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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 2023

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 2023. This announcement, containing the full text of the 2023 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 2023 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 2023.

* 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. Directors who were not present at the Board meeting

Title of absent Director	Name of absent Director	Reason of absence	Name of proxy
Chairman	Qiao Dewei	Business engagements	Zhong Xia

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 and Risk Management 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 2023 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	Lyvi (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 (天津寧河區秸秆焚燒發電項目)
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 (惠陽環境園), Guangdong (廣東惠陽環境園生活垃圾焚燒二期PPP項目)
Dengfeng Project	a municipal waste-to-energy BOT project in Dengfeng City, Henan (河南登封市生活垃圾焚燒發電BOT項目)
Haining Expansion Project	a municipal waste-to-energy plant expansion project in Haining City, Zhejiang (浙江海寧市生活垃圾焚燒發電廠擴建項目)
Shishou Project	a municipal waste-to-energy project in Shishou City, Hubei (湖北石首市生活垃圾焚燒發電項目)
Yongjia Phase II Project	a municipal waste-to-energy plant upgrading and reconstruction project in Yongjia County, Zhejiang (浙江永嘉縣垃圾焚燒發電廠改造提升工程項目)



I. DEFINITIONS (CONTINUED)

Pingyang Phase II Project	phase II of waste-to-energy power plant PPP project in Pingyang County, Zhejiang (浙江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 Liaoning Huludao East Waste-to-Energy Power Plant (遼寧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項目改擴建工程)
The Reporting Period	1 January 2023 to 30 June 2023
The end of the Reporting Period	30 June 2023
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 Province
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
Auditor	the accounting firm which provides audit services
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



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/ Joint company secretary	Joint 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	5/F, Manulife Place, 348 Kwun Tong Road Hong Kong	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Telephone	0755-36807688-8010	–	0755-36807688-8010
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, Northeastern Wing, 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	Shanghai Securities News, Securities Times
Website 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

PricewaterhouseCoopers Zhong Tian 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: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong)



II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

VII. Major accounting data and financial indicators

(I) Major accounting data

Major accounting data	The Reporting Period (January to June)	Corresponding period last year	Unit: RMB
			Increase/decrease for the Reporting Period over the corresponding period last year (%)
Revenue	2,141,513,147.31	2,262,546,411.63	-5.35
Net profit attributable to shareholders of the Company	364,057,245.61	416,538,533.88	-12.60
Net profit excluding extraordinary gain and loss attributable to the shareholders of the Company	358,887,623.29	413,759,558.53	-13.26
Net cash flows from operating activities	287,718,294.22	274,831,745.69	4.69
	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	7,537,021,973.06	7,330,237,121.56	2.82
Total assets	22,694,821,097.59	22,677,440,152.69	0.08

(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)	0.26	0.30	-13.33
Diluted earnings per share (RMB/share)	0.24	0.27	-11.11
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	0.26	0.30	-13.33
Weighted average return on net assets (%)	4.84	6.06	Decreased by 1.22 percentage points
Weighted average return on net assets excluding extraordinary gain and loss (%)	4.77	6.02	Decreased by 1.25 percentage points

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

Applicable Not applicable



II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

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	(27,068.98)	
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)	4,780,552.74	
Other non-operating income and expenses besides items above	868,168.89	
Other gains and losses within the definition of non-recurring gains and losses	313,366.70	
Less: Effects on income tax	(639,765.27)	
Effects on non-controlling shareholders (after tax)	(125,631.76)	
Total	5,169,622.32	

Explanations for the Company's extraordinary gain or loss item as defined in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Gains or Losses, and the extraordinary gain or loss item as illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Gains or Losses which has been defined as its recurring gain or loss items.

Applicable Not applicable

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, 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 2023, in respect of the municipal waste-to-energy sector, the Company had 35 projects under operation and 2 projects under construction. The waste treatment capacity of the projects under operation reached 38,000 tons/day and the installed capacity was 797.5MW, 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.

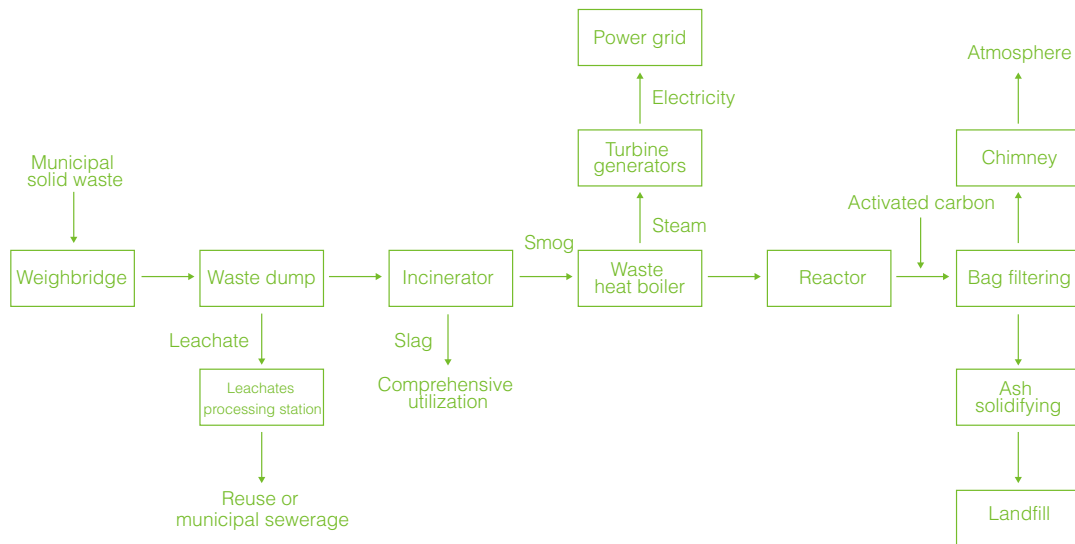
The upstream industries of the Company include construction enterprises, installation companies, waste treatment and power generation equipment (such as incinerators, smog and gas treatment systems, turbine generators and waste heat boilers) suppliers, and the Company selects suppliers through tenders. 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, provides electricity to power grid companies to receive electricity tariffs and supplies steam and heat to downstream customers to receive steam supply and heating fees.



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 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 continuous advancement of urbanization and economic development in the PRC, the volume of municipal waste generated in the PRC continues to rise, and the demand for treatment is growing. The “14th Five-year” Development Plan for Urban Domestic Waste Classification and Treatment Facilities” (Fa Gai Huan Zi [2021] No. 642) (the “Plan”) issued by the NDRC and the Ministry of Housing and Urban-Rural Development indicates that: during the “Thirteenth Five-Year Plan” period, more than 500 harmless treatment facilities were built nationwide, and the treatment capacity of municipal domestic waste facilities exceeded 1.27 million tons per day. In particular, 254 municipal waste-to-energy plants were built, and more than 500 municipal waste-to-energy plants were in operation. The incineration facilities had a treatment capacity of 580,000 tons per day and the municipal domestic waste incineration treatment rate reached 45%. With the significant increase in the proportion of municipal waste incineration and the significant decrease in the proportion of raw waste landfill, a development pattern of domestic waste treatment with incineration as the new treatment capacity has taken shape. According to the national “14th Five-Year” plan, 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%. The municipal waste-to-energy industry still has certain growth potentials.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Compared with cities, the proportion of waste incineration in counties in the PRC is relatively low. In November 2022, five departments including the National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development, the Ministry of Ecology and Environment, the Ministry of Finance, and the People's Bank of China jointly issued the Guiding Opinions on Strengthening the Construction of Municipal Waste Incineration Treatment Facilities in County-level Areas, which proposed specific guiding opinions strengthening of the construction of municipal waste incineration treatment facilities in county-level areas (including county-level cities) and speeding up the tackling of shortcomings. The goal is that by 2025, a domestic waste classification and treatment system that is compatible with economic and social development will be basically formed in county-level areas across the country, and qualified county-level areas in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area will basically realize full coverage of incineration treatment capacity. Domestic waste incineration treatment facilities will be "built as much as possible" in qualified county-level areas in the Yangtze River Economic Belt, the Yellow River Basin, key cities for domestic waste classification, etc. and landfilling is still allowed in the county-level areas which do not meet the conditions to build incineration treatment facilities; and that by 2030, except for a few special areas that do not have the conditions, the nationwide county-level incineration capacity will basically meet the treatment needs. The penetration of the waste-to-energy industry into county markets will bring new opportunities and challenges to the industry.

5. Characteristics of the waste-to-energy industry

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 revenue; VAT on tariff revenue is subject to refund and VAT on waste treatment fees is subject to refund or exemption.
- (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, 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 thirteen 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. Haining Expansion Project was awarded the “National Quality Project Award” (國家優質工程獎) in 2021. “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. The multiple drive expeller grate waste incinerator and dioxin online warning and control technology won the first prize of scientific and technological progress and the second prize of scientific and technological application of China Association of Urban Environmental Sanitation in 2022, respectively. With its professional technologies, the Company is able to provide more premium environmental services for its customers and enhance its market position.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 recent years, the ecological and environmental protection in the PRC has undergone historic, transformational and global changes, historic achievements have been made in the construction of ecological civilization, and major steps have been taken in building a beautiful China. The “14th Five-Year Plan” period will be a critical period for the construction of ecological civilization of the PRC, in which the key strategy will be on carbon reduction and efforts will be exerted on promoting the synergies of pollution and carbon reduction, boosting the comprehensive green transformation of economic and social development, and realizing the shift from quantitative improvement to qualitative improvement of ecological environment. There is a long way to go for the industrial restructuring and energy structure transformation of the PRC with arduous task of ecological and environmental protection and the battle against environmental pollution will continue.

In 2023, the third year of the implementation of the “14th Five-Year” Plan for the Development of Urban Domestic Waste Classification and Treatment Facilities, the waste-to-energy industry has become mature, the release of new projects has further slowed down, and policies on environmental protection, taxation, subsidies for renewable energy, etc. have generally remained stable, while the settlement of national subsidies for renewable energy had not yet returned to normal. In view of the trend of declining subsidies for renewable energy, it will be an important issue for the sustainable development of the industry to increase revenue, reduce expenditure, improve quality and increase efficiency for waste-to-energy projects.

Business review

Since the beginning of this year, the national economy of the PRC has continued to recover, and the overall recovery is improving. According to the unified deployment of the Group, all employees of Dynagreen have united and overcame difficulties, resulting in new achievements in all works. As three new waste-to-energy projects of the Group were completed and put into production in the first half of the year, the waste treatment volume and on-grid electricity hit a new high. In the first half of 2023, affected by the decrease in construction revenue, etc., the Group achieved revenue of RMB2.142 billion, representing a decrease of 5.35% as compared to the corresponding period last year, and a net profit attributable to shareholders of the Company of RMB364 million, representing a decrease of 12.60% as compared to the corresponding period last year. As at 30 June 2023, the total assets and total equity attributable to shareholders of the Company amounted to RMB22.695 billion and RMB7.537 billion, respectively. Details are as follows:



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

1. Waste treatment volume and on-grid electricity hitting a new high

In the first half of 2023, the Group accumulatively treated 6.2978 million tons of municipal waste, representing a year-on-year increase of 14.60%, accumulatively generated electricity of 2,214.2582 million kWh, representing a year-on-year increase of 7.88%; generated on-grid electricity of 1,835.2038 million kWh, representing a year-on-year increase of 8.73%; accumulatively supplied 195,100 tons of steam, representing a year-on-year increase of 39.65%; operating revenue amounted to RMB1.302 billion, representing a year-on-year increase of 10.58%. The Group has always attached great importance to the operation and management. In the first half of 2023, the Group focused on improving the quality and efficiency of projects under operation. Meanwhile, under the operation concepts of being “safe, environmental friendly, civilized and effective”, the Group further strengthened safety and environmental protection management and intensified safety and environmental protection inspections for various projects, and no major safety and environmental responsibility accident was recorded.

Major operating data of the Company in each region in the first half of 2023

Region	Item	First half of 2023
East China	Waste input volume ('0,000 tons)	236.77
	Electricity generation volume ('0,000 kWh)	85,306.64
	On-grid electricity volume ('0,000 kWh)	70,599.00
North China	Waste input volume ('0,000 tons)	92.52
	Electricity generation volume ('0,000 kWh)	30,465.73
	On-grid electricity volume ('0,000 kWh)	24,667.44
South China	Waste input volume ('0,000 tons)	158.64
	Electricity generation volume ('0,000 kWh)	58,064.32
	On-grid electricity volume ('0,000 kWh)	49,004.65
Central China	Waste input volume ('0,000 tons)	74.12
	Electricity generation volume ('0,000 kWh)	27,101.48
	On-grid electricity volume ('0,000 kWh)	22,487.15
Southwest China	Waste input volume ('0,000 tons)	38.57
	Electricity generation volume ('0,000 kWh)	13,064.74
	On-grid electricity volume ('0,000 kWh)	10,936.60
Northeast China	Waste input volume ('0,000 tons)	29.16
	Electricity generation volume ('0,000 kWh)	7,422.92
	On-grid electricity volume ('0,000 kWh)	5,825.53

2. Steady advancement of projects under construction

In the first half of 2023, project construction was advanced as scheduled. Shuozhou Project was completed and put into operation in March after the completion of the construction of the access system at the beginning of the year; electromechanical system equipment commissioning was completed for Huludao Waste-to-energy Project in the first half of the year, and the project was completed in May; due to the rapid project construction, Wuhan Phase II Project was officially put into production in June; 97% of construction works had been accumulatively completed in Jingxi Project in the first half of the year; for Zhangqiu Phase II Project, in the first half of the year, the access system construction had been completed, waste had been transported to the site and 92% of construction works had been accumulatively completed, and it was put into production at the end of August. The number and scale of projects under construction decreased as compared with the same period last year and the construction revenue amounted to RMB642 million, representing a year-on-year decrease of 28.07%.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Major projects and works under construction of the Company in the first half of 2023

No.	Project	Design treatment capacity (tons/day)	Status
1	Shuozhou Project	800	Put into production in March
2	Huludao Waste-to-energy Project	1,000	Put into production in May
3	Wuhan Phase II Project	1,200	Put into production in June
4	Jingxi Project	800	In construction
5	Zhangqiu Phase II Project	1,600	Put into production in August

3. Breakthroughs in investment and mergers and acquisitions as well as new business development

In the first half of 2023, in respect of investment and mergers and acquisitions, breakthroughs were made in the project in Lanzhou, Gansu and other projects, the Company signed the Equity Acquisition Framework Agreement in February, and due diligence was basically completed for the site in the first half of the year. In terms of new business development, in the first half of the year, the Company proactively planned and expanded the low-carbon environmental protection industrial park project. The Company signed the Investment Cooperation Framework Agreement in relation to Jinan Zhangqiu Low-carbon Environmental Protection Industrial Park Project with the People's Government of Zhangqiu District, Jinan City in May, and then immediately carried out preliminary works such as project feasibility research.

4. New achievements in technology research and development

The 500-600 ton large-scale incinerator as developed independently by the Company was smoothly installed and put into production in Shuozhou Project, Huludao Waste-to-energy Project and Wuhan Phase II Project, and was in stable and efficient operation. The 900-ton large-scale incinerator as developed independently by the Company will soon be put into pilot run in Zhangqiu Phase II Project; the domestic first online warning and control system of dioxin in waste incineration was continuously optimized and was applied in Pingyang Phase II Project with good results; the Company continued to track the application technology of polymer denitrification system in incinerator, and carried out experiments of new deammoniation process technology in Yongjia Project and Pingyang Project; the serialization and standardization for the Group's multiple drive grate technology was continuously improved, and the Company has completed the technical preparation for the development of 100-150 ton small incinerators.

BUSINESS OUTLOOK

In November 2021, the Central Committee of the Communist Party of China and the State Council issued the Opinions on Deepening Pollution Prevention and Control, which proposed to make an overall plan on pollution control, ecological protection and response to climate changes. With constant efforts, extended depth and broadened breadth, the defense of blue sky, clear water and clean soil would be conducted in line with higher standards. High-level protection will be provided to promote high-quality development and create high-quality life, striving to build a beautiful China where human and nature coexist in harmony. According to the "14th Five-year" Development Plan for Urban Domestic Waste Classification and Treatment Facilities" issued by the NDRC and the Ministry of Housing and Urban-Rural Development, 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



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

tons per day, and the municipal solid waste incineration treatment capacity will account for about 65%. Therefore, the waste-to-energy industry in cities and towns still has a lot of room for growth, while the growth rate will be lower than that of the “13th Five-Year” period. In December 2022, the NDRC and the Ministry of Housing and Urban-Rural Development issued the Notice on Accelerating the Implementation Plan on Tackling the Shortcomings and Weaknesses of Municipal Waste Incineration Treatment Facilities in County-level Areas, which put forward specific requirements on the construction of municipal waste incineration treatment facilities in county-level areas. Therefore, the development path of municipal waste incineration treatment facilities in county-level areas is clearer and the waste incineration industry has gained new room for development.

The adjustment to the policy on National Subsidies has been implemented, and the upper limit of the National Subsidies for the existing projects is limited by 82,500 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 highlight the importance of project quality and the urgency of diversifying project revenue sources. In July 2023, the NDRC, the Ministry of Finance and the National Energy Administration jointly issued the Notice on Promoting the Full Coverage of Renewable Energy Green Electricity Certificates to Promote the Consumption of Renewable Energy Electricity, clarifying issues such as green certificate issuance, trading, application and consumption, and achieving full coverage of green certificate issuance of renewable energy electricity. Green certificate trading may increase the source of income for waste-to-energy projects after the end of the National Subsidies.

In March 2022, the “14th Five-Year Plan for Modern Energy System” jointly issued by the NDRC and the National Energy Administration proposed to adhere to ecological priority and green development, expand the clean energy industry, implement renewable energy replacement action, accelerate the development of wind power and solar power generation, promote the construction of a new power system, speed up the large-scale application of new energy storage technologies, and scientifically and orderly promote the realization of peak carbon dioxide emissions and carbon neutrality goals, to formulate a roadmap for the development of the new energy industry.

With “creating a better living environment” as the corporate mission, the Company properly responded to the changes in the national macro environment and policies of the waste-to-energy industry. By giving full play to its own advantages, the Company continued to strengthen market development and project mergers and acquisitions and focus on improving the quality and efficiency of projects under operation, while expanding the co-processing business of solid wastes including food waste, kitchen waste, manure and sludge and further vigorously developing heating and steam supply and other businesses, and improving and optimizing its main businesses; it practiced the national “peak carbon dioxide emission and carbon neutrality” strategy and seized the development opportunities of the new energy industry, to cultivate new growth drivers and achieve high-quality sustainable development.

In the second half of 2023, the Company will continue to ensure the safe production of operating projects and up-to-standard emissions, striving to fulfil major business objectives for the year; it will continue to speed up the project preparation and construction to ensure that Jingxi Project and Zhangqiu Phase II Project will be completed and put into production; further efforts will be exerted on strengthening market development and fully promoting the merger and acquisition projects in negotiation and Zhangqiu Low-carbon Environmental Protection Industrial Park Project as soon as possible; the Company will continue to proceed with project financing and technology research and development, and constantly improve the internal control level of the Group.

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 (%)
Revenue	2,141,513,147.31	2,262,546,411.63	-5.35
Cost of sales	1,371,722,378.79	1,447,858,620.42	-5.26
Selling expenses	707,152.25	339,990.66	107.99
Administrative expenses	90,652,338.81	82,419,057.11	9.99
Finance costs	228,320,815.77	220,026,554.45	3.77
Research and development expenditure	2,522,176.32	4,020,489.95	-37.27
Net cash flow generated from operating activities	287,718,294.22	274,831,745.69	4.69
Net cash flow generated from investing activities	(413,739,621.84)	(573,234,634.45)	N/A
Net cash flow generated from financing activities	(598,828,719.83)	1,230,480,483.49	N/A

Explanation on changes in revenue: Mainly due to that as the projects under construction were successively put into production and the investment in construction in the period decreased, resulting in a decrease in the construction revenue by RMB250 million as compared with the same period last year.

Explanation on changes in cost of sales: The reason is the same as that for the changes in operating income. The construction cost decreased by RMB234 million as compared with the same period last year.

Explanation on changes in selling expenses: Mainly due to the increase in the business volume of Huludao Hazardous Waste Project, resulting in an increase in the selling expenses.

Explanation on changes in administrative expenses: Mainly due to the commencement of operation of Enshi Project and Huizhou Three-in-One Project in the second half of 2022, the commencement of operation of Huludao Waste-to-energy Project and Shuozhou Project in the period, and the inclusion of Fengcheng Company in the scope of consolidated statements, resulting in a year-on-year increase in the expenses.

Explanation on changes in finance costs: Mainly due to the decrease in exchange gains.

Explanation on changes in research and development expenses: The decrease in expenditure on research and development materials.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Explanation on changes in net cash flow generated from operating activities:	Mainly due to a decrease in construction expenditure of PPP projects included in cash outflow from operating activities as a result of a decrease in the investment in construction during the period as compared with the same period last year.
Explanation on changes in net cash flow generated from investing activities:	Mainly due to a decrease in the investment in construction during the period and a decrease 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 absence of proceeds from the issuance of convertible corporate bonds in the same period last year amounting to RMB2.348 billion in the period.

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	1,146,179,756.35	5.05	1,866,979,993.59	8.23	-38.61	Mainly due to the repayment of borrowings and interests and investment in construction greater than the net inflow from operating activities



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
Accounts receivable	1,833,492,289.31	8.08	1,514,336,722.29	6.68	21.08	Mainly due to the extension of the settlement cycle, the increase in receivables from national renewable energy subsidies and the accumulated balance of receivable waste treatment fees
Contract assets	342,345,886.83	1.51	290,565,986.15	1.28	17.82	Mainly due to that certain operation projects have not yet been included in the catalogue of national renewable energy subsidies, resulting in an increase in the accumulated balance of receivables from national renewable energy subsidies
Intangible assets	11,278,674,775.93	49.70	10,969,431,289.46	48.37	2.82	Mainly due to the increase in investment in construction
Other non-current assets	6,956,521,105.84	30.65	6,921,332,506.48	30.52	0.51	Minor changes
Short-term borrowings	427,154,812.75	1.88	629,445,334.97	2.78	-32.14	Mainly due to the repayment of bank borrowing of RMB202 million in the period
Accounts payable	1,263,197,091.14	5.57	1,265,489,204.69	5.58	-0.18	Minor changes
Other payables	369,459,712.34	1.63	135,686,058.50	0.60	172.29	Mainly due to that dividend payable of RMB235 million has not been paid by the end of the period
Long-term borrowings	8,467,595,700.96	37.31	8,325,811,964.03	36.71	1.70	Minor changes
Bonds payable	2,235,123,380.92	9.85	2,195,494,717.04	9.68	1.80	Minor changes
Other explanation						



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Overseas assets

Applicable Not Applicable

(1) Scale of assets

Including: overseas assets of RMB9,866,438.29 (Unit: RMB), accounting for 0.04% of the total assets.

(2) Explanation on a high proportion of overseas assets

Applicable Not Applicable

Other explanation

Nil

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)	Balance at the beginning of the period (RMB)	Reason for restriction
Cash at bank and on hand	6,221,184.95	2,196,700.00	Used for issuing performance bond
Accounts receivable	1,380,515,564.84	1,223,222,513.63	Providing guarantees for borrowings
Intangible assets	4,472,993,684.68	5,326,458,140.64	Providing guarantees for borrowings
Contract assets	259,784,346.36	209,947,636.84	Providing guarantees for borrowings
Other non-current assets	3,540,892,150.17	3,711,705,882.90	Providing guarantees for borrowings
Total	9,660,406,931.00	10,473,530,874.01	

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 2023, the Group achieved an revenue of RMB2,141,513,147.31 and net profit of RMB380,095,083.50. As at 30 June 2023, the Group's total assets and total liabilities amounted to RMB22,694,821,097.59 and RMB14,709,320,294.03, respectively. The total equity amounted to RMB7,985,500,803.56 and the gearing ratio (calculated as total liabilities over total assets) was 64.81%, and the net asset value per share attributable to the shareholders of the Company was RMB5.41.

Revenue analysis

During the Reporting Period, the Group achieved an revenue of RMB2,141,513,147.31 (corresponding period in 2022: RMB2,262,546,411.63), representing a decrease of 5.35% as compared to the corresponding period in 2022. The decrease was mainly due to that as the projects under construction were successively put into production and the investment in construction in the period decreased, resulting in a decrease in the construction revenue as compared with the same period last year. In particular, construction revenue amounted to RMB641,720,109.79 (corresponding period in 2022: RMB892,135,163.68), representing a decrease of 28.07% as compared to the corresponding period in 2022; operating revenue amounted to RMB1,301,588,175.06 (corresponding period in 2022: RMB1,177,065,737.43), representing an increase of 10.58% as compared to the corresponding period in 2022, mainly due to the commencement of operation of Huizhou Three-in-One Project, Enshi Project, Shuozhou Project, Huludao Waste-to-energy Project and other projects under operation as compared with the same period last year, and the inclusion of Fengcheng Company in the scope of consolidated statements; interest income amounted to RMB198,204,862.46 (corresponding period in 2022: RMB193,345,510.52), representing an increase of 2.51% as compared to the corresponding period in 2022. 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 contract assets recognised based on the completion percentage for the construction of Jingxi Project, Zhangqiu Phase II Project and other projects.

Gross profit and gross profit margin

During the Reporting Period, the gross profit of the Group decreased by 5.51% to RMB769,790,768.52 (corresponding period in 2022: RMB814,687,791.21) and the gross profit margin was 35.95% (corresponding period in 2022: 36.01%). The decrease in gross profit was mainly due to the decrease in construction business and gross profit of construction; the increase in cost of fuel purchased for certain projects under operation, and the increase in the provision for safety production expenses; the decrease in gross profit margin was mainly due to the increase in fuel costs of certain new projects under operation and the increase in the provision for safety production expenses in the period.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group amounted to approximately RMB90,652,338.81 (corresponding period in 2022: RMB82,419,057.11), which accounted for approximately 4.23% (corresponding period in 2022: 3.64%) of the revenue 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 RMB228,320,815.77, representing an increase of approximately RMB8,294,261.32 over the corresponding period of previous year. This was mainly due to the decrease in exchange gains as compared with the same period last year.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Total profit

During the Reporting Period, the total profit of the Group amounted to RMB435,089,543.71, representing a decrease of RMB(45,001,043.92) as compared to corresponding period in 2022, which was mainly due to a decrease in gross profit.

Income tax

During the Reporting Period, the income tax expenses of the Group amounted to approximately RMB54,994,460.21 (first half of 2022: RMB44,191,582.19), accounting for approximately 12.64% (first half of 2022: 9.20%) of total profit of the Group. The increase in the ratio of income tax expenses to total profit was mainly due to the shift of certain project companies from tax holiday to halving period and the end of tax holiday of certain project companies in the period, and the decrease in tax rebates received by certain project companies in the period arising from the offset of corporate income tax by special environmental protection equipment.

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 RMB364,057,245.61 (corresponding period in 2022: RMB394,064,460.90). The decrease was mainly due to the decrease in the 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 2023, the Group had cash and cash equivalents of approximately RMB1,139,958,571.40, representing a decrease of RMB724,824,722.19 as compared to RMB1,864,783,293.59 at the end of 2022. The decrease in cash balance as compared with the end of the last year was mainly due to the repayment of borrowings and interests and investment in construction greater than the net inflow from operating activities. As at 30 June 2023, the Group's gearing ratio decreased from 65.55% at the end of 2022 to 64.81%. The decrease was mainly due to the repayment of certain 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 2023, the Group's strategy remained unchanged from 2022. As at 30 June 2023 and 31 December 2022, the gearing ratios of the Group were 64.81% and 65.55%, respectively.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Loans and pledge of assets

As at 30 June 2023, the Group had total outstanding borrowings of approximately RMB9,763,315,054.33, representing a decrease of RMB385,407,228.44 as compared to RMB10,148,722,282.77 at the end of 2022. The borrowings included pledged loans of RMB6,508,961,909.43 and unpledged loans of RMB3,254,353,144.90. 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 2023, the Group had banking credit facilities in the amount of RMB17,027.06 million, of which RMB5,110.97 million had not been utilised. 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, other non-current assets, 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 RMB11,099,796,169.76 as at 30 June 2023.

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 2022 and 30 June 2023 under the guarantees was the credit facility drawn down by the subsidiaries of RMB7,132,550,080.82 and RMB7,404,109,374.20, respectively.

Commitments

As at 31 December 2022 and 30 June 2023, 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 RMB946,778,596.90 and RMB432,603,203.29, 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.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Use of proceeds

In order to ensure the capital demand for project construction, optimize the debt structure and reduce financing costs, on 25 February 2022, the Company issued a total of 23.6 million A share convertible corporate bonds at par with a nominal value of RMB100 each. The total par value of the public issuance was RMB2.360 billion, the total amount of proceeds amounted to RMB2.360 billion, and the net proceeds amounted to RMB2.345 billion. On the date on which the terms of the issuance of A share convertible corporate bonds were fixed, i.e. 22 February 2022, the price of A shares was RMB9.73 per share. As of 30 June 2023, the Company has used approximately RMB1.913 billion of proceeds and the unutilized amount of net proceeds is approximately RMB432.03 million. On 11 August 2023, the Board of the Company has resolved and approved the reallocation of the unutilized net proceeds. Detail of the use of the net proceeds and the new allocation of the unutilized net proceeds are listed as follows:

Use of proceeds	Proposed use of net proceeds	Amount of net proceeds utilized as at 30 June 2023 (RMB million)	Unutilized amount of net proceeds as at 30 June 2023	New allocation of unutilized amount of net proceeds
Dengfeng Project	150.0000	150.0000	0	0
Enshi Project ¹	400.0000	325.0308	74.9692	33.6322
Shuozhou Project ²	440.0000	247.5304	192.4696	95.6852
Wuhan Phase II Project ³	480.0000	423.9067	56.0933	157.9348
Huludao Waste-to-energy Project ⁴	320.0000	211.5009	108.4991	144.7790
To supplement working capital and repay bank loans	557.7664	554.7664	0	0
Total	2,344.7664	1,912.7352	432.0312	432.0312

Notes:

1. Enshj Project was put into operation in September 2022. It is estimated that the proceeds would be utilized within one year after the project has been put into operation.
2. Shuozhou Project was put into operation in March 2023. It is estimated that the proceeds would be utilized within one year after the project has been put into operation.
3. Wuhan Phase II Project was put into operation in June 2023. It is estimated that the proceeds would be utilized within one year after the project has been put into operation.
4. Huludao Waste-to-energy Project was put into operation in June 2023. It is estimated that the proceeds would be utilized within one year after the project has been put into operation.

As the reasons in the Announcement on the Delay of Certain Projects Funded by Proceeds from Convertible Bonds disclosed by the Company on 1 February 2023 on the Stock Exchange, the timeline for putting Shuozhou Project into operation was extended to the end of March 2023, and the timeline for putting Huludao Waste-to-energy Project into operation was extended to the end of June 2023. For the six months ended 30 June 2023, except for delay in the above projects, the proceeds were used according to the intentions previously disclosed in the Offering Document of the Public Issuance of Convertible Corporate Bonds by Dynagreen Environmental Protection Group Co., Ltd.*.



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
510,000,000	300,500,000	69.72%

(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)	Cumulative Investment (RMB)	Project progress
Zhangqiu Phase II Project	Self-financing and borrowings	117,687,666.66	447,686,274.17	92%
Wuhan Phase II Project	Self-financing and borrowings	158,871,023.77	520,838,392.35	98%

(3) Financial assets measured at fair value

Applicable Not Applicable

Investment in securities

Applicable Not Applicable

Explanation on investment in securities

Applicable Not Applicable

Investment in private equity funds

Applicable Not Applicable

Investment in derivatives

Applicable Not Applicable



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

As at 30 June 2023, save for the investment or construction of the waste-to-energy projects won by the Company through tender as announced in previous announcements and described in this interim report, the Group had no other material investment (including any investment in an investee representing 5% or above of the total assets of the Company as at the end of the Reporting Period) or plan for material investment or acquisition of capital assets. However, the Company will actively pursue opportunities for investments in its ordinary course of business in order to enhance its profitability.

(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 capital	Shareholding	Total assets	Net assets	Net profit	Revenue	Operating profit
Tongzhou Company	Waste treatment and power generation	37,500	100%	141,552.52	92,432.29	5,094.72	11,976.94	5,911.33
Shantou Company	Waste treatment and power generation	21,000	100%	110,347.04	74,462.09	4,081.35	9,253.14	3,696.10
Haining Expansion Company	Waste treatment and power generation	39,000	60%	122,584.28	74,985.83	3,328.16	8,449.90	3,916.19
Huizhou Phase II Company	Waste treatment and power generation	45,000	100%	143,204.99	84,651.43	5,857.31	16,471.40	6,694.18

As at the end of the Reporting Period, the total assets of Tongzhou Company represented 6.24% of the total assets of the Company, the total assets of Shantou Company represented 4.86% of the total assets of the Company, the total assets of Haining Expansion Company represented 5.40% of the total assets of the Company, and the total assets of Huizhou Phase II Company represented 6.31% of the total assets of the Company. For the performance of each of the above investments during the Reporting Period, please refer to "Net profit" and "Operating profit" in the above table.

(VIII) Structured entities controlled by the Company

Applicable Not Applicable



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. In August 2021, the NDRC, the Ministry of Finance, and the National Energy Administration jointly issued the Notice on Printing and Distributing the Work Plan for the Construction of Biomass Power Generation Projects in 2021 (Fa Gai Neng Yuan [2021] No. 1190) (《關於印發〈2021年生物質發電項目建設工作方案〉的通知》(發改能源[2021]1190號)), proposing to divide the biomass power generation projects subsidized by the central government in 2021 into non-competitive allocation projects and competitive allocation projects. The projects for which all units were completed and connected to the grid in the current year after 20 January 2020 (inclusive) but which were not included in the subsidy scope of 2020 and the projects for which the construction was commenced by the end of 2020 and all units were completed and connected to the grid by the end of 2021 are non-competitive configuration projects; the projects for which the construction was commenced in the current year after 1 January 2021 (inclusive) are competitive configuration projects. 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 steam supply 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.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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. During the Reporting Period, the Company enjoyed total tax incentives of RMB73.0115 million, accounting for 16.84% of the total profit of the Company for the Reporting Period. 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.

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.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

7. Risk of substandard performance in environmental protection

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

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

8. Risk of high gearing ratio

Municipal waste-to-energy is a capital-intensive industry, and project construction funds are generally raised by 30% of capital and 70% of bank loans. The Company has recently many projects under construction, resulting in a higher gearing ratio. As of the end of June 2023, the Company's gearing ratio was 64.81%, 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
2022 Annual General Meeting	16 June 2023	www.hkexnews.hk www.sse.com.cn	16 June 2023 17 June 2023	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
CHENG Suning	Non-executive Director	Resigned
LI Lei	Non-executive Director	Resigned
YUE Peng	Non-executive Director	Elected
TONG Xiangyu	Non-executive Director	Elected

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

Applicable Not applicable

Due to work arrangement adjustment, Mr. Cheng Suning and Mr. Li Lei tendered the resignation as a non-executive Director of the Company with effect from 24 May 2023. On 24 May 2023, the Proposal on Nomination of Candidates for Directors was considered and approved at the fifteenth meeting of the fourth session of the Board of the Company, pursuant to which Mr. Yue Peng and Mr. Tong Xiangyu were nominated as candidates for Directors of the Company. For details, please refer to the Announcement on Resignation of Directors and Nomination of Candidates for Directors (Announcement No.: Lin 2023-020) as disclosed on the website of the SSE. On 16 June 2023, as considered and approved at the 2022 annual general meeting, Mr. Yue Peng and Mr. Tong Xiangyu were elected as non-executive Directors of the Company for a term consistent with that of the fourth session of the Board.

In accordance with Rule 3.21 of the Stock Exchange Listing Rules, the Audit and Risk Management Committee shall have at least three members. After the resignation of Mr. Cheng Suning, the number of members of the Audit and Risk Management Committee reduced from three to two, which did not meet the minimum requirement under Rule 3.21 of the Stock Exchange Listing Rules. The Company had then identified suitable personnel, and completed the election procedures for the new Directors at 2022 annual general meeting to meet the requirements of Rules 3.21 and 3.23 of the Stock Exchange Listing Rules.

Please refer to the announcement of the Company dated 24 May 2023 published on the website of the Stock Exchange for details of the aforesaid change of Directors and the biographical details of Mr. Yue Peng and Mr. Tong Xiangyu.



IV. CORPORATE GOVERNANCE (CONTINUED)

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 2023.

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. Compliance with Corporate Governance Code (disclosure pursuant to the requirements of the Stock Exchange)

The Group is committed to achieving high corporate governance standards in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company has adopted the Code Provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Stock Exchange Listing Rules as its own code of corporate governance. During the six months ended 30 June 2023, the Company has complied with the applicable code provisions as set out in Part 2 of the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.



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



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:

Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit	
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)	A2230131328134C	1# furnace	<3	50mg/m ³
			2023-7-4	2# furnace	<3	50mg/m ³
				3# furnace	<3	50mg/m ³
	Oxynitride		1# furnace	29	80mg/m ³	
			2# furnace	31	80mg/m ³	
			3# furnace	11	80mg/m ³	
	Smog		1# furnace	<1.0	10mg/m ³	
			2# furnace	<1.0	10mg/m ³	
			3# furnace	<1.0	10mg/m ³	
	COD		A2230131328136C		<4	60 mg/L
Dioxin	A2230131328133C004	1# furnace	0.0060	0.1ng TEQ/Nm ³		
	2023-5-31	2# furnace	0.0031	0.1ng TEQ/Nm ³		
		3# furnace	0.0056	0.1ng TEQ/Nm ³		
Shantou Company	Sulfur dioxide	Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	Ben Ke Jian Zi [2023] No. BKEN2023060117EQC	1# furnace	ND	100mg/m ³
			2023-6-15	2# furnace	ND	100mg/m ³
				3# furnace	3	100mg/m ³
	Oxynitride		1# furnace	83	200mg/m ³	
			2# furnace	114	200mg/m ³	
			3# furnace	89	200mg/m ³	
	Smog		1# furnace	5.2	30mg/m ³	
			2# furnace	4.9	30mg/m ³	
			3# furnace	3.8	30mg/m ³	
	Dioxin		Guangdong Trust Testing Technology Co., Ltd. (廣東譽譜檢測科技有限公司)	YP-230723	1# furnace	0.0021
2023-07-21		2# furnace		0.0022	0.1ng TEQ/m ³	
2023-07-22		3# furnace		0.0066	0.1ng TEQ/m ³	



V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit				
Huizhou Phase II Company	Sulfur dioxide	Guangzhou GRG Metrology & Test Co., Ltd. (廣州廣電計量檢測股份有限公司)	BGZ2022060327-11-2 2023-5-25	1# furnace	4	30mg/m ³			
			BGZ2022060327-12-1 2023-6-27	2# furnace	ND	30mg/m ³			
				3# furnace	ND	30mg/m ³			
				4# furnace	ND	30mg/m ³			
	Oxynitride	1# furnace		46	80mg/m ³				
		2# furnace	48	80mg/m ³					
		3# furnace	51	80mg/m ³					
		4# furnace	30	80mg/m ³					
	Smog				1# furnace	ND	8mg/m ³		
					2# furnace	2.6	8mg/m ³		
					3# furnace	ND	8mg/m ³		
					4# furnace	ND	8mg/m ³		
	Dioxin		Guangzhou T.C. Testing Technology Co., Ltd. (廣州泰科天青檢測科技有限公司)	2023001801 2023-3-30	1# furnace	0.034	0.1ng TEQ/Nm ³		
				2023000502 2023-3-7	2# furnace	0.066	0.1ng TEQ/Nm ³		
					3# furnace	0.0082	0.1ng TEQ/Nm ³		
					4# furnace	0.0078	0.1ng TEQ/Nm ³		
2023000302 2023-3-7									
2023002601 2023-4-28									
Haining Expansion Company				Sulfur dioxide	ZheJiang ZhongYi Testing Institute Co., Ltd. (浙江中一檢測研究院股份有限公司)	HJ23134402 2023-06-25	1# furnace	6	100mg/m ³
						HJ23134401 2023-06-10	2# furnace	2	100mg/m ³
	Oxynitride	1# furnace	18	75mg/m ³					
		2# furnace	28	75mg/m ³					
	Smog				1# furnace		2.7	30mg/m ³	
					2# furnace	4.6	30mg/m ³		
COD					34	500 mg/L			
Dioxin			HJ23134402 2023-06-25	1# furnace	0.0074	0.08ng TEQ/Nm ³			
				2# furnace	0.003	0.08ng TEQ/Nm ³			

Note: "ND" refers to no detect; the unit of sulfur dioxide, oxynitride, smog is mg/m³, and the unit of dioxin is ng TEQ/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	67.37	796.37
Oxynitride	340.13	1,899.86
Smog	6.98	193.35
COD	1.39	16.54

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	14 August 2020	Ecological Environment 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

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



V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

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

Applicable Not applicable

(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 harmless 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 timely and timely performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings related to initial public offering	Others	BSAM	For the shares of Dynagreen held by 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		
	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)

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

Applicable Not applicable

Continuing connected transaction

On 11 August 2023, 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 fourteen municipal waste-to-energy projects of the Company in 2023 to 2024 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 could participate. As the project service contract is awarded through public tender, the pricing and payment terms for the project services will be determined based on normal commercial terms through tender and bid procedures. 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 2023 and 2024, the estimated caps of the day-to-day related party transactions with Shenzhen CDT are RMB18 million and RMB20 million, respectively.

During the Reporting Period, the actual amount of transaction between the Company and Shenzhen CDT was RMB3,560,000.

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

For details of the transaction, please refer to the announcement of the Company dated 12 August 2023 disclosed on the website of the Shanghai Stock Exchange.

3. Matters which have not been published in temporary announcements

Applicable Not applicable



VI. SIGNIFICANT EVENTS (CONTINUED)

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

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

Applicable Not applicable

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

Applicable Not applicable

3. Matters which have not been published in temporary announcements

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

3. Matters which have not been published in temporary announcements

Applicable Not applicable



VI. SIGNIFICANT EVENTS (CONTINUED)

(IV) Claims and liabilities between related parties

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

Applicable Not applicable

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

Applicable Not applicable

As of 30 June 2023, the balance of the Company's loans from BSAM and its subsidiaries amounted to RMB1,202 million.

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

(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 Stock Exchange or other regulatory authorities, BSAM will use its best endeavors to procure its associated companies and joint ventures (if any) to comply with the Non-Competition Agreement. According to the Non-Competition Agreement, when the Group decides whether to exercise the options for acquisition of new business opportunities, subscription right or the pre-emptive rights, the Group shall comply with related requirements under the Chapter 14A of the Stock Exchange Listing Rules. The Company and the independent non-executive Directors have received the statement issued by BSAM confirming its compliance with the Non-Competition Agreement during the Reporting Period.

The Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards during the year ended 30 June 2023. Save as the non-exempt connected transaction and continuing connected transaction as set out in the section headed "Connected transactions" on page 42 of this interim report, these related party transactions were not regarded as connected transactions under Chapter 14A of the Stock Exchange Listing Rules and were fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Chapter 14A of the Stock Exchange Listing Rules. Details are set out in note X to the Financial Statements.



VI. SIGNIFICANT EVENTS (CONTINUED)

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

1 Trusteeship, contracting and leasing matters

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Guarantor	Relationship Between the guarantor and the Company	Guaranteed party	Amount of guarantee	Date of occurrence of guarantee (signature date of agreement)	External guarantees provided by the Company (excluding those for subsidiaries)				Collateral (if any)	Completed or not	Overdue or not	Amount overdue	Counter-guarantee	Connected parties guarantee or not	Connected relations
					Date of commencement of guarantee	Expiry date of guarantee	Guarantee type	Principal debt							
	Total guarantees during the Reporting Period (excluding those for subsidiaries)														-
	Total guarantee balance as at the end of Reporting Period (A) (excluding those for subsidiaries)														-
	Guarantees for subsidiaries provided by the Company														
	Total guarantees for subsidiaries during the Reporting Period														996,454,700.45
	Total guarantee balance for subsidiaries as at the end of Reporting Period (B)														7,404,109,374.20
	Total amount of guarantees provided by the Company (including those for subsidiaries)														
	Total amount of guarantees (A+B)														7,404,109,374.20
	Total amount of guarantees over the net assets of the Company (%)														98.24
	Including:														
	Amount of guarantees provided to shareholders, beneficial controllers and their related parties (C)														-
	Amount of debt guarantees directly or indirectly provided for guaranteed parties with the gearing ratio exceeding 70% (D)														1,661,313,424.05
	Amount of the total guarantees exceeding 50% of net assets (E)														3,635,598,387.67
	Total amount of above three guarantees (C+D+E)														5,296,911,811.72
	Explanations on outstanding guarantee which may undertake joint liability for satisfaction														
	Explanations on guarantees														

3 Other material contracts

Applicable Not applicable

XII. OTHER MATTERS OF SIGNIFICANCE

Applicable Not applicable



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	Others	Sub-total	Number	Percentage (%)
					from reserves				
I. Restricted shares									
1. Shares held by the state									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic investors									
Including: shares held by domestic non-state-owned legal persons									
Shares held by domestic natural persons									
4. Shares held by overseas investors									
Including: shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Non-restricted shares	1,393,447,763	100.00				2,041	2,041	1,393,449,804	100.00
1. RMB ordinary shares	989,087,971	70.98				2,041	2,041	989,090,012	70.98
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	404,359,792	29.02				0	0	404,359,792	29.02
4. Others									
III. Total number of shares	1,393,447,763	100.00				2,041	2,041	1,393,449,804	100.00



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

2. Explanation of changes in shares

Applicable Not applicable

On 25 February 2022, the Company issued 23.6 million A share convertible corporate bonds with a total issuance size of RMB2.36 billion. The abbreviation of the bonds is “Dynagreen Convertible Bonds”. The “Dynagreen Convertible Bonds” could be converted into the A shares of the Company since 5 September 2022. During the Reporting Period, 2,041 shares were converted from “Dynagreen Convertible Bonds”, amounting to RMB20,000. As of 30 June 2023, “Dynagreen Convertible Bonds” in an accumulative amount of RMB96,000 had been converted into the A shares of the Company and the accumulative number of convertible bonds which had been converted was 9,804 shares.

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. 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



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 49,675

(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		Number of shares held subject to selling restrictions	Pledged, marked or frozen		Nature of shareholder
		Number of shares held as at the end of the Period	Percentage (%)		Status	Number	
Beijing State-owned Assets Management Co., Ltd.	0	594,085,618	42.63	Nil		State-owned legal person	
HKSCC NOMINEES LIMITED	0	379,427,000	27.23	Unknown		Overseas legal person	
Three Gorges Capital Holdings Co., Ltd.	0	84,265,896	6.05	Nil		State-owned legal person	
Beijing State-Owned Assets Management (Hong Kong) Company Limited	0	24,859,792	1.78	Nil		Overseas legal person	
Beijing Huitai Hengrui Investment Co., Ltd.	0	17,170,707	1.23	Nil		Domestic non- state-owned legal person	
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	0	7,130,378	0.51	Nil		Domestic non- state-owned legal person	
Southern Fund Steady Value-added Pension Product – China Merchants Bank Co., Ltd. (南方基金穩健增值混 合型養老金產品 – 招商銀行股份有限 公司)	4,660,800	4,660,800	0.33	Nil		Other	
Ping An Fund – Ping An Life Insurance Co., Ltd. – Dividend – Individual Insurance Dividend – Ping An Life – Ping An Fund Equity Entrusted Investment No. 2 Single Asset Management Plan (平安基金 – 中國 平安人壽保險股份有限公司 – 分紅 – 個險分紅 – 平安人壽 – 平安基金權益 委託投資2號單一資產管理計劃)	3,871,600	3,871,600	0.28	Nil		Other	
Hong Kong Securities Clearing Company Ltd.	-3,478,502	1,317,503	0.09	Nil		Overseas legal person	
Li Jun	5,900	1,287,000	0.09	Nil		Domestic natural person	



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

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.	594,085,618	RMB ordinary shares	594,085,618
HKSCC NOMINEES LIMITED	379,427,000	Overseas listed foreign shares	379,427,000
Three Gorges Capital Holdings Co., Ltd.	84,265,896	RMB ordinary shares	84,265,896
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.	17,170,707	RMB ordinary shares	17,170,707
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	7,130,378	RMB ordinary shares	7,130,378
Southern Fund Steady Value-added Pension Product – China Merchants Bank Co., Ltd. (南方基金穩健增值混合型養老金產品－招商銀行股份有限公司)	4,660,800	RMB ordinary shares	4,660,800
Ping An Fund – Ping An Life Insurance Co., Ltd. – Dividend – Individual Insurance Dividend – Ping An Life – Ping An Fund Equity Entrusted Investment No. 2 Single Asset Management Plan (平安基金－中國平安人壽保險股份有限公司－分紅－個險分紅－平安人壽－平安基金權益委託投資2號單一資產管理計劃)	3,871,600	RMB ordinary shares	3,871,600
Hong Kong Securities Clearing Company Ltd.	1,317,503	RMB ordinary shares	1,317,503
Li Jun	1,287,000	RMB ordinary shares	1,287,000
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.		
Explanation on shareholders of preference shares with restored voting rights and the number of shares held by them	Nil		

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

Applicable Not applicable



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 2023, 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⁾
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.	84,265,896 A shares (Long position)	Beneficial owner	8.52	6.05
Tenbagger Capital Management CO., LTD	36,359,000 H shares (Long position)	Investment manager	8.99	2.61

Notes:

- (1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 30 June 2023.
- (2) The calculation is based on the total number of 1,393,449,804 Shares in issue as at 30 June 2023.
- (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 2023, no other interests required to be recorded in the register kept under Section 336 of the SFO have been notified to the Company.



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

(V) Changes in controlling shareholders or beneficial controller

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 2023, the Group had a total of 3,365 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 two different compensation modes of “annual salary system” and “performance-based 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 regards employee development and training as an important way to achieve business goals, improve performance and implement sustainable development. The Group has established a training mechanism to help employees develop in multiple dimensions, and has set up five special training programs, i.e. new employee induction training, reserve cadre training, organizational personnel training, safety production training, and college student training, as well as two types of general-purpose training courses, i.e. green mobile classroom and green lecture hall. The training courses are provided online and offline simultaneously to improve the learning awareness and work efficiency of employees. Meanwhile, for the subordinate project companies, the Group has carried out targeted professional skills training and held experience sharing meetings to strengthen the professional skills of employees at all levels and improve the business quality of the Group. The Group vigorously promotes the spirit of model workers and craftsmen. The project companies under the Group carry out various labor skills competitions and other activities in combination with the actual situation of the enterprise, so as to promote learning and training through competitions, forming a good atmosphere in which all staff in the Group compare with, learn from, catch up with and surpass others.



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

(I) Issuance of convertible bonds

As approved by the Approval for the Public Issuance of A Share Convertible Corporate Bonds of Dynagreen Environmental Protection Group Co., Ltd.* (綠色動力環保集團股份有限公司) (Zheng Jian Xu Ke [2022] No. 132) issued by the CSRC, the Company issued 23.6 million convertible corporate bonds with a nominal value of RMB100 each, with an issuance size of RMB2.36 billion on 25 February 2022. As approved by the Self-regulation Decision [2022] No. 70 of the Shanghai Stock Exchange, the convertible corporate bonds in an amount of RMB2.36 billion were listed for trading on the Shanghai Stock Exchange on 23 March 2022. The abbreviation and code of the bonds issued are “Dynagreen Convertible Bonds” and “113054”, respectively. The initial conversion price is RMB9.82 per share.

According to the relevant terms under the Offering Document of Convertible Bonds of the Company, due to the Company’s distribution of cash dividends for 2021, the conversion price of “Dynagreen Convertible Bonds” would be adjusted from RMB9.82 per share to RMB9.72 per share. The adjusted conversion price took effect from 21 July 2022 (ex-dividend date); due to the Company’s distribution of cash dividends for 2022, the conversion price of “Dynagreen Convertible Bonds” was adjusted from RMB9.72 per share to RMB9.60 per share. The adjusted conversion price took effect from 26 July 2023 (ex-dividend date).

For the use of proceeds, please refer to the section headed “III Management Discussion and Analysis – IV. Major Operational Particulars during the Reporting Period – (IV) Financial Review – Use of proceeds” above.

* For identification purpose only



IX. BONDS (CONTINUED)

(II) Holders and guarantors of convertible bonds during the Reporting Period

Name of convertible corporate bonds	Dynagreen Convertible Bonds
Number of holders of convertible corporate bonds at the end of the period	45,887
Guarantors of convertible bonds of the Company	N/A
Material changes in profitability, assets and credit of the guarantors	N/A

Top ten holders of convertible corporate bonds are as follows:

Name of holders of convertible corporate bonds	Amount of bonds held at the end of the period (RMB)	Percentage of holding (%)
Basic Pension Insurance Fund Portfolio 102 (基本養老保險基金—零二組合)	117,312,000	4.97
China AMC Yannianyishou No. 9 Fixed Income Pension Product – China Merchants Bank Co., Ltd. (華夏基金延年益壽9號固定收益型養老金產品—招商銀行股份有限公司)	77,623,000	3.29
Huatai Yousheng Convertible Bond Fixed Income Pension Product – China Merchants Bank Co., Ltd. (華泰優盛可轉債固定收益型養老金產品—招商銀行股份有限公司)	77,530,000	3.29
Bank of China Limited – YFD Stable Income Bond Investment Fund (中國銀行股份有限公司—易方達穩健收益債券型證券投資基金)	75,388,000	3.19
Industrial Bank Co., Ltd. – Tianhong Yongli Bond Investment Fund (興業銀行股份有限公司—天弘永利債券型證券投資基金)	71,303,000	3.02
ICBC Ruixin Tianli Fixed Income Pension Product – Bank of China Limited (工銀瑞信添利固定收益型養老金產品—中國銀行股份有限公司)	58,160,000	2.46
Guosen Securities Co., Ltd.	56,366,000	2.39
China AMC Yannianyishou No. 5 Pure Bond Fixed Income Pension Product – Agricultural Bank of China Ltd. (華夏基金延年益壽5號純債固定收益型養老金產品—中國農業銀行股份有限公司)	55,016,000	2.33
Ping An Bank Co., Ltd. – Western Lide Huixiang Bond Securities Investment Fund (平安銀行股份有限公司—西部利得匯享債券型證券投資基金)	55,000,000	2.33
Shanghai Pudong Development Bank Co. Ltd. – YFD Yuxiang Return Bond Investment Fund (上海浦東發展銀行股份有限公司—易方達裕祥回報債券型證券投資基金)	54,678,000	2.32



IX. BONDS (CONTINUED)

(III) Changes in convertible bonds during the Reporting Period

Unit: RMB

Name of convertible corporate bonds	Before the change	Increase and decrease in the change			After the change
		Conversion	Redemption	Repurchase	
Dynagreen Convertible Bonds	2,359,924,000	20,000	-	-	2,359,904,000

(IV) Accumulated conversion of convertible bonds during the Reporting Period

Name of convertible corporate bonds	Dynagreen Convertible Bonds
Amount of shares converted during the Reporting Period (RMB)	20,000
Number of shares converted during the Reporting Period (share)	2,041
Aggregate number of shares converted (share)	9,804
Aggregate number of shares converted to the total number of issued shares of the Company before conversion (%)	0.0007
Amount of unconverted bonds (RMB)	2,359,904,000
Number of unconverted bonds to the total number of convertible bonds issued (%)	99.9959



IX. BONDS (CONTINUED)

(V) Previous adjustments to conversion price

Unit: RMB

Name of convertible corporate bonds Dynagreen Convertible Bonds

Date of adjustment of conversion price	Adjusted conversion price	Date of disclosure	Disclosure media	Explanation on adjustment to conversion price
2022-7-21	9.72	2022-7-15	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily	According to the relevant provisions of the Offering Document of Convertible Bonds of the Company, due to the Company's distribution of cash dividends for 2021, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.82 per share to RMB9.72 per share (Announcement No.: Lin 2022-031).
Latest conversion price as at the end of the Reporting Period				9.72

According to the relevant provisions of the Offering Document of Convertible Bonds of the Company, due to the Company's distribution of cash dividends for 2022, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.72 per share to RMB9.60 per share. The adjusted conversion price took effect from 26 July 2023 (ex-dividend date).

(VI) The Company's liabilities, creditworthiness and availability of cash for repayment of debts in future years

As of 30 June 2023, the Company's total assets amounted to RMB22.693 billion and its gearing ratio was 64.81%. China Chengxin International Credit Rating Co., Ltd. conducted a tracking credit rating on the convertible bonds issued by the Company and issued the Tracking Rating Report on Dynagreen Environmental Protection Group Co., Ltd. for 2023 (Xin Ping Wei Han Zi [2023] Gen Zong No. 0245) on 25 May 2023, pursuant to which the credit rating of the "Dynagreen Convertible Bonds" remained AA+. In the past three years, the Company's interest coverage ratio was relatively high and the Company's loan repayment was good, without overdue repayment of bank loans.

(VII) Other description of convertible bonds

On 27 February 2023, the Company started to pay interest on the "Dynagreen Convertible Bonds" for the period from 25 February 2022 to 24 February 2023. The payment of interests is for the first year of the "Dynagreen Convertible Bonds", and the coupon rate for the interest bearing year is 0.20% (tax inclusive), that is, the interest payable on each convertible bond with a par value of RMB100 is RMB0.20 (tax inclusive) (Announcement No.: Lin 2023-006).



X. FINANCIAL REPORT

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Current assets			
Cash at bank and on hand	4(1)	1,146,179,756.35	1,866,979,993.59
Notes receivables	4(2)	1,700,000.00	3,630,000.00
Accounts receivables	4(3)	1,833,492,289.31	1,514,336,722.29
Receivables financing		115,750.00	100,000.00
Advances to suppliers	4(4)	51,886,446.04	52,293,392.74
Other receivables	4(5)	47,006,521.23	44,296,534.45
Inventories	4(6)	48,949,718.68	50,455,726.71
Contract assets	4(7)	342,345,886.83	290,565,986.15
Current portion of non-current assets	4(8)	63,425,578.15	63,241,709.17
Other current assets	4(10)	256,839,342.78	256,939,869.44
Total current assets		3,791,941,289.37	4,142,839,934.54
Non-current assets			
Long-term receivables	4(9)	35,781,894.31	35,781,894.31
Fixed assets	4(11)	330,273,926.95	338,638,173.78
Right-of-use assets	4(12)	2,663,026.41	4,569,816.51
Intangible assets	4(13)	11,278,674,775.93	10,969,431,289.46
Goodwill	4(14)	33,724,983.41	33,724,983.41
Long-term prepaid expenses	4(15)	7,247,665.07	574,822.36
Deferred tax assets	4(16)	257,992,430.30	230,546,731.84
Other non-current assets	4(17)	6,956,521,105.84	6,921,332,506.48
Total non-current assets		18,902,879,808.22	18,534,600,218.15
TOTAL ASSETS		22,694,821,097.59	22,677,440,152.69



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	4(19)	427,154,812.75	629,445,334.97
Accounts payables	4(20)	1,263,197,091.14	1,265,489,204.69
Contract liabilities	4(21)	2,206,311.00	17,002,561.22
Employee benefits payable	4(22)	56,394,843.96	101,522,137.34
Taxes payable	4(23)	61,612,209.52	54,699,728.19
Other payables	4(24)	369,459,712.34	135,686,058.50
Current portion of non-current liabilities	4(25)	894,956,569.89	1,225,740,394.21
Total current liabilities		3,074,981,550.60	3,429,585,419.12
Non-current liabilities			
Long-term borrowings	4(26)	8,467,595,700.96	8,325,811,964.03
Debentures payable	4(27)	2,235,123,380.92	2,195,494,717.04
Lease liabilities	4(28)	2,179,872.68	2,203,964.74
Long-term payables	4(29)	251,515,498.32	256,107,867.65
Provisions	4(30)	13,364,603.88	13,070,517.24
Deferred income	4(31)	151,226,250.23	153,995,806.76
Deferred tax liabilities	4(16)	513,333,436.44	487,891,034.57
Total non-current liabilities		11,634,338,743.43	11,434,575,872.03
Total liabilities		14,709,320,294.03	14,864,161,291.15



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)			
Shareholders' equity			
Share capital	4(32)	1,393,449,804.00	1,393,447,763.00
Other equity instruments	4(33)	217,560,032.72	217,561,876.52
Capital surplus	4(35)	2,412,498,964.82	2,412,480,372.81
Other comprehensive income		2,079,875.32	2,079,875.32
Special reserve	4(34)	11,482,036.85	1,559,206.97
Surplus reserve	4(36)	239,285,522.16	239,285,522.16
Undistributed profits	4(37)	3,260,665,737.19	3,063,822,504.78
Total equity attributable to shareholders of the Company		7,537,021,973.06	7,330,237,121.56
Minority interests		448,478,830.50	483,041,739.98
Total shareholders' equity		7,985,500,803.56	7,813,278,861.54
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		22,694,821,097.59	22,677,440,152.69

The accompanying notes form an integral part of these financial statements.

Qiao Dewei

Legal representative:

Yi Zhiyong

Principal in charge of accounting:

Zhao Linbin

Head of accounting department:



X. FINANCIAL REPORT (CONTINUED)

COMPANY BALANCE SHEET AS AT 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Current assets			
Cash at bank and on hand		582,879,148.29	828,215,127.97
Accounts receivables	13(1)	289,063,362.17	265,762,596.46
Advances to suppliers		72,107.82	72,107.82
Other receivables	13(2)	2,485,288,361.04	2,078,879,200.57
Current portion of non-current liabilities	13(3)	373,298,099.00	219,682,722.21
Total current assets		3,730,601,078.32	3,392,611,755.03
Non-current assets			
Long-term receivables	13(3)	1,105,019,200.00	1,051,358,272.96
Long-term equity investments	13(4)	6,639,517,456.34	6,129,517,456.34
Fixed assets		1,453,559.20	1,801,980.83
Right-of-use assets		–	1,750,972.44
Intangible assets		1,729,975.82	1,574,002.10
Long-term prepaid expenses		11,228.07	574,822.36
Deferred tax assets		767,004.91	737,274.47
Other non-current assets		1,515,453.32	1,515,453.32
Total non-current assets		7,750,013,877.66	7,188,830,234.82
TOTAL ASSETS		11,480,614,955.98	10,581,441,989.85



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings		398,331,283.34	708,121,805.56
Accounts payables		346,985.03	368,501.81
Contract liabilities		22,813,559.32	30,923,728.82
Employee benefits payable		5,822,520.80	20,367,954.39
Taxes payable		2,870,058.77	3,703,428.48
Other payables		470,819,269.52	193,821,954.39
Non-current liabilities due within one year		129,309,704.42	100,915,201.58
Total current liabilities		1,030,313,381.20	1,058,222,575.03
Non-current liabilities			
Long-term borrowings		1,645,000,000.00	1,702,000,000.00
Debentures payable	4(27)	2,235,123,380.92	2,195,494,717.04
Total non-current liabilities		3,880,123,380.92	3,897,494,717.04
Total liabilities		4,910,436,762.12	4,955,717,292.07



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)			
Shareholders' equity			
Share capital	4(32)	1,393,449,804.00	1,393,447,763.00
Other equity instruments	4(33)	217,560,032.72	217,561,876.52
Capital surplus		2,459,589,792.79	2,459,571,200.78
Surplus reserve	4(36)	239,285,522.16	239,285,522.16
Undistributed profits		2,260,293,042.19	1,315,858,335.32
Total shareholders' equity		6,570,178,193.86	5,625,724,697.78
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		11,480,614,955.98	10,581,441,989.85

The accompanying notes form an integral part of these financial statements.

Qiao Dewei

Legal representative:

Yi Zhiyong

Principal in charge of accounting:

Zhao Linbin

Head of accounting department:



X. FINANCIAL REPORT (CONTINUED)

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	January to June 2023 (Unaudited)	January to June 2022 (Unaudited)
I. Revenue	4(38)	2,141,513,147.31	2,262,546,411.63
Less: Cost of sales	4(38), 4(42)	(1,371,722,378.79)	(1,447,858,620.42)
Taxes and surcharges	4(39)	(31,503,339.34)	(26,796,710.83)
Selling expenses	4(42)	(707,152.25)	(339,990.66)
General and administrative expenses	4(40), 4(42)	(90,652,338.81)	(82,419,057.11)
Research and development expenses	4(42)	(2,522,176.32)	(4,020,489.95)
Financial expenses	4(41)	(228,320,815.77)	(220,026,554.45)
Including: Interest expenses		(234,928,809.15)	(247,476,413.67)
Interest income		7,166,808.82	6,670,373.50
Add: Other income	4(46)	33,830,161.80	20,789,513.84
Investment income	4(47)	-	8,875,675.09
Including: Investment income from joint ventures		-	7,217,956.22
Credit impairment losses	4(44)	(12,990,580.33)	(12,809,217.68)
Asset impairment losses	4(43)	(2,676,083.70)	(12,264,808.46)
Gains/(losses) on disposals of assets	4(45)	1,156.06	(6,730,966.16)
II. Operating profit		434,249,599.86	478,945,184.84
Add: Non-operating income		1,115,384.94	1,453,813.45
Less: Non-operating expenses		(275,441.09)	(308,410.66)
III. Total profit		435,089,543.71	480,090,587.63
Less: Income tax expenses	4(48)	(54,994,460.21)	(44,191,582.19)
IV. Net profit		380,095,083.50	435,899,005.44
Classified by continuity of operations			
Net profit from continuing operations		380,095,083.50	435,899,005.44
Net profit from discontinued operations		-	-
Classified by ownership of the equity			
Attributable to shareholders of the Company		364,057,245.61	416,538,533.88
Minority interests		16,037,837.89	19,360,471.56



X. FINANCIAL REPORT (CONTINUED)

Item	Note	January to June 2023 (Unaudited)	January to June 2022 (Unaudited)
V. Other comprehensive income, net of tax		–	(22,474,072.98)
Attributable to shareholders of the Company		–	(22,474,072.98)
Other comprehensive income that will be reclassified to profit or loss		–	(22,474,072.98)
Differences on translation of foreign currency financial statements		–	(22,474,072.98)
VI. Total comprehensive income		380,095,083.50	413,424,932.46
Attributable to shareholders of the Company		364,057,245.61	394,064,460.90
Attributable to minority interests		16,037,837.89	19,360,471.56
VII. Earnings per share			
Basic earnings per share (RMB)	4(49)	0.26	0.30
Diluted earnings per share (RMB)		0.24	0.27

The accompanying notes form an integral part of these financial statements.

Qiao Dewei

Legal representative:

Yi Zhiyong

Principal in charge of accounting:

Zhao Linbin

Head of accounting department:



X. FINANCIAL REPORT (CONTINUED)

COMPANY INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	January to June 2023 (Unaudited)	January to June 2022 (Unaudited)
I. Revenue	13(5)	106,562,502.55	64,893,078.65
Less: Cost of sales	13(5)	(4,351,456.79)	(4,055,630.90)
Taxes and surcharges		(622,923.08)	(265,458.81)
General and administrative expenses		(19,210,663.86)	(20,081,717.91)
Research and development expenses		(2,522,176.32)	(4,020,489.95)
Financial expenses		(80,018,339.87)	(79,206,218.83)
Including: Interest expenses		(86,331,490.10)	(87,853,957.85)
Interest income		6,411,348.00	9,316,400.29
Add: Other income		1,215,676.28	578,333.97
Investment income	13(6)	1,111,713,475.25	1,130,264,353.57
Including: Investment income from joint ventures		–	7,217,956.22
(Losses on)/Reversal of asset impairment		(118,921.76)	2,002,977.63
Gains on disposals of assets		1,156.06	–
II. Operating profit		1,112,648,328.46	1,090,109,227.42
III. Total profit		1,112,648,328.46	1,090,109,227.42
Less: Income tax expenses		(999,608.39)	(500,744.41)
IV. Net profit		1,111,648,720.07	1,089,608,483.01
Classified by continuity of operations			
Net profit from continuing operations		1,111,648,720.07	1,089,608,483.01
Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax		–	–
VI. Total comprehensive income		1,111,648,720.07	1,089,608,483.01

The accompanying notes form an integral part of these financial statements.

Qiao Dewei

Legal representative:

Yi Zhiyong

Principal in charge of accounting:

Zhao Linbin

Head of accounting department:



X. FINANCIAL REPORT (CONTINUED)

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	January to June 2023 (Unaudited)	January to June 2022 (Unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		1,324,274,040.30	1,225,428,851.14
Refund of taxes and surcharges		26,044,804.23	30,970,642.79
Cash received relating to other operating activities	4(50)(a)	27,555,061.59	62,981,006.50
Sub-total of cash inflows		1,377,873,906.12	1,319,380,500.43
<hr style="border-top: 1px dashed #000;"/>			
Cash paid for goods and services		(426,126,649.98)	(337,256,098.79)
Other cash paid relating to the construction of the PPP project	4(50)(f)	(232,261,353.93)	(291,027,879.62)
Cash paid to and on behalf of employees		(268,900,372.45)	(252,652,803.99)
Payments of taxes and surcharges		(128,566,779.26)	(123,068,381.82)
Cash paid relating to other operating activities	4(50)(b)	(34,300,456.28)	(40,543,590.52)
Sub-total of cash outflows		(1,090,155,611.90)	(1,044,548,754.74)
<hr style="border-top: 1px dashed #000;"/>			
Net cash flows from operating activities	4(51)(a)	287,718,294.22	274,831,745.69
<hr style="border-top: 1px dashed #000;"/>			
II. Cash flows used in investing activities			
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		27,015.00	97,682,809.49
Net cash received from acquisition of subsidiaries	4(51)(c)	-	43,103,525.01
Cash received relating to other investing activities	4(50)(c)	-	5,249,650.00
Sub-total of cash inflows		27,015.00	146,035,984.50
<hr style="border-top: 1px dashed #000;"/>			
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(409,742,151.89)	(691,219,538.95)
Cash paid relating to other investing activities	4(50)(d)	(4,024,484.95)	(28,051,080.00)
Sub-total of cash outflows		(413,766,636.84)	(719,270,618.95)
<hr style="border-top: 1px dashed #000;"/>			
Net cash flows used in investing activities		(413,739,621.84)	(573,234,634.45)
<hr style="border-top: 1px dashed #000;"/>			



X. FINANCIAL REPORT (CONTINUED)

Item	Note	January to June 2023 (Unaudited)	January to June 2022 (Unaudited)
III. Cash flows (used in)/generated from financing activities			
Cash received from capital contributions		–	7,060,000.00
Including: Cash received from capital contributions by minority shareholders of subsidiaries		–	7,060,000.00
Cash received from borrowings		1,296,454,700.45	1,461,969,159.27
Cash received from issuance of debentures		–	2,347,754,716.98
Sub-total of cash inflows		1,296,454,700.45	3,816,783,876.25
Cash repayments of borrowings		(1,681,861,928.89)	(2,337,629,623.56)
Cash payments for distribution of dividends, profits or interest expenses		(210,962,570.92)	(244,793,612.85)
Including: Dividends or profits paid to minority shareholders by subsidiaries		(1,600,000.00)	(18,000,000.00)
Cash paid relating to other financing activities	4(50)(e)	(2,458,920.47)	(3,880,156.35)
Sub-total of cash outflows		(1,895,283,420.28)	(2,586,303,392.76)
Net cash flows (used in)/generated from financing activities		(598,828,719.83)	1,230,480,483.49
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		25,325.26	(47,861.74)
V. Net (decrease)/increase in cash and cash equivalents			
Add: Cash and cash equivalents at the beginning of the period	4(51)(b)	(724,824,722.19)	932,029,732.99
		1,864,783,293.59	954,789,955.35
VI. Cash and cash equivalents at the end of the period			
	4(51)(d)	1,139,958,571.40	1,886,819,688.34

The accompanying notes form an integral part of these financial statements.

Qiao Dewei

Legal representative:

Yi Zhiyong

Principal in charge of accounting:

Zhao Linbin

Head of accounting department:



X. FINANCIAL REPORT (CONTINUED)

COMPANY CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	January to June 2023 (Unaudited)	January to June 2022 (Unaudited)
I. Cash flows generated from/(used in) operating activities		
Cash received from sale of goods or rendering of services	79,708,707.32	14,328,956.63
Cash received relating to other operating activities	11,686,532.12	22,493,620.46
Sub-total of cash inflows	91,395,239.44	36,822,577.09
Cash paid for goods and services	(228,064.09)	(70,381.56)
Cash paid to and on behalf of employees	(33,156,816.71)	(34,340,928.11)
Payments of taxes and surcharges	(7,262,854.96)	(2,055,302.67)
Cash paid relating to other operating activities	(21,275,127.51)	(39,315,345.19)
Sub-total of cash outflows	(61,922,863.27)	(75,781,957.53)
Net cash flows generated from/(used in) operating activities	29,472,376.17	(38,959,380.44)
II. Cash flows generated from/(used in) investing activities		
Cash received from returns on investments	514,500,000.00	202,200,000.00
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	21,469.02	-
Cash received relating to other investing activities	819,623,738.48	377,144,570.81
Sub-total of cash inflows	1,334,145,207.50	579,344,570.81
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(299,266.46)	(875,541.14)
Cash paid to acquire investments	(510,000,000.00)	(300,500,000.00)
Cash paid relating to other investing activities	(824,076,060.67)	(734,132,090.60)
Sub-total of cash outflows	(1,334,375,327.13)	(1,035,507,631.74)
Net cash flows generated from/(used in) investing activities	(230,119.63)	(456,163,060.93)



X. FINANCIAL REPORT (CONTINUED)

Item	January to June 2023 (Unaudited)	January to June 2022 (Unaudited)
III. Cash flows (used in)/generated from financing activities		
Cash received from borrowings	353,000,000.00	1,032,500,000.00
Cash received from issuance of debentures	–	2,347,754,716.98
Sub-total of cash inflows	353,000,000.00	3,380,254,716.98
Cash repayments of borrowings	(575,452,963.16)	(1,873,134,973.51)
Cash payments for distribution of dividends, profits or interest expenses	(49,991,159.90)	(59,926,763.98)
Cash paid relating to other financing activities	(2,135,933.33)	(3,623,716.98)
Sub-total of cash outflows	(627,580,056.39)	(1,936,685,454.47)
Net cash flows (used in)/generated from financing activities	(274,580,056.39)	1,443,569,262.51
IV. Effect of foreign exchange rate changes on cash and cash equivalents	1,820.17	2,309.73
V. Net (decrease)/increase in cash and cash equivalents	(245,335,979.68)	948,449,130.87
Add: Cash and cash equivalents at the beginning of the period	828,215,127.97	203,062,050.77
VI. Cash and cash equivalents at the end of the period	582,879,148.29	1,151,511,181.64

The accompanying notes form an integral part of these financial statements.

Qiao Dewei

Legal representative:

Yi Zhiyong

Principal in charge of accounting:

Zhao Linbin

Head of accounting department:



X. FINANCIAL REPORT (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Attributable to shareholders of the Company							Minority interests	Total shareholders' equity
		Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total		
Balance at 1 January 2022 (Audited)	1,393,440,000.00	-	2,412,410,905.73	24,553,948.30	103,278,199.37	2,594,406,537.26	6,528,089,590.66	389,491,920.66	6,917,581,511.32	
Movements for the six months ended 30 June 2022										
Total comprehensive income										
Net profit	-	-	-	-	-	416,538,533.88	416,538,533.88	19,360,471.56	435,899,005.44	
Other comprehensive income	-	-	-	(22,474,072.98)	-	-	(22,474,072.98)	-	(22,474,072.98)	
Total comprehensive income	-	-	-	(22,474,072.98)	-	416,538,533.88	394,064,460.90	19,360,471.56	413,424,932.46	
Capital contribution and withdrawal by shareholders										
Contribution by shareholders	-	-	-	-	-	-	-	7,060,000.00	7,060,000.00	
Contribution from holders of convertible bonds	4(27)	-	217,568,790.78	-	-	-	217,568,790.78	-	217,568,790.78	
Total capital contribution and withdrawal by equity owners	-	217,568,790.78	-	-	-	-	217,568,790.78	7,060,000.00	224,628,790.78	
Business combinations involving enterprises not under common control										
Profit distribution	-	-	-	-	-	-	-	94,164,165.90	94,164,165.90	
Profit distribution to shareholders	4(37)	-	-	-	-	-	(139,344,000.00)	(139,344,000.00)	(189,344,000.00)	
Balance at 30 June 2022 (Unaudited)	1,393,440,000.00	217,568,790.78	2,412,410,905.73	2,079,875.32	103,278,199.37	2,871,601,071.14	7,000,378,842.34	460,076,558.12	7,460,455,400.46	



X. FINANCIAL REPORT (CONTINUED)

Item	Note	Equity attributable to shareholders of the Company								Non-controlling interests	Total shareholders' equity
		Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Sub-total		
Balance at 1 January 2023 (Audited)		1,393,447,763.00	217,561,876.52	2,412,480,372.81	2,079,875.32	1,559,206.97	239,285,522.16	3,063,822,504.78	7,330,237,121.56	483,041,739.98	7,813,278,861.54
Movements for the six months ended 30 June 2023											
Total comprehensive income											
Net profit		-	-	-	-	-	-	364,057,245.61	364,057,245.61	16,037,837.89	380,095,083.50
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	364,057,245.61	364,057,245.61	16,037,837.89	380,095,083.50
Capital contribution and withdrawal by shareholders											
Conversion of convertible corporate bonds to share capital and capital surplus	4(27)	2,041.00	(1,843.80)	18,592.01	-	-	-	-	18,789.21	-	18,789.21
Profit distribution											
Profit distribution to shareholders	4(37)	-	-	-	-	-	-	(167,214,013.20)	(167,214,013.20)	(51,200,000.00)	(218,414,013.20)
Special reserve											
Appropriation in the period		-	-	-	-	14,749,758.87	-	-	14,749,758.87	800,818.50	15,550,577.37
Use in the period		-	-	-	-	(4,826,928.99)	-	-	(4,826,928.99)	(201,565.87)	(5,028,494.86)
Balance at 30 June 2023 (Unaudited)		1,393,449,804.00	217,560,032.72	2,412,498,964.82	2,079,875.32	11,482,036.85	239,285,522.16	3,260,665,737.19	7,537,021,973.06	448,478,830.50	7,985,500,803.56

The accompanying notes form an integral part of these financial statements.

Qiao Dewei

Legal representative:

Yi Zhiyong

Principal in charge of accounting:

Zhao Linbin

Head of accounting department:



X. FINANCIAL REPORT (CONTINUED)

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at 1 January 2022 (Audited)		1,393,440,000.00	-	2,459,501,733.70	103,278,199.37	193,657,088.03	4,149,877,021.10
Movements for the six months ended 30 June 2022							
Total comprehensive income							
Net profit		-	-	-	-	1,089,608,483.01	1,089,608,483.01
Capital contribution and withdrawal by shareholders							
Contribution from holders of convertible bonds		-	217,568,790.78	-	-	-	217,568,790.78
Profit distribution							
Profit distribution to shareholders	4(37)	-	-	-	-	(139,344,000.00)	(139,344,000.00)
Balance at 30 June 2022 (Unaudited)		1,393,440,000.00	217,568,790.78	2,459,501,733.70	103,278,199.37	1,143,921,571.04	5,317,710,294.89

Item	Note	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at 1 January 2023 (Audited)		1,393,447,763.00	217,561,876.52	2,459,571,200.78	239,285,522.16	1,315,858,335.32	5,625,724,697.78
Movements for the six months ended 30 June 2023							
Total comprehensive income							
Net profit		-	-	-	-	1,111,648,720.07	1,111,648,720.07
Capital contribution and withdrawal by shareholders							
Contribution from holders of convertible bonds	4(27)	2,041.00	(1,843.80)	18,592.01	-	-	18,789.21
Profit distribution							
Profit distribution to shareholders	4(37)	-	-	-	-	(167,214,013.20)	(167,214,013.20)
Balance at 30 June 2023 (Unaudited)		1,393,449,804.00	217,560,032.72	2,459,589,792.79	239,285,522.16	2,260,293,042.19	6,570,178,193.86

The accompanying notes form an integral part of these financial statements.

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge of accounting:

Zhao Linbin
Head of accounting department:



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

1 GENERAL INFORMATION

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. on 23 April 2012. Its registered address is 2nd Floor, Northeastern Wing, Jiuzhou Electronic Building, 007 Keji South 12th Street, Nanshan District, Shenzhen, Guangdong Province, the People’s Republic of China (the “PRC”). Its head office is located in Shenzhen, Guangdong Province, the PRC. The parent company and the 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 Stock Exchange of Hong Kong Limited (“SEHK”). On 29 June 2014, the underwriter of the Company of the public offering project on the SEHK exercised all of the over-allotment options stated in the Company’s prospectus dated 9 June 2014. Upon the public offering, the share capital of the Company amounted to RMB1,045,000,000.00 comprising a total of 1,045,000,000.00 shares.

As approved by the Approval in Relation to the Initial Public Offering of Dynagreen Environmental Protection Group Co., Ltd. (Zheng Jian Xu Ke [2018] No. 746) issued by the China Securities Regulatory Commission (the “CSRC”), the Company issued not more than 116,200,000 ordinary shares (A shares) under the non-public offering on the Shanghai Stock Exchange on 23 April 2018. Under the offering, the actual size of the public offering was 116,200,000.00 RMB ordinary shares with a par value of RMB1.00 per share, increasing the share capital by RMB116,200,000.00. Upon the public offering of A shares, the 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) on 9 October 2020, the Company issued no more than 232,240,000.00 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.

On 25 February 2022, the Company issued convertible corporate bonds with a total issuance size of RMB2.36 billion (Note 4(27)). As of 30 June 2023, as the holders of convertible bonds started to exercise the conversion rights, the share capital of the Company increased to RMB1,393,449,804.00, and the total number of shares was 1,393,449,804.00.

Acting as a social capital party, the Company and its subsidiaries (together “the Group”) are mainly engaged in the investment, construction, operation, maintenance and technical consulting business of public infrastructure in the environmental protection industry such as domestic waste incineration power plants, through the conclusion of public-private partnership (“PPP”) project contracts with the government and by means of build-operate-transfer (“BOT”, related projects referred to as “BOT” projects).

Subsidiaries included in the scope of consolidation for the six months ended 30 June 2023 (the “Period”) are set out in Note 5. There was no other change in the scope of consolidation of the Group in the Period.

These financial statements are authorised for issue by the Board of the Company on 29 August 2023.



2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group determines the specific accounting policies and estimates based on its features of production and operation, primarily comprising the measurement of expected credit loss (“ECL”) on receivables and contract assets (Note 2(9)), amortisation of intangible assets (Note 2(14)), impairment of long-term assets (Note 2(16)), recognition and measurement of revenue (Note 2(20)), etc.

Details of the Group’s critical judgements, critical accounting estimates and key assumptions used in determining significant accounting policies are set forth in Note 2(27).

(1) Basis of preparation

The interim financial statements are prepared in accordance with the *Accounting Standard for Business Enterprises – Basic Standard*, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as “the Accounting Standard for Business Enterprises” or “CAS”). These interim financial statements have been presented and disclosed in accordance with the requirements of the Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting issued by the Ministry of Finance, the Rules on Contents and Format of Information Disclosure by Companies Publicly Issuing Securities No. 3 – Contents and Format of Interim Report (Revision 2021) of the CSRC. Except for the changes in accounting policies as stated in Note 2 (28), the interim financial statements shall be read in conjunction with the 2022 financial statements of the Group. The accounting policies adopted in the preparation of these interim financial statements are consistent with those adopted in preparation of the 2022 financial statements of the Group.

These interim financial statements are prepared on a going concern basis.

(2) Statement of compliance with the accounting standard for business enterprises

The interim financial statements are in compliance with the Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting.

(3) Accounting year

The accounting year is from 1 January to 31 December.



2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(4) Recording currency

The Company's recording currency is Renminbi (RMB). The recording currency of the Company's subsidiaries is determined based on the primary economic environment in which they operate. The financial statements are presented in RMB.

(5) Business combinations

(a) Business combinations involving entities under common control

The consideration paid and net assets obtained by the Group in a business combination are measured at the carrying amount. If the combined party is acquired from a third party by the ultimate controlling party in a prior year, the consideration paid and net assets obtained by the combining party are measured based on the carrying amounts of the combined party's assets and liabilities (including the goodwill arising from the acquisition of the combined party by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) Business combinations involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the Group in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profit realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' shareholders' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as minority interests, net profit or loss attributable to minority interests and total comprehensive income attributable to minority interests, and presented separately in the consolidated financial statements under shareholders' equity, net profit and total comprehensive income respectively. When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is allocated against the balance of minority interests. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and net profit attributable to minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and net profit attributable to minority interests in accordance with the allocation proportion of the parent in the subsidiary.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustment will be made from the perspective of the Group.

(7) Cash and cash equivalents

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



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(8) Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions are translated into recording currency using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into recording currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements for overseas operations are translated at the approximate exchange rates of the spot exchange rate at the dates of the transactions. The differences arising from the above translation are presented in other comprehensive income. The cash flows of overseas operations are translated at the approximate exchange rates of the spot exchange rate on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(9) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument.

(a) Financial assets

(i) Classification and measurement

Based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (1) financial assets at amortised cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

At initial recognition, the financial assets are measured at fair value. Transaction costs that are incremental and directly attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are expensed in profit or loss for the current period. Accounts receivables or notes receivables arising from sale of products or rendering of services (excluding or without regard to significant financing components) are initially recognised at the consideration that is entitled to be received by the Group as expected.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(i) *Classification and measurement (Continued)*

Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following two categories:

Measured at amortised cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest method. Such financial assets mainly comprise cash at bank and on hand, notes receivables, accounts receivables, other receivables, long-term receivables, etc. Long-term receivables that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

Measured at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets for both collection of the contractual cash flows and selling such financial assets, and the contractual cash flow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains and losses, and interest income calculated using the effective interest method which are recognised in profit or loss for the current period. Such financial assets are mainly receivables financing, etc.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment

The Group confirms the loss provision based on ECL for financial assets and contract assets measured at amortised cost.

Giving consideration to reasonable and supportable information that is available without undue cost or effort at the balance sheet date on past events, current conditions and forecasts of future economic conditions weighted by the probability of default, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

For notes receivables, accounts receivables, contract assets and long-term receivables arising from sale of goods and rendering of services in the ordinary course of operating activities, the Group recognises the lifetime ECL regardless of whether there exists a significant financing component.

At each balance sheet date, in addition to the notes receivables, accounts receivables, receivables financing, contract assets and lease receivables mentioned above, the ECL of financial instruments at different stages is measured respectively. 12-month ECL is recognised for financial instruments in Stage 1 which don't have a significant increase in credit risk since initial recognition; lifetime ECL is recognised for financial instruments in Stage 2 which have had a significant increase in credit risk since initial recognition but are not deemed to be credit-impaired; and lifetime ECL is recognised for financial instruments in Stage 3 that are credit-impaired.

For the financial instruments with low credit risk as at the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition. The Group determines them as the financial instruments in Stage 1 and recognises the 12-month ECL.

For the financial instruments in Stage 1 and Stage 2, the interest income is calculated by applying the effective interest rate to the book balance (before net of ECL provision). For the financial instrument in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (net of ECL provision).



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment (Continued)

In case the ECL of an individually assessed financial asset cannot be evaluated with reasonable cost, the Group classifies the receivables into certain groups on the basis of shared risk characteristics, and calculates the ECL for each group respectively. Basis for determining groups and method for provision are as follows:

Group 1 of notes receivables	Bank acceptance notes
Group 1 of accounts receivables	Receivables from renewable energy subsidies and tariff
Group 2 of accounts receivables	Receivables from waste treatment fee
Group 1 of contract assets	Contract assets generated by electricity sales contract
Group 2 of contract assets (Comprising contract assets included in other non-current assets)	PPP project construction services
Group 1 of other receivables	VAT refunds receivable
Group 2 of other receivables	Receivables from related parties
Group 3 of other receivables	Others
Group 1 of long-term receivables	Receivables from BT projects (Note)
Group 2 of long-term receivables	Performance bond

Note: BT projects refer to the Group's investment and construction business of public infrastructure in the environmental protection industry such as domestic waste incineration power plants on a "build-transfer" basis.

For accounts receivables, notes receivables and contract assets (including contract assets included in other non-current assets), long-term receivables (receivables from BT projects) arising from sale of goods and rendering of services in the ordinary course of operating activities which are classified into groups, the Group calculates the ECL with reference to historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the lifetime ECL rates. For long-term receivables (performance bond) and other receivables that are classified into groups, the Group calculates the ECL with reference to historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the 12-month or lifetime ECL rates.

The Group recognises the loss provision made or reversed into profit or loss for the current period.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(iii) Derecognition

A financial asset is derecognised when: (i) the contractual rights to the cash flows from the financial asset expire, (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognised directly in other comprehensive income, is recognised in profit or loss for the current period.

(b) Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortised cost, including the liability portion of convertible corporate debentures and other financial liabilities.

Convertible corporate debentures

Convertible corporate debentures comprise liability portion and equity portion. The liability portion is classified as liabilities (included in the debentures payable), which reflects the obligation to pay fixed principal and interest, and its fair value is calculated by the market interest rate of similar debentures without embedded convertible option at initial recognition, and is subsequently measured at amortised cost using the effective interest method. The equity portion of the convertible debentures reflects the embedded option that converts liabilities into ordinary shares, which can only be settled by the exchange of a fixed number of the Group's own equity instruments for a fixed amount of cash or another financial asset. The equity portion of the Group is recognised as equity by the difference between the overall proceeds of issuance of convertible corporate debentures and the liability portion. Direct transaction costs are allocated based on the shares of the liability portion and the equity portion in issuance proceeds.

When convertible corporate debentures are converted into stock shares, the amount calculated by the number of shares converted and the par value per share is recognised as share capital, and the difference between the balance of relevant portion of convertible corporate debentures and the above share capital is recognised as share premium in capital reserve.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(b) Financial liabilities (Continued)

Other financial liabilities

Other financial liabilities at amortised cost mainly include notes payables, accounts payables, other payables, borrowings, etc. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities with maturities of no more than one year (inclusive) are presented as current liabilities, and those with maturities of over one year but due within one year (inclusive) as from the balance sheet date are presented as current portion of non-current liabilities; and others are presented as non-current liabilities.

Other financial liabilities are derecognised or partly derecognised when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

(c) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

(10) Inventories

(a) Classification

Inventories mainly include turnover materials, etc., and are measured at the lower of cost and net realisable value.

(b) Measurement method of cost of inventories

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

(c) Basis for determining net realisable value of inventories and method for making provision for inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amount of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

(d) The Group adopts the perpetual inventory system and on-site inventory system.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements, and investments in joint ventures are accounted for using the equity method.

(a) Determination of investment cost

For long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the share of the carrying amount of the acquiree's owners' equity in the consolidated financial statements of the ultimate controlling party at the combination date; for long-term equity investments acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investments acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(b) Subsequent measurement and recognition of profit or loss

Long-term equity investments accounted for using the cost method are measured at initial investment cost. Cash dividend or profit distribution declared by the investees is recognised as investment income in profit or loss for the current period.

For long-term equity investments that are accounted for using the equity method, where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at that cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted upwards accordingly.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Long-term equity investments (Continued)

(b) Subsequent measurement and recognition of profit or loss (Continued)

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group does not recognise further losses when the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the Group's net investment in the investee is reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognising the investment losses and the provisions at the amount it expects to undertake. The Group's share of changes in the investee's owners' equity other than those arising from the net profit or loss, other comprehensive income and profit distribution is recognised in capital surplus with a corresponding adjustment to the carrying amount of the long-term equity investment. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investee. Unrealised gains or losses on transactions between the Group and its investees are eliminated to the extent of the Group's equity interest in the investees, based on which the investment income or losses are recognised. Any losses resulting from transactions between the Group and its investees, which are attributable to asset impairment losses are not eliminated.

(c) Basis for determining existence of control, joint control over investees

Control is the power to govern an investee, so as to obtain variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns.

Joint control is the contractually agreed sharing of control over an arrangement, and the activities related to such arrangement can be decided only with the unanimous consent of the Group and other parties sharing control.

(d) Impairment of long-term equity investments

For the long-term equity investment in the subsidiary and joint ventures, when its recoverable amount is less than its carrying amount, the carrying amount is reduced to the recoverable amount (Note 2(16)).



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(12) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, machinery and equipment, motor vehicles and others.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the cost can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

(b) Depreciation of fixed assets

Except the subsidiary of the Group, Lvyi (Huludao) Environmental Services Limited (defined as “Huludao Hazardous Waste Company”, whose fixed asset is depreciated using the unit-of-production method, and fixed assets purchased with safety production expenses (Note 2(26)), other fixed assets of the Group are depreciated using the straight-line method to allocate the cost of the assets to their estimated net residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	20 to 50 years	5%	1.90% to 4.75%
Machinery and equipment	3 to 15 years	0% to 5%	6.33% to 33.33%
Motor vehicles	3 to 10 years	0% to 10%	9.00% to 33.33%
Others	3 to 20 years	0% to 10%	4.50% to 33.33%

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

- (c) The carrying amount of a fixed asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(16)).



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(12) Fixed assets (Continued)

(d) Disposals of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(13) Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

The capitalised amount of specific borrowings intended to be used for the acquisition and construction of qualifying assets is determined by the interest expenses incurred in the period less interest income of the unused borrowings deposited at bank or investment income from temporary investments.

The capitalised amount of general borrowings intended to be used for the acquisition and construction of qualifying assets is determined by the weighted average of the excess of accumulated capital expenditure over capital expenditure of the special borrowings multiplied by the weighted average effective interest rate of the utilised general borrowings. The effective interest rate is the interest rate at which the future cash flows of the borrowings over the estimated life or a shorter applicable period are discounted into the initial recognised amount of the borrowings.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(14) Intangible assets

Intangible assets include land use rights, concession rights and software, and are measured at cost.

(a) Land use rights

Land use rights are amortised on the straight-line basis over their approved use period of 50 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

(b) Software

Software is amortised on the straight-line basis over its useful lives of 10 years.

(c) Concession rights

(i) Concession rights of PPP projects

According to the PPP project contracts entered into by the Group and different local governments, the Group obtains concession rights for public infrastructure such as domestic waste incineration power plants. During the operation of the project, the Group is entitled to collect fees from those who receive public goods and services, including waste treatment fees and electricity tariffs. Under the PPP project contracts, the Group builds domestic waste incineration power plants and operates them for a concession period of 23 to 30 years. Upon the expiry of the concession period, the Group would transfer these domestic waste incineration power plants to respective local governments without consideration.

During the operation period of the project, if the Group has the right to receive variable cash flow from the party which receives the public goods and services and the right does not constitute an unconditional right to receive cash, the Group recognises the difference between the consideration for the relevant PPP projects assets or the amount of revenue recognised in respect of the construction project as an intangible asset – concession right when the PPP projects assets are ready for intended use according to the full amount or the difference after deducting the determinable amount of cash that the Group has the right to receive, and the intangible asset – concession right is amortised on a straight-line basis over the concession period.

(ii) Others

The concession rights of hazardous waste disposal projects acquired by the Group through the acquisition of Huludao Hazardous Waste Company is initially measured at fair value at the time of acquisition. Since the relevant concession agreement does not stipulate the concession period, the concession of the hazardous waste disposal project is regarded as an intangible asset with an indefinite useful life, and is not amortised.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(14) Intangible assets (Continued)

(d) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

The useful lives of intangible assets with indefinite useful lives are reviewed during every accounting period. If there is any evidence to support that the useful lives are definite, the useful life of intangible assets shall be estimated and treated in accordance with the provisions of the aforementioned provision.

(e) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project.

Expenditure on the research phase is recognised in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalised only if all of the following conditions are satisfied:

- the development of manufacturing technique has been fully demonstrated by technical team;
- management has approved the budget for the technique development and intends to complete the intangible asset, and use or sell it;
- the research and analysis of preliminary market survey indicate that products manufactured with such technique are marketable;
- adequate technical and financial supports are available for development of manufacturing techniques and subsequent mass production; and
- expenditure on development of manufacturing techniques can be reliably collected.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

(f) Impairment of intangible assets

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(16)).



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(15) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to right-of-use assets, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current period and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

Long-term prepaid expenses are amortised on the straight-line basis over 2-5 years of the expected beneficial period.

(16) Impairment of long-term assets

Fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives and long-term equity investments in subsidiaries and joint ventures are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets that are not yet available for their intended use are tested for impairment at least annually, irrespective of whether there is any indication of impairment; intangible assets with indefinite useful lives are tested for impairment at least annually, irrespective of whether there is any indication of impairment. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of the fair value less costs to sell and the present value of the future cash flows expected to be derived from it. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying amount of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(17) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(a) Short-term employee benefits

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short-term paid absences, etc. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which belong to defined contribution plans.

Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

The termination benefits expected to be settled within one year since the balance sheet date are classified as employee benefits payable.

(18) Profit distributions

Proposed profit distributions are recognised as a liability in the period in which the dividends are approved by the shareholders' meeting or similar entities.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(19) Provisions

Provisions are recognised when the Group has a present obligation under the regulations on withdrawal of decommissioning costs of hazardous waste landfill, the contracts of PPP projects, etc., it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

(20) Revenue

The Group recognises revenue at the amount of the consideration which the Group expects to be entitled to receive when the customer obtains control over relevant goods or services.

(a) Revenue from construction services

PPP project contract refers to the contract concluded between the private party and the government party on PPP project cooperation in accordance with laws and regulations, and the contract meets both the conditions of “dual characteristics” and “dual controls. Among them, “dual characteristics” means that the private party uses the PPP project assets to provide public goods and services on behalf of the government during the operation period stipulated in the contract, and receives compensation for the public goods and services it provides; “dual controls” means that the government party controls or regulates the type, object and price of public goods and services that the private party provides when using the PPP project assets, and when the PPP project contract is terminated, the government party controls the material residual interests of the PPP project assets through ownership, income rights or other forms.

If the Group provides multiple services in accordance with the PPP project contract, it identifies the individual performance obligations in the contract and apportions the transaction price to each performance obligation in proportion to the individual selling price of each performance obligation.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(20) Revenue (Continued)

(a) Revenue from construction services (Continued)

The Group participates in public infrastructure construction business in the form of BOT and other forms based on PPP project contracts concluded with the government party. For the construction services provided by the Group to the government party as the primary responsible person, revenue is recognised over a period of time based on the progress of performance, and contract assets are recognised at the same time. The progress of performance is determined using the input method, which is determined according to the proportion of the cumulative actual construction service costs incurred during the construction process to the estimated total construction costs; the separate selling price of the construction services is based on the cost of construction, with reference to the gross margin of comparable businesses, calculated using the cost plus method.

For the portion of revenue recognised as intangible assets of the infrastructure construction, contract assets recognised during the relevant construction period are presented “intangible assets” in the balance sheet; other contract assets recognised during construction are presented “contract assets” or “other non-current assets” in the balance sheet, depending on whether they are expected to be converted into cash within one year from the balance sheet date.

If the Group meets the conditions for receiving cash (or other financial assets) of an identifiable amount from the contract assets recognised during PPP project construction services during the operation of the project, it shall be recognised as receivables when the Group has the unconditional right to receive such consideration (the right only depends on the factor of time passing). Subsequently, the interest income of relevant PPP projects is recognised on the basis of amortised cost according to the effective interest rate method.

Contract costs include contract performance costs and contract acquisition costs. The cost incurred by the Group in providing the above services is recognised as the contract performance costs. Contract performance costs are carried forward to the cost of sale of main operations based on the progress of performance when recognising revenue.

(b) Electricity tariff

Revenue is recognised by the Group when the electricity is supplied to and controlled by the local grid company. The Group recognises the electricity tariff according to the actual volume of electricity supplied and the unit price and on-grid electricity as agreed in the electricity purchase and sale contracts.

(c) Waste treatment fees

Revenue is recognised by the Group during the course of providing waste treatment services. The Group recognises the waste treatment fees according to the actual volume of waste treated and the unit price as agreed in the agreements, deducting the portion recognised as financial assets.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(21) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidy, etc.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, expenses or losses in reporting the related profit or loss; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, expenses or losses directly in current period. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(22) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for a temporary difference arising from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries and joint ventures, except where the Group is able to control the timing of reversal of the temporary differences, and it is probable that the temporary differences will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and deferred tax liabilities are offset when:

- the deferred tax assets and deferred tax liabilities are related to the same tax payer within the Group and the same taxation authority;
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(23) Leases

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.

The Group as the lessee

At the lease commencement date, the Group recognises the right-of-use asset and measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option or termination penalty if the lessee is reasonably certain to exercise that option etc. Variable lease payments in proportion to sales are excluded from lease payments and recognised in profit or loss as incurred. Lease liabilities that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current liabilities.

Right-of-use assets of the Group comprise leased buildings, machinery and equipment, motor vehicles, etc. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise, the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

For short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low value, the Group chooses to include the lease payments in the cost of the underlying assets or in the profit or loss for the current period on a straight-line basis over the lease term, instead of recognising right-of-use assets and lease liabilities.

The Group accounts for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

For a lease modification that is not accounted for as a separate lease, the Group redetermines the lease term at the effective date of the lease modification, and remeasures the lease liability by discounting the revised lease payments using a revised discount rate, except that the contract changes are accounted for by applying the practical expedient under the provisions of the Ministry of Finance. For a lease modification which decreases the scope of the lease or shortens the lease term, the Group decreases the carrying amount of the right-of-use asset, and recognises in profit or loss any gain or loss relating to the partial or full termination of the lease. For other lease modifications which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amount of the right-of-use asset.

For the rent concessions on the existing lease contract subject to the practical expedient under the provisions of the Ministry of Finance prior to 30 June 2022, the Group applies the practical expedient and records the undiscounted concessions in profit or loss for the current period when the agreement is reached to discharge the original payment obligation with corresponding adjustment of lease liabilities.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(24) Held for sale and discontinued operations

A non-current asset or a disposal group is classified as held for sale when all of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such non-current asset or disposal group; (2) the Group has entered into a legally enforceable sale agreement with other party and obtained relevant approval, and the sale transaction is expected to be completed within one year.

Non-current assets (except for financial assets, investment properties measured at fair value and deferred tax assets) that meet the recognition criteria for held for sale are recognised at the amount equal to the lower of the fair value less costs to sell and the carrying amount, and the excess of the original carrying amount over the fair value less costs to sell is recognised as asset impairment loss.

Such non-current assets and assets and liabilities included in disposal groups classified as held for sale are classified as current assets and current liabilities respectively, and are separately presented in the balance sheet.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable and satisfies one of the following conditions: (1) it represents a separate major line of business or geographical area of operations; (2) it is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; and (3) it is a subsidiary acquired exclusively with a view to resale.

The net profit from discontinued operations in the income statement includes operating profit or loss and disposal gains or losses of discontinued operations.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(25) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

The Group is under overall operation. It has centralised internal organisation structure, management requirements and internal reporting system. The Group's financial information is regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance. The Group has no individually managed operating segment, therefore, the Group has one single operating segment.

(26) Safety production expenses

The Group makes provision for safety production expenses in accordance with the provisions under the Notice on Printing and Issuing the Administrative Measures for Appropriation and Usage of Safety Production Expenses of Enterprises (Cai Zi [2022] No. 136) issued by the Ministry of Finance and the Ministry of Emergency Management. The safety production expenses are specially used to enhance and improve the safety production conditions of enterprises or projects.

The provision for safety production expenses for the current year is based on the actual revenue in last year, which is extracted monthly by taking excess regressive manner. The Group's provision for safety production expenses is included in the cost of related products or charged to profit or loss when incurred, and special reserve is increased accordingly. When the Company uses safety production expenses, expensed items directly reduces the special reserves, while capitalized items are collected in construction in progress and recognized as fixed asset when the safety project is completed reaches the conditions for intended use. Meanwhile, the special reserve is reduced by the capitalized amount of safety production expenses and depreciation is recognized in the same amount. The fixed asset will not be depreciated in future periods.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(27) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and key assumptions

(i) *Determination of income from construction services*

The Group recognises the income from construction services over a period of time in accordance with the progress of performance. The progress of performance is determined using the input method, which is determined according to the proportion of the cumulative actual construction service costs incurred during the construction process to the estimated total construction costs; the separate selling price of the construction services is based on the cost of construction, with reference to the gross margin of comparable businesses, calculated using the cost plus method. Management needs to make a reasonable assessment of the gross margin and total construction cost of construction services at the beginning of the construction services, continuously evaluate the total construction cost during the construction of the project, review and revise the total income from construction services and total construction costs based on the estimated budgeted costs and construction period, and then adjust the progress of performance and the amount of revenue from construction services recognised according to the results of the amendments, which will be reflected in the current financial statements of the Group.

(ii) *Measurement of ECL*

The Group calculates ECL through exposure at default and ECL rates, and determines the ECL rates based on probability of default and loss given default. In determining the ECL rates, the Group uses data such as internal historical credit loss experience, and adjusts historical data based on current conditions and forward-looking information.

When considering forward-looking information, the Group takes different economic scenarios into consideration to assess of the assumptions and parameters related to ECL, including the risk of economic downturn, external market environment, changes in customer conditions, Gross Domestic Product ("GDP"), Consumer Price Index ("CPI"), etc. The Group regularly monitors and reviews assumptions and parameters related to the calculation of ECL. Where there is a difference between the actual bad debts and the original estimate, such difference will affect the Group's provision for bad debts of the above assets in the future period.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(27) Critical accounting estimates and judgements (Continued)

(a) Critical accounting estimates and key assumptions (Continued)

(iii) *Intangible assets – impairment provision for concession rights*

The intangible assets of the Group are mainly concession rights for waste-to-energy projects and hazardous waste projects. At the balance sheet date, management assesses the recoverable amount of concession rights of each project for waste-to-energy treatment projects that have not yet commenced operations, for waste-to-energy treatment projects that have shown indication of impairment and hazardous waste projects accounted for as intangible assets with indefinite useful lives as no concession period was specified to assess the recoverable amount of the concession rights of these projects.

The recoverable amount of concession rights is determined based on the higher of the present value of the expected future cash flows and an asset's fair value less costs to sell. The evaluation process involves the use of appropriate impairment test methods and models and the use of key assumptions (mainly revenue growth rates, EBIT margin and pre-tax discount rates) in the forecast of the present value of future cash flows.

(iv) *Income taxes and deferred income taxes*

The Group is subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income tax in each of these jurisdictions. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

A deferred tax asset is recognised for the carryforward of unused deductible losses to the extent that it is probable that future taxable profits will be available against which the deductible losses can be utilised. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. The Group needs to apply estimates and judgements in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, adjustment may be made to the carrying amount of deferred tax assets.

(28) Changes in accounting policies

The Ministry of Finance released the Notice on Printing and Issuing the Interpretation No. 16 of Accounting Standards for Business Enterprises in December 2022 and the Q&A on Implementation of Accounting Standards for Business Enterprises in January 2023. The financial statements have been prepared in accordance with the above notices and Q&A, and the above notices and Q&A have no material impact on the financial statements of the Group and the Company.



X. FINANCIAL REPORT (CONTINUED)

3 TAXATION

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax base	Tax rate
Enterprise income tax (a)	Taxable income	25%, 16.5% and 15%
Value-added tax ("VAT") (b)	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)	3%, 6%, 9% and 13%
Property tax	Levied on the residual value of the property or rental income	12% and 1.2%
City maintenance and construction tax	Payment amount of VAT	5% and 7%
Educational surcharge	Based on VAT effectively paid	3%
Local educational surcharge	Based on VAT effectively paid	2%
PRC withholding income tax (c)	Based on dividends declared to foreign investors	10%

(a) EIT preferential benefits and approvals

- (i) Pursuant to the provisions including the Circular on Enterprise Income Tax Policy Concerning Deductions for Equipment and Appliances (Cai Shui [2018] No. 54) and the Announcement on Extending the Implementation Period of Certain Preferential Tax Policies (Cai Shui [2021] No. 6) issued by the State Taxation Administration, during the period from 1 January 2018 to 31 December 2023, the cost of newly purchased equipment with the original cost less than RMB5 million can be fully deducted against taxable profit in the next month after the asset is put into use, instead of being depreciated annually for tax filing.



3 TAXATION (Continued)

(a) EIT preferential benefits and approvals (Continued)

(ii) Subsidiaries of the Company, Tianjin Dynagreen Renewable Energy Co., Ltd. (“Jizhou Company”), Anshun Dynagreen Renewable Energy Co., Ltd. (“Anshun Company”), Tianjin Dynagreen Environmental Energy Co., Ltd. (“Ninghe Company”), Beijing Dynagreen Environment Co., Ltd. (“Tongzhou Company”), Jiamusi Bohai Environmental Protection and Electricity Company Limited (“Jiamusi Company”), Shantou Dynagreen Renewable Energy Co., Ltd. (“Shantou Company”), Zhaoqing Boneng Renewable Energy 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 Company”), Pingyang Dynagreen Environmental Energy Co., Ltd. (“Pingyang Phase II Company”), Wenzhou Dynagreen Environmental Energy Co., Ltd. (“Yongjia Phase II Company”), Guizhou Jinsha Green Energy Co., Ltd. (“Jinsha Company”), Dengfeng Dynagreen Renewable Energy Co., Ltd. (“Dengfeng Company”), Fengcheng Company, Laizhou Haikang Environmental Protection Energy Co., Ltd. (“Laizhou Company”), Shishou Dynagreen Renewable Energy Co., Ltd. (“Shishou Company”), Huludao Dynagreen Environment Co., Ltd. (“Huludao Power Generation Company”), Shuozhou Dynagreen Nanshan Environmental Energy Co., Ltd. (“Shuozhou Company”), Wuhan Dynagreen Renewable Energy Co., Ltd. (“Wuhan Company”) and Enshi Green Power Renewable Energy Co., Ltd. (“Enshi 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 EIT for the fourth year to the sixth year starting from the year in which the entities first generate revenue (the “3+3 tax holiday”). The details are as follows:

- The phase II project of Anshun Company is entitled to the 3+3 tax holiday from 2020 to 2025; the phase I project of Anshun Company is an encouraged industry established in the Northwest region and completed its filing in 2018. The taxable income of phase I project of Anshun Company is subject to enterprise income tax at a preferential tax rate of 15%;
- The phase II project of Wuhan Company, Huludao Power Generation Company and Shuozhou Company completed the “EIT preferential benefits and approvals” in 2023 and were entitled to the 3+3 tax holiday from 2023 to 2028;
- Ninghe Company Biomass Power Generation Project, Tongzhou Company, Miyun Company and the phase I project of Jiamusi Company completed the “EIT preferential benefits and approvals” in 2018 and were entitled to the 3+3 tax holiday from 2018 to 2023;
- The phase I project of Shantou Company, the phase I project of Zhaoqing Company, Zhangqiu Company and Bobai Company completed the “EIT preferential benefits and approvals” in 2019 and were entitled to the 3+3 tax holiday from 2019 to 2024;



3 TAXATION (Continued)

(a) EIT preferential benefits and approvals (Continued)

(ii) (Continued)

- Yichun Company, Hong'an Company, Huizhou Phase II Company, Haining Expansion Company, the phase II project of Jizhou Company, Fengcheng Company and phase II project of Shantou Company were entitled to the 3+3 tax holiday from 2020 to 2025;
- Pingyang Phase II Company, Yongjia Phase II Company, Shishou Company, waste incineration project of Jinsha Company, Dengfeng Company, the phase II project of Jiamusi Company and Zhaoqing Company were entitled to the 3+3 tax holiday from 2021 to 2026;
- Laizhou Company and Enshi Company entitled to the 3+3 tax holiday from 2022 to 2027.

Before obtaining the notification of EIT, the subsidiaries made income tax provisions and payment based on a tax rate of 25% and income tax expenses.

(iii) Pursuant to the Announcement on the Matters Concerning the Implementation of Preferential Income Tax Policies for the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (MoF STA Announcement [2023] No. 6) jointly issued by the Ministry of Finance and the State Taxation Administration, the proportion of taxable income up to RMB1 million of a small and low-profit enterprise is entitled to a preferential tax treatment of 25% exemption of taxable income and application of EIT rate as 20%. The execution period of the announcement is from 1 January 2023 to 31 December 2024.

Pingyao Dynagreen Renewable Energy Co., Ltd. ("Pingyao Company"), Longhui Dynagreen Renewable Energy Co., Ltd. ("Longhui Company"), Dongguan Changneng Clean Energy and Greening Service Co., Ltd. ("Dongguan Company") and Shantou Dynagreen Environmental Protection Co., Ltd. ("Shantou Kitchen Waste Company"), being subsidiaries of the Company, meet the conditions of a small and low-profit enterprise and are subject to the preferential income tax policies under the announcement.

(iv) According to the Announcement on Further Improving the Policies for the Weighted Pre-tax Deduction of Research and Development Expenses ("MoF SAT Announcement [2023] No. 7") issued by the MOF and the State Administration of Taxation, for the research and development expenses that are actually incurred by an enterprise and have been included in the current loss and profit while intangible assets are not created, another 100% of the amount of research and development expenses actually incurred in this year shall be deducted from the amount of taxable income in addition to the deduction as prescribed to the extent of the amount actually incurred since 1 January 2023; for research and development expenses creating intangible assets, 200% of the cost of intangible assets shall enjoy pre-tax amortization since 1 January 2023. The announcement took effect from 1 January 2023.



3 TAXATION (Continued)

(a) EIT preferential benefits and approvals (Continued)

- (v) According to the Notice of the Ministry of Finance, the State Administration of Taxation, the National Development and Reform Commission, the Ministry of Industry and Information Technology and the Ministry of Environmental Protection on Issuing the Catalogue of Enterprise Income Tax Preferences for Special Purpose Equipment for Energy and Water Conservation and Environmental Protection (2017 Version) (Cai Shui [2017] No. 71) jointly promulgated by the Ministry of Finance and the State Administration of Taxation, where an enterprise purchases and actually uses special equipment for environmental protection listed in the Catalogue of Enterprise Income Tax Preferences for Special Purpose Equipment for Environmental Protection, the Catalogue of Enterprise Income Tax Preferences for Special Purpose Equipment for Energy and Water Conservation and the Catalogue of Enterprise Income Tax Preferences for Special Purpose Equipment for Safety Production, 10% of the investment amount in the special purpose equipment may be offset against its tax payable for the current year; where the tax payable is insufficient for the credit, the excess may be carried forward for credit in the following five taxable years.
- (vi) An income tax rate of 16.5% as stipulated by the Hong Kong tax laws was applicable to Dynagreen Investment Holding Company Limited (“Hong Kong Dynagreen”), a company incorporated in Hong Kong.

The applicable income tax rate for the Company and its other subsidiaries is 25%.

(b) 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 the Ministry of Finance and the State Taxation Administration, 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.

According to the Announcement on Improving the VAT Policy for Comprehensive Utilization of Resources (Cai Shui [2021] No. 40) issued by the Ministry of Finance and the State Taxation Administration, the VAT paid for waste treatment and sewage processing and disposal services shall be subject to the VAT refund policy, or the VAT exemption policy. Once selected, it shall not be changed within 36 months.

Qingdao Dynagreen Renewable Energy Co., Ltd. (“Qingdao Company”), the Company’s subsidiary, is a small-scale VAT taxpayer and its applicable tax rate is 3%.

- (c) 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.



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	30 June 2023	31 December 2022
Cash on hand	900.00	740.00
Cash at bank	1,139,957,671.40	1,864,782,553.59
Other cash balances (i)	6,221,184.95	2,196,700.00
	1,146,179,756.35	1,866,979,993.59
Including: Amounts deposited abroad	9,866,438.29	2,415,473.14

- (i) As at 30 June 2023, other cash balances of RMB6,221,184.95 represented deposits of the Group for the purpose of applying for unconditional, irrevocable bank letters of guarantee with restricted use (31 December 2022: RMB2,196,700.00).

(2) Notes receivables

	30 June 2023	31 December 2022
Bank acceptance notes	1,700,000.00	3,630,000.00
Less: Provision for bad debts	–	–
	1,700,000.00	3,630,000.00

- (a) As at 30 June 2023, notes receivable endorsed or discounted but unmaturing as shown in the notes receivables were as follows:

	Derecognised	Not derecognised
Bank acceptance notes	–	1,700,000.00



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Accounts receivables

	30 June 2023	31 December 2022
Receivables from waste treatment fee	726,951,693.03	576,752,881.06
Receivables from renewable energy subsidies	856,132,154.56	709,072,832.70
Receivables from electricity sales	299,139,158.86	264,452,046.84
Receivable from related parties (Note 6(5))	–	182,292.00
	1,882,223,006.45	1,550,460,052.60
Less: Provision for bad debts	(48,730,717.14)	(36,123,330.31)
	1,833,492,289.31	1,514,336,722.29

(a) The ageing of accounts receivables based on their recording dates is analysed as follows:

	30 June 2023	31 December 2022
Within 1 year	1,162,805,788.90	1,035,851,139.14
1 to 2 years	588,696,880.97	443,163,740.13
2 to 3 years	100,620,321.22	58,029,434.42
3 to 4 years	22,216,120.94	8,925,929.24
4 to 5 years	7,883,894.42	4,489,809.67
	1,882,223,006.45	1,550,460,052.60



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Accounts receivables (Continued)

- (b) As at 30 June 2023, the five largest accounts receivables aggregated by debtors were summarised and analysed as follows:

	Balance	Provision for bad debts	% of total balance
Tianjin State Grid Power Company (國網天津市電力公司)	257,187,038.10	(5,902,727.72)	13.66%
Chaoyang District City Management and Comprehensive Law Enforcement Bureau of Shantou City (汕頭市潮陽區城市管理和綜合執法局)	154,627,272.61	(1,093,486.50)	8.22%
Beijing State Grid Power Company (國網北京市電力公司)	110,525,370.36	(1,369,031.97)	5.87%
Hubei Province State Grid Power Company (國網湖北省電力有限公司)	106,821,545.37	(1,110,923.54)	5.68%
Jiangsu Province State Grid Power Company (國網江蘇省電力有限公司)	100,334,524.14	(1,899,066.10)	5.33%
	729,495,750.58	(11,375,235.83)	38.76%

(c) Provision for bad debts

For accounts receivables, the Group recognises the lifetime ECL regardless of whether there exists a significant financing component.

- (i) Accounts receivables for which the related provision for bad debts is provided on the individual basis are analysed as follows:

As at 30 June 2023, there was no accounts receivables for which the related provision for bad debts was provided on the individual basis (31 December 2022: nil).



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Accounts receivables (Continued)

(c) Provision for bad debts (Continued)

- (ii) Provision for bad debts made on a collective basis for accounts receivables is analysed as follows:

	30 June 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Receivables from national renewable energy subsidies and receivables from electricity sales	1,155,271,313.42	1.75%	(20,220,871.29)
Receivables from waste treatment fee	726,951,693.03	3.92%	(28,509,845.85)
	1,882,223,006.45		(48,730,717.14)
	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Receivables from renewable energy subsidies and receivables from electricity sales	973,524,879.54	1.54%	(14,983,476.19)
Receivables from waste treatment fee	576,935,173.06	3.66%	(21,139,854.12)
	1,550,460,052.60		(36,123,330.31)

- (iii) For the six months ended 30 June 2023, the Group's provision for bad debts amounted to RMB12,607,386.83 (for the six months ended 30 June 2022: RMB14,153,361.78); the provision for bad debts reversed amounted to RMB0.00 (for the six months ended 30 June 2022: RMB2,000,000.00). For details of the provision for bad debts, please refer to Note 4(18).

- (iv) For the six months ended 30 June 2023 and the six months ended 30 June 2022, the Group had no accounts receivable written off.



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Accounts receivables (Continued)

- (d) As at 30 June 2023, the Group's accounts receivables with a carrying amount of RMB1,380,515,564.84 (31 December 2022: RMB1,223,222,513.63) are restricted by the Group's pledge of the concession rights and collection rights (including rights to charge for electricity or waste treatment) under relevant PPP project contracts for bank borrowings (Note 4(26)(a)).

(4) Advances to suppliers

- (a) The ageing of advances to suppliers is analysed as follows:

	30 June 2023		31 December 2022	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	51,886,446.04	100.00%	50,946,124.08	97.42%
1 to 2 years	–	0.00%	1,347,268.66	2.58%
	51,886,446.04	100.00%	52,293,392.74	100.00%

- (b) As at 30 June 2023, the five largest advances to suppliers aggregated by debtors were analysed as follows:

	Amount	% of total amount
Total balances of advances to the top five debtors	14,330,045.90	27.62%



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables

	30 June 2023	31 December 2022
Compensation receivable for assets (i)	23,399,118.20	23,399,118.20
Receivable current accounts of former shareholders (ii)	12,961,261.85	12,961,261.85
VAT refunds receivable	10,916,597.41	8,253,811.53
Others	21,367,361.94	20,965,149.72
	68,644,339.40	65,579,341.30
Less: Provision for bad debts	(21,637,818.17)	(21,282,806.85)
	47,006,521.23	44,296,534.45

- (i) Haining Dynagreen Renewable Energy Co., Ltd. (“Haining Company”), a subsidiary of the Company, signed an agreement with the Haining Municipal Bureau of Comprehensive Administration and Law Enforcement to dispose of the Company’s PPP assets, and the compensation for the disposals of assets that had not been settled was RMB10,848,903.20 according to the agreement.

Huludao Hazardous Waste Company, a subsidiary of the Company, signed an agreement with the Huludao City Land Reserve Center. According to the agreement, Huludao City Land Reserve Center should refund the land transfer fee of RMB12,550,215.00 paid for the expropriated land.

- (ii) Receivable current accounts of former shareholders are the equity receivables of the original shareholders and the current accounts receivables from the partners of the original shareholders, and the provision for impairment has been fully made in the previous year.

- (a) The ageing of other receivables is analysed as follows:

	30 June 2023	31 December 2022
Within 1 year	17,427,829.49	26,312,571.43
1 to 2 years	16,419,194.46	4,736,804.89
2 to 3 years	1,515,506.37	13,765,775.90
Over 3 years	33,281,809.08	20,764,189.08
	68,644,339.40	65,579,341.30



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

(b) Loss provision and changes in book balance

	Stage 1		Stage 3		Total	
	12-month ECL		Lifetime ECL (Credit impaired)		Book balance	Provision for bad debts
	Book balance	Provision for bad debts	Book balance	Provision for bad debts		
31 December 2022	46,813,463.09	(2,516,928.64)	18,765,878.21	(18,765,878.21)	65,579,341.30	(21,282,806.85)
Net increase/(provision) in the current year	3,064,998.10	(355,011.32)	-	-	3,064,998.10	(355,011.32)
30 June 2023	49,878,461.19	(2,871,939.96)	18,765,878.21	(18,765,878.21)	68,644,339.40	(21,637,818.17)

- (i) As at 30 June 2023 and 31 December 2022, other receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

Stage 3	Book balance	Lifetime ECL	Provision for bad debts	Reason
Receivable current accounts of former shareholders	12,961,261.85	100.00%	(12,961,261.85)	Had long ageing and risk on collection
Others	5,804,616.36	100.00%	(5,804,616.36)	Had long ageing and risk on collection
	18,765,878.21		(18,765,878.21)	



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

(b) Loss provision and changes in book balance (Continued)

(ii) As at 30 June 2023 and 31 December 2022, other receivables for which the related provision for bad debts was provided on a collective basis are analysed as follows:

Stage 1	30 June 2023			31 December 2022		
	Book balance	Loss provision		Book balance	Loss provision	
	Amount	Amount	Provision ratio	Amount	Amount	Provision ratio
VAT refunds receivable	10,916,597.41	–	0.00%	8,253,811.53	–	0.00%
Others	38,961,863.78	(2,871,939.96)	7.37%	38,559,651.56	(2,516,928.64)	6.53%
	49,878,461.19	(2,871,939.96)		46,813,463.09	(2,516,928.64)	

(c) For the six months ended 30 June 2023, the provision for bad debts amounted to RMB355,011.32 (for the six months ended 30 June 2022: RMB981,525.35); the provision for bad debts collected or reversed amounted to RMB0.00 (for the six months ended 30 June 2022: RMB500,000.00).

(d) For the six months ended 30 June 2023 and the six months ended 30 June 2022, the Group had no other receivables actually written off.



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

(e) As at 30 June 2023, the five largest other receivables aggregated by debtors were analysed as follows:

	Nature	Balance	Ageing	% of total balance	Provision for bad debts
Huludao City Land Reserve Center	Land transfer fee receivable	12,550,215.00	Over 3 years	18.28%	(1,255,021.50)
The People's Government of Yanguan Town, Haining City	Compensation receivable for assets	10,848,903.20	1 to 2 years	15.80%	–
Shenzhen Hanyang Holdings Company	Receivable current accounts of former shareholders	6,988,073.50	Over 3 years	10.18%	(6,988,073.50)
Dynagreen Environment Investment Limited	Receivable current accounts of former shareholders	5,160,600.00	Over 3 years	7.52%	(5,160,600.00)
National Treasury of Pingyang County	VAT refunds receivable	3,878,881.15	Within 1 year, 1 to 2 years	5.65%	–
		39,426,672.85		57.43%	(13,403,695.00)

(6) Inventories

	30 June 2023			31 December 2022		
	Book balance	Provision for decline in the value of inventories	Carrying amount	Book balance	Provision for decline in the value of inventories	Carrying amount
Turnover materials	48,949,718.68	–	48,949,718.68	50,455,726.71	–	50,455,726.71

As at 30 June 2023 and 31 December 2022, the Group's balance of inventories neither included capitalised borrowing costs nor was pledged as security.



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Contract assets

	30 June 2023	31 December 2022
PPP project construction services	6,633,156,085.33	6,505,623,201.49
Contract assets generated by electricity sales contract (i)	215,795,210.70	165,728,407.23
	6,848,951,296.03	6,671,351,608.72
Less: Provision for impairment of contract assets	(89,035,340.55)	(86,359,256.85)
	6,759,915,955.48	6,584,992,351.87
Less: Contract assets included in other non-current assets (Note 4(17))	(6,417,570,068.65)	(6,294,426,365.72)
	342,345,886.83	290,565,986.15

- (i) The contract assets are receivables from renewable energy subsidies in the electricity sales contract between the Group and the grid company, items of which are not included in the National Renewable Energy Subsidy Catalogue. When they are included or the Group obtains the right to receive the unconditional consideration, the contract assets will be recognised as accounts receivables.



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Contract assets (Continued)

- (ii) For contract assets, the Group recognises the lifetime ECL regardless of whether there exists a significant financing component. As at 30 June 2023 and 31 December 2022, the Group's contract assets were not overdue, and the provision for impairment was made on a collective basis.

As at 30 June 2023, contract assets for which the provision for bad debts was provided on the collective basis were analysed as follows:

	Book balance	Lifetime ECL rates	Provision for impairment
PPP project construction services	6,633,156,085.33	1.32%	(87,389,555.41)
Contract assets generated by electricity sales contract	215,795,210.70	0.76%	(1,645,785.14)
	6,848,951,296.03		(89,035,340.55)

As at 31 December 2022, contract assets for which the provision for bad debts was provided on the collective basis were analysed as follows:

	Book balance	Lifetime ECL rates	Provision for impairment
PPP project construction services	6,505,623,201.49	1.31%	(85,095,313.26)
Contract assets generated by electricity sales contract	165,728,407.23	0.76%	(1,263,943.59)
	6,671,351,608.72		(86,359,256.85)

Changes in provision for impairment of contract assets are set out in Note 4(18).

- (iii) As at 30 June 2023, the Group's contract assets with a carrying amount of RMB259,784,346.36 (31 December 2022: RMB209,947,636.84) were restricted by the Group's pledge of the concession rights and collection rights (including rights to charge for electricity or processing of waste) under relevant PPP project contracts for bank borrowings (Note 4(26)(a)).



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Current portion of non-current assets

	30 June 2023	31 December 2022
Receivables from BT projects (Note 4(9))	73,147,013.79	72,934,962.63
Less: Provision for impairment	(9,721,435.64)	(9,693,253.46)
	63,425,578.15	63,241,709.17

(9) Long-term receivables

	30 June 2023		
	Book balance	Provision for bad debts	Carrying amount
Receivables from BT projects (i)	73,147,013.79	(9,721,435.64)	63,425,578.15
Performance bond (ii)	36,000,000.00	(218,105.69)	35,781,894.31
	109,147,013.79	(9,939,541.33)	99,207,472.46
Less: Due within one year (Note 4(8))	(73,147,013.79)	9,721,435.64	(63,425,578.15)
	36,000,000.00	(218,105.69)	35,781,894.31
		31 December 2022	
	Book balance	Provision for bad debts	Carrying amount
Receivables from BT projects (i)	72,934,962.63	(9,693,253.46)	63,241,709.17
Performance bond (ii)	36,000,000.00	(218,105.69)	35,781,894.31
	108,934,962.63	(9,911,359.15)	99,023,603.48
Less: Due within one year (Note 4(8))	(72,934,962.63)	9,693,253.46	(63,241,709.17)
	36,000,000.00	(218,105.69)	35,781,894.31

(i) It is the amounts due from the Group's BT projects for construction revenue.

As at 30 June 2023 and 31 December 2022, discount rates of long-term receivables of BT projects were 5.29%.

(ii) Performance bond represents the performance bond for PPP projects contracts receivable by the Group.



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Long-term receivables (Continued)

- (a) Long-term receivables for which provision for bad debts was made on the collective basis are analysed as follows:

	30 June 2023		
	Book balance	Provision for bad debts	
	Amount	ECL rate	Amount
Receivables from BT projects	73,147,013.79	13.29%	(9,721,435.64)
Performance bond	36,000,000.00	0.61%	(218,105.69)
	109,147,013.79		(9,939,541.33)

	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	ECL rate	Amount
Receivables from BT projects	72,934,962.63	13.29%	(9,693,253.46)
Performance bond	36,000,000.00	0.61%	(218,105.69)
	108,934,962.63		(9,911,359.15)

Changes in provision for bad debts of long-term receivables are set out in Note 4(18).

As at 30 June 2023 and 31 December 2022, the Group had no long-term receivables with restricted ownership.



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) Other current assets

	30 June 2023	31 December 2022
Deductible VAT input tax and others	256,839,342.78	256,939,869.44

(11) Fixed assets

	Buildings	Machinery and equipment	Motor vehicles	Others	Total
Cost					
31 December 2022	226,618,013.93	104,695,853.91	32,417,484.89	43,461,082.04	407,192,434.77
Increase in the current period	-	-	345,645.18	1,653,535.67	1,999,180.85
Decrease in the current period	-	-	-	(452,155.43)	(452,155.43)
30 June 2023	226,618,013.93	104,695,853.91	32,763,130.07	44,662,462.28	408,739,460.19
Accumulated depreciation					
31 December 2022	11,103,549.88	14,296,838.27	18,107,531.10	25,046,341.74	68,554,260.99
Increase in the current period	2,221,343.55	3,736,277.31	1,746,795.46	2,634,491.84	10,338,908.16
Decrease in the current period	-	-	-	(427,635.91)	(427,635.91)
30 June 2023	13,324,893.43	18,033,115.58	19,854,326.56	27,253,197.67	78,465,533.24
Carrying amount					
30 June 2023	213,293,120.50	86,662,738.33	12,908,803.51	17,409,264.61	330,273,926.95
31 December 2022	215,514,464.05	90,399,015.64	14,309,953.79	18,414,740.30	338,638,173.78

For the six months ended 30 June 2023, depreciation charged to fixed assets amounted to RMB10,338,908.16 (for the six months ended 30 June 2022: RMB10,595,508.03), of which RMB7,225,961.72, RMB2,904,256.99, RMB9,150.66, RMB3,920.82 and RMB195,617.97 were charged to cost of sales, general and administrative expenses, research and development expenses, selling expenses and capitalized expenses (for the six months ended 30 June 2022: RMB7,826,531.03, RMB2,598,176.33, RMB11,412.71, RMB0.00 and RMB159,387.96).



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Fixed assets (Continued)

For the six months ended 30 June 2023 and the six months ended 30 June 2022, the Group did not make provision for impairment of fixed assets.

(i) As at 30 June 2023, the fixed assets with pending certificates of ownership were as follows:

Buildings	Carrying amount	Reasons for not obtaining certificates of ownership
Huludao Hazardous Waste Company	91,491,356.23	In process
Dongguan Company	14,875,495.83	i)
	106,366,852.06	

i) The land occupied by Dongguan Company's aforementioned buildings, was owned and provided free of charge by the Chang'an Town People's Government and the Yongtuo Community Residents Committee of Chang'an Town, Dongguan City. Thus, it is impossible for Dongguan Company to obtain a House Title Certificate. However, management believes that the Group can effectively use the above fixed assets, and it will not have a significant impact on its operation.

(12) Right-of-use assets

	Buildings	Motor vehicles	Others	Total
Cost				
31 December 2022	9,032,802.09	378,759.79	1,681,228.25	11,092,790.13
Increase in the current year	–	183,861.12	–	183,861.12
Decrease in the current year	(7,127,270.35)	(241,129.36)	–	(7,368,399.71)
30 June 2023	1,905,531.74	321,491.55	1,681,228.25	3,908,251.54
Accumulated depreciation				
31 December 2022	6,054,093.75	309,944.59	158,935.28	6,522,973.62
Increase in the current year	2,000,780.51	59,943.85	29,926.86	2,090,651.22
Decrease in the current year	(7,127,270.35)	(241,129.36)	–	(7,368,399.71)
30 June 2023	927,603.91	128,759.08	188,862.14	1,245,225.13
Carrying amount				
30 June 2023	977,927.83	192,732.47	1,492,366.11	2,663,026.41
31 December 2022	2,978,708.34	68,815.20	1,522,292.97	4,569,816.51



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Intangible assets

	Concession rights	Land use rights	Software	Construction license	Total
Cost					
31 December 2022	12,735,955,013.74	71,446,558.44	3,639,433.22	6,529,123.58	12,817,570,128.98
Increase in the current period	516,760,031.55	–	444,089.16	–	517,204,120.71
30 June 2023	13,252,715,045.29	71,446,558.44	4,083,522.38	6,529,123.58	13,334,774,249.69
Accumulated amortisation					
31 December 2022	1,552,498,970.56	6,060,429.61	1,694,556.57	3,396,442.65	1,563,650,399.39
Provisions for the period	207,081,746.16	714,465.60	164,422.48	–	207,960,634.24
30 June 2023	1,759,580,716.72	6,774,895.21	1,858,979.05	3,396,442.65	1,771,611,033.63
Provision for impairment					
31 December 2022 and 30 June 2023	281,355,759.20	–	–	3,132,680.93	284,488,440.13
Carrying amount					
30 June 2023	11,211,778,569.37	64,671,663.23	2,224,543.33	–	11,278,674,775.93
31 December 2022	10,902,100,283.98	65,386,128.83	1,944,876.65	–	10,969,431,289.46

For the six months ended 30 June 2023, the amortization of intangible assets amounted to RMB207,960,634.24 (for the six months ended 30 June 2022: RMB184,306,726.91).

As at 30 June 2023, the Group's intangible assets with a carrying amount of RMB4,472,993,684.68 (31 December 2022: RMB5,326,458,140.64) were restricted by the Group's pledge of the concession rights and collection rights (including rights to charge for electricity or processing of waste) under relevant PPP project contracts for bank borrowings (Note 4(26)(a)).

When conducting impairment tests on intangible assets, the Group compares the book value of relevant assets with its recoverable amount. If the recoverable amount is lower than the book value, the relevant difference is included in the current profit and loss. The recoverable amount of assets is calculated using the forecasting method of predicting the present value of future cash flows. The recoverable amount of intangible assets shall be determined as the higher of the present value of the estimated future cash flow and the fair value of the assets less the disposal expenses.

The Group determines the income growth rate and EBIT margin based on historical experience and market development forecasts. The Group adopts the pre-tax interest rate that can reflect the specific risks of related assets as the discount rate.



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Goodwill

	30 June 2023 and 31 December 2022
Goodwill – Huludao Hazardous Waste Company	43,910,821.67
Less: Provision for impairment – Huludao Hazardous Waste Company	(10,185,838.26)
	<u>33,724,983.41</u>

On 5 January 2018, the Group acquired 80% of interests in Huludao Hazardous Waste Company at the consideration of RMB90,000,000.00. The consideration exceeded the difference of RMB43,910,821.67 between the identified asset and liabilities at fair value of Huludao Hazardous Waste Company on a pro rata basis, and was recognised as the goodwill relating to Huludao Hazardous Waste Company. In 2022, the Group made provision for impairment of goodwill in an amount of RMB10,185,838.26, which was mainly caused by the delay in the process of application for qualifications of individual business and no increase in impairment of goodwill in the period.

(15) Long-term prepaid expenses

	30 June 2023	31 December 2022
Royalties of emission right and others	7,247,665.07	574,822.36



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	30 June 2023		31 December 2022	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Tax losses	32,946,477.92	8,236,619.48	26,761,874.38	6,690,468.60
Deferred income	10,412,221.05	2,603,055.06	10,610,772.99	2,652,693.23
Provision for asset impairment	162,970,016.87	21,398,922.77	147,303,352.84	18,608,620.91
Offsetting of internal unrealised profits	1,074,843,142.23	256,662,251.25	998,577,671.43	229,246,555.34
	1,281,171,858.07	288,900,848.56	1,183,253,671.64	257,198,338.08
Including:				
Expected to be recovered within one year (inclusive)		18,453,395.42		17,076,677.69
Expected to be recovered after one year		270,447,453.14		240,121,660.39
		288,900,848.56		257,198,338.08

(b) Deferred tax liabilities before offsetting

	30 June 2023		31 December 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Temporary difference from concession rights and contract assets	(1,890,680,229.60)	(472,670,057.40)	(1,787,855,922.47)	(446,963,308.31)
PRC withholding tax on dividends	(151,509,805.60)	(15,150,980.56)	(102,520,558.95)	(10,252,055.90)
Asset evaluation increment from business combinations involving enterprises not under common control	(225,683,266.96)	(56,420,816.74)	(229,309,106.40)	(57,327,276.60)
	(2,267,873,302.16)	(544,241,854.70)	(2,119,685,587.82)	(514,542,640.81)
Including:				
Expected to be recovered within one year (inclusive)		(126,531,076.86)		(117,136,257.12)
Expected to be recovered after one year		(417,710,777.84)		(397,406,383.69)
		(544,241,854.70)		(514,542,640.81)



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Deferred tax assets and deferred tax liabilities (Continued)

(c) Deductible temporary differences and deductible losses that are not recognised as deferred tax assets are analysed as follows:

	30 June 2023	31 December 2022
Deductible temporary differences	296,547,598.03	297,296,528.08
Deductible losses	212,412,318.05	340,537,285.98
	508,959,916.08	637,833,814.06

(d) Deductible losses that are not recognised as deferred tax assets will be expired in following years:

	30 June 2023	31 December 2022
2023	1,643,593.56	1,741,980.99
2024	11,193,902.53	19,662,957.63
2025	2,267,602.70	107,374,619.00
2026	9,517,276.93	50,369,439.55
2027	75,670,243.03	98,375,255.51
2028	41,889,963.20	–
Indefinite	70,229,736.10	63,013,033.30
	212,412,318.05	340,537,285.98

(e) The net balances of deferred tax assets and deferred tax liabilities after offsetting are as follows:

	30 June 2023		31 December 2022	
	Amount offset	Balance after offsetting	Amount offset	Balance after offsetting
Deferred tax assets	(30,908,418.26)	257,992,430.30	(26,651,606.24)	230,546,731.84
Deferred tax liabilities	30,908,418.26	(513,333,436.44)	26,651,606.24	(487,891,034.57)



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Other non-current assets

	30 June 2023	31 December 2022
PPP project construction services (Note 4(7))	6,503,897,036.46	6,378,482,294.46
Input VAT to be deducted	454,813,076.72	488,357,501.82
Prepayments for BOT projects and equipment	82,622,507.17	137,033,185.64
Others	1,515,453.30	1,515,453.30
	7,042,848,073.65	7,005,388,435.22
Less: Provision for impairment of contract assets (Note 4(7))	(86,326,967.81)	(84,055,928.74)
	6,956,521,105.84	6,921,332,506.48

- (i) As at 30 June 2023, the Group's other non-current assets with a carrying amount of RMB3,540,892,150.17 (31 December 2022: RMB3,711,705,882.90) were restricted by the Group's pledge of the concession rights and collection rights (including rights to charge for electricity or processing of waste) under relevant PPP project contracts for bank borrowings (Note 4(26)(a)).

(18) Provision for asset impairment and losses

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Provision for bad debts of accounts receivables	36,123,330.31	12,607,386.83	–	48,730,717.14
Provision for bad debts of other receivables	21,282,806.85	355,011.32	–	21,637,818.17
Provision for bad debts of long-term receivables	9,911,359.15	28,182.18	–	9,939,541.33
Sub-total	67,317,496.31	12,990,580.33	–	80,308,076.64
Provision for impairment of contract assets	86,359,256.85	2,676,083.70	–	89,035,340.55
Provision for bad debts of intangible assets	284,488,440.13	–	–	284,488,440.13
Provision for bad debts of goodwill	10,185,838.26	–	–	10,185,838.26
Sub-total	381,033,535.24	2,676,083.70	–	383,709,618.94
Total	448,351,031.55	15,666,664.03	–	464,017,695.58



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Short-term borrowings

	30 June 2023	31 December 2022
Unsecured borrowings	427,154,812.75	629,445,334.97

(a) As at 30 June 2023, the range of interest rate of short-term borrowings was from 2.90% to 5.22% (31 December 2022: 2.90% to 5.22%).

(20) Accounts payables

	30 June 2023	31 December 2022
Payables for engineering and equipment	1,263,197,091.14	1,265,489,204.69

As at 30 June 2023 and 31 December 2022, the balance of accounts payable of the Group aged over one year was RMB272,882,564.33 and RMB322,977,182.13, respectively, which were mainly used as the balance payable for engineering equipment quality assurance funds.

(21) Contract liabilities

	30 June 2023	31 December 2022
Waste treatment fees received in advance and others	2,206,311.00	17,002,561.22

(22) Employee benefits payable

	30 June 2023	31 December 2022
Short-term employee benefits payable (a)	54,318,123.13	99,411,450.89
Defined contribution plans payable (b)	2,076,720.83	2,110,686.45
	56,394,843.96	101,522,137.34



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(22) Employee benefits payable (Continued)

(a) Short-term employee benefits

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Wages and salaries, bonus, allowances and subsidies	93,140,690.66	162,789,329.99	(207,676,877.70)	48,253,142.95
Staff welfare	418,635.43	13,632,721.54	(13,514,802.11)	536,554.86
Social insurance	306,900.05	12,615,521.56	(12,641,328.97)	281,092.64
Including: Medical insurance	270,234.10	11,301,221.70	(11,325,908.38)	245,547.42
Work injury insurance	20,442.91	840,039.51	(839,747.01)	20,735.41
Maternity insurance	16,223.04	474,260.35	(475,673.58)	14,809.81
Housing funds	135,858.68	18,735,161.14	(18,801,781.38)	69,238.44
Union running costs and employee education costs	5,404,719.25	3,848,064.06	(4,117,759.43)	5,135,023.88
Other short-term employee benefits	4,646.82	2,092,251.43	(2,053,827.89)	43,070.36
	99,411,450.89	213,713,049.72	(258,806,377.48)	54,318,123.13

(b) Defined contribution plans

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Basic pensions	2,093,250.04	23,131,233.72	(23,164,111.00)	2,060,372.76
Unemployment insurance	17,436.41	755,777.94	(756,866.28)	16,348.07
	2,110,686.45	23,887,011.66	(23,920,977.28)	2,076,720.83



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(23) Taxes payable

	30 June 2023	31 December 2022
Enterprise income tax	34,435,932.21	30,162,961.32
Property tax	11,120,105.40	11,808,659.95
VAT	9,051,577.68	6,901,051.82
Urban land use tax	4,414,449.30	3,699,344.79
City maintenance and construction tax	692,503.50	475,693.94
Individual income tax	247,516.62	419,012.46
Others	1,650,124.81	1,233,003.91
	61,612,209.52	54,699,728.19

(24) Other payables

	30 June 2023	31 December 2022
Dividends payable (i)	234,814,013.20	18,000,000.00
Deposits and guarantees payable	42,894,179.86	35,691,186.85
Payables to related parties (Note 6(5))	250,000.00	250,000.00
Management fee payable to Urban Construction Bureau	23,501,483.86	22,268,267.34
Refund of tariff	25,966,269.10	22,022,030.10
Intermediary fees payable	–	1,622,605.66
Others	42,033,766.32	35,831,968.55
	369,459,712.34	135,686,058.50

- (i) As at 30 June 2023, the Group's dividends payable included dividends payable to shareholders of ordinary shares of RMB167,214,013.20 and dividends payable to non-controlling shareholders of subsidiaries of RMB67,600,000.00.

As at 30 June 2023, other payables with ageing over 1 year amounted to RMB26,743,211.58 (31 December 2022: RMB24,659,527.27), mainly representing deposits and guarantees of suppliers.



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(25) Current portion of non-current liabilities

	30 June 2023	31 December 2022
Current portion of long-term borrowings (Note 4(26))	882,201,398.98	1,210,357,279.15
Current portion of debentures payable (Note 4(27))	3,258,607.19	4,008,638.04
Current portion of lease liabilities (Note 4(28))	604,815.10	2,775,718.59
Current portion of long-term payables (Note 4(29))	8,891,748.62	8,598,758.43
	894,956,569.89	1,225,740,394.21

The Group had no current portion of long-term borrowings that are overdue but not repaid.

(26) Long-term borrowings

	30 June 2023	31 December 2022
Guaranteed and pledged borrowings (a)	7,777,891,127.71	7,563,593,253.20
Unsecured borrowings	1,571,905,972.23	1,972,575,989.98
	9,349,797,099.94	9,536,169,243.18
Less: Current portion of long-term borrowings (Note 4(25))		
Guaranteed and pledged borrowings	(850,295,426.75)	(867,781,289.17)
Unsecured borrowings	(31,905,972.23)	(342,575,989.98)
	(882,201,398.98)	(1,210,357,279.15)
	8,467,595,700.96	8,325,811,964.03



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(26) Long-term borrowings (Continued)

- (a) As at 30 June 2023, pledged borrowings of RMB6,519,231,763.36 (31 December 2022: RMB6,165,833,112.38) represented bank borrowings of the Group. According to the Fixed Assets Loan Contract and the Rights Pledge Contract, the Group is required to pledge the concession rights or collection rights (including the rights to charge for electricity or processing of waste) under relevant PPP contracts to the lenders. As at 30 June 2023, the Group had other non-current assets (Note 4(17)) restricted by the above pledge with a balance of RMB3,540,892,150.17 (31 December 2022: RMB3,711,705,882.90), accounts receivables (Note 4(3)) with a balance of RMB1,380,515,564.84 (31 December 2022: RMB1,223,222,513.63), contract assets (Note 4(7)) with a balance of RMB259,784,346.36 (31 December 2022: RMB209,947,636.84) and intangible assets (Note 4(13)) with a balance of RMB4,472,993,684.68 (31 December 2022: RMB5,326,458,140.64).

As at 30 June 2023, guaranteed borrowings of RMB1,258,659,364.35 (31 December 2022: RMB1,397,760,140.82) represented the bank borrowings guaranteed by the Company for subsidiaries. As at 30 June 2023, guaranteed borrowings included no bank borrowings guaranteed by the parent company of the Company, BSAM (31 December 2022: RMB38,641,537.96).

- (b) As at 30 June 2023, the range of interest rate of long-term borrowings was from 3.05% to 4.65% (31 December 2022: 3.05% to 4.90%).

(27) Debentures payable

	31 December 2022	Interest at par value	Interest amortisation	Conversion during the year	Interest of debentures payable due within 1 year (Note 4(25))	30 June 2023
Convertible corporate debentures ("convertible debentures")	2,195,494,717.04	3,258,607.19	39,647,424.93	(18,761.05)	(3,258,607.19)	2,235,123,380.92

Details of the debentures are as follows:

	Par value	Date of issue	Maturity	Amount
Convertible debentures	2,360,000,000.00	2022/2/25	6 years	2,360,000,000.00



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(27) Debentures payable (Continued)

	Liability component	Equity component Note 4(33)	Total
Amount of convertible debentures issued	2,141,017,698.42	218,982,301.58	2,360,000,000.00
Direct issuance expenses	(13,820,074.12)	(1,413,510.80)	(15,233,584.92)
Balance as at the date of issue	2,127,197,624.30	217,568,790.78	2,344,766,415.08
Accumulated interest amortization at the beginning of the period	68,367,311.91	-	68,367,311.91
Accumulated conversion amount at the beginning of the period	(70,219.17)	(6,914.26)	(77,133.43)
Balance as at 1 January 2023	2,195,494,717.04	217,561,876.52	2,413,056,593.56
Interest amortization for the period	39,647,424.93	-	39,647,424.93
Conversion amount for the period	(18,761.05)	(1,843.80)	(20,604.85)
Balance as at 30 June 2023	2,235,123,380.92	217,560,032.72	2,452,683,413.64

- (a) The Company publicly issued convertible debentures totalling RMB2.36 billion on 25 February 2022 under the Regulatory Permission [2022] No. 132 as issued by the CSRC. The convertible debentures have a term of six years, that is, from 25 February 2022 to 24 February 2028, with a nominal interest rate of 0.20% for the first year, and thereafter it will be gradually increased to 2.00% over the remaining years. Holders of the convertible debentures can exercise the right to convert the convertible debentures into stocks of the Company at the current conversion price during the period from the first trading day after six months following the end of the issuance of convertible debentures to the maturity date (hereinafter “the conversion period”) (from 5 September 2022 to 24 February 2028). Within five trading days after the expiration of the conversion period, the Company will redeem all the convertible debentures that have not been converted at 109% of the par value of such convertible debentures (including the final instalment of interest).



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(27) Debentures payable (Continued)

(a) (Continued)

During the conversion period, if the closing price of the Company's stocks is not less than 130% (inclusive) of the current conversion price for at least 15 out of 30 consecutive trading days, the Company shall have the right to redeem all or part of the outstanding convertible debentures at par value of the convertible debentures plus the current accrued interest. During the last two interest bearing years of the convertible debentures issued, where the closing price of the Company's shares is lower than 70% (excluding 70%) of the current conversion price in any 30 consecutive trading days, holders of the convertible debentures shall have the right to sell all or part of the convertible debentures back to the Company at par value plus the current accrued interest.

In addition, the Company shall have the right to redeem all or part of the outstanding convertible debentures at par value of the debentures plus the current accrued interest if the balance of the outstanding convertible debentures is less than RMB30 million.

Such convertible debentures were issued at the initial conversion price of RMB9.82 per share, which should be not less than the average trading price of the Company's stocks in the first twenty trading days before the announcement date of the prospectus (the average trading price on the trading day before adjustment shall be adjusted accordingly in case of stock price adjustment arising from ex-right and ex-dividend within such twenty trading days), and the average trading price on the previous trading day. After the issuance, the Company will adjust the conversion price accordingly in the event of bonus shares distribution, transfer to share capital, issuance of new shares (excluding share capital increased due to issuance of convertible debentures into shares), allotment of shares and distribution of cash dividends. During the duration of the convertible debentures issued, where the closing price of the Company's shares is lower than 85% of the current conversion price in at least 15 of 30 consecutive trading days, the Board of Directors of the Company shall have the right to propose a plan for conversion price reduction and submit it to the shareholders' meeting of the Company for deliberation and voting.

On 21 July 2022, due to the distribution of cash dividends for 2021, the Company adjusted the conversion price to RMB9.72.

- (b)** In the period, convertible bonds with a total par value of RMB20,000.00 have been converted into shares. As a result, the Group's share capital increased by RMB2,041.00 and the capital reserve increased by RMB18,592.01.

As at 30 June 2023, convertible bonds with an accumulated par value of RMB96,000.00 have been converted into shares. As a result, the Group's share capital increased by RMB9,804.00 and the capital reserve increased by RMB88,059.09.



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Lease liabilities

	30 June 2023	31 December 2022
Lease liabilities	2,784,687.78	4,979,683.33
Less: Current portion of non-current liabilities (Note 4(25))	(604,815.10)	(2,775,718.59)
	2,179,872.68	2,203,964.74

(29) Long-term payables

	30 June 2023	31 December 2022
Construction payable for leachate treatment stations	260,407,246.94	264,706,626.08
Less: Current portion of long-term payables (Note 4(25))	(8,891,748.62)	(8,598,758.43)
	251,515,498.32	256,107,867.65

(30) Provisions

	31 December 2022	Interest amortization	30 June 2023
Decommissioning costs of hazardous waste landfill (i)	13,070,517.24	294,086.64	13,364,603.88
Less: Provisions expected to be settled within one year	-	-	-
	13,070,517.24	294,086.64	13,364,603.88

- (i) Decommissioning costs of hazardous waste landfill represent a decommissioning cost of hazardous waste landfill of RMB12,507,672.00 appropriated by the Company's subsidiary Huludao Hazardous Waste Company according to the Administrative Measures for the Accrual of Decommissioning Costs of Centralised Hazardous Waste Disposal Facilities and Sites, which came into effect in 2022, and is included in the cost of related fixed assets.



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(31) Deferred income

	31 December 2022	Decrease in the current period	30 June 2023
Government grants	153,995,806.76	(2,769,556.53)	151,226,250.23

(a) Government grants

	31 December 2022	Decrease in the current period	30 June 2023	Asset related/Income related
Specific fund for ecological civilisation construction of the Finance Bureau of Hong'an County	28,136,487.29	(514,691.88)	27,621,795.41	Asset related
Infrastructure subsidies for the Anshun WTE project	26,709,708.44	(592,588.86)	26,117,119.58	Asset related
Enshi special financial subsidies	18,862,732.92	(355,900.62)	18,506,832.30	Asset related
Laizhou ecological civilisation subsidies	17,078,313.28	(316,265.04)	16,762,048.24	Asset related
Specific fund for ecological civilisation construction of Shishou	16,752,181.60	(298,258.44)	16,453,923.16	Asset related
Shuozhou City Human Settlement Improvement Award Supplementary Fund	14,340,000.00	(131,963.19)	14,208,036.81	Asset related
Subsidies for ecological civilisation construction of Zhangqiu	13,458,862.40	(274,670.64)	13,184,191.76	Asset related
Others	18,657,520.83	(285,217.86)	18,372,302.97	Asset related
	153,995,806.76	(2,769,556.53)	151,226,250.23	

(32) Share capital

	31 December 2022	Movements for the current period (Note 4(27)(b))	30 June 2023
RMB ordinary shares	989,087,971.00	2,041.00	989,090,012.00
Foreign shares listed overseas	404,359,792.00	–	404,359,792.00
	1,393,447,763.00	2,041.00	1,393,449,804.00
	31 December 2021	Movements for the current period	30 June 2022
RMB ordinary shares	989,080,208.00	–	989,080,208.00
Foreign shares listed overseas	404,359,792.00	–	404,359,792.00
	1,393,440,000.00	–	1,393,440,000.00



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(33) Other equity instruments

	31 December 2022	Conversion in the current year	Issuance expenses	30 June 2023
Convertible debentures (Note 4(27))	217,561,876.52	(1,843.80)	–	217,560,032.72
	31 December 2021	Increase in the current year	Issuance expenses	30 June 2022
Convertible debentures (Note 4(27))	–	218,982,301.58	(1,413,510.80)	217,568,790.78

(34) Special reserve

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Safety production expenses	1,559,206.97	14,749,758.87	(4,826,928.99)	11,482,036.85

The Group makes provision based on the actual revenue in the last year in accordance with the Notice on Printing and Issuing the Administrative Measures for Appropriation and Usage of Safety Production Expenses of Enterprises (Cai Zi [2022] No. 136). The appropriation is made for safety production expenses on a monthly basis based on difference incomes and the safety production expenses are used in the specified scope.

(35) Capital surplus

	31 December 2022	Movements for the current period (Note 4(27))	30 June 2023
Share premium	2,412,209,207.11	18,592.01	2,412,227,799.12
Other capital surplus	271,165.70	–	271,165.70
	2,412,480,372.81	18,592.01	2,412,498,964.82
	31 December 2021	Movements for the current period	30 June 2022
Share premium	2,412,139,740.03	–	2,412,139,740.03
Other capital surplus	271,165.70	–	271,165.70
	2,412,410,905.73	–	2,412,410,905.73



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) Surplus reserve

	31 December 2022	Movements for the current period	30 June 2023
Statutory surplus reserve	239,285,522.16	–	239,285,522.16
	31 December 2021	Movements for the current period	30 June 2022
Statutory surplus reserve	103,278,199.37	–	103,278,199.37

In accordance with the Company Law of the People's Republic of China and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve and can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities.

(37) Undistributed profits

	January to June 2023	January to June 2022
Undistributed profits at the beginning of the period	3,063,822,504.78	2,594,406,537.26
Add: Net profit attributable to shareholders of the Company for the current period	364,057,245.61	416,538,533.88
Profit distribution to shareholders (a)	(167,214,013.20)	(139,344,000.00)
Undistributed profits at the end of the period	3,260,665,737.19	2,871,601,071.14

- (a) In accordance with the resolution at the shareholders' meeting, dated 16 June 2023, the Company proposed a cash dividend to the shareholders at RMB0.12 per share, amounting to approximately RMB167,214,000 calculated by approximately 1,393,449,800 issued shares.



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(38) Revenue and cost of sale

	January to June 2023	January to June 2022
Revenue from main operations	2,122,407,125.83	2,249,310,100.40
Revenue from other operations	19,106,021.48	13,236,311.23
	2,141,513,147.31	2,262,546,411.63
	January to June 2023	January to June 2022
Cost of sale from main operations	1,370,840,261.06	1,445,698,308.69
Cost of sale from other operations	882,117.73	2,160,311.73
	1,371,722,378.79	1,447,858,620.42

(a) Revenue and cost of sale from main operations

	January to June 2023		January to June 2022	
	Revenue from main operations	Cost of sale from main operations	Revenue from main operations	Cost of sale from main operations
Waste treatment and power generation business	1,245,242,861.12	754,769,770.43	1,127,958,739.45	596,983,099.15
Construction services	641,720,109.79	588,879,245.79	892,135,163.68	822,476,298.78
Interest income from PPP projects	198,204,862.46	-	193,345,510.52	-
Others	37,239,292.46	27,191,244.84	35,870,686.75	26,238,910.76
	2,122,407,125.83	1,370,840,261.06	2,249,310,100.40	1,445,698,308.69

(b) Revenue and cost of sale from other operations

	January to June 2023		January to June 2022	
	Revenue from other operations	Cost of sale from other operations	Revenue from other operations	Cost of sale from other operations
Revenue from sludge and others	19,106,021.48	882,117.73	13,236,311.23	2,160,311.73



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(38) Revenue and cost of sale (Continued)

(c) The Group's revenue is disaggregated as follows:

	January to June 2023					Total
	Waste treatment fees	Electricity tariff	Revenue from construction services	Revenue from sludge and others	Interest income	
Revenue from main operations	234,406,605.39	1,010,836,255.73	641,720,109.79	37,239,292.46	198,204,862.46	2,122,407,125.83
Including: Recognised at a point in time	-	1,010,836,255.73	-	37,239,292.46	-	1,048,075,548.19
Recognised over a period of time	234,406,605.39	-	641,720,109.79	-	-	876,126,715.18
Interest income from PPP projects	-	-	-	-	198,204,862.46	198,204,862.46
Revenue from other operations(i)	-	-	-	19,106,021.48	-	19,106,021.48
	234,406,605.39	1,010,836,255.73	641,720,109.79	56,345,313.94	198,204,862.46	2,141,513,147.31

	January to June 2022					Total
	Waste treatment fees	Electricity tariff	Revenue from construction services	Revenue from sludge and others	Interest income	
Revenue from main operations	211,657,055.60	916,301,683.85	892,135,163.68	35,870,686.75	193,345,510.52	2,249,310,100.40
Including: Recognised at a point in time	-	916,301,683.85	-	35,870,686.75	-	952,172,370.60
Recognised over a period of time	211,657,055.60	-	892,135,163.68	-	-	1,103,792,219.28
Interest income from PPP projects	-	-	-	-	193,345,510.52	193,345,510.52
Revenue from other operations(i)	-	-	-	13,236,311.23	-	13,236,311.23
	211,657,055.60	916,301,683.85	892,135,163.68	49,106,997.98	193,345,510.52	2,262,546,411.63

- (i) Revenue from other operations is mainly from sludge treatment, and is recognised at a point in time.

As at 30 June 2023, the amount of revenue corresponding to the performance obligation of the Group that has been contracted but not yet performed or not fulfilled was RMB88,985,000.00 (31 December 2022: RMB707,310,668.74), and RMB88,985,000.00 is expected to be fully recognised in the next year.



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39) Taxes and surcharges

	January to June 2023	January to June 2022	Tax base
Property tax	18,350,653.06	15,121,958.35	Note 3
Land use tax	6,502,170.38	4,870,043.34	Note 3
City maintenance and construction tax	2,777,021.27	2,579,331.13	Note 3
Educational surcharge	2,086,854.06	2,058,849.18	Note 3
Others	1,786,640.57	2,166,528.83	Note 3
	31,503,339.34	26,796,710.83	

(40) General and administrative expenses

	January to June 2023	January to June 2022
Labour costs	52,182,528.62	47,493,436.23
External labour costs	8,034,004.71	8,124,703.51
Depreciation and amortisation	5,239,784.30	4,857,616.71
Intermediary service fees	2,950,827.54	3,801,235.08
Transportation expenses	2,351,094.95	1,449,497.29
General office and communication expenses	2,048,681.97	1,807,001.47
Utilities and leasing expenses	1,364,628.88	1,338,109.10
Business entertainment expenses	621,231.08	1,040,180.83
Others	15,859,556.76	12,507,276.89
	90,652,338.81	82,419,057.11



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(41) Financial expenses

	January to June 2023	January to June 2022
Interest costs on borrowings and payables	253,414,189.50	267,334,673.56
Add: Interest costs on lease liabilities	74,543.38	149,349.44
Less: Amounts capitalised on qualifying assets (i)	(18,559,923.73)	(20,007,609.33)
Interest expenses	234,928,809.15	247,476,413.67
Less: Interest income	(7,166,808.82)	(6,670,373.50)
Exchange gains or losses	(25,325.26)	(21,996,802.97)
Others	584,140.70	1,217,317.25
	228,320,815.77	220,026,554.45

- (i) The interest rates at which the borrowing costs were capitalised by the Group during the six months ended 30 June 2023 were 3.95%-4.65% (for the six months ended 30 June 2022: 3.98%-4.65%).



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(42) Expenses by nature

The cost of sale, selling expenses, general and administrative expenses and research and development expenses in the income statement are listed as follows by nature:

	January to June 2023	January to June 2022
Construction costs	588,879,245.79	822,476,298.78
Employee benefits	222,312,261.43	195,570,805.95
Depreciation and amortisation expenses	220,752,089.10	197,095,936.74
Environmental protection expenses	130,461,291.12	104,183,379.04
Fuel expenses	63,954,316.63	34,641,928.69
Maintenance expenses	59,224,939.56	52,377,193.75
Materials expenses	35,520,427.16	30,901,312.35
Waste transfer costs	23,898,428.42	18,974,589.12
Safety production expenses	15,550,577.37	–
Utilities	13,113,639.26	15,290,786.80
Others	91,936,830.33	63,125,926.92
	1,465,604,046.17	1,534,638,158.14

(43) Asset impairment losses

	January to June 2023	January to June 2022
Impairment losses on contract assets	2,676,083.70	12,264,808.46

(44) Credit impairment losses

	January to June 2023	January to June 2022
Losses on bad debts of accounts receivables	12,607,386.83	12,153,361.78
Losses on bad debts of other receivables	355,011.32	481,525.35
Losses on bad debts of long-term receivables	28,182.18	174,330.55
	12,990,580.33	12,809,217.68



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(45) Gains/(losses) on disposals of assets

	January to June 2023	January to June 2022	Amount included in non-recurring profit or loss for the period from January to June 2023
Gains on disposal of fixed assets	1,156.06	2,085.35	1,156.06
Gains on disposal of intangible assets	—	(6,733,051.51)	—
	1,156.06	(6,730,966.16)	1,156.06

(46) Other income

	January to June 2023	January to June 2022	Asset related/ Income related
VAT refund income	28,707,590.11	15,322,038.17	Income related
Amortization of government grants	2,769,556.53	2,017,277.95	Asset related
Others	2,353,015.16	3,450,197.72	Income related
	33,830,161.80	20,789,513.84	

(47) Investment income

	January to June 2023	January to June 2022
Investment income from long-term equity investments under equity method	—	7,217,956.22
Investment income from disposals of long-term equity investments	—	950,501.90
Interest income (Note 6(4)(c))	—	707,216.97
	—	8,875,675.09



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(48) Income tax expenses

	January to June 2023	January to June 2022
Current income tax calculated based on tax law and related regulations	56,997,756.80	33,690,050.59
Deferred income tax	(2,003,296.59)	10,501,531.60
	54,994,460.21	44,191,582.19

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated income statement to the income tax expenses is listed below:

	January to June 2023	January to June 2022
Total profit	435,089,543.71	480,090,587.63
Income tax expenses calculated at the standard tax rate of 25%	108,772,385.93	120,022,646.91
Effect of change in the tax rates and favourable tax rates	(66,523,054.92)	(79,362,564.47)
Costs, expenses and losses not deductible for tax purposes	20,486,805.32	383,844.60
Income not subject to tax	(529,920.02)	(2,497,367.52)
Additional deduction on research and development expenses	(529,808.75)	(780,434.18)
Effect of tax losses and other temporary differences for which no deferred income tax asset was recognised in the current period	11,621,486.07	24,779,916.01
Effect of tax losses and other temporary differences arising from utilization of previously unrecognized deferred tax assets	(22,183,862.33)	(1,704,955.25)
Reconciliation of filing difference	(1,601,626.73)	(13,607,745.94)
PRC withholding tax on dividends	4,898,924.66	(3,619,007.60)
Others	583,130.98	577,249.63
Income tax expenses	54,994,460.21	44,191,582.19



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(49) Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	January to June 2023	January to June 2022
Including:		
Consolidated net profit attributable to shareholders of the Company	364,057,245.61	416,538,533.88
Weighted average number of ordinary shares outstanding issued by the Company	1,393,449,015.35	1,393,440,000.00
Basic earnings per share	0.26	0.30
Including:		
– Basic earnings per share from continuing operations:	0.26	0.30
– Basic earnings per share for discontinued operations:	–	–

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding.

	January to June 2023	January to June 2022
Consolidated net profit attributable to ordinary shareholders of the Company	364,057,245.61	416,538,533.88
Add: Interest expenses from uncapitalised convertible corporate debentures (after tax)	31,425,001.08	11,383,130.48
Adjusted consolidated net profit attributable to ordinary shareholders of the Company for calculation of earnings per share	395,482,246.69	427,921,664.36
Weighted average number of outstanding ordinary shares of the Company	1,393,449,015.35	1,393,440,000.00
Add: Weighted average number of ordinary shares which are assumed to be converted from all convertible bonds	242,789,282.63	166,892,962.21
Weighted average number of outstanding diluted ordinary shares	1,636,238,297.98	1,560,332,962.21
Diluted earnings per share (RMB/Share)	0.24	0.27



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(50) Notes to the cash flow statement

(a) Cash received relating to other operating activities

	January to June 2023	January to June 2022
Government grants	1,994,083.94	25,414,385.80
Refund of income tax	4,307,764.23	14,996,783.56
Deposits	12,930,892.96	4,510,680.97
Others	8,322,320.46	18,059,156.17
	27,555,061.59	62,981,006.50

(b) Cash paid relating to other operating activities

	January to June 2023	January to June 2022
Payment of deposits	3,156,962.52	2,099,468.02
Others	31,143,493.76	38,444,122.50
	34,300,456.28	40,543,590.52

(c) Cash received relating to other operating activities

	January to June 2023	January to June 2022
Recovery of performance bond	—	4,500,000.00
Interest income from borrowings	—	749,650.00
	—	5,249,650.00



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(50) Notes to the cash flow statement (Continued)

(d) Cash paid relating to other investing activities

	January to June 2023	January to June 2022
Borrowing and lending	–	20,000,000.00
Payment of performance bond	4,024,484.95	2,039,180.00
Cash paid for disposals of BOT assets	–	6,011,900.00
	4,024,484.95	28,051,080.00

(e) Cash paid relating to other financing activities

	January to June 2023	January to June 2022
Financing expenses (i)	–	1,691,716.98
Cash repayments of principal and interest of lease liabilities (ii)	2,458,920.47	2,188,439.37
	2,458,920.47	3,880,156.35

(i) It is issuance expenses of publicly issued convertible debentures, etc.

(ii) For the six months ended 30 June 2023, the total cash outflows for leases paid by the Group amounted to RMB3,087,400.71, of which RMB2,458,920.47, were classified as cash paid relating to financing activities (January to June 2022: RMB2,188,439.37).

(f) For the portion of construction income recognised as intangible assets for PPP projects, the Group presents construction expenses incurred during the construction of related projects as cash flows from investment activities in the “cash paid to acquire fixed assets, intangible assets and other long-term assets”. For construction expenses other than the above, the Group presents them as cash flows from operating activities in the “other cash paid relating to the construction of the PPP project”.



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(51) Supplementary information to the cash flow statement

(a) Supplementary information to the cash flow statement

Reconciliation from net profit to cash flows from operating activities

	January to June 2023	January to June 2022
Net profit	380,095,083.50	435,899,005.44
Add: Asset impairment losses	2,676,083.70	12,264,808.46
Credit impairment losses	12,990,580.33	12,809,217.68
Depreciation of fixed assets	10,143,290.19	10,436,120.07
Depreciation of right-of-use assets	2,077,126.32	1,951,374.83
Amortisation of intangible assets	207,956,850.23	184,302,566.92
Amortisation of long-term prepaid expenses	574,822.36	405,874.92
(Gains)/losses on disposals of fixed assets	(1,156.06)	6,730,966.16
(Gains)/losses on scrap of fixed assets	451.56	(16,757.57)
Financial expenses	226,422,975.67	221,959,813.85
Investment income	–	(8,875,675.09)
Decrease/(increase) in inventories	1,506,008.03	(2,352,572.78)
Increase in deferred tax assets	(27,445,698.46)	(7,420,272.47)
Increase in deferred tax liabilities	25,442,401.87	17,921,804.07
Increase in special reserve	10,522,082.51	–
Increase in operating receivables	(533,668,096.98)	(573,104,881.38)
Decrease in operating payables	(31,574,510.55)	(38,079,647.42)
Net cash flows from operating activities	287,718,294.22	274,831,745.69

(b) Net changes in in cash and cash equivalents

	January to June 2023	January to June 2022
Cash at the end of the period	1,139,958,571.40	1,886,819,688.34
Less: Cash at the beginning of the period	(1,864,783,293.59)	(954,789,955.35)
Net (decrease)/increase in cash and cash equivalents	(724,824,722.19)	932,029,732.99



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(51) Supplementary information to the cash flow statement (Continued)

(c) Acquisition or disposals of subsidiaries

(i) Acquisition of subsidiaries

	January to June 2023	January to June 2022
Cash and cash equivalents held by Fengcheng Company at the acquisition date	–	43,103,525.01
Less: Cash and cash equivalents paid in the current year for business combinations incurred in prior periods	–	–
Net cash received from acquisition of subsidiaries	–	43,103,525.01

(d) Cash and cash equivalents

	30 June 2023	30 June 2022
Cash		
Including: Cash on hand	900.00	7,158.10
Cash at bank that can be readily drawn on demand	1,139,957,671.40	1,886,812,530.24
Cash and cash equivalents at the end of the period	1,139,958,571.40	1,886,819,688.34

(52) Monetary items denominated in foreign currency

	30 June 2023		
	Amount in foreign currency	Exchange rate	Amount in RMB
Cash at bank and on hand –			
USD	285.28	7.23	2,061.38
HKD	886,526.65	0.92	817,376.39
JPY	11.00	0.05	0.55
			819,438.32



X. FINANCIAL REPORT (CONTINUED)

5 INTERESTS IN OTHER ENTITIES

(1) Equity in subsidiaries

(a) Composition of the Group

Subsidiaries	Company type	Major business location	Place of registration	Nature of business	Registered capital/Paid-in capital		Shareholding		Method of acquisition
					Currency	Amount in original currency	Direct	Indirect	
Taizhou Dynagreen Renewable Energy Co., Ltd. ("Taizhou Company")	Limited liability company	Taizhou, Jiangsu	Taizhou, Jiangsu	Waste treatment and power generation	RMB	180 million/180 million	100%	-	Establishment
Yongjia Dynagreen Renewable Energy Co., Ltd. ("Yongjia Company")	Limited liability company	Yongjia, Zhejiang	Yongjia, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Pingyang Dynagreen Renewable Energy Co., Ltd. ("Pingyang Company")	Limited liability company	Pingyang, Zhejiang	Pingyang, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Rushan Dynagreen Renewable Energy Co., Ltd. ("Rushan Company")	Limited liability company	Rushan, Shandong	Rushan, Shandong	Waste treatment and power generation	RMB	100.88 million/100.88 million	100%	-	Establishment
Zhangqiu Company	Limited liability company	Zhangqiu, Shandong	Zhangqiu, Shandong	Waste treatment and power generation	RMB	172.94 million/172.94 million	100%	-	Establishment
Anshun Company	Limited liability company	Anshun, Guizhou	Anshun, Guizhou	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Jurong Dynagreen Renewable Energy Co., Ltd. ("Jurong Company")	Limited liability company	Jurong, Jiangsu	Jurong, Jiangsu	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Pingyao Company	Limited liability company	Pingyao, Shanxi	Pingyao, Shanxi	Waste treatment and power generation	RMB	100 million/20 million	100%	-	Establishment
Huizhou Dynagreen Environment Co., Ltd. ("Huizhou Company")	Limited liability company	Huiyang, Guangdong	Huiyang, Guangdong	Waste treatment and power generation	RMB	220 million/220 million	100%	-	Establishment
Jizhou Company	Limited liability company	Tianjin	Tianjin	Waste treatment and power generation	RMB	120 million/120 million	60%	40%	Establishment
Ninghe Company	Limited liability company	Ninghe, Tianjin	Ninghe, Tianjin	Waste treatment and power generation	RMB	150 million/150 million	100%	-	Establishment
Hong'an Company	Limited liability company	Hong'an, Hubei	Hong'an, Hubei	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Tongzhou Company	Limited liability company	Beijing	Beijing	Waste treatment and power generation	RMB	375 million/375 million	100%	-	Establishment
Shantou Company	Limited liability company	Shantou, Guangdong	Shantou, Guangdong	Waste treatment and power generation	RMB	210 million/210 million	75%	25%	Establishment
Longhui Company	Limited liability company	Longhui, Hunan	Longhui, Hunan	Waste treatment and power generation	RMB	100 million/20 million	100%	-	Establishment
Bobai Company	Limited liability company	Bobai, Guangxi	Bobai, Guangxi	Waste treatment and power generation	RMB	100 million/100 million	75%	25%	Establishment
Bengbu Dynagreen Renewable Energy Co., Ltd. ("Bengbu Company")	Limited liability company	Bengbu, Anhui	Bengbu, Anhui	Waste treatment and power generation	RMB	166 million/166 million	100%	-	Establishment
Changzhou Dynagreen Environmental and Thermolectric Co., Ltd. ("Changzhou Company")	Limited liability company	Changzhou, Jiangsu	Changzhou, Jiangsu	Waste treatment and power generation	RMB	138.40 million/138.40 million	75%	25%	Business combinations involving enterprises under common control
Qingdao Company	Limited liability company	Qingdao, Shandong	Qingdao, Shandong	Waste treatment and power generation	HKD	93.50 million/93.50 million	75%	25%	Business combinations involving enterprises under common control
Wuhan Company	Limited liability company	Wuhan, Hubei	Wuhan, Hubei	Waste treatment and power generation	RMB	279.4843 million/279.4843 million	100%	-	Business combinations involving enterprises under common control
Hong Kong Dynagreen	Limited liability company	Hong Kong	Hong Kong	Investment holding	RMB	719.0934 million/719.0934 million	100%	-	Business combinations involving enterprises under common control



X. FINANCIAL REPORT (CONTINUED)

5 INTERESTS IN OTHER ENTITIES (Continued)

(1) Equity in subsidiaries (Continued)

(a) Composition of the Group (Continued)

Subsidiaries	Company type	Major business location	Place of registration	Nature of business	Registered capital/Paid-in capital		Shareholding		Method of acquisition
					Currency	Amount in original currency	Direct	Indirect	
Haining Company	Limited liability company	Haining, Zhejiang	Haining, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Business combinations involving enterprises not under common control
Shenzhen Jingxiu Environmental Engineering Technology Limited Company ("Shenzhen Jingxiu")	Limited liability company	Shenzhen, Guangdong	Shenzhen, Guangdong	Construction engineering	RMB	20.80 million/20.80 million	100%	-	Business combinations involving enterprises not under common control
Miyun Company	Limited liability company	Miyun, Beijing	Miyun, Beijing	Waste treatment and power generation	RMB	120 million/120 million	100%	-	Establishment
Yichun Company	Limited liability company	Yichun, Jiangxi	Yichun, Jiangxi	Waste treatment and power generation	RMB	165 million/165 million	-	60%	Establishment
Yongjia Phase II Company	Limited liability company	Yongjia, Zhejiang	Yongjia, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	51%	49%	Establishment
Huludao Hazardous Waste Company	Limited liability company	Huludao, Liaoning	Huludao, Liaoning	Hazardous waste treatment	RMB	100 million/100 million	80%	-	Business combinations involving enterprises not under common control
Huizhou Phase II Company	Limited liability company	Huizhou, Guangdong	Huizhou, Guangdong	Waste treatment and power generation	RMB	450 million/450 million	100%	-	Establishment
Dengfeng Company	Limited liability company	Dengfeng, Henan	Dengfeng, Henan	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Haining Expansion Company	Limited liability company	Haining, Zhejiang	Haining, Zhejiang	Waste treatment and power generation	RMB	390 million/390 million	60%	-	Establishment
Shishou Company	Limited liability company	Shishou, Hubei	Shishou, Hubei	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Guangyuan Boneng Renewable Energy Co., Ltd. ("Guangyuan Company")	Limited liability company	Guangyuan, Sichuan	Guangyuan, Sichuan	Waste treatment and power generation	RMB	140 million/140 million	100%	-	Business combinations involving enterprises not under common control
Dongguan Company	Limited liability company	Dongguan, Guangdong	Dongguan, Guangdong	Garbage transfer	RMB	10 million/10 million	-	100%	Business combinations involving enterprises not under common control
Jiamusi Company	Limited liability company	Jiamusi, Heilongjiang	Jiamusi, Heilongjiang	Waste treatment and power generation	RMB	209 million/209 million	-	100%	Business combinations involving enterprises not under common control
Zhaoqing Company	Limited liability company	Sihui, Guangdong	Sihui, Guangdong	Waste treatment and power generation	RMB	225 million/225 million	100%	-	Business combinations involving enterprises not under common control
Guangdong Promising Environmental Protection Company Limited ("Guangdong Promising Company")	Limited liability company	Dongguan, Guangdong	Dongguan, Guangdong	Environmental protection industry and new energy investment	RMB	584.50 million/584.50 million	100%	-	Business combinations involving enterprises not under common control
Shulan Boneng Environmental Protection Company Limited ("Shulan Company")	Limited liability company	Shulan, Jilin	Shulan, Jilin	Waste treatment and power generation	RMB	90 million/8.7 million	-	100%	Business combinations involving enterprises not under common control
Zhangye Boneng Environmental Protection Company Limited ("Zhangye Company")	Limited liability company	Zhangye, Gansu	Zhangye, Gansu	Garbage transfer	RMB	6 million/6 million	-	100%	Business combinations involving enterprises not under common control
Jinsha Company	Limited liability company	Bijie, Guizhou	Bijie, Guizhou	Garbage transfer, waste treatment and power generation	RMB	160 million/160 million	100%	-	Business combinations involving enterprises not under common control
Pingyang Phase II Company	Limited liability company	Pingyang, Zhejiang	Pingyang, Zhejiang	Waste treatment and power generation	RMB	110 million/110 million	100%	-	Establishment
Baise Dynagreen Environmental Protection Co., Ltd. ("Jingxi Company")	Limited liability company	Jingxi, Guangxi	Jingxi, Guangxi	Waste treatment and power generation	RMB	120 million/85 million	100%	-	Establishment
Enshi Company	Limited liability company	Enshi, Hubei	Enshi, Hubei	Waste treatment and power generation	RMB	200 million/200 million	100%	-	Establishment



X. FINANCIAL REPORT (CONTINUED)

5 INTERESTS IN OTHER ENTITIES (Continued)

(1) Equity in subsidiaries (Continued)

(a) Composition of the Group (Continued)

Subsidiaries	Company type	Major business location	Place of registration	Nature of business	Registered capital/Paid-in capital		Shareholding		Method of acquisition
					Currency	Amount in original currency	Direct	Indirect	
Huludao Power Generation Company	Limited liability company	Huludao, Liaoning	Huludao, Liaoning	Waste treatment and power generation	RMB	122.6575 million/ 110.1575 million	100%	-	Establishment
Shantou Dynagreen Environmental Services Co., Ltd. ("Shantou Sludge Company")	Limited liability company	Shantou, Guangdong	Shantou, Guangdong	Sludge treatment	RMB	13 million/13 million	100%	-	Establishment
Laizhou Company	Limited liability company	Laizhou, Shandong	Laizhou, Shandong	Waste treatment and power generation	RMB	200 million/200 million	-	87.5%	Business combinations involving enterprises not under common control
Shuozhou Company	Limited liability company	Shuozhou, Shanxi	Shuozhou, Shanxi	Waste treatment and power generation	RMB	195 million/195 million	98%	-	Establishment
Jinan Dynagreen Environmental Co., Ltd. ("Zhangqiu Phase II Company")	Limited liability company	Jinan, Shandong	Jinan, Shandong	Waste treatment and power generation	RMB	255 million/255 million	-	100%	Establishment
Huizhou Dynagreen Environmental Services Co., Ltd. ("Huizhou Three-in-One Company")	Limited liability company	Huizhou, Guangdong	Huizhou, Guangdong	Collection, storage, transportation and disposals of kitchen waste (including gutter oil and swill oil), municipal sludge and excrement	RMB	63 million/63 million	80%	-	Establishment
Fengcheng Company	Limited liability company	Fengcheng, Jiangxi	Fengcheng, Jiangxi	Waste treatment and power generation	RMB	135.375 million/ 135.375 million	51%	-	Business combinations involving enterprises not under common control
Shantou Kitchen Waste Company	Limited liability company	Shantou, Guangdong	Shantou, Guangdong	Kitchen waste treatment, municipal waste operation services	RMB	32.72 million/3 million	80%	-	Establishment



6 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) Information of the parent company

(a) General information of the parent company

	Type	Legal representative	Place of registration	Nature of business	Organisation code
BSAM	Limited liability company	Yue Peng	Beijing	Investment management	40059216-4

The Company's ultimate controlling party is State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government.

(b) Registered capital and changes in registered capital of the parent company

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
BSAM	10,000 million	–	–	10,000 million

(c) The percentages of shareholding and voting rights in the Company held by the parent company

	30 June 2023		31 December 2022	
	Shareholding	Voting rights	Shareholding	Voting rights
BSAM	42.63%	42.63%	42.63%	42.63%

In addition to the above direct shareholding, BSAM also holds 100% equity interest in Beijing State-Owned Assets Management (Hong Kong) Company Limited ("BSAM (HK)"), which holds 1.7841% of the shares of the Company.

(2) Information of subsidiaries

The general information and other related information of subsidiaries are set out in Note 5(1).



6 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(3) Information of other related parties

	Relationship with the Group
BSAM (HK)	Shareholder and a subsidiary of the Company's ultimate controlling party
Shenzhen Crystal Digital Technology Co., Ltd. ("Shenzhen CDT")	A subsidiary of the Company's ultimate controlling party
Beijing Crystal Digital Technology Co., Ltd. ("Beijing CDT")	A subsidiary of the Company's ultimate controlling party
Shenzhen Crystal Digital Image Technology Co., Ltd.	A subsidiary of the Company's ultimate controlling party
Beijing Software and Information Service Trading Co., Ltd. ("Beijing Software and Information Service Trading")	A subsidiary of the Company's ultimate controlling party
Shouxin Cloud Technology Co., Ltd. ("Shouxin Cloud")	A subsidiary of the Company's ultimate controlling party
Zhejiang Qianjiang Biochemical Co., Ltd. ("Qianjiang Biochemical") Fengcheng Company	A shareholder of subsidiaries of the Company (i)

- (i) Fengcheng Company changed from a joint venture to a subsidiary of the Company from 23 June 2022. Therefore, the related party transactions between the Group and Fengcheng Company represented transactions in the period from 1 January 2022 to 23 June 2022.

(4) Related party transactions

The Group's pricing on transactions between the Group and related parties is determined by making reference to the market price.

(a) Purchase and sale of goods, and rendering and receipt of services

Purchase of goods and receipt of services:

Related parties	January to June 2023	January to June 2022
Shenzhen CDT	1,177,448.16	1,361,681.83
Shouxin Cloud	88,489.00	–
Beijing Software and Information Service Trading	–	115,000.00
	1,265,937.16	1,476,681.83



6 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Related party transactions (Continued)

(a) Purchase and sale of goods, and rendering and receipt of services (Continued)

Sale of goods and rendering of services:

Related parties	January to June 2023	January to June 2022
Qianjiang Biochemical	1,037,036.00	721,745.28

(b) Interest expenses

Related parties	January to June 2023	January to June 2022
BSAM	28,055,000.00	40,131,666.59
BSAM (HK)	6,961,777.78	9,844,388.91
	35,016,777.78	49,976,055.50

(c) Investment income (Interest income)

Related parties	January to June 2023	January to June 2022
Fengcheng Company	–	707,216.97

(d) Remuneration of key management

	January to June 2023	January to June 2022
Remuneration of key management	3,703,242.60	3,641,677.16



6 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Related party transactions (Continued)

(e) Guarantees

The Group acts as the guaranteed party

Guarantor	30 June 2023	31 December 2022
BSAM	–	38,641,537.96

- (i) The Group's bank borrowings guaranteed by BSAM were repaid during the period, and the relevant guarantees were fulfilled since the date of repayment.

(5) Balances with related parties

		30 June 2023		31 December 2022	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivables	Qianjiang Biochemical	–	–	182,292.00	–
				30 June 2023	31 December 2022
Accounts payables	Shenzhen CDT			1,314,500.29	2,273,567.63
	Beijing Crystal Digital Technology Co., Ltd.			–	70,000.00
	Beijing CDT			3,750.00	3,750.00
				1,318,250.29	2,347,317.63
Other payables	Qianjiang Biochemical			250,000.00	250,000.00
Long-term borrowings (i)	BSAM			1,201,550,000.00	1,201,705,000.00
	BSAM (HK)			–	485,598,277.78
				1,201,550,000.00	1,687,303,277.78

- (i) As at 30 June 2023, the interest rate of the above borrowings from related parties was 4.65% per annum (31 December 2022: 4.00%-4.65%).



7 COMMITMENTS

(1) Operating and capital expenditure commitments

	30 June 2023	31 December 2022
Infrastructure construction contract contracted for and being or to be performed	87,256,831.30	607,003,984.03
Infrastructure construction contract authorised but not contracted for	353,677,210.73	339,774,612.87
	440,934,042.03	946,778,596.90

- (i) All the above construction contracts include construction expenditures related to the recognition of PPP project construction revenue as intangible assets and contract assets.

8 Events after the balance sheet date

As of the date of approval of these financial statements, the Group has no significant events subsequent to the balance sheet date that are required to be disclosed.

9 Business combinations

There was no business combination in the period.

10 Financial instruments and risks

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk), credit risk and liquidity risk. The above financial risks and the Group's risk management policies to mitigate the risks are as follows:

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments 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 risk limits and controls, 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) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future business denominated in foreign currencies, primarily with respect to US dollars ("USD") and HK Dollars ("HKD"). The Group is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies, to reduce foreign exchange risk to the greatest extent.

As at 30 June 2023 and 31 December 2022, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies was less.



10 Financial instruments and risks (Continued)

(1) Market risk (Continued)

(b) Interest rate risk

The Group's interest rate risk mainly arises from long-term interest-bearing borrowings including long-term borrowings and convertible debentures. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 30 June 2023, the Group's long-term interest-bearing borrowings are mainly long-term borrowings at floating rates amounting to RMB8,136,491,524.92 (31 December 2022: RMB7,798,445,790.20), long-term borrowings at fixed rates amounting to RMB1,200,000,000.00 (31 December 2022: RMB1,721,452,963.16) and convertible debentures at fixed rates amounting to RMB2,235,123,380.92 (31 December 2022: RMB2,195,494,717.04).

As at 30 June 2023, if interest rates on borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group's net profit would have been approximately RMB30,512,000.00 (31 December 2022: approximately RMB29,244,000.00) lower/higher respectively.

(2) Credit risk

Credit risk mainly arises from cash at bank and on hand, notes receivables, accounts receivables, receivables financing, other receivables, long-term receivables, contract assets, etc. The carrying amount of the Group's financial assets reflects its maximum credit exposure on the balance sheet date.

The Group expects that there is no significant credit risk associated with cash at bank and on hand since they are deposited at state-owned banks and other medium or large size listed banks with good reputation and high credit rating. The Group does not expect that there will be any significant losses from non-performance by these banks.

In addition, the Group has policies to limit the credit exposure on notes receivables, accounts receivables, contract assets, receivables financing, other receivables and long-term receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 30 June 2023, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2022: Nil).

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.



X. FINANCIAL REPORT (CONTINUED)

10 Financial instruments and risks (Continued)

(3) Liquidity risk (Continued)

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	30 June 2023				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	433,706,080.90	–	–	–	433,706,080.90
Accounts payables	1,263,197,091.14	–	–	–	1,263,197,091.14
Other payables	369,459,712.34	–	–	–	369,459,712.34
Long-term borrowings	1,235,938,931.18	2,682,546,106.50	3,235,751,137.47	3,785,634,609.13	10,939,870,784.28
Debentures payable	9,439,616.01	56,676,488.94	247,789,920.00	2,359,904,000.00	2,673,810,024.95
Lease liabilities	672,213.43	482,287.65	458,307.62	2,320,250.52	3,933,059.22
Long-term payables	26,373,334.15	26,373,334.15	79,120,002.45	326,668,178.11	458,534,848.86
	3,338,786,979.15	2,766,078,217.24	3,563,119,367.54	6,474,527,037.76	16,142,511,601.69

	31 December 2022				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	638,577,481.87	–	–	–	638,577,481.87
Accounts payables	1,265,489,204.69	–	–	–	1,265,489,204.69
Other payables	135,686,058.50	–	–	–	135,686,058.50
Long-term borrowings	1,578,789,191.97	2,476,368,390.45	3,602,483,432.21	3,692,515,060.92	11,350,156,075.55
Debentures payable	4,719,848.01	9,439,696.00	92,037,036.00	2,572,317,160.00	2,678,513,740.01
Lease liabilities	2,850,193.22	571,859.45	517,436.51	2,301,293.52	6,240,782.70
Long-term payables	26,373,334.15	26,373,334.15	79,120,002.45	339,854,842.18	471,721,512.93
	3,652,485,312.41	2,512,753,280.05	3,774,157,907.17	6,606,988,356.62	16,546,384,856.25

(i) The analysis on the repayment term of the principal of long-term borrowings is as follows:

	30 June 2023	31 December 2022
Within 1 year	868,895,823.96	1,194,086,789.33
1 to 2 years	2,409,837,984.16	2,166,974,476.02
2 to 5 years	2,660,643,894.92	2,867,072,191.31
Over 5 years	3,397,113,821.88	3,291,765,296.70
	9,336,491,524.92	9,519,898,753.36



X. FINANCIAL REPORT (CONTINUED)

11 Fair value estimates

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(1) Assets and liabilities measured at fair value on a recurring basis

As at 30 June 2023 and 31 December 2022, the Group had no assets and liabilities measured at fair value except for receivables financing.

(2) Assets and liabilities not measured at fair value but for which the fair value is disclosed

As at 30 June 2023 and 31 December 2022, financial assets and financial liabilities measured at amortised cost mainly include cash at bank and on hand, notes receivables, accounts receivables, other receivables, contract assets (including contract assets included in other non-current assets), long-term receivables, short-term borrowings, payables, lease liabilities, long-term borrowings, debentures payable and long-term payables. Their carrying amount is a reasonable approximation of their fair value.

12 Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as 'shareholders' equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio.

As at 30 June 2023 and 31 December 2022, the Group's gearing ratio was as follows:

	30 June 2023	31 December 2022
Gearing ratio	65%	66%



13 Notes to the Company's financial statements

(1) Accounts receivables

	30 June 2023	31 December 2022
Accounts receivables	289,063,362.17	265,762,596.46
Less: Provision for bad debts	–	–
	289,063,362.17	265,762,596.46

(a) The ageing of accounts receivables is analysed as follows:

	30 June 2023	31 December 2022
Within 1 year	142,166,808.12	138,356,042.41
1 to 2 years	56,450,054.05	60,553,904.05
2 to 3 years	29,470,500.00	20,876,650.00
3 to 4 years	49,000,000.00	45,976,000.00
4 to 5 years	11,976,000.00	–
	289,063,362.17	265,762,596.46

(b) As at 30 June 2023, the five largest accounts receivables aggregated by debtors were summarised and analysed as follows:

	Balance	Provision for bad debts	% of total balance
Total amounts of the five largest accounts receivables	229,350,250.00	–	79.34%



13 Notes to the Company's financial statements (Continued)

(1) Accounts receivables (Continued)

(c) Provision for bad debts

- (i) Accounts receivables for which the related provision for bad debts is provided on the individual basis are analysed as follows:

As at 30 June 2023, there were no accounts receivables for which the related provision for bad debts was provided on the individual basis (31 December 2022: nil).

- (ii) Provision for bad debts made on a collective basis for accounts receivables is analysed as follows:

	30 June 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Total outsourcing service fees and royalties receivable	289,063,362.17	0.00%	–

	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Total outsourcing service fees and royalties receivable	265,762,596.46	0.00%	–



13 Notes to the Company's financial statements (Continued)

(2) Other receivables

	30 June 2023	31 December 2022
Receivable from related parties	2,478,622,565.04	2,072,221,895.06
Including: Dividends receivable	1,631,400,000.00	1,054,000,000.00
Interests receivable	49,593,257.33	43,006,781.63
Receivable current accounts of former shareholders	5,973,188.35	5,973,188.35
Others	9,733,815.65	9,606,403.40
	2,494,329,569.04	2,087,801,486.81
Less: Provision for bad debts	(9,041,208.00)	(8,922,286.24)
	2,485,288,361.04	2,078,879,200.57

(a) The ageing of other receivables is analysed as follows:

	30 June 2023	31 December 2022
Within 1 year	1,450,451,637.07	1,911,671,776.79
1 to 2 years	939,671,134.29	120,276,339.78
2 to 3 years	30,982,690.26	23,270,476.55
Over 3 years	73,224,107.42	32,582,893.69
	2,494,329,569.04	2,087,801,486.81



13 Notes to the Company's financial statements (Continued)

(2) Other receivables (Continued)

(b) Loss provision and changes in book balance

	Stage 1		Stage 3		Total	
	12-month ECL		Lifetime ECL (Credit impaired)		Book balance	Provision for bad debts
	Book balance	Provision for bad debts	Book balance	Provision for bad debts		
31 December 2022	2,079,159,810.28	(280,609.71)	8,641,676.53	(8,641,676.53)	2,087,801,486.81	(8,922,286.24)
Net increase/(provision) in the current period	406,528,082.23	(118,921.76)	-	-	406,528,082.23	(118,921.76)
30 June 2023	2,485,687,892.51	(399,531.47)	8,641,676.53	(8,641,676.53)	2,494,329,569.04	(9,041,208.00)

- (i) As at 30 June 2023 and 31 December 2022, other receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

Stage 3	Book balance	Lifetime ECL	Provision for bad debts	Reason
Receivable current accounts of former shareholders	5,973,188.35	100.00%	(5,973,188.35)	Had long ageing and risk on collection
Others	2,668,488.18	100.00%	(2,668,488.18)	Had long ageing and risk on collection
	8,641,676.53		(8,641,676.53)	



13 Notes to the Company's financial statements (Continued)

(2) Other receivables (Continued)

(b) Loss provision and changes in book balance (Continued)

(ii) As at 30 June 2023 and 31 December 2022, other receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

Stage 1	30 June 2023			31 December 2022		
	Book balance	Loss provision		Book balance	Loss provision	
	Amount	Amount	Provision ratio	Amount	Amount	Provision ratio
Receivables from related parties	2,478,622,565.04	-	0.00%	2,072,221,895.06	-	0.00%
Others	7,065,327.47	(399,531.47)	5.65%	6,937,915.22	(280,609.71)	4.04%
	2,485,687,892.51	(399,531.47)		2,079,159,810.28	(280,609.71)	

(iii) For the six months ended 30 June 2023, the Company's provision for bad and doubtful debts made amounted to RMB118,921.76 (for the six months ended 30 June 2022: RMB497,022.37) and the provision for bad and doubtful debts collected or reversed amounted to RMB0.00 (for the six months ended 30 June 2022: RMB500,000.00).

(iv) For the six months ended 30 June 2023 and the six months ended 30 June 2022, no other receivables were written off.

(c) As at 30 June 2023, the five largest other receivables aggregated by debtors were analysed as follows:

	Nature	Balance	Ageing	% of total balance	Provision for bad debts
Huludao Hazardous Waste Company	Current accounts of subsidiaries within the Group	297,714,104.24	Within 1 year, 1 to 2 years	11.94%	-
Anshun Company	Current accounts and dividends receivable of subsidiaries within the Group	219,670,469.53	Within 1 year	8.81%	-
Wuhan Company	Current accounts and dividends receivable of subsidiaries within the Group	200,060,005.94	Within 1 year, 1 to 2 years	8.02%	-
Huizhou Phase II Company	Current accounts and dividends receivable of subsidiaries within the Group	198,532,379.22	Within 1 year, 1 to 2 years	7.96%	-
Huizhou Company	Current accounts and dividends receivable of subsidiaries within the Group	130,010,165.00	Within 1 year	5.21%	-
		1,045,987,123.93		41.94%	-



13 Notes to the Company's financial statements (Continued)

(3) Long-term receivables

	30 June 2023			Range of interest rates
	Book balance	Provision for bad debts	Carrying amount	
Entrusted loans to subsidiaries	1,478,317,299.00	–	1,478,317,299.00	0.00%-4.90%
Less: Due within one year	(373,298,099.00)	–	(373,298,099.00)	
	1,105,019,200.00	–	1,105,019,200.00	

	31 December 2022			Range of interest rates
	Book balance	Provision for bad debts	Carrying amount	
Entrusted loans to subsidiaries	1,271,040,995.17	–	1,271,040,995.17	0.00%-4.90%
Less: Due within one year	(219,682,722.21)	–	(219,682,722.21)	
	1,051,358,272.96	–	1,051,358,272.96	

(4) Long-term equity investments

	30 June 2023	31 December 2022
Subsidiaries (a)	6,772,666,753.87	6,262,666,753.87
Joint ventures	–	–
Less: Long-term equity investments	6,772,666,753.87	6,262,666,753.87
Provision for impairment	(133,149,297.53)	(133,149,297.53)
	6,639,517,456.34	6,129,517,456.34



X. FINANCIAL REPORT (CONTINUED)

13 Notes to the Company's financial statements (Continued)

(4) Long-term equity investments (Continued)

(a) Subsidiaries

	31 December 2022	Movements for the current period increase in investments	30 June 2023	Ending balance of provision for impairment	Cash dividends declared in the current period
Haining Company	86,000,000.00	-	86,000,000.00	-	10,000,000.00
Taizhou Company	180,000,000.00	-	180,000,000.00	-	-
Yongjia Company	100,000,000.00	-	100,000,000.00	-	42,000,000.00
Rushan Company	100,880,000.00	-	100,880,000.00	-	20,000,000.00
Pingyang Company	100,000,000.00	-	100,000,000.00	-	30,000,000.00
Changzhou Company	220,221,697.72	-	220,221,697.72	-	18,750,000.00
Wuhan Company	277,874,320.40	-	277,874,320.40	-	70,000,000.00
Qingdao Company	58,471,209.64	-	58,471,209.64	(4,620,173.95)	-
Anshun Company	102,083,479.98	-	102,083,479.98	-	80,000,000.00
Zhangqiu Company	172,940,000.00	-	172,940,000.00	-	70,000,000.00
Jurong Company	100,026,752.87	-	100,026,752.87	-	30,000,000.00
Huizhou Company	220,954,159.23	-	220,954,159.23	-	100,000,000.00
Pingyao Company	20,017,204.55	-	20,017,204.55	-	-
Jizhou Company	72,000,000.00	-	72,000,000.00	-	-
Hong Kong Dynagreen	163,613,261.06	500,000,000.00	663,613,261.06	-	-
Ninghe Company	67,610,235.39	-	67,610,235.39	(82,000,000.00)	-
Shenzhen Jingxiu	20,518,171.42	-	20,518,171.42	(6,529,123.58)	5,000,000.00
Tongzhou Company	375,066,706.59	-	375,066,706.59	-	150,000,000.00
Hong'an Company	100,029,152.18	-	100,029,152.18	-	28,000,000.00
Longhui Company	20,000,000.00	-	20,000,000.00	-	-
Shantou Company	157,500,000.00	-	157,500,000.00	-	75,000,000.00
Bobai Company	75,000,000.00	-	75,000,000.00	-	18,750,000.00
Bengbu Company	166,000,000.00	-	166,000,000.00	-	50,000,000.00
Miyun Company	120,000,000.00	-	120,000,000.00	-	32,000,000.00
Huludao Power Generation Company	110,157,500.00	-	110,157,500.00	-	-
Huludao Hazardous Waste Company	130,000,000.00	-	130,000,000.00	(40,000,000.00)	-
Huizhou Phase II Company	450,000,000.00	-	450,000,000.00	-	130,000,000.00
Dengfeng Company	100,000,000.00	-	100,000,000.00	-	-
Dynagreen Haiyun Company	234,000,000.00	-	234,000,000.00	-	72,000,000.00
Guangdong Promising Company	610,000,000.00	-	610,000,000.00	-	-
Shishou Company	100,000,000.00	-	100,000,000.00	-	-
Pingyang Phase II Company	110,000,000.00	-	110,000,000.00	-	10,000,000.00
Jinsha Company	162,360,400.00	-	162,360,400.00	-	-
Jingxi Company	75,000,000.00	10,000,000.00	85,000,000.00	-	-
Enshi Company	200,000,000.00	-	200,000,000.00	-	-
Yongjia Phase II Company	51,000,000.00	-	51,000,000.00	-	20,400,000.00
Shuozhou Company	191,100,000.00	-	191,100,000.00	-	-
Zhaoqing Company	225,871,016.18	-	225,871,016.18	-	-
Shantou Sludge Company	13,000,000.00	-	13,000,000.00	-	10,000,000.00
Huizhou Three-in-One Company	50,400,000.00	-	50,400,000.00	-	-
Guangyuan Company	140,365,600.00	-	140,365,600.00	-	20,000,000.00
Shantou Kitchen Waste	2,400,000.00	-	2,400,000.00	-	-
Fengcheng Company	97,056,589.13	-	97,056,589.13	-	-
	6,129,517,456.34	510,000,000.00	6,639,517,456.34	(133,149,297.53)	1,091,900,000.00



13 Notes to the Company's financial statements (Continued)

(5) Revenue and cost of sale

	January to June 2023	January to June 2022
Revenue from main operations	105,952,333.05	64,282,909.17
Revenue from other operations	610,169.50	610,169.48
	106,562,502.55	64,893,078.65
	January to June 2023	January to June 2022
Cost of sale from main operations	4,351,456.79	4,055,630.90



13 Notes to the Company's financial statements (Continued)

(5) Revenue and cost of sale (Continued)

(a) The Company's revenue is disaggregated as follows:

	January to June 2023			Total
	Revenue from services	Revenue from royalties	Others	
Revenue from main operations	75,952,333.05	30,000,000.00	–	105,952,333.05
Including: Recognised at a point in time	–	30,000,000.00	–	30,000,000.00
Recognised over a period of time	75,952,333.05	–	–	75,952,333.05
Revenue from other operations	–	–	610,169.50	610,169.50
	75,952,333.05	30,000,000.00	610,169.50	106,562,502.55

	January to June 2022			Total
	Revenue from services	Revenue from royalties	Others	
Revenue from main operations	49,282,909.17	15,000,000.00	–	64,282,909.17
Including: Recognised at a point in time	–	15,000,000.00	–	15,000,000.00
Recognised over a period of time	49,282,909.17	–	–	49,282,909.17
Revenue from other operations	–	–	610,169.48	610,169.48
	49,282,909.17	15,000,000.00	610,169.48	64,893,078.65

(6) Investment income

	January to June 2023	January to June 2022
Income from dividends of long-term equity investment accounted for using the cost method	1,091,900,000.00	1,109,200,000.00
Investment income from long-term equity investments under equity method	–	7,217,956.22
Interest income	19,813,475.25	13,846,397.35
	1,111,713,475.25	1,130,264,353.57



SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi unless otherwise indicated)

1 Statement of non-recurring profit or loss

	January to June 2023	January to June 2022
Government grants recognised in profit or loss for the current period	4,780,552.74	4,931,663.76
Other non-operating income and expenses except for the above-mentioned items	868,168.89	1,147,677.26
Other profit or loss items that meet the definition of non-recurring profit or loss	313,366.70	370,318.98
Losses on disposals of non-current assets	(27,068.98)	(5,782,738.73)
Expenses for using funds charged from non-financial enterprises and included in the current profit or loss	—	707,216.97
Reversal of provision for impairment of receivables tested for impairment on an individual basis	—	2,000,000.00
	5,935,019.35	3,374,138.24
Effect of income tax	(639,765.27)	(430,436.88)
Effect of minority interests (net of tax)	(125,631.76)	(164,726.01)
	5,169,622.32	2,778,975.35

Basis for preparation of statement of non-recurring profit or loss

Pursuant to the Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public No. 1 – Non-recurring Profit or Loss [2008] issued by China Securities Regulatory Commission, non-recurring profit or loss refers to profit or loss arising from transactions and events those are not directly related to the Company's normal course of business, also from transactions and events those even are related to the company's normal course of business, but will interfere with the right judgement of users of the financial statements on the company's operation performance and profitability due to their special nature and occasional occurrence.

2 Rate of return on net assets and earnings per share

	Weighted average return on net asset (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	January – June 2023	January – June 2022	January – June 2023	January – June 2022	January – June 2023	January – June 2022
Net profit attributable to ordinary shareholders of the Company	4.84%	6.06%	0.26	0.30	0.24	0.27
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	4.77%	6.02%	0.26	0.30	0.24	0.27



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

Shenzhen, the PRC
29 August 2023

As at the date of this announcement, the executive directors of the Company are Mr. Qiao Dewei, Ms. Zhong Xia and Mr. Hu Shengyong; the non-executive directors of the Company are Mr. Liu Shuguang, Mr. Yue Peng and Mr. Tong Xiangyu; and the independent non-executive directors of the Company are Ms. Fu Jie, Mr. Xie Lanjun and Mr. Zhou Beihai.