual Businesses (SAT Announcement 2021 No. 12) (《關於實施小微企業和個體工商戶所得稅優惠政策的公告》(稅務總局公告2021年第12號)) published by the Ministry of Finance and the State Taxation Administration, the small-scaled minimal profit enterprise with an annual taxable income below RMB1 million is entitled to another 50% reduction in CIT under the preferential policy as stipulated in article II in the Notice of the Ministry of Finance and the State Taxation Administration on implementation on Inclusive Tax Relief Policy of Small-scaled Minimal Profit Enterprise (Cai Shui [2019] No. 13) (《財政部稅務總局關於實施小微企業普惠性稅收減免政策的通知》(財稅[2019]13號)).

Pingyao Dynagreen Renewable Energy Co., Ltd. (“Pingyao Company”) and Longhui Dynagreen Renewable Energy Co., Ltd. (“Longhui Company”), being subsidiaries of the Company, meet the conditions of small-scaled minimal profit enterprise and the part of their annual taxable income below RMB1 million is entitled to a preferential tax treatment of 12.5% exemption of taxable income and application of CIT rate as 20%. The execution period of the announcement is from 1 January 2021 to 31 December 2022.

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 2020.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

Item	30 June 2021	31 December 2020
Cash on hand	9,925.96	5,666.56
Deposits with banks	1,008,862,684.18	1,592,962,373.30
Other monetary funds	15,751,275.94	15,093,755.94
Total	1,024,623,886.08	1,608,061,795.80
Including: Total overseas deposits	1,711,980.38	2,146,921.75

As at 30 June 2021, the Group did not hold any time deposit (31 December 2020: 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	30 June 2021	31 December 2020
Commercial acceptance bills	—	3,237,500.00
Bank acceptance bills	19,240,000.00	24,450,000.00
Sub-total	19,240,000.00	27,687,500.00
Provision for impairment	—	—
Total	19,240,000.00	27,687,500.00

All of the above bills receivable were due within one year.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Bills receivable (Continued)

(2) At 30 June 2021, the Group did not have any pledged bills receivable.

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

Type	30 June 2021	
	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	—	17,200,000.00

As at 30 June 2021, 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	30 June 2021	31 December 2020
Due from third parties	1,185,938,278.60	821,771,322.02
Due from related parties	10,000,000.00	10,000,000.00
Less: Provision for bad and doubtful debts	68,655,522.53	46,071,366.10
Total	1,127,282,756.07	785,699,955.92

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

Ageing	30 June 2021	31 December 2020
Within 1 year (inclusive)	1,048,353,691.20	746,536,414.49
Over 1 year but within 2 years (inclusive)	125,049,242.67	74,522,904.67
Over 2 years but within 3 years (inclusive)	19,177,200.59	10,452,019.46
Over 3 years but within 4 years (inclusive)	3,358,144.14	259,983.40
Sub-total	1,195,938,278.60	831,771,322.02
Less: Provision for bad and doubtful debts	68,655,522.53	46,071,366.10
Total	1,127,282,756.07	785,699,955.92

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	30 June 2021					
		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)						
– Receivables from national renewable energy subsidies		650,029,227.25	54.35%	16,490,470.24	24.02%	633,538,757.01	
– Receivables from tariff and waste treatment service fee		545,909,051.35	45.65%	52,165,052.29	75.98%	493,743,999.06	
Total		1,195,938,278.60	100%	68,655,522.53	100%	1,127,282,756.07	

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	

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable (Continued)

(3) Accounts receivable by provisioning method: (Continued)

- (i) Accounts receivables were not provided individually for bad and doubtful debts in the six months ended 30 June 2021 and 2020.
- (ii) Accounts receivables for which the provision for bad and doubtful debts was made based on a portfolio of credit risk characteristics for the six months ended 30 June 2021 are as follows:

Portfolio I: Receivables from national renewable energy subsidies:

Ageing	Expected credit loss rate	Book balance at the end of the period	Provision for impairment at the end of the period
Within 1 year (inclusive)	0.54%-1.30%	571,609,476.00	5,063,672.24
Over 1 year but within 2 years (inclusive)	3.95%-12.81%	67,794,260.58	4,784,142.08
Over 2 years	35.71%-100%	10,625,490.67	6,642,655.92
Total		650,029,227.25	16,490,470.24

Portfolio II: Receivables from tariff and waste treatment service fee:

Ageing	Expected credit loss rate	Book balance at the end of the period	Provision for impairment at the end of the period
Within 1 year (inclusive)	1.85%-12.08%	476,744,215.20	14,460,543.52
Over 1 year but within 2 years (inclusive)	28.83%-59.14%	57,254,982.09	25,794,654.71
Over 2 years	100%	11,909,854.06	11,909,854.06
Total		545,909,051.35	52,165,052.29

The expected credit loss rate 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 doubtful debts:

Item	January to June 2021	January to June 2020
Balance at the beginning of the period	46,071,366.10	25,047,141.46
Provisions for the period	22,584,156.43	8,343,577.12
Balance at the end of the period	68,655,522.53	33,390,718.58

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 period/year

As at 30 June 2021, the subtotal of five largest accounts receivable of the Group amounted to RMB547,797,602.54, representing 46% of the total accounts receivable at the end of the period, and the provisions of bad and doubtful debts amounted to RMB28,862,628.16.

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.

4. Receivables under financing

Item	30 June 2021	31 December 2020
Bills receivable at fair value through other comprehensive income	—	2,000,000.00

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	30 June 2021	31 December 2020
Prepayments to third parties	20,998,811.71	15,139,014.07

The ageing is counted starting from the date when prepayments are recognised. As at 30 June 2021 and 31 December 2020, 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 30 June 2021, the subtotal of five largest prepayments of the Group amounted to RMB6,392,353.29, representing 30% of the total prepayments at the end of the period, and no provisions for bad and doubtful debts had been made.

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 period, and no provisions for bad and doubtful debts had been made.

6. Other receivables

	Note	30 June 2021	31 December 2020
Accounts receivable	(1)	45,737,245.89	42,029,816.24

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(1) Due from third parties

Customer Type	30 June 2021	31 December 2020
Due from third parties	54,784,262.96	66,868,360.20
Due from related parties	13,206,770.00	—
Sub-total	67,991,032.96	66,868,360.20
Less: Provision for bad and doubtful debts	22,253,787.07	24,838,543.96
Total	45,737,245.89	42,029,816.24

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

Ageing	30 June 2021	31 December 2020
Within 1 year (inclusive)	28,730,090.79	34,841,660.78
Over 1 year but within 2 years (inclusive)	17,756,864.77	6,344,443.56
Over 2 years but within 3 years (inclusive)	1,593,359.23	1,048,235.68
Over 3 years but within 4 years (inclusive)	486,896.32	3,046,027.58
Over 4 years but within 5 years (inclusive)	3,117,244.01	545,798.94
Over 5 years	16,306,577.84	21,042,193.66
Sub-total	67,991,032.96	66,868,360.20
Less: Provision for bad and doubtful debts	22,253,787.07	24,838,543.96
Total	45,737,245.89	42,029,816.24

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)

(3) Other receivables are disclosed by type based on the methods of provision for bad and doubtful debts:

Category	30 June 2021				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amounts	Percentage (%)	Amounts	Percentage (%)	
Provision for bad and doubtful debts individually					
– Due from former shareholders	18,089,689.25	27%	13,419,046.32	60%	4,670,642.93
Provision for bad and doubtful debts collectively					
– VAT refunds receivable and other tax refunds receivable	6,211,170.82	9%	–	0%	6,211,170.82
– Others	43,690,172.89	64%	8,834,740.75	40%	34,855,432.14
Total	67,991,032.96	100%	22,253,787.07	100%	45,737,245.89

Category	31 December 2020				
	Book balance		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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(3) Other receivables are disclosed by type based on the methods of provision for bad and doubtful debts: (Continued)

- (i) Criteria and statement of recognition of provision for bad and doubtful debts individually for the six months ended 30 June 2021:

Other receivables (by entity)	Provision for bad and doubtful debts			Rationale for provision
	Book balance		Percentage	
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
Zheng Sheng	355,664.38	355,664.38	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
Dynagreen International Holding (Group) Co., Ltd.	294,835.67	294,835.67	100%	Had long ageing and risk on collection
Shenzhen Hanyang Holdings Company	6,988,073.50	6,988,073.50	100%	Had long ageing and risk on collection
Former shareholder of Guangdong Promising Environmental Protection Company Limited	5,209,454.40	538,811.47	10%	Had risk on collection
Total	18,089,689.25	13,419,046.32		

- (ii) Criteria and statement of recognition of provision for bad and doubtful debts collectively for the six months ended 30 June 2021:

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.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(4) Changes in provision for bad and doubtful debts:

Provision for bad and doubtful debts	January to June 2021			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 period	1,316,908.43	5,641,400.68	17,880,234.85	24,838,543.96
Transfer to the second stage	(887,843.24)	887,843.24	–	–
Provisions/(Reversals) for the period	686,542.32	1,728,700.79	(5,000,000.00)	(2,584,756.89)
Balance at the end of the period	1,115,607.51	8,257,944.71	12,880,234.85	22,253,787.07

Provision for bad and doubtful debts	January to June 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 period	546,491.46	4,047,690.72	18,031,734.85	22,625,917.03
Transfer to the second stage	(108,722.38)	108,722.38	–	–
Provisions/(Reversals) for the period	876,356.93	844,466.10	(151,500.00)	1,569,323.03
Balance at the end of the period	1,314,126.01	5,000,879.20	17,880,234.85	24,195,240.06

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(5) Other receivables by nature

Nature	30 June 2021	31 December 2020
Performance bond	—	6,000,000.00
VAT refunds receivable and other tax refunds receivable	6,211,170.82	8,503,492.16
Others	61,779,862.14	52,364,868.04
Sub-total	67,991,032.96	66,868,360.20
Less: Provision for bad and doubtful debts	22,253,787.07	24,838,543.96
Total	45,737,245.89	42,029,816.24

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

Entity name	Nature of the receivable	Balance at the end of the period	Ageing	Percentage of total other receivables at the end of the period (%)	Provision for bad and doubtful debts at the end of the period
Fengcheng Dynagreen Environmental Protection Co., Ltd.	Borrowing	13,000,000.00	Within 1 year (inclusive)	19%	650,000.00
Huludao City Land Reserve Center	Others	12,550,215.00	1-2 years	18%	1,255,021.50
Shenzhen Hanyang Holdings Company	Current accounts of former shareholders	6,988,073.50	Over 5 years	10%	6,988,073.50
Former shareholder of Guangyuan Promising Environmental Protection Company Limited	Current accounts of former shareholders	5,209,454.40	Within 1 year for part, 1-2 years for another part and 2-3 years for the other part	8%	538,811.47
Dynagreen Environment Investment Limited	Current accounts of former shareholders	5,160,600.00	Over 5 years	8%	5,160,600.00
Total		42,908,342.90		63%	14,592,506.47

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Inventories

Inventories by category

Type of inventories	30 June 2021		
	Book balance	Provision for impairment of inventories	Carrying amount
Turnover materials	36,143,628.97	—	36,143,628.97

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

The Group's balance of inventories as at the end of the period/year neither included capitalised borrowing costs nor was pledged as security.

There was no provision for impairment of inventories by the Group for the period and last year.

8. Contract assets

(1) Contract assets by nature are as follows:

Item	30 June 2021		
	Book balance	Provision for impairment	Carrying amount
Contract assets generated by electricity sales contract	390,589,468.82	48,555,321.20	342,034,147.62

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

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.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract assets (Continued)

(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 six months ended 30 June 2021		Reason
	Amount	(Increase/ (decrease))	
Jurong Company	(39,406,144.47)		Transfer from contract assets to receivables
Tongzhou Company	(94,231,927.20)		Transfer from contract assets to receivables
Miyun Company	(17,267,018.43)		Transfer from contract assets to receivables
Zhangqiu Company	(33,673,590.60)		Transfer from contract assets to receivables

(3) Provision for impairment of contract assets:

Item	January to June 2021					Reason
	Balance at the beginning of the period	Provisions for the period	Reversed for the period	Write-back or write-off for the period	Balance at the end of the period	
Provision for impairment	51,309,556.66	15,821,483.17	18,575,718.63	—	48,555,321.20	Extension of operating time and inclusion of certain items in the category of national subsidies

Item	Balance at the beginning of the period	Provisions for the period	January to June 2020		Balance at the end of the period	Reason
			Reversed for the period	Write-back or write-off for the period		
Provision for impairment	36,019,345.57	20,740,349.62	–	–	56,759,695.19	Extension of operating time and increase in new operating projects

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Long-term receivables due within one year

Item	30 June 2021	31 December 2020
BOT projects	96,682,784.13	98,710,363.59
BT projects	43,697,557.19	43,697,557.19
Performance bond	7,739,647.55	—
Sub-total	148,119,988.87	142,407,920.78
Less: Provision for impairment	7,214,307.87	7,214,307.87
Total	140,905,681.00	135,193,612.91

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 period/year, the other current assets of the Group comprise deductible VAT and prepaid income tax.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Long-term receivable

Item	30 June 2021		
	Book balance	Provision for bad and doubtful debts	Carrying amount
BOT projects	5,687,930,707.41	—	5,687,930,707.41
BT projects	69,041,976.28	7,214,307.87	61,827,668.41
Performance bond	49,152,762.01	—	49,152,762.01
Sub-total	5,806,125,445.70	7,214,307.87	5,798,911,137.83
Less: Due within one year	148,119,988.87	7,214,307.87	140,905,681.00
Total	5,658,005,456.83	—	5,658,005,456.83

Item	31 December 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

As at 30 June 2021 and 31 December 2020, the ranges of discount rate of the long-term receivables of BOT projects were 4.97% – 8.53%; the discount rate of the long-term receivables of BT projects was 8.42%.

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 period/ year were as follows:

Item	30 June 2021	31 December 2020
Investments in joint ventures	70,852,634.15	66,190,681.00
Less: Provision for impairment	—	—
Total	70,852,634.15	66,190,681.00

(2) Analysis of the movements of long-term equity investments is as follows:

Investee	Balance at the beginning of the period	Changes for the period				Balance at the end of the period
		Additional investment	Investment deducted	Investment income recognized under equity method	Other changes in equity	
Joint ventures Fengcheng Company	66,190,681.00	—	—	4,661,953.15	—	70,852,634.15

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Fixed assets

Item	Motor vehicles	Office and other equipment	Buildings and structures*	Total
Cost				
Balance at the beginning of the period	27,631,899.98	41,584,988.49	23,779,400.00	92,996,288.47
Additions for the period				
– Purchases	355,335.73	1,404,890.91	–	1,760,226.64
Disposals during the period	–	381,711.34	–	381,711.34
Balance at the end of the period	27,987,235.71	42,608,168.06	23,779,400.00	94,374,803.77
Accumulated depreciation				
Balance at the beginning of the period	12,907,518.71	21,236,708.55	5,677,748.10	39,821,975.36
Additions for the period				
– Provisions for the period	1,617,032.99	2,514,387.95	646,407.53	4,777,828.47
Disposals during the period	–	359,676.03	–	359,676.03
Balance at the end of the period	14,524,551.70	23,391,420.47	6,324,155.63	44,240,127.80
Carrying amount				
Balance at the end of the period	13,462,684.01	19,216,747.59	17,455,244.37	50,134,675.97
Balance at the beginning of the period	14,724,381.27	20,348,279.94	18,101,651.90	53,174,313.11

- * 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 Yongtou Community Residents Committee of Chang'an Town, Dongguan City. Dongguan Company does not have a land use right certificate, so as at 30 June 2021, the building with a book value of RMB17,455,244.37 (31 December 2020: RMB18,101,651.90) has no House Title Certificate. The management believes that the Group can effectively occupy and use the above fixed assets.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Construction in progress

	30 June 2021	31 December 2020
Construction in progress	280,789,298.19	184,879,239.06

Construction in progress

Item	Book balance	30 June 2021 Provision for impairment	Carrying amount
Huludao Hazardous Waste Project	280,789,298.19	—	280,789,298.19

Changes of major projects under construction for the period

Item	2021										
	Budget	Balance at the beginning of the 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 capitalisation rate for the year (%)	Source of funding
Huludao Hazardous Waste Project	289,075,765.50	184,879,239.06	95,910,059.13	—	—	280,789,298.19	97.13%	7,215,151.28	4,364,452.53	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 rights	Software	Construction license	Total
Cost					
Balance at the beginning of the period	8,138,332,059.32	71,446,558.44	2,821,743.99	6,529,123.58	8,219,129,485.33
Additions for the period					
– Purchases/construction	890,204,145.14	–	64,601.77	–	890,268,746.91
Decreased during the period	22,368,526.18	–	–	–	22,368,526.18
Exchange losses	149,229.77	–	–	–	149,229.77
Balance at the end of the period	9,006,018,448.51	71,446,558.44	2,886,345.76	6,529,123.58	9,086,880,476.29
Accumulated amortisation					
Balance at the beginning of the period	768,168,370.35	3,202,567.21	1,113,422.75	3,396,442.65	775,880,802.96
Provisions for the period	134,801,086.54	714,465.60	132,529.00	–	135,648,081.14
Decreased during the period	9,394,780.96	–	–	–	9,394,780.96
Exchange losses	56,934.11	–	–	–	56,934.11
Balance at the end of the period	893,517,741.82	3,917,032.81	1,245,951.75	3,396,442.65	902,077,169.03
Provision for impairment of assets					
Balance at the beginning of the period	73,885,931.38	–	–	3,132,680.93	77,018,612.31
Provisions for the period	–	–	–	–	–
Balance at the end of the period	73,885,931.38	–	–	3,132,680.93	77,018,612.31
Carrying amount					
Balance at the end of the period	8,038,614,775.31	67,529,525.63	1,640,394.01	–	8,107,784,694.95
Balance at the beginning of the period	7,296,277,757.59	68,243,991.23	1,708,321.24	–	7,366,230,070.06

(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 period	Additions for the period	Disposals during the period	Balance at the end of the period
Original book value				
Lvyi (Huludao) Environmental Services Limited* (綠益(葫蘆島)環境服務有限公司) ("Huludao Hazardous Waste Company")	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

17. Long-term deferred expenses

Item	Balance at the beginning of the period	Amortisation for the period	Decrease in the period	Balance at the end of the period
Office renovation costs	152,905.20	152,905.20	—	—
Others	249,123.08	166,082.06	—	83,041.02
Total	402,028.28	318,987.26	—	83,041.02

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	30 June 2021		31 December 2020	
	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	44,237,661.28	11,059,415.32	53,944,644.20	13,486,161.06
Deferred income	11,206,428.68	2,801,607.17	10,741,385.56	2,685,346.39
Provision for impairment	134,882,294.53	24,117,992.97	115,718,075.17	18,550,203.95
Unrealised profits	859,249,260.22	202,942,112.37	835,380,464.92	196,369,565.88
Amount offset		(26,347,525.65)		(23,555,199.63)
Balance after offsetting		214,573,602.18		207,536,077.65
Deferred tax liabilities:				
Temporary difference from concession rights and long-term receivables	(490,715,077.16)	(122,678,769.29)	(424,843,693.72)	(106,210,923.43)
PRC withholding tax on dividends	(69,875,508.44)	(6,987,550.84)	(46,997,446.75)	(4,699,744.68)
Additions from asset appraisal for business combination involving entities not under common control	(239,533,737.89)	(59,883,434.47)	(254,240,745.49)	(63,560,186.37)
Amount offset		26,347,525.65		23,555,199.63
Balance after offsetting		(163,202,228.95)		(150,915,654.85)

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	30 June 2021	31 December 2020
Tax losses	249,742,848.11	224,386,590.99
Deductible temporary differences	72,092,174.43	74,883,609.20
Total	321,835,022.54	299,270,200.19

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	30 June 2021	31 December 2020
2022	7,762,088.26	9,480,590.65
2023	2,353,242.12	2,353,480.73
2024	51,328,815.16	51,328,815.16
2025	107,451,152.30	132,539,285.03
2026 and afterwards	80,847,550.27	28,684,419.42
Total	249,742,848.11	224,386,590.99

19. Other non-current assets

Item	30 June 2021	31 December 2020
Prepayments for BOT projects and equipment	382,369,895.47	527,818,511.18
Deductible VAT	471,572,377.68	416,162,388.13
Others	6,313,000.00	10,017,520.00
Less: Provision for impairment	—	—
Total	860,255,273.15	953,998,419.31

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Short-term loans

Item	30 June 2021	31 December 2020
Credit loans	2,604,792,063.75	2,449,130,690.80
Guaranteed loans	20,010,694.44	46,038,943.07
Total	2,624,802,758.19	2,495,169,633.87

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

21. Accounts payable

Details of accounts payables are as follows:

Item	30 June 2021	31 December 2020
Materials and equipment payables	1,333,100,621.46	1,291,193,658.66

As at 30 June 2021 and 31 December 2020, the accounts payable aged over one year amounted to RMB174,236,300.72 and RMB216,399,538.52 respectively, which were mainly the final payments payable that were quality guarantee deposit of construction and equipment.

22. Contract liabilities

Item	30 June 2021	31 December 2020
Electricity and waste treatment fees received in advance	287,177.23	26,043,106.14

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Employee benefits payable

(1) Employee benefits payable:

	Balance at the beginning of the period	Additions for the period	Decreased during the period	Balance at the end of the period
Short-term employee benefits	92,067,899.04	174,374,917.49	225,269,128.41	41,173,688.12
Post-employment benefits – defined contribution plans	3,484,083.25	17,837,556.86	17,398,357.26	3,923,282.85
Total	95,551,982.29	192,212,474.35	242,667,485.67	45,096,970.97

(2) Short-term employee benefits

	Balance at the beginning of the period	Additions for the period	Decreased during the period	Balance at the end of the period
Salaries, bonuses, allowances and subsidies	84,583,950.29	134,938,051.74	185,946,034.25	33,575,967.78
Staff welfare	197,160.81	8,565,897.92	8,464,623.44	298,435.29
Social insurance	279,895.89	9,717,806.83	9,710,188.25	287,514.47
Medical insurance	265,259.51	8,640,016.67	8,656,466.61	248,809.57
Work-related injury insurance	3,832.46	604,773.05	580,376.97	28,228.54
Maternity insurance	10,803.92	473,017.11	473,344.67	10,476.36
Housing provident	541,676.79	15,331,981.45	15,337,998.45	535,659.79
Labour union fee, staff and workers' education fee	6,431,146.96	3,299,897.99	3,288,961.04	6,442,083.91
Commercial insurance	34,068.30	921,750.80	921,792.22	34,026.88
Others	–	1,599,530.76	1,599,530.76	–
Total	92,067,899.04	174,374,917.49	225,269,128.41	41,173,688.12

(3) Post-employment benefits – defined contribution plans

	Balance at the beginning of the period	Additions for the period	Decreased during the period	Balance at the end of the period
Basic pension insurance	3,484,057.42	17,293,434.17	16,868,677.61	3,908,813.98
Unemployment insurance	25.83	544,122.69	529,679.65	14,468.87
Total	3,484,083.25	17,837,556.86	17,398,357.26	3,923,282.85

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Taxes payable

Item	30 June 2021	31 December 2020
Corporate income tax	29,221,815.44	31,112,375.58
Individual income tax	263,697.16	257,191.48
City maintenance and construction tax	439,840.95	678,896.70
Urban land use tax	1,958,942.94	1,904,416.60
Property tax	8,116,764.16	4,700,128.49
Value-added tax	4,974,215.81	8,050,011.90
Others	5,593,911.06	1,171,578.29
Total	50,569,187.52	47,874,599.04

25. Other payables

	Note	30 June 2021	31 December 2020
Dividends payable	(1)	34,381,400.00	—
Others	(2)	104,850,818.06	101,598,868.06
Total		139,232,218.06	101,598,868.06

(1) Dividends payable

Dividends payable is all composed of the payable dividends not paid by the Group to shareholders.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Other payables (Continued)

(2) Others

(a) By nature

Item	30 June 2021	31 December 2020
Intermediary fees payable	652,700.00	2,466,850.94
Risk guarantees payable for suppliers	17,747,592.18	16,072,590.38
Payable for purchase of equity	7,551,622.90	42,734,620.00
Gas supply service fee payable	624,297.53	727,070.00
Management fee payable to Urban Construction Bureau	22,208,499.08	20,260,870.41
Refund of provincial tariff subsidies from the power supply bureau	32,769,559.02	—
Other payables	23,296,547.35	19,336,866.33
Total	104,850,818.06	101,598,868.06

(b) Significant other payables aged over one year:

Significant other payables aged over one year as at 30 June 2021:

Item	Balance at the end of the period	Reason for no repayment
Risk guarantees payable for suppliers	9,818,592.18	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	30 June 2021	31 December 2020
Long-term loans due within one year (note)	716,918,470.49	665,854,955.24
Long-term payables due within one year	7,794,150.31	8,287,770.60
Lease liabilities due within one year	3,690,645.60	276,803.34
Total	728,403,266.40	674,419,529.18

Note: As at the end of the accounting period/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	Note	30 June 2021	31 December 2020
Credit loans	Note X.6(1)	495,442,666.69	485,598,277.78
Guaranteed and pledged loans		7,055,676,183.41	6,594,946,270.45
Less: Long-term loans due within one year		716,918,470.49	665,854,955.24
Total		6,834,200,379.61	6,414,689,592.99

There was no long-term loans formed from extension of overdue loans of the Group as at the end of the accounting period/year.

As at 30 June 2021 and 31 December 2020, the interest rates of the Group's long-term loans were 3.25%-5.77%.

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 30 June 2021, the balance of the principal of related loans from BSOFL was RMB5,432,215.02 (2020: RMB16,066,035.25) and it was long-term loan due within one year.

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 is RMB100 million and the lease term is 5 years. As of 30 June 2021, the balance of principal of the Group's borrowings from CIB Leasing Company was RMB99,000,000.00, of which the long-term loans due within one year amounted to RMB13,250,000.00.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Long-term loans (Continued)

(1) Long-term loans by nature: (Continued)

As at 30 June 2021 and 31 December 2020, the balance of the principal of bank loans amounting to RMB3,644,559,298.32 and RMB3,137,597,135.32 of the Group were secured by certain accounts receivable relating to the Group's concessionary projects and concession rights, of which the long-term loans due within one year amounted to RMB371,871,852.07 and RMB310,958,642.66, respectively (Note V.51).

As at 30 June 2021 and 31 December 2020, the balance of the principal of bank loans amounting to RMB2,890,718,603.64 and RMB2,898,878,078.03 of the Group's subsidiaries were secured by the guarantees provided by the Company, of which the long-term loans due within one year amounted to RMB204,378,116.85 and RMB225,563,920.86, respectively.

As at 30 June 2021 and 31 December 2020, the balance of the principal of bank loans amounting to RMB230,749,685.34 and RMB214,086,332.00 of the Group's subsidiaries were secured by the guarantees provided by Haining Municipal Water Investment Group Co., Limited, of which the long-term loans due within one year amounted to RMB11,833,317.31 and RMB10,704,316.61, respectively (Note X.5(1)).

As at 30 June 2021 and 31 December 2020, the balance of the principal of bank loans amounting to RMB171,965,026.59 and RMB214,992,857.26 were secured by the guarantees provided by the parent company of the Group, of which the long-term loans due within one year amounted to RMB86,055,661.34 (Note X.5(1)).

(2) Repayment terms of the long-term loans:

	30 June 2021	31 December 2020
Over 1 year but within 2 years (inclusive)	805,380,955.08	801,862,826.40
Over 2 years but within 5 years (inclusive)	2,532,574,519.53	2,757,636,906.07
Over 5 years	3,496,244,905.00	2,855,189,860.52
Total	6,834,200,379.61	6,414,689,592.99

28. Long-term payables

Item	30 June 2021	31 December 2020
Long-term payables for leachate treatment stations	276,526,063.95	297,677,444.07
Less: Long-term payables due within one year	7,794,150.31	8,287,770.60
Total	268,731,913.64	289,389,673.47

X. FINANCIAL REPORT (CONTINUED)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Deferred income

Item	Balance at the beginning of the period	Additions for the period	Decreased during the period	Balance at the end of the period	Reason
Government grant (Note) – related to assets	78,431,192.88	49,441,710.00	1,325,008.12	126,547,894.76	Granted by the government

Note: For the government grant of the Group recognised as deferred income, please see Note V.53.

Projects involving government grants:

Liabilities	Balance at the beginning of the period	Credited for other income during the period	Additions for the period	Balance at the end of the period	Related to assets/ Related to income
Infrastructure subsidies for the Anshun WTE project	16,333,333.48	333,333.32	–	16,000,000.16	Related to assets
Specific fund for Guangyuan technology upgrading and phasing out outdated production capacities	3,358,928.72	67,857.12	–	3,291,071.60	Related to assets
Award fund for investment promotion enterprise infrastructure in Hong'an County	4,394,172.44	84,326.74	661,710.00	4,971,555.70	Related to assets
Specific fund for ecological civilization construction of the Finance Bureau of Hong'an County	–	319,437.18	30,000,000.00	29,680,562.82	Related to assets
Yichun enterprise development fund	6,347,213.28	112,340.04	–	6,234,873.24	Related to assets
Subsidies for ecological civilization construction of Zhangqiu	14,557,544.96	274,670.64	–	14,282,874.32	Related to assets
Shuo Zhou City Human Settlement Improvement Award Supplementary Fund	14,340,000.00	–	–	14,340,000.00	Related to assets
Enshi special financial subsidies	19,100,000.00	–	–	19,100,000.00	Related to assets
Specific fund for ecological civilization construction of Shishou	–	133,043.08	17,780,000.00	17,646,956.92	Related to assets
Specific fund for ecological civilization construction of Dengfeng	–	–	1,000,000.00	1,000,000.00	Related to assets
Total	78,431,192.88	1,325,008.12	49,441,710.00	126,547,894.76	

Note: Hong'an Company received RMB10,000,000.00, RMB2,000,000.00, RMB3,000,000.00 and RMB15,000,000.00 from the specific fund for ecological civilization construction of the Finance Bureau of Hong'an County on 29 January 2021, 8 February 2021, 9 March 2021 and 21 May 2021, respectively, and received the infrastructure bonus of RMB661,710.00 from Hubei Jinyuan Investment Development Group Co., Ltd. on 4 February 2021.

Shishou Company received RMB10,000,000.00 and RMB7,780,000.00 from the specific fund for ecological civilization construction of Hubei Province on 14 January 2021 and 15 June 2021, respectively. On 9 April 2021, Dengfeng Company received RMB1,000,000.00 of subsidies from the investment plan in the central budget of the specific fund for ecological civilization construction of Zhengzhou City. The abovementioned government subsidies are related to assets and is amortized over the operating period of the related BOT assets.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Share capital

	Balance at the beginning of the period	New shares issued during the period	Balance at the end of the period
Total number of shares	1,393,440,000.00	–	1,393,440,000.00

31. Capital reserve

Item	Balance at the beginning of the period	Additions for the period	Decreased during the period	Balance at the end of the period
Share capital premium	2,412,139,740.03	–	–	2,412,139,740.03
Other capital reserve	271,165.70	–	–	271,165.70
Total	2,412,410,905.73	–	–	2,412,410,905.73

32. Other comprehensive income

Item	Balance at the beginning of the period attributable to shareholders of the Company	Before-tax amount during the period	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 period attributable to shareholders of the Company
Other comprehensive income that may be reclassified subsequently to profit or loss Including: Translation differences arising from translation of foreign currency financial statements	10,473,349.95	5,487,232.92	–	–	–	15,960,582.87

33. Surplus reserve

Statutory surplus reserve	30 June 2021	31 December 2020
Balance at the beginning of the period/year	101,862,397.11	87,319,205.31
Additions for the period/year	–	14,543,191.80
Balance at the end of the period/year	101,862,397.11	101,862,397.11

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.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Retained earnings

	January to June 2021	January to June 2020
Retained earnings at the beginning of the period	1,569,479,247.47	1,196,756,895.66
Add: Net profit for the period attributable to shareholders of the Company	378,275,082.82	248,732,696.26
Less: Appropriation for statutory surplus reserve	—	—
Distributions to shareholders (note 1)	278,688,000.00	116,120,000.00
Retained earnings at the end of the period (note 2)	1,669,066,330.29	1,329,369,591.92

Note 1: Distributions to shareholders

In June 2021, as resolved at the general meeting, the Company distributed dividends of RMB278,688,000.00 at RMB0.2 per share to shareholders.

Note 2: Retained earnings at the end of the period

As at 30 June 2021, the retained earnings attributable to the Company included appropriation to surplus reserves made by the Company's subsidiaries amounting to RMB301,674,555.99 (30 June 2020: RMB170,645,764.36).

35. Operating income and operating costs

(1) Operating income and operating costs

Item	Note	January to June 2021		January to June 2020	
		Income	Cost	Income	Cost
Income from principal activities		1,251,574,014.30	501,813,982.22	1,011,128,651.22	436,329,282.57
Including: income generated from contract	V.35(2)	1,076,017,714.68	501,813,982.22	853,065,884.54	436,329,282.57
Other income		175,556,299.62	—	158,062,766.68	—

(2) Income generated from contracts

Contract classification	January to June 2021	January to June 2020
Electricity tariff	842,937,199.99	688,071,693.59
Waste treatment fees	185,436,631.70	125,456,650.21
Others	47,643,882.99	39,537,540.74
Total	1,076,017,714.68	853,065,884.54

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Taxes and surcharges

Item	January to June 2021	January to June 2020
City maintenance and construction tax	2,399,851.16	2,697,700.20
Education surcharges	1,866,361.82	2,101,954.08
Property tax	15,502,496.87	11,291,095.58
Land use tax	3,452,909.03	2,932,270.64
Others	1,758,861.30	1,983,246.68
Total	24,980,480.18	21,006,267.18

37. General and administrative expenses

Item	January to June 2021	January to June 2020
Staff cost	42,814,782.78	32,511,654.38
Depreciation and amortisation	2,846,125.86	3,117,321.68
Utilities and leasing expenses	2,424,796.39	2,061,582.50
Business entertainment expenses	1,666,775.81	1,273,962.53
Transportation expenses	1,951,262.13	1,543,144.10
Intermediary service fees	4,009,991.52	3,149,418.21
External labour costs	8,006,243.98	6,884,402.10
Tax expenses	—	138,049.60
Others	10,638,660.42	9,009,882.85
Total	74,358,638.89	59,689,417.95

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Research and development expenses

Item	January to June 2021	January to June 2020
Staff cost	1,941,142.25	1,814,460.55
Depreciation and amortisation	21,429.45	170,948.52
Utilities and leasing expenses	101,072.02	56,892.63
Others	289,189.60	262,218.18
Total	2,352,833.32	2,304,519.88

39. Finance costs

Item	January to June 2021	January to June 2020
Interest expenses from loans and accounts payable	224,711,605.38	218,126,202.49
Interest expenses from lease liabilities	41,437.60	24,387.84
Less: Borrowing costs capitalised	13,255,703.01	19,862,357.24
Interest income from deposits and receivables	(3,706,527.19)	(2,082,943.41)
Net exchange loss/(gain)	5,756,742.43	(1,518,391.63)
Other financial expenses	850,636.88	3,168,823.21
Total	214,398,192.09	197,855,721.26

The interest rates at which the borrowing costs were capitalised by the Group during the Reporting Period were 4.28% – 4.90% (for the six months from 1 January 2020 to 30 June 2020: 4.51% – 5.77%).

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Other income

	Note	January to June 2021	January to June 2020
VAT refund income		29,947,544.99	30,571,401.68
VAT reduction		42,962.07	48,077.25
Infrastructure subsidies for the Anshun WTE project	V.29	333,333.32	333,333.32
Award fund for investment promotion enterprise infrastructure in Hong'an County	V.29	84,326.74	24,966.89
Subsidies for ecological civilization construction of Zhangqiu	V.29	274,670.64	274,670.64
Refund of withholding tax and handling fees		236,571.96	311,853.16
Specific fund for ecological civilization construction of Shishou	V.29	133,043.08	—
Yichun enterprise development fund	V.29	112,340.04	37,446.68
Specific fund for ecological civilization construction of Hong'an County	V.29	319,437.18	—
Specific fund for Guangyuan technology upgrading and phasing out outdated production capacities	V.29	67,857.12	67,857.12
Environmental incentives from Ninghe government		—	5,000,000.00
Property tax, land use tax refunds		—	476,866.51
Subsidy for stabilizing employment		289,901.30	990,905.54
Special subsidy for the epidemic		—	380,000.00
2019 corporate research and development funding from Shenzhen Science and Technology Innovation Committee		—	445,000.00
Incentives for the contribution to local contribution by the increase in the paid-in tax paid by industry and trade enterprises of Yongjia County in 2018		—	1,094,900.00
Ecological subsidy for ash treatment of Zhangqiu		—	1,877,441.47
Others		939,884.72	587,774.12
Total		32,781,873.16	42,522,494.38

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Investment income

Item	January to June 2021	January to June 2020
Income/(loss) from long-term equity investments accounted for using equity method	4,661,953.15	(841,960.75)
Interest income	195,066.04	—
Total	4,857,019.19	(841,960.75)

42. Impairment loss of credit

Item	January to June 2021	January to June 2020
Accounts receivable	22,584,156.43	8,343,577.12
Contract assets	—	20,740,349.62
Other receivables	(2,584,756.89)	1,569,323.03
Long-term receivables due within one year	—	1,311,349.36
Total	19,999,399.54	31,964,599.13

43. Impairment loss of assets

Item	January to June 2021	January to June 2020
Contract assets	(2,754,235.46)	—

44. Gains from assets disposal

Item	January to June 2021	January to June 2020	Included in extraordinary gains and losses in 2021
(Losses)/gains from disposal of fixed assets	(6,283.57)	54,786.50	(6,283.57)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Non-operating income and expenses

(1) Non-operating income by item is as follows:

Item	January to June 2021	January to June 2020	Included in extraordinary gains and losses in 2021
Gains from disposal of non-current assets	—	402.69	—
Government grants	—	74,217.86	—
Others	1,300,462.68	1,223,147.73	1,300,462.68
Total	1,300,462.68	1,297,768.28	1,300,462.68

(2) Non-operating expenses

Item	January to June 2021	January to June 2020	Included in extraordinary gains and losses in 2021
Losses from retirement of non-current assets	4,012.50	14,950.87	4,012.50
Others	98,357.59	1,146,739.14	98,357.59
Total	102,370.09	1,161,690.01	102,370.09

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Income tax expenses

Item	Note	January to June 2021	January to June 2020
Current tax expenses for the year based on tax law and relevant regulations		48,604,833.36	34,824,972.43
Adjustments for tax filling differences		1,180,709.84	100,188.79
Changes in deferred income tax	(1)	5,249,049.57	13,332,889.17
Total		55,034,592.77	48,258,050.39

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

Item	January to June 2021	January to June 2020
Origination of temporary differences	5,249,049.57	13,332,889.17

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Income tax expenses (Continued)

(2) Relationship between income tax expenses and accounting profit:

Item	January to June 2021	January to June 2020
Profit before tax	455,255,424.89	303,850,241.65
Statutory tax rate	25%	25%
CIT based on statutory tax rate	113,813,856.22	75,962,560.41
Effect of tax preferential benefits and tax rate differences	(74,317,053.47)	(40,506,243.72)
Non-deductible expenses	1,092,969.19	1,878,752.03
Effect of tax loss and other temporary differences of unrecognised deferred tax assets	11,232,006.92	13,468,837.88
Reversal of the temporary differences recognised in previous years	1,696,517.41	2,560,675.70
Tax effect of utilisation of tax losses not recognised of previous years	(429,383.01)	(3,274,037.90)
Adjustments for tax filling differences	1,180,709.84	100,188.79
PRC withholding tax on dividends	2,287,806.17	553,980.68
Non-taxable income	(1,350,750.05)	(384,226.86)
Additional deduction on research and development expenses	(441,156.25)	(454,029.82)
Others	269,069.80	(1,648,406.80)
Income tax expenses for the period	55,034,592.77	48,258,050.39

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:

	January to June 2021	January to June 2020
Consolidated net profit attributable to ordinary shareholders of the Company	378,275,082.82	248,732,696.26
Weighted average number of ordinary shares outstanding	1,393,440,000.00	1,161,200,000.00
Basic earnings per share (RMB/share)	0.27	0.21

Weighted average number of ordinary shares is calculated as follows:

	January to June 2021	January to June 2020
Issued ordinary shares at the beginning of the period	1,393,440,000.00	1,161,200,000.00
Weighted average number of ordinary shares at the end of period	1,393,440,000.00	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 period.

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	January to June 2021	January to June 2020
Operating income	1,251,574,014.30	1,011,128,651.22
Less: Waste treatment and power generation costs	237,653,905.45	234,080,378.71
Depreciation and amortisation	139,639,474.68	108,755,244.78
Employee benefits	171,829,915.38	131,137,001.58
Impairment loss of assets	(2,754,235.46)	—
Impairment loss of credit	19,999,399.54	31,964,599.13
Rental expenses	2,230,654.32	1,212,460.10
Financial expenses	214,398,192.09	197,855,721.26
Other income	(32,781,873.16)	(42,522,494.38)
Investment income	(4,857,019.19)	841,960.75
Tax expenses	24,980,480.18	21,144,316.78
External labour costs	8,006,243.98	6,884,402.10
Intermediary service fees	4,134,261.33	3,153,717.27
Business entertainment expenses	1,666,775.81	1,273,962.53
Transportation expenses	2,115,361.92	1,543,144.10
Communication expenses	759,461.26	676,914.03
Office expenses	1,140,454.82	1,354,123.85
Other expenses	9,355,229.05	8,059,035.25
Operating profit	454,057,332.30	303,714,163.38

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Cash flow statement items

(1) Cash received from other operating activities

Item	January to June 2021	January to June 2020
Retention money	8,143,010.00	18,000,000.00
Government grants	52,488,682.98	10,182,638.63
Other monetary funds with restricted use	4,000,000.00	1,000,000.00
Others	7,588,616.92	5,314,534.13
Total	72,220,309.90	34,497,172.76

(2) Cash paid for other operating activities

Item	January to June 2021	January to June 2020
Retention money	4,000,000.00	17,410,000.00
Other monetary funds with restricted use	—	4,000,000.00
Intermediary service fee, travel and communication expenses and others	28,796,630.92	28,538,435.20
Total	32,796,630.92	49,948,435.20



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Cash flow statement items (Continued)

(3) Cash received from other investing activities

Item	January to June 2021	January to June 2020
Recovery of performance bond	7,120,000.00	—

(4) Cash paid for other investing activities

Item	January to June 2021	January to June 2020
Payment of performance bond	953,000.00	21,000,000.00
Borrowings	13,000,000.00	—
Total	13,953,000.00	21,000,000.00

(5) Cash paid for other financing activities

Item	January to June 2021	January to June 2020
Cash paid for repayment of principal and interests of lease liabilities	224,334.80	775,098.78
Lease deposits	229,860.00	—
Financing expenses (Note)	420,754.71	13,469,181.78
Total	874,949.51	14,244,280.56

Note: Cash paid for other financing activities mainly comprises the payment of financing guarantee service charges to related parties and fees for non-public issuance of A shares.

- (6) Cash received from selling goods, rendering services and BOT 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	January to June 2021	January to June 2020
Net profit	400,220,832.12	255,592,191.26
Add: Impairment loss of credit	19,999,399.54	31,964,599.13
Impairment loss of assets ("-" indicating gains)	(2,754,235.46)	—
Depreciation of fixed assets	4,439,163.50	3,874,577.14
Depreciation of right-of-use assets	269,861.53	872,499.65
Amortisation of intangible assets	134,930,449.65	103,842,085.94
Amortisation of long-term deferred expenses	166,082.06	166,082.05
Losses from disposal of fixed assets ("-" indicating gains)	6,283.57	(54,786.50)
Losses from scrapping of fixed assets	4,012.50	11,458.18
Financial expenses	209,701,885.91	187,474,745.07
Investment losses ("-" indicating gains)	(4,857,019.19)	841,960.75
Decrease in inventories ("-" indicating increase)	1,040,451.77	(2,386,049.23)
Decrease in deferred tax assets ("-" indicating increase)	(7,037,524.53)	813,131.97
Increase in deferred tax liabilities ("-" indicating decrease)	12,286,574.10	12,519,757.50
Decrease in restricted other monetary funds ("-" indicating increase)	4,000,000.00	(3,000,000.00)
Decrease in operating receivables ("-" indicating increase)	(710,405,447.21)	(632,579,003.95)
Increase in operating payables ("-" indicating decrease)	111,920,010.21	10,788,302.35
Net cash generated from/(used in) operating activities	173,930,780.07	(29,258,448.69)

(b) Net changes in cash:

Item	January to June 2021	January to June 2020
Cash at the end of the period	1,008,872,610.14	590,620,068.10
Less: Cash at the beginning of the period	1,592,968,039.86	351,983,418.55
(Decrease)/increase in cash, net	(584,095,429.72)	238,636,649.55

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50. Information on cash flow statement (Continued)

(2) Acquisition of subsidiaries during the period

Acquisition of subsidiaries

	January to June 2021	January to June 2020
Cash paid for the acquisition of subsidiaries	—	—
Cash and cash equivalents paid for acquisition of subsidiaries during the period	—	—
Less: Cash and cash equivalents held by subsidiaries	—	—
Add: Cash paid for acquisition of subsidiaries in the previous years	35,182,997.10	11,332,500.00
Net cash paid for acquisition of subsidiaries	35,182,997.10	11,332,500.00

(3) Components of cash

Item	30 June 2021	30 June 2020
Cash		
Including: Cash on hand	9,925.96	41,130.16
Bank deposits available on demand	1,008,862,684.18	590,578,937.94
Balance of cash at the end of the period	1,008,872,610.14	590,620,068.10

X. FINANCIAL REPORT (CONTINUED)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

51. Restricted assets

Six-month period from 1 January 2021 to 30 June 2021

Item	Note	Balance at the beginning of the period	Additions for the period	Decreased during the period	Balance at the end of the period	Reason for restriction
Assets for providing guarantees						Mainly used for
– Cash at bank and on hand and other non-current assets	V.1 and 19	25,111,275.94	953,000.00	4,000,000.00	22,064,275.94	Issuing performance bond
– Intangible assets	V.15	4,403,401,884.67	1,126,061,845.71	399,981,096.93	5,129,482,633.45	Providing guarantees for loans
– Accounts receivable	V.3	534,830,988.82	654,912,270.86	552,132,366.77	637,610,892.91	Providing guarantees for loans
– Contract assets	V.8	323,057,671.67	24,344,613.13	242,187,317.08	105,214,967.72	Providing guarantees for loans
– Long-term receivables due within one year	V.9	30,862,164.45	27,823,592.06	30,862,164.45	27,823,592.06	Providing guarantees for loans
– Long-term receivables	V.11	1,655,096,355.38	409,985,887.34	158,929,332.06	1,906,152,910.66	Providing guarantees for loans
Total		6,972,360,340.93	2,244,081,209.10	1,388,092,277.29	7,828,349,272.74	

Six-month period from 1 January 2020 to 30 June 2020

Item	Note	Balance at the beginning of the period	Additions for the period	Decreased during the period	Balance at the end of the period	Reason for restriction
Assets for providing guarantees						Mainly used for
– Cash at bank and on hand	V.1	80,157,520.00	4,000,000.00	1,000,000.00	83,157,520.00	Issuing performance bond
– Intangible assets	V.15	2,371,539,207.79	1,278,064,356.63	170,036,303.51	3,479,567,260.91	Providing guarantees for loans
– Accounts receivable	V.3	248,064,017.38	516,770,629.91	477,064,407.79	287,770,239.50	Providing guarantees for loans
– Contract assets	V.8	353,727,976.53	88,308,819.89	17,248,039.21	424,788,757.21	Providing guarantees for loans
– Long-term receivables due within one year	V.9	31,109,288.24	31,764,250.37	31,109,288.24	31,764,250.37	Providing guarantees for loans
– Long-term receivables	V.11	1,641,569,400.61	341,518,312.47	276,195,153.67	1,706,892,559.41	Providing guarantees for loans
Total		4,726,167,410.55	2,260,426,369.27	972,653,192.42	6,013,940,587.40	

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

52. Foreign currency translation

Hong Kong Dynagreen Investment 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 Dynagreen Investment 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	30 June 2021	31 December 2020
HKD	0.8321	0.8416

50. Government grants

(1) Basic information of government grants

Type	Amount	Items presented	Amount included in current profit or loss
Specific Fund for Ecological Civilization			
Construction of Shishou	17,646,956.92	Deferred income/Other income	133,043.08
Infrastructure subsidies for the Anshun WTE project	16,000,000.16	Deferred income/Other income	333,333.32
Specific fund for Guangyuan technology upgrading and phasing out outdated production capacities	3,291,071.60	Deferred income/Other income	67,857.12
Specific fund for ecological civilization construction of the Finance Bureau of Hong'an County	29,680,562.82	Deferred income/Other income	319,437.18
Award fund for investment promotion enterprise infrastructure in Hong'an County	4,971,555.70	Deferred income/Other income	84,326.74
Yichun enterprise development fund	6,234,873.24	Deferred income/Other income	112,340.04
Subsidies for ecological civilization construction of Zhangqiu	14,282,874.32	Deferred income/Other income	274,670.64
Shuozhou City Human Settlement Improvement			
Award Supplementary Fund	14,340,000.00	Deferred income	–
Enshi special financial subsidies	19,100,000.00	Deferred income	–
Specific fund for ecological civilization construction of Dengfeng	1,000,000.00	Deferred income	–
VAT refund income	29,947,544.99	Other income	29,947,544.99
Provincial-level Specific Fund for Promoting High-quality Economic Development of Chaoyang			
Industry and Information Technology Bureau of Shantou (interest subsidy for loans granted to micro, small and medium-sized enterprises)	1,580,615.00	Finance costs	1,580,615.00
Subsidy for stabilizing employment	289,901.30	Other income	289,901.30
Others	939,884.72	Other income	939,884.72

(2) There was no return of government subsidies in the six months from 1 January 2021 to 30 June 2021.

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				
31 December 2020	735,594.38	389,030.76	178,940.47	1,303,565.61
Additions for the period	7,169,963.44	—	—	7,169,963.44
Decreased during the period	167,069.57	—	—	167,069.57
30 June 2021	7,738,488.25	389,030.76	178,940.47	8,306,459.48
Accumulated depreciation				
31 December 2020	355,370.16	154,327.17	12,401.30	522,098.63
Additions for the period	189,597.71	77,163.50	3,100.32	269,861.53
Decreased during the period	167,069.57	—	—	167,069.57
30 June 2021	377,898.30	231,490.67	15,501.62	624,890.59
Carrying amount				
30 June 2021	7,360,589.95	157,540.09	163,438.85	7,681,568.89
31 December 2020	380,224.22	234,703.59	166,539.17	781,466.98

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

54. Leases (Continued)

(1) the Group as lessee (Continued)

Lease liabilities

Item	30 June 2021	31 December 2020
Long-term lease liabilities	7,779,598.96	792,532.72
Less: Lease liabilities due within one year	3,690,645.60	276,803.34
Total	4,088,953.36	515,729.38

Item	January to June 2021	January to June 2020
Short-term lease expense under simplified approach	2,488,830.12	1,677,133.33
Low-value lease expense (except short-term lease expense of low-value assets) under simplified approach	104,823.87	135,553.55
Total cash outflows relating to leases	2,817,988.79	2,587,785.63

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

No subsidiaries were established and there was no increase in other new subsidiaries during the period of these financial statements.

X. 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	Huizhou, 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/120 million	60%	40% (a)	Establishment
Ninghe Company	Limited liability company	Ninghe, Tianjin	Waste treatment and power generation	RMB	150 million/150 million	100%	–	Establishment
Hong'an Company	Limited liability company	Hong'an, 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
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	84.982 million/84.982 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	239.329 million/239.329 million	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	Shenzhen, Guangdong	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/100 million	51%	49% (d)	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	Currency	Registered capital/paid-in capital	Shareholding (%)		Acquisition method
					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/75 million	100%	–	Establishment
Haining Expansion Project Company	Limited liability company	Haining, Zhejiang	Waste treatment and power generation	RMB	390 million/390 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
Dongguan Changneng	Limited liability company	Dongguan, Guangdong	Garbage transfer	RMB	10 million/10 million	–	100% (g)	Business combination involving entities not under common control
Jiamusi Company	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
Zhaoqing Company	Limited liability company	Shui, Guangdong	Waste treatment and power generation	RMB	225 million/205 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	6 million/6 million	–	100% (g)	Business combination involving entities not under common control
Jinsha Company	Limited liability company	Bije, 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/10.5 million	100%	–	Establishment
Enshi Company	Limited liability company	Enshi, Hubei	Waste treatment and power generation	RMB	200 million/105 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

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	Currency	Registered capital/paid-in capital	Shareholding (%)		Acquisition method
					Amount in original currency	Direct	Indirect	
Shantou Sludge Company	Limited liability company	Shantou Guangdong	Sludge treatment	RMB	13 million/13 million	100%	-	Establishment
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 Company	Limited liability company	Shuozhou Shanxi	Waste treatment and power generation	RMB	195 million/195 million	98%(i)	-	Establishment
Zhangqiu Phase II Company	Limited liability company	Jinan, Shandong	Waste treatment and power generation	RMB	255 million/255 million	-	100%(j)	Establishment
Huizhou Three-in-one Company	Limited liability company	Huizhou Guangdong	Collection, storage, transportation and disposal of kitchen waste, municipal sludge and excrement	RMB	63 million/16 million	80%(k)	-	Establishment

Note: The shareholding of the Group in Huludao Power Generation Company is presented with the actual ratio of contribution.

- (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% is 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;
- (h) 87.50% held by Hong Kong Dynagreen, 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).

VII. INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in joint ventures

	30 June 2021	31 December 2020
Joint ventures – immaterial joint ventures (note)	70,852,634.15	66,190,681.00
Less: Provision for impairment	–	–
Total	70,852,634.15	66,190,681.00

Note: 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:

	30 June 2021	31 December 2020
Joint ventures		
Total carrying amount of investment	70,852,634.15	66,190,681.00
The total of the following items calculated according to the shareholding ratio	4,661,953.15	3,282,698.16
– Net profit	4,661,953.15	3,282,698.16
– Other changes in equity	–	–
– 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

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.

VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

The Group aims 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, accounts receivable, other receivables and contract assets. 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, 7% (2020: 26%) 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 and 8.



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 30 June/31 December) and the earliest date the Group can be required to pay:

Item	Contractual undiscounted cash flow as at 30 June 2021					Carrying amount at balance sheet date
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total	
Short-term loans	2,680,113,277.70	—	—	—	2,680,113,277.70	2,624,802,758.19
Accounts payable	1,333,100,621.46	—	—	—	1,333,100,621.46	1,333,100,621.46
Other payables	139,232,218.06	—	—	—	139,232,218.06	139,232,218.06
Non-current liabilities due within 1 year	779,400,398.24	—	—	—	779,400,398.24	728,403,266.40
Lease liabilities	—	3,930,761.21	93,514.29	236,675.00	4,260,950.50	4,088,953.36
Long-term payables	—	26,373,334.15	79,120,002.45	379,414,843.41	484,908,180.01	268,731,913.64
Long-term loans	307,329,571.06	1,094,803,431.35	3,208,145,732.47	4,151,589,787.84	8,761,868,522.72	6,834,200,379.61
Total	5,239,176,086.52	1,125,107,526.71	3,287,359,249.21	4,531,241,306.25	14,182,884,168.69	11,932,560,110.72

Item	Contractual undiscounted cash flow as at 31 December 2020					Carrying amount at balance sheet date
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total	
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	11,266,976,685.61

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 30 June 2021 and 31 December 2020, the Group held the following interest-bearing financial instruments:

Fixed rate financial instruments:

Item	30 June 2021		31 December 2020	
	Effective interest rate (%)	Amount	Effective interest rate (%)	Amount
Financial assets				
– Long-term receivables due within one year	4.97-8.53	140,905,681.00	4.97-8.53	135,193,612.91
– Long-term receivables	4.97-8.53	5,616,592,342.40	4.97-8.53	5,191,107,489.17
Financial liabilities				
– Short-term loans	2.25-4.35	(2,276,920,000.00)	0-4.05	(2,470,000,000.00)
– Long-term loans	3.25-5.09	(1,219,782,481.85)	3.25-5.09	(1,296,904,716.66)
– Lease liabilities	4.50	(4,088,953.36)	4.50	(515,729.38)
– Long-term payables due within one year	5.728-7.99	(7,794,150.33)	5.73-7.99	(8,287,770.60)
– Long-term loans due within one year	3.25-5.09	(131,705,661.34)	3.40-5.09	(103,055,661.34)
– Lease liabilities due within one year	4.50	(3,690,645.60)	4.50	(276,803.34)
– Long-term payables	5.728-7.99	(268,731,913.64)	5.73-7.99	(289,389,673.47)
Total		1,844,784,217.27		1,157,870,747.29

VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

3. Interest rate risk (Continued)

- (a) At 30 June 2021 and 31 December 2020, the Group held the following interest-bearing financial instruments: (Continued)

Floating rate financial instruments:

Item	30 June 2021		31 December 2020	
	Effective interest rate (%)	Amount	Effective interest rate (%)	Amount
Financial assets				
– Cash at bank and on hand	0.35	1,024,613,960.12	0.35	1,608,056,129.24
Financial liabilities				
– Long-term loans due within one year	3.95-5.77	(561,115,501.18)	4.08-5.77	(548,292,915.38)
– Long-term loans	3.95-5.09	(5,614,417,897.81)	3.95-5.77	(5,117,784,876.33)
– Short-term loans	3.70-3.92	(345,000,000.00)	3.70-3.92	(22,000,000.00)
Total		(5,495,919,438.87)		(4,080,021,662.47)

(b) Sensitivity analysis

At 30 June 2021 and 31 December 2020, 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 RMB51,451,430.93 and RMB40,244,549.58, 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.

VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

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.

- (1) As at 30 June 2021 and 31 December 2020, 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.

	30 June 2021		31 December 2020	
	Foreign currency balance	Convert RMB balance	Foreign currency balance	Convert RMB balance
Cash at bank and on hand				
– HKD	80,912.03	67,325.28	81,511.07	68,602.98
– USD	285.28	1,842.94	285.28	1,861.42
– JPY	11.00	0.64	11.00	0.70
Gross balance sheet exposure		69,168.86		70,465.10

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

	Average rate		Reporting date mid-spot rate	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
HKD	0.8369	0.8687	0.8321	0.8416
USD	6.4925	6.7506	6.4601	6.5249
JPY	0.0608	0.0637	0.0584	0.0632

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 and US dollar at 30 June 2021 and 31 December 2020 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	30 June 2021	31 December 2020
HKD	(534.68)	(544.60)
USD	(15.39)	(15.54)
Total	(550.07)	(560.14)

A 1% weakening of the Renminbi against Hong Kong dollar, Euro and US dollar at 30 June 2021 and 31 December 2020 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 30 June 2021, 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, contract assets, payables, long-term receivables, long-term payables, short-term loans and long-term loans. There is no significant difference between the carrying amounts and fair values of these financial assets and liabilities.



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.2.

X. FINANCIAL REPORT (CONTINUED)

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
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)	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股份有限公司)	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)	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)	A subsidiary of the Company's ultimate controlling party	101138105
Shouxin Cloud Technology Co., Ltd. (首信雲技術有限公司)	A subsidiary of the Company's ultimate controlling party	MA01CGBC5
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

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

Six-month period from 1 January 2021 to 30 June 2021

Name of guarantor	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
BSAM	39,241,693.27	9 December 2013	9 December 2023	N
BSAM	132,723,333.32	8 January 2015	9 December 2023	N
Haining Municipal Water Investment Group Co., Limited* (海寧市水務投資集團有限公司)	230,749,685.34	28 April 2019	18 April 2037	N
Total	402,714,711.93			

Six-month period from 1 January 2020 to 30 June 2020

Name of guarantor	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
BSAM	90,030,687.93	9 December 2013	9 December 2023	N
BSAM	167,990,000.00	8 January 2015	9 December 2023	N
Haining Municipal Water Investment Group Co., Limited	197,686,332.00	28 April 2019	18 April 2037	N
Total	455,707,019.93			

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)

(2) Remuneration of key management personnel

The Group

Item	January to June 2021	January to June 2020
Remuneration of key management personnel	3,189,545.19	2,863,919.26

(3) Related-party loans

The Group

Related parties	Amount	January to June 2021	
		Commencement date	Maturity date
Borrowed from			
BSAM	250,000,000.00	2 June 2021	2 June 2022
BSAM	700,000,000.00	10 June 2021	10 June 2022
Total	950,000,000.00		

Related parties	Amount	January to June 2020	
		Commencement date	Maturity date
Borrowed from			
BSAM	291,000,000.00	2 January 2020	2 January 2021
BSAM	540,000,000.00	24 April 2020	24 April 2021
BSAM (HK)	175,000,000.00	28 April 2020	27 April 2025
Total	1,006,000,000.00		

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.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(3) Related-party loans (Continued)

The Group (Continued)

Related parties	Amount	January to June 2021	
		Commencement date	Maturity date
Lend to			
Fengcheng Company	8,000,000.00	25 January 2021	24 January 2022
Fengcheng Company	5,000,000.00	28 May 2021	27 May 2022
Total	13,000,000.00		

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

Interest received from related-party loans

Related parties	January to June 2021	January to June 2020
Fengcheng Company	195,066.04	—

Payments of interests on related-party loans

Related parties	January to June 2021	January to June 2020
BSAM	48,411,866.68	60,893,427.86
Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	387,309.75	979,305.96
BSAM (HK)	9,844,388.91	2,608,227.63
Total	58,643,565.34	64,480,961.45

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(4) Interest income and expense on related-party loans (Continued)

Payment of financing guarantee service charges to related party

Related parties	January to June 2021	January to June 2020
Haining Municipal Water Investment Group Co., Limited (海寧市水務投資集團有限公司) (note)	—	12,000,000.00

Note: The payment represents the service charges paid by Haining Expansion Project Company to Haining Municipal Water Investment Group Co., Limited (海寧市水務投資集團有限公司) for the guarantee provided for its financing.

(5) Purchase from related party

The Group

Related parties	January to June 2021	January to June 2020
Shenzhen Crystal Digital Technology Co., Ltd.*	1,002,000.00	5,417,425.00
Haining Municipal Water Investment Group Co., Limited (海寧市水務投資集團有限公司)	12,008,850.00	—
Capinfo Cloud Technology Co., Ltd. (首信雲技術有限公司)	9,798.00	9,243.40
Total	13,020,648.00	5,426,668.40

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

(6) Other related parties transactions

Related parties	January to June 2021	January to June 2020
Fengcheng Company	1,179,506.35	2,280,868.32
Shenzhen Crystal Digital Technology Co., Ltd.*	—	200.00
BSAM	36,648.00	34,950.30
Total	1,216,154.35	2,316,018.62

* 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	30 June 2021	31 December 2020
Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	5,432,215.02	16,066,035.25
BSAM (HK)	495,442,666.69	485,598,277.78
Total	500,874,881.71	501,664,313.03

(2) Short-term loans with related party

Related parties	30 June 2021	31 December 2020
BSAM	2,242,511,417.15	2,403,117,750.52

(3) Payables to related parties

Related parties	30 June 2021	31 December 2020
Shenzhen Crystal Digital Technology Co., Ltd.*	786,456.60	1,650,956.60
Beijing Crystal Digital Technology Co., Ltd.	259,844.00	485,844.00
Total	1,046,300.60	2,136,800.60

* 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 (Continued)

The Group (Continued)

(4) Other payables to related parties

Related parties	30 June 2021	31 December 2020
BSAM	175,921.80	139,273.80

(5) Other receivables from related parties

Related parties	30 June 2021	31 December 2020
Fengcheng Company	13,206,770.00	—

(6) Due from related parties

Related parties	30 June 2021	31 December 2020
Fengcheng Company	10,000,000.00	10,000,000.00

X. FINANCIAL REPORT (CONTINUED)

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 for the six months ended 30 June 2021 is the same as in 2020. The gearing ratios of the Group were 67.52% and 66.87% respectively as at 30 June 2021 and 31 December 2020.

XII. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Item	30 June 2021	31 December 2020
Infrastructure construction contract authorised but not contracted for	1,131,156,278.68	1,439,122,762.38
Infrastructure construction contract contracted for and is or going to be effective	2,414,127,601.24	2,664,558,534.12
Total	3,545,283,879.92	4,103,681,296.50

2. Contingencies

The Company provided external parties with joint and several liability guarantee in regard to bank loans (Note X.5(1)) as at the end of each period/year during the Reporting Period, all guarantees of which were its subsidiaries and joint ventures. The Group has no material contingency which need to be disclosed.

X. FINANCIAL REPORT (CONTINUED)

XIII. SUBSEQUENT EVENTS

As at 30 June 2021, the Group has no significant subsequent events.

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 six months ended 30 June 2021 and the six month ended 30 June 2020, there was no customer among the Group's customers, the separate income from which accounted for over 10% of the Group's total income.

XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Accounts receivable by customer type:

Customer type	30 June 2021	31 December 2020
Related parties	122,123,543.37	108,336,363.20
Less: Provision for bad and doubtful debts	1,000,000.00	1,000,000.00
Total	121,123,543.37	107,336,363.20

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

XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Accounts receivable (Continued)

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

Ageing	30 June 2021	31 December 2020
Within 1 year (inclusive)	33,322,543.37	34,535,363.20
Over 1 year but within 2 years (inclusive)	58,000,000.00	73,801,000.00
Over 2 years but within 3 years (inclusive)	30,801,000.00	–
Sub-total	122,123,543.37	108,336,363.20
Less: Provision for bad and doubtful debts	1,000,000.00	1,000,000.00
Total	121,123,543.37	107,336,363.20

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

(3) Five largest accounts receivable by debtor at the end of the period/year:

As at 30 June 2021, the subtotal of five largest accounts receivable of the Company amounted to RMB108,271,500.00, representing 89% of the total accounts receivable at the end of the period, and the provisions of bad and doubtful debts amounted to RMB0.00.

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.

XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables

	Note	30 June 2021	31 December 2020
Interest receivable	(1)	46,971,030.75	40,370,526.16
Dividends receivable		66,000,000.00	96,000,000.00
Others	(2)	1,120,530,756.41	1,053,344,286.35
Total		1,233,501,787.16	1,189,714,812.51

(1) Interest receivable

(a) Interest receivable by category:

Item	30 June 2021	31 December 2020
Entrusted loan interest	46,971,030.75	40,370,526.16

(b) As at 30 June 2021, the Company had no overdue interest receivable.

(2) Others

(a) Others by customer type:

Customer type	30 June 2021	31 December 2020
Due from third parties	18,144,176.12	20,756,079.63
Due from related parties	1,112,581,587.00	1,045,267,064.50
Sub-total	1,130,725,763.12	1,066,023,144.13
Less: Provision for bad and doubtful debts	10,195,006.71	12,678,857.78
Total	1,120,530,756.41	1,053,344,286.35

XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

(2) Others (Continued)

(b) The ageing analysis is as follows:

Ageing	30 June 2021	31 December 2020
Within 1 year (inclusive)	780,110,619.75	879,702,667.89
Over 1 year but within 2 years (inclusive)	204,745,424.12	169,904,302.56
Over 2 years but within 3 years (inclusive)	136,437,643.72	3,134,507.15
Over 3 years but within 4 years (inclusive)	150,209.00	2,386,903.42
Over 4 years but within 5 years (inclusive)	2,668,488.18	281,584.76
Over 5 years	6,613,378.35	10,613,178.35
Sub-total	1,130,725,763.12	1,066,023,144.13
Less: Provision for bad and doubtful debts	10,195,006.71	12,678,857.78
Total	1,120,530,756.41	1,053,344,286.35

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

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	30 June 2021				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad and doubtful debts individually					
- Performance bond	—	0%	—	0%	—
- Due from former shareholders	11,101,615.75	1%	6,430,972.82	63%	4,670,642.93
Provision for bad and doubtful debts collectively (ii)					
- Accounts receivable from subsidiaries of the Group	1,099,374,817.00	97%	—	0%	1,099,374,817.00
- Others	20,249,330.37	2%	3,764,033.89	37%	16,485,296.48
Total	1,130,725,763.12	100%	10,195,006.71	100%	1,120,530,756.41

Class	31 December 2020				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad and doubtful debts individually					
- 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

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 individually as at 30 June 2021:

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
Former shareholder of Guangyuan Promising Environmental Protection Company Limited	5,209,454.40	538,811.47	10%	Had risk on collection
Zheng Sheng	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	11,101,615.75	6,430,972.82		

(ii) Criteria for recognition and explanations for provision for bad and doubtful debts collectively as at 30 June 2021:

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.

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:

(i) For the six months ended 30 June 2021

Provision for bad and doubtful debts	January to June 2021			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 period	117,385.13	2,669,311.30	9,892,161.35	12,678,857.78
Transfer to the second stage	(239,018.79)	239,018.79	—	—
Provisions/(Reversals) for the period	952,516.74	563,632.19	(4,000,000.00)	(2,483,851.07)
Balance at the end of the period	830,883.08	3,471,962.28	5,892,161.35	10,195,006.71

Provision for bad and doubtful debts	January to June 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 period	328,753.73	1,358,021.45	10,042,161.35	11,728,936.53
Transfer to the second stage	(15,703.17)	15,703.17	—	—
Provisions/(Reversals) for the period	123,909.01	746,359.90	(150,000.00)	720,268.91
Balance at the end of the period	436,959.57	2,120,084.52	9,892,161.35	12,449,205.44

As at 30 June 2021, 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	30 June 2021	31 December 2020
Performance bond	—	5,000,000.00
Accounts receivable from subsidiaries of the Group	1,099,374,817.00	1,045,267,064.50
Others	31,350,946.12	15,756,079.63
Sub-total	1,130,725,763.12	1,066,023,144.13
Less: Provision for bad and doubtful debts	10,195,006.71	12,678,857.78
Total	1,120,530,756.41	1,053,344,286.35

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

Entity name	Nature of the receivable	Balance at the end of the period	30 June 2021		
			Ageing	Percentage of total other receivables at the end of the period (%)	Provision for bad and doubtful debts at the end of the period
Ninghe Company	Current accounts of subsidiaries	368,596,117.86	Within 1 year for part, 1-2 years for the another part and 2-3 years for the other part	33%	—
Huizhou Phase II Project Company	Current accounts of subsidiaries	220,738,785.83	Within 1 year	20%	—
Jinsha Company	Current accounts of subsidiaries	128,562,002.86	Within 1 year	11%	—
Bobai Company	Current accounts of subsidiaries	82,929,060.39	Within 1 year for part, 1-2 years for the other part	7%	—
Jiamusi Company	Current accounts of subsidiaries	68,660,129.48	Within 1 year for part, 1-2 years for the other part	6%	—
Total		869,486,096.42		77%	—

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 period (Continued)

31 December 2020					
Entity name	Nature of the receivable	Balance at the end of the period	Ageing	Percentage of total other receivables at the end of the period (%)	Provision for bad and doubtful debts at the end of the period
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 Project 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 Project 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)

3. Long-term receivables

Item	30 June 2021			
	Book balance	Provision for bad and doubtful debts	Carrying amount	Interest rate range
Entrusted loans to subsidiaries	366,019,200.00	—	366,019,200.00	0.00%-4.90%
Less: Due within one year	126,200,000.00	—	126,200,000.00	
Total	239,819,200.00	—	239,819,200.00	

Item	31 December 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	

XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Long-term equity investments

(1) Long-term equity investments by category:

Item	30 June 2021		
	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	5,611,110,164.74	11,149,297.53	5,599,960,867.21
Investments in joint ventures	70,852,634.15	—	70,852,634.15
Total	5,681,962,798.89	11,149,297.53	5,670,813,501.36

Item	31 December 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

XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Long-term equity investments

(2) Investments in subsidiaries

Entity name	30 June 2021			Provision for impairment during the period	Provision for impairment at the end of the period
	Balance at the beginning of the period	Additions for the period	Decreased during the period		
Haining Company	86,000,000.00	-	-	-	-
Taizhou Company	180,000,000.00	-	-	-	-
Yongjia Company	100,000,000.00	-	-	-	-
Rushan Company	100,880,000.00	-	-	-	-
Pingyang Company	100,000,000.00	-	-	-	-
Changzhou Company	220,221,697.72	-	-	-	-
Wuhan Company	127,874,320.40	-	-	-	-
Qingdao Company	63,091,383.59	-	-	-	4,620,173.95
Anshun Company	102,083,479.98	-	-	-	-
Zhangjiu Company	172,940,000.00	-	-	-	-
Jurong Company	100,026,752.87	-	-	-	-
Huizhou Company	220,954,159.23	-	-	-	-
Pingyao Company	20,017,204.55	-	-	-	-
Jizhou Company	72,000,000.00	-	-	-	-
Hong Kong Dynagreen	163,613,261.06	-	-	-	-
Ninghe Company	149,610,235.39	-	-	-	-
Shenzhen Jingxiu	27,047,295.00	-	-	-	6,529,123.58
Tongzhou Company	375,066,706.59	-	-	-	-
Hong'an Company	100,029,152.18	-	-	-	-
Longhui Company	20,000,000.00	-	-	-	-
Shantou Company	157,500,000.00	-	-	-	-
Bobai Company	75,000,000.00	-	-	-	-
Bengbu Company	166,000,000.00	-	-	-	-
Miyun Company	120,000,000.00	-	-	-	-
Huludao Waste-to-energy Company	110,157,500.00	-	-	-	-
Huludao Hazardous Waste Company	170,000,000.00	-	-	-	-
Huizhou Phase II Project Company	350,000,000.00	-	-	-	-
Dengfeng Company	51,000,000.00	24,000,000.00	-	-	-
Haining Expansion Project Company	210,600,000.00	23,400,000.00	-	-	-
Guangdong Promising Company	610,000,000.00	-	-	-	-
Shishou Company	100,000,000.00	-	-	-	-
Pingyang Phase II Project Company	110,000,000.00	-	-	-	-
Jinsha Company	102,360,400.00	-	-	-	-
Jingxi Company	5,000,000.00	5,500,000.00	-	-	-
Enshi Company	100,000,000.00	5,000,000.00	-	-	-
Yongjia Phase II Company	51,000,000.00	-	-	-	-
Shuozhou Company	156,800,000.00	34,300,000.00	-	-	-
Zhaoqing Company	156,371,016.18	49,500,000.00	-	-	-
Shantou Sludge Company	8,000,000.00	5,000,000.00	-	-	-
Huizhou Three-in-one Company	2,400,000.00	10,400,000.00	-	-	-
Guangyuan Company	140,365,600.00	-	-	-	-
Total	5,454,010,164.74	157,100,000.00	-	-	11,149,297.53

X. FINANCIAL REPORT (CONTINUED)

XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Long-term equity investments (Continued)

(2) Investments in subsidiaries (Continued)

Entity name	31 December 2020				Provision for impairment during the year	Provision for impairment at the end of the year
	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of 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 Power Generation Company	-	110,157,500.00	-	110,157,500.00	-	-
Huludao Hazardous Waste Company	170,000,000.00	-	-	170,000,000.00	-	-
Huizhou Phase II Project 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 Project Company	163,800,000.00	46,800,000.00	-	210,600,000.00	-	-
Guangdong Promising	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	-	-
Zhaoqing Sihui	-	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

For information about the subsidiaries of the Company, please refer to Note VII.



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Long-term equity investments (Continued)

(3) Investments in joint ventures:

For the investment in the joint venture of the Company as at 30 June 2021 and 31 December 2020, please refer to Note VII.3.

5. Capital reserve

Item	30 June 2021			
	Balance at the beginning of the period	Additions for the period	Decreased during the period	Balance at the end of the period
Capital premium	2,412,139,740.03	—	—	2,412,139,740.03
Other capital reserve	47,361,993.67	—	—	47,361,993.67
Total	2,459,501,733.70	—	—	2,459,501,733.70

Item	31 December 2020			
	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of the year
Capital premium (Note)	858,803,441.83	1,553,336,298.20	—	2,412,139,740.03
Other capital reserve	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.

XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

6. Retained earnings

	January to June 2021	January to June 2020
Retained earnings at the beginning of the period	497,082,209.86	482,313,483.66
Add: Net profit for the period ("—" indicating net loss)	(18,123,535.36)	93,254,771.02
Less: Distributions to shareholders	278,688,000.00	116,120,000.00
Retained earnings at the end of the period	200,270,674.50	459,448,254.68

For the actual dividend distribution of the Company, please refer to Note V. 34.

7. Operating income and operating costs

Item	January to June 2021		January to June 2020	
	Income	Cost	Income	Cost
Principal activities	40,364,119.50	3,618,177.15	32,167,841.67	3,066,213.53
Including: income generated from contract	40,364,119.50	3,618,177.15	32,167,841.67	3,066,213.53

8. Investment income

Item	January to June 2021	January to June 2020
Income from long-term equity investments accounted for using cost method	—	150,000,000.00
Income/(loss) from long-term equity investments accounted for using equity method	4,661,953.15	(841,960.75)
Unified interest income	4,508,677.78	15,212,891.49
Interest income	13,953,705.52	1,819,075.41
Total	23,124,336.45	166,190,006.15

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	January to June 2021	January to June 2020
Net profit ("—" indicating net loss)	(18,123,535.36)	93,254,771.02
Add: Impairment loss of credit ("—" indicating gains)	(2,483,851.07)	720,268.91
Depreciation of fixed assets	354,102.03	312,245.49
Amortisation of intangible assets	93,300.75	71,643.90
Depreciation of right-of-use assets	109,541.11	510,801.35
Losses from disposal of fixed assets ("—" indicating gains)	4,265.39	(49,069.37)
Financial expenses	63,393,736.49	85,735,619.98
Investment losses ("—" indicating gains)	(23,124,336.45)	(166,190,006.15)
Decrease in deferred tax assets ("—" indicating increase)	620,962.77	(108,040.33)
Decrease in restricted other monetary funds ("—" indicating increase)	4,000,000.00	(4,000,000.00)
Decrease in operating receivables ("—" indicating increase)	(27,879,015.77)	(33,283,804.74)
Increase in operating payables ("—" indicating decrease)	(24,123,502.37)	(8,239,746.22)
Net cash used in operating activities	(27,158,332.48)	(31,265,316.16)

(b) Net changes in cash:

Item	January to June 2021	January to June 2020
Cash at the end of the period	362,843,095.65	28,601,711.13
Less: Cash at the beginning of the period	430,958,075.95	35,174,478.11
Net decrease in cash	(68,114,980.30)	(6,572,766.98)

(2) Components of cash

Item	30 June 2021	30 June 2020
Cash		
Including: Cash on hand	—	—
Bank deposits available on demand	362,843,095.65	28,601,711.13
Balance of cash at the end of the period	362,843,095.65	28,601,711.13

X. FINANCIAL REPORT (CONTINUED)

XVI. EXTRAORDINARY GAINS AND LOSSES

Item	January to June 2021	January to June 2020
Losses from disposal of non-current assets	(10,296.07)	40,238.36
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)	4,135,409.14	11,665,380.15
Fund usage fee from non-financial institution recognized in profit or loss	195,066.04	—
Other gains and losses within the definition of extraordinary gains and losses	236,571.96	311,853.16
Other non-operating income and expenses besides items above	1,202,105.09	76,408.59
Sub-total	5,758,856.16	12,093,880.26
Less: Income tax expenses	205,063.69	774,020.81
Net extraordinary gains and losses	5,553,792.47	11,319,859.45
Including: extraordinary gains and losses affecting the net profit of the shareholders of the parent company	5,468,574.49	11,130,559.79

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" (revised in 2010) issued by the CSRC and relevant accounting standards, the Group's return on net assets and earnings per share are calculated as follows:

30 June 2021	Weighted average return on net assets (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary equity shareholders of the Company	6.66%	0.27	0.27
Net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	6.56%	0.27	0.27



DOCUMENTS AVAILABLE FOR INSPECTION

Documents Available
for Inspection

The financial statements signed and sealed by the legal representative, Chief Financial Officer and Chief Accountant of the Company

The original copies of all of the documents and announcements of the Company disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) and in China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times during the Reporting Period



By order of the Board
Dynagreen Environmental Protection Group Co., Ltd.*
Qiao Dewei
Chairman

Shenzhen, the PRC
30 August 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Qiao Dewei, Mr. Hu Shengyong and Ms. Zhong Xia; the non-executive Directors of the Company are Mr. Liu Shuguang, Mr. Cheng Suning and Mr. Zhang Zhenhai; and the independent non-executive Directors of the Company are Mr. Ou Yuezhou, Ms. Fu Jie and Mr. Xie Lanjun.

** For identification purposes only*