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**Datang Environment Industry Group Co., Ltd.\***  
**大唐環境產業集團股份有限公司**

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

**(Stock Code: 1272)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

**FINANCIAL AND OPERATION HIGHLIGHTS**

- For the six months ended 30 June 2023, the revenue of the Group amounted to RMB2,499.2 million, representing an increase of 7.8% as compared with the same period of last year.
- For the six months ended 30 June 2023, the gross profit of the Group amounted to RMB517.2 million and the gross profit margin of the Group amounted to 20.7%, representing a decrease in gross profit margin of 0.2 percentage point as compared with the same period of last year.
- For the six months ended 30 June 2023, the total comprehensive income attributable to owners of the parent amounted to RMB265.1 million, representing an increase of 33.8% as compared with the same period of last year.
- The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2023.

The board (the “**Board**”) of directors (the “**Directors**”) of Datang Environment Industry Group Co., Ltd.\* (the “**Company**”) hereby announces the unaudited interim financial results of the Company and its subsidiaries (the “**Group**” or “**we**” or “**us**”) for the six months ended 30 June 2023 (the “**Reporting Period**”), together with the comparable figures of the same period in 2022. The financial information of the Group for the six months ended 30 June 2023 set out by the Company in this results announcement is prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* and the disclosure requirements under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	For the six months ended 30 June	
		2023 Unaudited RMB'000	2022 Unaudited RMB'000
Revenue	4	2,499,180	2,318,791
Cost of sales		<u>(1,982,023)</u>	<u>(1,834,623)</u>
Gross profit		517,157	484,168
Selling and distribution expenses		(9,809)	(6,300)
Administrative expenses		(162,174)	(159,294)
Other income and losses	5	67,234	35,466
Other expenses, net	6	–	(4,275)
Finance costs	7	(89,082)	(103,090)
Impairment losses on financial assets and contract assets, net		<u>(3,972)</u>	<u>(4,801)</u>
<b>Profit before tax</b>		<b>319,354</b>	241,874
Income tax expense	8	<u>(49,235)</u>	<u>(41,964)</u>
<b>PROFIT FOR THE PERIOD</b>		<b><u>270,119</u></b>	<b><u>199,910</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive (losses)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>(1,985)</u>	<u>1,335</u>
Other comprehensive (losses)/income that may be reclassified to profit or loss in subsequent periods, net		<u>(1,985)</u>	<u>1,335</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Income tax		<u>–</u>	<u>208</u>

		<b>For the six months ended</b>	
		<b>30 June</b>	
		<b>2023</b>	<b>2022</b>
		<b>Unaudited</b>	<b>Unaudited</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net		<u>–</u>	<u>208</u>
<b>OTHER COMPREHENSIVE (LOSSES)/INCOME FOR THE PERIOD, NET OF TAX</b>		<u><b>(1,985)</b></u>	<u><b>1,543</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><b>268,134</b></u>	<u><b>201,453</b></u>
<b>Profit attributable to:</b>			
Owners of the parent		<u><b>266,220</b></u>	<u>197,038</u>
Non-controlling interests		<u><b>3,899</b></u>	<u>2,872</u>
		<u><b>270,119</b></u>	<u><b>199,910</b></u>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		<u><b>265,109</b></u>	<u>197,994</u>
Non-controlling interests		<u><b>3,025</b></u>	<u>3,459</u>
		<u><b>268,134</b></u>	<u><b>201,453</b></u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted	<i>10</i>	<u><b>RMB0.09</b></u>	<u><b>RMB0.07</b></u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

		<b>30 June</b>	31 December
		<b>2023</b>	2022
		<b>Unaudited</b>	Audited
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>11</i>	<b>6,343,458</b>	6,519,403
Intangible assets		<b>221,660</b>	233,072
Right-of-use assets		<b>309,604</b>	293,230
Deferred tax assets		<b>55,377</b>	53,970
Other non-current assets		<b>322,280</b>	310,986
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>7,252,379</b>	7,410,661
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories		<b>153,128</b>	153,888
Trade, bills receivables and contract assets	<i>12</i>	<b>9,302,348</b>	9,161,929
Prepayments, other receivables and other assets	<i>13</i>	<b>578,937</b>	657,245
Restricted cash	<i>14</i>	<b>99,069</b>	92,338
Cash and cash equivalents	<i>14</i>	<b>1,092,443</b>	872,196
		<hr/>	<hr/>
<b>Total current assets</b>		<b>11,225,925</b>	10,937,596
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>15</i>	<b>4,632,103</b>	4,813,812
Other payables and accruals	<i>16</i>	<b>1,077,053</b>	955,516
Provisions	<i>17</i>	<b>223</b>	600
Interest-bearing bank borrowings and other loans	<i>18</i>	<b>3,067,471</b>	4,751,452
Income tax payable		<b>9,258</b>	11,967
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>8,786,108</b>	10,533,347
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>2,439,817</b>	404,249
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>9,692,196</b>	7,814,910
		<hr/>	<hr/>

		<b>30 June</b>	31 December
		<b>2023</b>	2022
		<b>Unaudited</b>	Audited
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	<i>17</i>	<b>480</b>	480
Interest-bearing bank borrowings and other loans	<i>18</i>	<b>2,645,921</b>	888,789
Other non-current liabilities		<b>29,387</b>	28,892
		<u><b>2,675,788</b></u>	<u>918,161</u>
<b>Total non-current liabilities</b>		<u><b>2,675,788</b></u>	<u>918,161</u>
<b>Net assets</b>		<u><b>7,016,408</b></u>	<u>6,896,749</u>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		<b>2,967,542</b>	2,967,542
Reserves		<b>4,209,453</b>	4,092,819
		<u><b>7,176,995</b></u>	<u>7,060,361</u>
Retained profits		<u><b>7,176,995</b></u>	<u>7,060,361</u>
Non-controlling interests		<u><b>(160,587)</b></u>	<u>(163,612)</u>
<b>Total equity</b>		<u><b>7,016,408</b></u>	<u>6,896,749</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to owners of the parent								Total equity RMB'000
	Share capital RMB'000	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2023 (audited)	2,967,542	1,315,483	448,895	-	704	2,327,737	7,060,361	(163,612)	6,896,749
Profit for the period	-	-	-	-	-	266,220	266,220	3,899	270,119
Other comprehensive losses for the period:									
Exchange difference on translation of foreign operations	-	-	-	-	(1,111)	-	(1,111)	(874)	(1,985)
Total comprehensive (losses)/income for the period	-	-	-	-	(1,111)	266,220	265,109	3,025	268,134
Final 2022 dividends declared (Note 9)	-	-	-	-	-	(148,475)	(148,475)	-	(148,475)
At 30 June 2023 (unaudited)	<u>2,967,542</u>	<u>1,315,483</u>	<u>448,895</u>	<u>-</u>	<u>(407)</u>	<u>2,445,482</u>	<u>7,176,995</u>	<u>(160,587)</u>	<u>7,016,408</u>
At 1 January 2022 (audited)	2,967,542	1,315,483	417,396	1,181	(30)	2,173,854	6,875,426	(119,850)	6,755,576
Profit for the period	-	-	-	-	-	197,038	197,038	2,872	199,910
Other comprehensive income for the period:									
Income tax relating to equity investments designated at fair value through other comprehensive income being disposed of	-	-	-	208	-	-	208	-	208
Exchange difference on translation of foreign operations	-	-	-	-	748	-	748	587	1,335
Total comprehensive income for the period	-	-	-	208	748	197,038	197,994	3,459	201,453
Disposal of equity investments designated at fair value through other comprehensive income	-	-	-	(1,389)	-	1,389	-	-	-
Final 2021 dividends declared (Note 9)	-	-	-	-	-	(88,433)	(88,433)	-	(88,433)
At 30 June 2022 (unaudited)	<u>2,967,542</u>	<u>1,315,483</u>	<u>417,396</u>	<u>-</u>	<u>718</u>	<u>2,283,848</u>	<u>6,984,987</u>	<u>(116,391)</u>	<u>6,868,596</u>

\* These reserves accounts comprise the consolidated reserves of RMB4,209,453,000 and RMB4,017,445,000 as at 30 June 2023 and 2022, respectively, in the interim condensed consolidated statement of financial position.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

	For the six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	RMB'000	RMB'000
<b>NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>	<b><u>384,924</u></b>	<b><u>276,587</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	3,434	4,760
Investment income received	977	–
Purchase of items of property, plant and equipment, intangible assets and other non-current assets	(164,863)	(102,680)
Proceeds from disposal of items of property, plant and equipment	<u>6,343</u>	<u>40</u>
<b>Net cash flows used in investing activities</b>	<b><u>(154,109)</u></b>	<b><u>(97,880)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings and other loans	4,980,397	3,804,075
Repayments of bank borrowings and other loans	(4,912,725)	(4,163,632)
Principal portion of lease payments	(1,161)	–
Dividends paid to non-controlling interests	(1,000)	(2,693)
Interest paid	<u>(76,332)</u>	<u>(89,362)</u>
<b>Net cash flows used in financing activities</b>	<b><u>(10,821)</u></b>	<b><u>(451,612)</u></b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>219,994</b>	<b>(272,905)</b>
Cash and cash equivalents at the beginning of the period	872,196	1,244,882
Effect of foreign exchange rate changes, net	<u>253</u>	<u>309</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u><u>1,092,443</u></u></b>	<b><u><u>972,286</u></u></b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the six months ended 30 June 2023*

*(Amounts expressed in thousands of RMB unless otherwise stated)*

## 1. CORPORATE AND GROUP INFORMATION

The Company was established on 25 July 2011 in the People's Republic of China (the "PRC") with limited liability. On 26 June 2015, the Company was converted into a joint stock company with limited liability from a limited liability company. The shares of the Company have been listed on the Main board of the Stock Exchange on 15 November 2016. The address of its registered office is No. 120 Zizhuyuan Road, Haidian District, Beijing, the PRC.

The Group is involved in the following principal activities: environmental protection facility concession operation, the manufacture and sale of denitrification catalysts, environmental protection facilities engineering, water treatment business, energy conservation business and renewable energy engineering business.

In the opinion of the Directors, the immediate holding company and ultimate holding company of the Company is China Datang Corporation Ltd. ("**China Datang**"), a company established and domiciled in the PRC and wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council.

The interim condensed consolidated financial information is presented in thousands of Renminbi ("**RMB**"), unless otherwise stated.

The interim condensed consolidated financial information has not been audited.

## 2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICIES AND DISCLOSURES

### 2.1 Basis of preparation

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements of the Group, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.



## 2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICIES AND DISCLOSURES (Continued)

### 2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following amendments to International Financial Reporting Standards ("IFRSs") and IAS for the first time for the current period's financial information.

IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17)	<i>Insurance Contract</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The adoption of the new and amendments to IFRSs and IAS has had no significant effect on the unaudited condensed consolidated financial information for the six months ended 30 June 2023 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial information for the six months ended 30 June 2023.

The Group has not applied new and amendments to standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and amendments to standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

### 2.3 Accounting judgments and estimates

The preparation of the interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that are applied to the consolidated financial statements for the year ended 31 December 2022.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to their nature. Each of the Group's operating segment represents a strategic business unit that provides services which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

**(a) Environmental protection and energy conservation solutions**

The environmental protection and energy conservation solutions business mainly includes flue gas desulfurisation and denitrification facilities concession operation for coal-fired power plants; the manufacture and sale of denitrification catalysts; engineering business for coal-fired power plants, including the engineering of denitrification, desulfurisation, dust removal, ash and slag handling and other environmental protection facilities and industrial site dust management related engineering; water treatment; and energy conservation business including energy conservation facilities engineering and energy management contracting ("EMC").

**(b) Renewable energy engineering**

The renewable energy engineering business mainly includes the engineering general contracting for newly-built wind power plants, biomass power plants and photovoltaic power plants.

**(c) Thermal power engineering**

The thermal power engineering business mainly includes the engineering procurement construction ("EPC") services for thermal power plants.

**(d) Other businesses**

Other businesses currently mainly include various businesses such as fiberglass chimney anti-corrosion and air cooling system engineering general contracting.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income and losses, other expenses, non-lease-related finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets and liabilities mainly comprise operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment assets exclude unallocated intangible assets, unallocated deferred tax assets, unallocated prepayments, other receivables and other assets, restricted cash, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings and other loans (other than lease liabilities) for daily operation purpose, deferred tax liability and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

### 3. OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2023 (unaudited)	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue (Note 4)</b>					
Sales to external customers	2,264,734	222,774	–	11,672	2,499,180
Intersegment sales	–	–	–	12,676	12,676
	2,264,734	222,774	–	24,348	2,511,856
<i>Reconciliation:</i>					
Elimination of intersegment sales					(12,676)
Revenue					<u>2,499,180</u>
<b>Segment results</b>	<b>401,787</b>	<b>11,168</b>	<b>–</b>	<b>(22,135)</b>	<b>390,820</b>
<i>Reconciliation:</i>					
Other income and losses					67,234
Finance costs (other than interest on lease liabilities which is included in corporate and other unallocated expenses)					(83,602)
Corporate and other unallocated expenses					(55,098)
Profit before tax					<u>319,354</u>
<b>As at 30 June 2023 (unaudited)</b>					
<b>Segment assets</b>	<b>16,869,731</b>	<b>718,935</b>	<b>57,420</b>	<b>86,817</b>	<b>17,732,903</b>
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(2,254,561)
Corporate and other unallocated assets					2,999,962
Total assets					<u>18,478,304</u>
<b>Segment liabilities</b>	<b>9,370,027</b>	<b>594,525</b>	<b>116,275</b>	<b>39,918</b>	<b>10,120,745</b>
<i>Reconciliation:</i>					
Elimination of intersegment payables					(2,254,561)
Corporate and other unallocated liabilities					3,595,712
Total liabilities					<u>11,461,896</u>

### 3. OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2022 (unaudited)	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue (Note 4)</b>					
Sales to external customers	<u>2,197,083</u>	<u>99,793</u>	<u>–</u>	<u>21,915</u>	<u>2,318,791</u>
	2,197,083	99,793	–	21,915	2,318,791
Revenue					<u><u>2,318,791</u></u>
<b>Segment results</b>	349,389	12,966	–	41	362,396
<i>Reconciliation:</i>					
Other income and losses					35,466
Other expenses, net					(4,275)
Finance costs (other than interest on lease liabilities which is included in corporate and other unallocated expenses)					(97,029)
Corporate and other unallocated expenses					<u>(54,684)</u>
Profit before tax					<u><u>241,874</u></u>
<b>As at 31 December 2022 (audited)</b>					
<b>Segment assets</b>	16,983,097	918,215	32,244	81,064	18,014,620
<i>Reconciliation:</i>					
Elimination of intersegment receivables					<u>(2,273,024)</u>
Corporate and other unallocated assets					<u>2,606,661</u>
Total assets					<u><u>18,348,257</u></u>
<b>Segment liabilities</b>	10,248,473	994,587	43,950	128,689	11,415,699
<i>Reconciliation:</i>					
Elimination of intersegment payables					<u>(2,273,024)</u>
Corporate and other unallocated liabilities					<u>2,308,833</u>
Total liabilities					<u><u>11,451,508</u></u>

### 3. OPERATING SEGMENT INFORMATION (Continued)

#### Geographical information

The majority of the non-current assets are located in the PRC, and the majority of revenue is generated from the PRC. Therefore, no further geographical information is presented.

#### Information about major customers

Revenue of approximately RMB2,138 million was derived from the sales of goods and the rendering of services to China Datang and its subsidiaries (excluding the Group) (“**China Datang Group**”) (for the six months ended 30 June 2022: approximately RMB1,977 million).

#### Seasonal operations

The Group’s business operations are not significantly affected by any seasonal or cyclical factors.

### 4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	<i>RMB’000</i>	<i>RMB’000</i>
Revenue from contracts with customers	<u>2,499,180</u>	<u>2,318,791</u>

#### 4. REVENUE (Continued)

Disaggregated revenue information for revenue from contracts with customers:

For the six months ended 30 June 2023 (unaudited)					
Operating segments	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or service</b>					
Sale of industrial products	135,363	–	–	11,672	147,035
Construction services	203,662	222,774	–	–	426,436
Desulfurisation and denitrification services	<u>1,925,709</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,925,709</u>
<b>Total revenue from contracts with customers</b>	<b><u>2,264,734</u></b>	<b><u>222,774</u></b>	<b><u>–</u></b>	<b><u>11,672</u></b>	<b><u>2,499,180</u></b>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	135,363	–	–	11,672	147,035
Services transferred over time	<u>2,129,371</u>	<u>222,774</u>	<u>–</u>	<u>–</u>	<u>2,352,145</u>
<b>Total revenue from contracts with customers</b>	<b><u>2,264,734</u></b>	<b><u>222,774</u></b>	<b><u>–</u></b>	<b><u>11,672</u></b>	<b><u>2,499,180</u></b>

For the six months ended 30 June 2022 (unaudited)					
Operating segments	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or service</b>					
Sale of industrial products	171,285	–	–	16,475	187,760
Construction services	133,447	99,793	–	5,440	238,680
Desulfurisation and denitrification services	<u>1,892,351</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,892,351</u>
<b>Total revenue from contracts with customers</b>	<b><u>2,197,083</u></b>	<b><u>99,793</u></b>	<b><u>–</u></b>	<b><u>21,915</u></b>	<b><u>2,318,791</u></b>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	171,285	–	–	16,475	187,760
Services transferred over time	<u>2,025,798</u>	<u>99,793</u>	<u>–</u>	<u>5,440</u>	<u>2,131,031</u>
<b>Total revenue from contracts with customers</b>	<b><u>2,197,083</u></b>	<b><u>99,793</u></b>	<b><u>–</u></b>	<b><u>21,915</u></b>	<b><u>2,318,791</u></b>

#### 4. REVENUE (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the six months ended 30 June 2023 (unaudited)					
Operating segments	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue from contracts with customers</b>					
External customers	2,264,734	222,774	–	11,672	2,499,180
Intersegment sales	–	–	–	12,676	12,676
	<u>2,264,734</u>	<u>222,774</u>	<u>–</u>	<u>24,348</u>	<u>2,511,856</u>
Intersegment adjustments and eliminations	–	–	–	(12,676)	(12,676)
<b>Total revenue from contracts with customers</b>	<u><u>2,264,734</u></u>	<u><u>222,774</u></u>	<u><u>–</u></u>	<u><u>11,672</u></u>	<u><u>2,499,180</u></u>

For the six months ended 30 June 2022 (unaudited)					
Operating segments	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue from contracts with customers</b>					
External customers	2,197,083	99,793	–	21,915	2,318,791
	<u>2,197,083</u>	<u>99,793</u>	<u>–</u>	<u>21,915</u>	<u>2,318,791</u>
<b>Total revenue from contracts with customers</b>	<u><u>2,197,083</u></u>	<u><u>99,793</u></u>	<u><u>–</u></u>	<u><u>21,915</u></u>	<u><u>2,318,791</u></u>

## 5. OTHER INCOME AND LOSSES

For the six months ended 30 June

	2023	2022
	Unaudited	Unaudited
	RMB'000	RMB'000
<b>Other income</b>		
Interest income	3,434	4,760
Government grants	53,722	24,866
Gain on disposal of items of property, plant and equipment	2,945	–
Compensation income	1,301	–
Investment income	977	–
Exchange gains	4,855	5,999
	<u>67,234</u>	<u>35,625</u>
<b>Other losses, net</b>		
Loss on disposal of items of property, plant and equipment	–	(159)
	<u>–</u>	<u>(159)</u>
	<u><u>67,234</u></u>	<u><u>35,466</u></u>

## 6. OTHER EXPENSES, NET

For the six months ended 30 June

	2023	2022
	Unaudited	Unaudited
	RMB'000	RMB'000
Exchange differences arising from provision for pending litigation losses	–	4,275
	<u><u>–</u></u>	<u><u>4,275</u></u>



## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Interest on lease liabilities	<b>5,480</b>	6,061
Interest expenses on bank borrowings and other loans	<b>83,961</b>	97,029
Less: interest capitalised	<b>(359)</b>	—
	<b><u>89,082</u></b>	<b><u>103,090</u></b>

## 8. INCOME TAX EXPENSE

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss and other comprehensive income are as follows:

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Current income tax	<b>50,642</b>	41,600
Deferred income tax	<b>(1,407)</b>	364
	<b><u>49,235</u></b>	<b><u>41,964</u></b>

## 9. DIVIDENDS

On 26 April 2023, the Board proposed to distribute the final dividend for the year ended 31 December 2022 of RMB0.05 per share (before tax) amounted to RMB148,475,000 in cash to the shareholders, which was approved by the shareholders of the Company at the 2022 annual general meeting on 29 June 2023. As at 30 June 2023, the final dividend has not been paid to the shareholders of the Company.

The Board did not recommend any interim dividend for the six months ended 30 June 2023.

On 31 March 2022, the Board proposed to distribute the final dividend for the year ended 31 December 2021 of RMB0.0298 per share (before tax) amounted to RMB88,433,000 in cash to the shareholders, which was approved by the shareholders of the Company at the 2021 annual general meeting on 30 June 2022.

As at 30 June 2022, the final dividend had not been paid to the shareholders of the Company. The Board did not recommend any interim dividend for the six months ended 30 June 2022.

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

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue for the six months ended 30 June 2023 and 2022, respectively.

The Company did not have any potential dilutive shares in issue during the six months ended 30 June 2023 and 2022. Accordingly, the diluted earnings per share amounts are the same as the basic earnings per share amounts.

The calculation of basic and diluted earnings per share is based on:

Earnings	For the six months ended 30 June	
	2023 Unaudited	2022 Unaudited
Profit attributable to ordinary equity holders of the parent, used in the basic/diluted earnings per share calculation (RMB'000)	<u>266,220</u>	<u>197,038</u>
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic/diluted earnings per share calculation (number of shares)	<u>2,967,542,000</u>	<u>2,967,542,000</u>
Earnings per share		
Basic/diluted earnings per share	<u>RMB0.09</u>	<u>RMB0.07</u>

## 11. PROPERTY, PLANT AND EQUIPMENT

### Acquisitions and disposals

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment with a cost of RMB61,819,000 (for the six months ended 30 June 2022: RMB44,047,000).

Items of property, plant and equipment with a book value of RMB2,669,000 were disposed of by the Group during the six months ended 30 June 2023, resulting in a gain on disposal of RMB2,945,000, which is included in “other income and losses” in the interim condensed consolidated statement of profit or loss and other comprehensive income (for the six months ended 30 June 2022: loss on disposal of RMB159,000).

## 12. TRADE, BILLS RECEIVABLES AND CONTRACT ASSETS

	<b>30 June 2023 Unaudited RMB'000</b>	31 December 2022 Audited RMB'000
Trade receivables	<b>8,677,915</b>	8,677,433
Less: provision for impairment	<b>(313,456)</b>	(309,483)
	<b><u>8,364,459</u></b>	<u>8,367,950</u>
Bills receivable	<b><u>524,041</u></b>	<u>610,254</u>
Contract assets arising from:		
Construction services	<b>384,959</b>	152,445
Sale of industrial products	<b><u>31,309</u></b>	<u>33,700</u>
	<b>416,268</b>	186,145
Less: provision for impairment	<b>(2,420)</b>	(2,420)
	<b><u>413,848</u></b>	<u>183,725</u>
	<b><u><u>9,302,348</u></u></b>	<u><u>9,161,929</u></u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within one year. Each customer has a maximum credit limit. The Group seeks to maintain strict control over the outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

## 12. TRADE, BILLS RECEIVABLES AND CONTRACT ASSETS (Continued)

An ageing analysis of the trade and bills receivables, based on the invoice date, at the end of the reporting period is as follows:

	<b>30 June 2023</b>	31 December 2022
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
Within 1 year	<b>5,627,339</b>	5,852,546
Between 1 and 2 years	<b>1,080,352</b>	677,024
Between 2 and 3 years	<b>579,271</b>	741,451
Over 3 years	<b>1,914,994</b>	2,016,666
	<b>9,201,956</b>	9,287,687
Less: provision for impairment	<b>(313,456)</b>	(309,483)
	<b>8,888,500</b>	8,978,204

Contract assets are initially recognised for revenue earned from the sale of industrial products and construction services as the receipt of consideration is conditional on successful completion of construction, respectively. Upon completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

## 13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>30 June 2023</b>	31 December 2022
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
Prepayments	<b>168,092</b>	221,600
Deposits	<b>44,468</b>	40,390
Other receivables	<b>81,877</b>	104,854
Other current assets	<b>286,923</b>	292,824
	<b>581,360</b>	659,668
Less: provision for impairment	<b>(2,423)</b>	(2,423)
	<b>578,937</b>	657,245

#### 14. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	<b>30 June 2023 Unaudited RMB'000</b>	31 December 2022 Audited RMB'000
Cash and bank balances	1,191,512	964,534
Less: restricted cash ( <i>Note</i> )	<u>(99,069)</u>	<u>(92,338)</u>
Cash and cash equivalents	<b>1,092,443</b>	872,196
Cash and bank balances denominated in:		
– RMB	1,182,766	955,130
– US dollars	954	919
– Hong Kong dollars	6,415	6,870
– Indian rupees	<u>1,377</u>	<u>1,615</u>
	<b><u>1,191,512</u></b>	<b><u>964,534</u></b>

*Note:* Restricted cash mainly represented deposits held for issued bills payable and performance obligations for engineering services, property maintenance and frozen deposits for construction contract disputes.

#### 15. TRADE AND BILLS PAYABLES

Trade and bills payables are non-interest-bearing and are normally to be settled within one year.

	<b>30 June 2023 Unaudited RMB'000</b>	31 December 2022 Audited RMB'000
Bills payable	48,541	54,053
Trade payables	<u>4,583,562</u>	<u>4,759,759</u>
	<b><u>4,632,103</u></b>	<b><u>4,813,812</u></b>

An ageing analysis of trade and bills payables as at the end of the reporting periods, based on the invoice date, is as follows:

	<b>30 June 2023 Unaudited RMB'000</b>	31 December 2022 Audited RMB'000
Within 1 year	2,628,087	2,625,449
1 year to 2 years	390,427	472,115
2 years to 3 years	409,444	505,427
More than 3 years	<u>1,204,145</u>	<u>1,210,821</u>
	<b><u>4,632,103</u></b>	<b><u>4,813,812</u></b>

## 16. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2023 Unaudited RMB'000</b>	31 December 2022 Audited RMB'000
Contract liabilities	255,751	232,089
Taxes payable, other than income tax	26,631	55,296
Interest payables	16,083	10,222
Dividends payable	176,400	28,925
Other payables ( <i>Note</i> )	<u>602,188</u>	<u>628,984</u>
	<b><u>1,077,053</u></b>	<b><u>955,516</u></b>

*Note:* Other payables are non-interest-bearing and have no fixed terms of repayment.

## 17. PROVISIONS

	<b>Warranties RMB'000</b>	<b>Other losses RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2022 (Audited)	1,260	123,151	124,411
Additional provision	600	–	600
Amounts utilised during the year	<u>(780)</u>	<u>(123,151)</u>	<u>(123,931)</u>
At 31 December 2022 (Audited)	1,080	–	1,080
Amounts utilised during the period	<u>(377)</u>	<u>–</u>	<u>(377)</u>
At 30 June 2023 (Unaudited)	703	–	703
Portion classified as current liabilities	<u>(223)</u>	<u>–</u>	<u>(223)</u>
Non-current portion	<b><u>480</u></b>	<b><u>–</u></b>	<b><u>480</u></b>

## 18. INTEREST-BEARING BANK BORROWINGS AND OTHER LOANS

	Effective interest rate	Maturity	30 June 2023 Unaudited RMB'000	Effective interest rate	Maturity	31 December 2022 Audited RMB'000
<b>Current</b>						
Bank borrowings:						
– unsecured	2.65%-3.40%	2023-2024	<b>2,036,208</b>	2.80%-4.10%	2023	2,746,495
Other loans:						
– unsecured	3.10%	2024	<b>200,000</b>	3.10%-4.50%	2023	600,000
– short-term bonds (Note a)	2.36%	2023	<b>500,000</b>	2.00%	2023	500,000
			<b>2,736,208</b>			<b>3,846,495</b>
<b>Current portion of long-term bank borrowings and other loans</b>						
Bank borrowings – unsecured	2.95%-3.96%	2023-2024	<b>292,372</b>	3.10%-4.11%	2023	856,666
Bank borrowings – guaranteed (Note b)			–	4.25%	2023	5,500
Other loans – unsecured	3.95%	2023	<b>5,000</b>	3.95%	2023	8,900
Lease liabilities	4.41%	2024	<b>33,891</b>	4.41%	2023	33,891
			<b>331,263</b>			<b>904,957</b>
			<b>3,067,471</b>			<b>4,751,452</b>
<b>Non-current</b>						
Long-term bank borrowings and other loans:						
Bank borrowings – unsecured	2.80%-3.96%	2024-2027	<b>1,381,446</b>	3.10%-3.96%	2024-2027	519,793
Other loans – unsecured	2.98%	2026	<b>400,000</b>			–
Other loans – bonds	3.65%	2024	<b>600,000</b>	3.39%	2024	110,000
Lease liabilities	4.41%	2024-2038	<b>264,475</b>	4.41%	2024-2038	258,996
			<b>2,645,921</b>			<b>888,789</b>
			<b>5,713,392</b>			<b>5,640,241</b>
Interest-bearing bank borrowings and other loans denominated in:						
– RMB			<b>5,713,392</b>			<b>5,640,241</b>

## 18. INTEREST-BEARING BANK BORROWINGS AND OTHER LOANS (Continued)

Note a:

On 22 February 2023 and 20 April 2023, the Company issued two tranches of super short-term bonds at a par value of RMB100 amounting to RMB500 million each. The bonds had annual effective interest rates of 2.25% and 2.36% respectively. The first tranche of super short-term bond was already matured and repaid in April 2023, and the second tranche of super short-term bond was matured and repaid in July 2023.

Note b:

The above secured bank borrowings were guaranteed by the Company for certain subsidiaries.

The maturity profile of the interest-bearing bank borrowings and other loans as at the end of the reporting period is as follows:

	<b>30 June 2023 Unaudited RMB'000</b>	31 December 2022 Audited RMB'000
Analysed into:		
Bank borrowings repayable:		
Within one year	<b>2,328,580</b>	3,608,661
In the second year	<b>407,698</b>	331,992
In the third to fifth years, inclusive	<b>973,748</b>	187,802
	<b>3,710,026</b>	4,128,455
Other loans repayable:		
Within one year	<b>738,891</b>	1,142,791
In the second year	<b>628,879</b>	140,735
In the third to fifth years, inclusive	<b>479,495</b>	84,608
Beyond five years	<b>156,101</b>	143,652
	<b>2,003,366</b>	1,511,786
Total	<b>5,713,392</b>	5,640,241



## 19. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2023 Unaudited RMB'000</b>	31 December 2022 Audited RMB'000
Contracted, but not provided for		
Buildings	335	322
Plant and equipment	66,347	61,571
Equity investment ( <i>Note</i> )	—	15,048
	<u>66,682</u>	<u>76,941</u>

*Note:* On 30 December 2021, the Company has entered into the joint venture agreement with Datang Henan Power Generation Co., Ltd\* (大唐河南發電有限公司) (“**Datang Henan**”), a wholly-owned subsidiary of China Datang, in relation to the proposed formation of the joint venture company with a registered capital of RMB30,096,000. Pursuant to the joint venture agreement, the Company shall make a capital contribution of RMB15,048,000, representing 50% equity interest in the joint venture company. During the six months ended 30 June 2023, the Company and Datang Henan agreed to cancel the formation of the joint venture company.

## 20. RELATED PARTY TRANSACTIONS

The Group is part of China Datang and had significant transactions with China Datang Group.

In addition to the related party transactions disclosed elsewhere in the interim condensed consolidated financial information, the following is a summary of the significant related party transactions entered into the ordinary course of business between the Group and its related parties during the six months ended 30 June 2023 and 2022. All transactions with related parties were conducted at prices and terms mutually agreed by the parties involved.

## 20. RELATED PARTY TRANSACTIONS (Continued)

### (a) Significant related party transactions

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Sales of goods and rendering of services to</b>		
<b>China Datang Group</b>		
Environmental protection and energy conservation solutions	1,914,608	1,876,735
Renewable energy engineering	222,774	99,793
Others	814	–
	<u>2,138,196</u>	<u>1,976,528</u>
<b>Sales of goods and rendering of services to the associates</b>		
<b>and joint ventures of China Datang Group</b>		
Environmental protection and energy conservation solutions	<u>72,946</u>	<u>125,565</u>
<b>Purchases of goods and receiving of services from</b>		
<b>China Datang Group</b>		
Water supply and electricity supply	341,514	472,977
Ancillary services under the concession operations	78,932	172,773
Logistics services	8,998	–
Wind power electricity and other products	162,909	–
	<u>592,353</u>	<u>645,750</u>
<b>Purchases of goods and receiving of services from the</b>		
<b>associates and joint ventures of China Datang Group</b>		
Water supply and electricity supply	<u>43,834</u>	<u>34,773</u>
<b>Loans from a subsidiary of China Datang Group</b>		
China Datang Finance Co., Ltd.* (“Datang Finance”)	<u>605,000</u>	<u>1,179,000</u>
<b>Interest expense on loans from subsidiaries of</b>		
<b>China Datang Group</b>		
Datang Finance	7,744	5,197
Datang Financial Lease Co., Ltd.* (“Datang Financial Lease”)	–	844
Datang Commercial Factoring Co., Ltd.* (“Datang Commercial Factoring”)	–	726
	<u>7,744</u>	<u>6,767</u>
<b>Interest income from deposits from a subsidiary of</b>		
<b>China Datang Group</b>		
Datang Finance	<u>1,687</u>	<u>2,855</u>

## 20. RELATED PARTY TRANSACTIONS (Continued)

### (b) Outstanding balances with related parties

The outstanding balances with related parties at 30 June 2023 and 31 December 2022 are as follows:

	<b>30 June 2023 Unaudited RMB'000</b>	31 December 2022 Audited RMB'000
<b>Cash and cash equivalents</b>		
Datang Finance	<u>1,050,217</u>	<u>759,183</u>
<b>Trade, bills receivables and contract assets</b>		
Trade and bills receivables		
China Datang Group	7,556,337	7,453,084
The associates and joint ventures of China Datang Group	<u>605,308</u>	<u>538,093</u>
	<u>8,161,645</u>	<u>7,991,177</u>
Contract assets		
China Datang Group	75,159	73,645
The associates and joint ventures of China Datang Group	<u>15,134</u>	<u>18,800</u>
	<u>90,293</u>	<u>92,445</u>
	<u>8,251,938</u>	<u>8,083,622</u>
<b>Prepayments, other receivables and other assets</b>		
Prepayments		
China Datang Group	<u>36,997</u>	<u>188,642</u>
Other receivables		
China Datang Group	38,880	77,267
The associates and joint ventures of China Datang Group	<u>67</u>	<u>213</u>
	<u>38,947</u>	<u>77,480</u>
	<u>75,944</u>	<u>266,122</u>
<b>Other non-current assets</b>		
China Datang Group	<u>4,991</u>	<u>3,046</u>

## 20. RELATED PARTY TRANSACTIONS (Continued)

### (b) Outstanding balances with related parties (Continued)

	<b>30 June 2023 Unaudited RMB'000</b>	31 December 2022 Audited RMB'000
<b>Interest-bearing bank borrowings and other loans (other than lease liabilities)</b>		
Datang Finance	<u><b>605,000</b></u>	<u>608,900</u>
<b>Trade and bills payables</b>		
China Datang Group	<b>1,925,607</b>	1,893,145
The associates and joint ventures of China Datang Group	<u><b>116,341</b></u>	<u>73,317</u>
	<u><b>2,041,948</b></u>	<u>1,966,462</u>
<b>Other payables and accruals</b>		
China Datang Group	<b>63,267</b>	75,671
The associates and joint ventures of China Datang Group	<u><b>142</b></u>	<u>5,491</u>
	<u><b>63,409</b></u>	<u>81,162</u>

## 20. RELATED PARTY TRANSACTIONS (Continued)

### (c) Transactions with other government-related entities in the PRC

The Group operates in an economic regime currently dominated by entities directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government and numerous government authorities and agencies (collectively referred to as “**government-related entities**”). China Datang, the parent and ultimate holding company of the Company, is a PRC state-owned enterprise and these government-related entities are also considered as related parties of the Group in this respect.

Apart from the transactions with China Datang Group mentioned above, the Group also conducts some business activities with other government-related entities in the ordinary course of business. These transactions are carried out on terms similar to those that would be entered into with non-government-related entities.

The Group prices its services and products based on the commercial negotiations. The Group has also established its approval process for sales of goods, provision of services, purchase of products and receiving of services and its financing policy for borrowings. Such approval process and financing policy do not depend on whether the counterparties are government-related entities or not. Having considered the possibility for transactions to be impacted by related party relationships, the Group’s approval processes and financing policy, and what information would be necessary for an understanding of the potential effect of the relationship on the interim condensed consolidated financial information, the Directors are of the opinion that further information about the following transactions that are collectively significant is required for disclosure:

#### – *Deposits and borrowings*

Except for the cash and cash equivalents deposited in Datang Finance and Wing Lung Bank in Hong Kong, the Group deposits most of its cash in government-related financial institutions, and also obtains short-term and long-term loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People’s Bank of China.

## 20. RELATED PARTY TRANSACTIONS (Continued)

### (d) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2023	2022
	Unaudited RMB'000	Unaudited RMB'000
Short-term employee benefits	2,508	2,298
Post-employment benefits	458	—
Total compensation paid to key management personnel	<u>2,966</u>	<u>2,298</u>

### (e) Property leases

As a lessee, the Group leases buildings for desulfurisation and denitrification facilities from Datang Financial Lease and some power plants from the China Datang Group, with a general lease term of 20 years. The related right-of-use assets and lease liabilities, payment of lease liabilities as at the end of the Reporting Period and the related expenses recognised during the period are as follows:

	30 June	31 December
	2023	2022
	Unaudited RMB'000	Audited RMB'000
Right-of-use assets	<u>258,634</u>	<u>271,238</u>
Lease liabilities	<u>294,625</u>	<u>289,216</u>
	For the six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	RMB'000	RMB'000
Depreciation charge	<u>12,794</u>	<u>12,013</u>
Interest expense	<u>5,480</u>	<u>5,539</u>
Payments	<u>1,161</u>	<u>—</u>

## 21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

### Fair value

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amounts		Fair values	
	30 June 2023 Unaudited RMB'000	31 December 2022 Audited RMB'000	30 June 2023 Unaudited RMB'000	31 December 2022 Audited RMB'000
<b>Financial liabilities</b>				
Long-term interest-bearing bank borrowings and other loans (other than lease liabilities) (Note 18)	<b><u>2,381,446</u></b>	<u>629,793</u>	<b><u>1,889,987</u></b>	<u>603,870</u>

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, and the current portion of interest-bearing bank borrowings and other loans, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value disclosure of financial instruments. The Group's corporate finance team reports directly to management. As at 30 June 2023 and 31 December 2022, the Group's corporate finance team analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by management.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the non-current portion of long-term interest-bearing bank borrowings and other loans (other than lease liabilities) have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair values as a result of the Group's own non-performance risks for interest-bearing bank borrowings and other loans as at 30 June 2023 and 31 December 2022 were assessed to be insignificant.
- The fair values of the bills receivable which are measured at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using the one-year bank loan interest rate published by the People's Bank of China.

## 21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

### Fair value hierarchy

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

#### *Assets measured at fair value*

	Fair value measurement using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
<b>As at 30 June 2023 (unaudited)</b>				
Trade and bills receivables	—	71,605	—	71,605
<b>As at 31 December 2022 (audited)</b>				
Trade and bills receivables	—	117,882	—	117,882

The movements in fair value measurements within Level 3 during the period are as follows:

	2023 <i>RMB'000</i> Unaudited	2022 <i>RMB'000</i> Unaudited
Equity investments designated at fair value through other comprehensive income – unlisted		
At 1 January	—	26,389
Disposal	—	(26,389)
At 30 June	—	—



## 21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

### Fair value hierarchy (Continued)

#### *Liabilities measured at fair value*

The Group did not have any liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

During the period, the Group has no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (for the six months ended 30 June 2022: nil).

## 22. CONTINGENT LIABILITIES

### (a) India Gujarat Project

On 16 March 2019, the Group's subsidiaries, China Datang Technologies & Engineering Co., Ltd. (中國大唐集團科技工程有限公司) (“**Technologies & Engineering Company**”) and Datang Technologies & Engineering India Private Limited (大唐科技工程印度有限公司) signed construction contracts for desulfurisation and wet chimney with Gujarat State Electricity Corporation Limited (“**GSECL**”). Due to the impact of COVID-19, the construction progress was delayed and GSECL issued a formal notice which stated that it might take measures such as terminating the contract, redeeming the performance guarantee letter, and entrusting the work to others to complete. The Group fully accrued provisions of RMB75,848,000 for the redemption of the performance guarantee letter, and also considered that the corresponding advance receipts of RMB25,835,000 would no longer be obligated to be returned after the redemption of the performance guarantee letter, and incurred other expenses of RMB50,013,000 for the year ended 31 December 2021 accordingly. During the year ended 31 December 2022, the performance guarantee letter of RMB75,848,000 has been fully redeemed. The likelihood of occurrence of other compensations about these contract disputes cannot be estimated reliably up to the date of this results announcement.

### (b) India NLC Project

On 6 March 2020, Technologies & Engineering Company signed a construction contract with NLC India Limited (“**NLC India**”). Due to the impact of COVID-19, the construction progress was delayed, and NLC India issued a formal notice to request to terminate the contract and redeem the performance guarantee letter amounting to RMB47,303,000. In addition, the claims brought by NLC India also include the costs incurred in re-tendering and the arbitration progress. The Group fully accrued a provision of RMB47,303,000 for the request of redeeming the performance guarantee letter, and incurred other expenses of RMB47,303,000 for the year ended 31 December 2021 accordingly. During the year ended 31 December 2022, the performance guarantee letter of RMB47,303,000 has been fully redeemed. The likelihood of occurrence of other compensations about these contract disputes cannot be estimated reliably up to the date of this results announcement.

## 23. EVENTS AFTER THE REPORTING PERIOD

- (i) On 31 August 2023, Datang Beijing Water Engineering & Technology Co., Ltd. (大唐(北京)水務工程技術有限公司) (“**Water Engineering & Technology**”), a wholly-owned subsidiary of the Company, as a vendor, entered into an agreement with Datang Baoji Thermal Power Plant (大唐寶雞熱電廠), a branch of a fellow subsidiary namely Datang Shaanxi Power Company Limited (大唐陝西發電有限公司), as a purchaser. According to the agreement, Water Engineering & Technology has conditionally agreed to sell and Datang Baoji Thermal Power Plant has conditionally agreed to acquire, a number of building, building structures and equipment (“**Target Assets**”) at a consideration of RMB37,997,700, which was based on the appraised market value of the Target Assets on 30 September 2022 by a PRC independent valuer. Upon completion of the disposal of the Target Assets, the Group is expected to record a gain on disposal of approximately RMB26,331,800 (before tax).
- (ii) On 31 August 2023, the Board has resolved to approve to register with National Association of Financial Market Institutional for issuance of super short-term commercial paper (“**SCP**”) of no more than RMB3 billion, and for issuance of short-term commercial paper and medium term note of, as aggregated, no more than RMB3 billion, and for issuance of SCP and short-term commercial paper in tranches during the registration period; and issuance of medium term note, which will depend on subsequent capital requirements and market conditions. The registration will be recommended by Board resolution for the approval of the shareholders of the Company.

Save as disclosed in this results announcement, there were no other significant events affecting the Group occurred since 30 June 2023 and up to the date of this results announcement.

## 24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the Board on 31 August 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

As an environmental protection and energy conservation solution provider for coal-fired power generation enterprises, the principal business of the Group includes environmental protection facility concession operation, manufacturing and sales of denitrification catalysts, environmental protection facilities engineering, water treatment business, energy conservation business and renewable energy engineering business. Customers of the Group spread over 30 provinces, autonomous regions and municipalities in the PRC as well as 7 countries.

### I. INDUSTRY OVERVIEW

Based on the overall performance of the environmental protection industry in the first half of 2023, there are mainly the following highlights and industry trends:

#### 1. Pursue Green Development and Promote Harmonious Coexistence between Humanity and Nature

The report of the 20th Party Congress points out that “to pursue green development and promote harmonious coexistence between humanity and nature”. We will advance the Beautiful China Initiative and take a holistic and systematic approach to the conservation and improvement of mountains, waters, forests, farmlands, grasslands, and deserts. We will carry out coordinated industrial restructuring, pollution control, ecological conservation, and climate response, and we will promote concerted efforts to cut carbon emissions, reduce pollution, expand green development, and pursue economic growth. We will prioritize ecological protection, conserve resources and use them efficiently, and pursue green and low-carbon development. We will adhere to the green development, promote the transformation and upgrading of traditional energy industry, vigorously develop green energy, broaden and strengthen the national important energy base. We will accelerate the transition to a model of green development. We will boost green and low-carbon industries, encourage green consumption, and promote green and low-carbon ways of production and life. We will intensify pollution prevention and control, make further efforts to keep our skies blue, waters clear, and lands clean, basically eliminate serious air pollution, generally eliminate black, malodorous water bodies in cities. We will strengthen prevention and control of soil contamination at the source. The environmental infrastructure will be upgraded and living environments in both urban and rural areas will be improved. We will enhance diversity, stability, and sustainability in our ecosystems. Major projects for preserving and restoring key ecosystems will be carried out at a faster pace. We will carry out major biodiversity protection projects. We will promote the natural regeneration of grasslands, forests, rivers, lakes, and wetlands, enforce the 10-year fishing ban on the Yangtze River, and improve the system of fallowing and crop rotation. These policies provide a top-level design and planning policy guarantee for the Company’s green and low-carbon transformation and development.

## **2. The Standards and System of Carbon Peaking and Carbon Neutrality Have Been Generally Developed**

On 21 April 2023, 11 departments including the National Standardization Administration issued the Guidelines for the Construction of Carbon Peaking and Carbon Neutrality Standards and System. A carbon peaking and carbon neutrality standards and system shall be basically developed according to the basic general standards, as well as the development needs such as carbon emission reduction, carbon removal and carbon market. By 2025, no less than 1,000 national standards and industry standards (including versions in foreign languages) will be formulated and revised, with significant improvement in consistency with international standards. Carbon accounting and verification of major industries will be fully covered, and the energy consumption and energy efficiency standards of key industries and products will be steadily improved. The Company substantively participated in no less than 30 international standards related to green and low-carbon, and the level of green and low-carbon international standardization has been significantly improved. The Company's development in new industries related to "dual carbon" fields ushered in new opportunities.

## **3. Accelerate the Planning and Construction of New Energy System**

On 31 March 2023, the National Energy Administration issued Several Opinions on Accelerating the Digital and Intelligent Development of Energy. The digital and intelligent innovative application system of all sections of the energy system was initially constructed and the potential of data elements was fully activated. On 2 June 2023, the National Energy Administration released the Blue Book on the Development of the New Power System, which comprehensively elaborates the development concept and connotation characteristics of the new electric power system, formulates the "three-step" development path, and proposes the overall structure and key tasks of the construction of the new electric power system. Accelerating the planning and construction of a new energy system is not only an inherent requirement for actively and steadily promoting carbon peaking and carbon neutrality, but also an important support for deepening the energy revolution and promoting high-quality economic development. The Group will deepen the energy revolution and accelerate the planning and construction of a new energy system. The planning and construction of the new energy system will drive the vigorous development of photovoltaic, wind power, energy storage and other related industries, and bring huge space for the development of the Group's comprehensive smart energy business.

## II. BUSINESS OVERVIEW

### 1. Environmental Protection and Energy Conservation Solution Business

#### *Environmental protection facility concession operation business*

As at 30 June 2023, the cumulative installed capacity in operation for desulfurization concession operations of the Group reached 48,250MW. The cumulative installed capacity in operation for denitrification concession operations reached 41,240MW and the installed capacity of the desulfurization entrusted operation projects reached 1,960MW.

During January to June 2023, the Group was devoted to conducting energy consumption diagnosis and improvement of the “one policy for one plant” indicators, intensifying the indicator management and control and first-rate benchmarking, improving quality and efficiency, deepening equipment treatment, realizing the three reduction in limestone consumption, emission and water consumption. The Group also accelerated the application of new technologies such as denitrification fine ammonia injection control technology, denitrification dilution wind heat source optimization and desulfurization efficiency optimization, saving approximately 15% of ammonia injection and reducing the power consumption of slurry circulating pump by 5-10%.

### ***Denitrification catalysts business***

During January to June 2023, the production volume and the sales volume of the denitrification catalysts business of the Group were 13,716.26m<sup>3</sup> and 31,074.86m<sup>3</sup>, respectively. The following table sets forth the breakdown of the key figures of the Group's denitrification catalysts business during January to June 2023:

<b>Production volume</b>	<b>Sales volume</b>	<b>Delivery volume</b>
<u>13,716.26</u>	<u>31,074.86</u>	<u>15,728.7</u>

*(Unit: m<sup>3</sup>)*

During January to June 2023, the Group sold 8,761.29m<sup>3</sup> of catalyst to customers other than China Datang Group, among which, 2,900.8m<sup>3</sup> of catalyst was sold to overseas customers and 968.45m<sup>3</sup> of catalyst was sold to customers from non-electric industry such as glass and alumina sectors.

In addition, during January to June 2023, the Group conducted comprehensive usage business in relation to an aggregate of 2,437.6m<sup>3</sup> of spent denitrification catalysts.

### ***Environmental protection facilities engineering business***

During January to June 2023, the Group continued to carry out its environmental protection facility engineering business, including desulfurization, denitrification, dust removal, ultra-low emission and industrial site dust management, and actively explore the environmental market of non-electric industry such as petroleum, coking, steel and cement. The following table sets forth the breakdown of the environmental protection facility engineering business in the power industry of the Group as at 30 June 2023:

<b>Project</b>	<b>Projects awarded and signed in the first half of 2023</b>		<b>Projects under construction in the first half of 2023</b>	
	<b>Number</b>	<b>Amount (RMB million)</b>	<b>Number</b>	<b>Amount (RMB million)</b>
Desulfurization	1	26.51	2	243.66
Denitrification	2	52.26	1	19.30
Dust removal	0	0	2	228.16
Others	2	94.80	0	0

### *Water treatment business*

During January to June 2022, the Group entered into a contract for 1 new water treatment project and won bids for 2 water treatment projects. As at 30 June 2022, the Group had 4 water treatment operation projects and 7 water treatment projects under construction.

### *Energy conservation business*

As of 30 June 2023, the Group has 1 EMC project under execution with a total investment of RMB37.5098 million.

## **2. Renewable Energy Business**

### *2.1 Investment business*

As of 30 June 2023, the Group had 8 distributed photovoltaic power projects under operation with a total installed capacity of 7.97MW.

### *2.2 Engineering business*

During January to June 2023, the Group has entered into 1 energy storage EPC project with an installed capacity of 100MW/200MWh and has won the bid for 1 renewable energy engineering projects with an installed capacity of 100MW. As of 30 June 2023, the Group had a total of 3 renewable energy engineering projects under construction with a total installed capacity of 6.535 MW (direct-current side).

## **3. Thermal Power Engineering Business**

During January to June 2023, the Group has yet to commence the thermal power engineering business.

## **4. Overseas Business**

During January to June 2023, the Group has not signed newly overseas project, and there is no project under execution.

## **5. Research and Development**

In the first half of 2023, the Group obtained 25 patents, including 13 invention patents, and the Group has accumulatively obtained 1,246 patents in force.

### **III. MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL POSITION AND OPERATING RESULTS**

The following discussion should be read in conjunction with the financial information of the Group together with the accompanying notes included in this announcement and other sections therein.

There are inter-segment sales among the Group's segments and sub-segments, and accordingly the Group records intra-segment elimination and inter-segment elimination among these segments/sub-segments for the relevant revenue and cost of sales. In this announcement, unless otherwise specified herein, (i) all discussion about total revenue, total gross profit and overall gross profit margin are based on the amounts after all intra- and inter-segment elimination among the segments/sub-segments (being the figures reflected in our consolidated statement of profit or loss and other comprehensive income), and (ii) all discussion about the revenue, gross profit and gross profit margin of business segments and subsegments are based on the amounts before any intra- or inter-segment elimination of such segment or sub-segment.

#### **1. Overview**

The Group's revenue increased by 7.8% to RMB2,499.2 million for the six months ended 30 June 2023 as compared with RMB2,318.8 million for the same period in 2022. The Group's profit for the six months ended 30 June 2023 amounted to RMB270.1 million, representing an increase of RMB70.2 million as compared with RMB199.9 million for the same period in 2022. Profit attributable to the owners of the parent amounted to RMB266.2 million for the six months ended 30 June 2023. As at 30 June 2023, the Group's cash and cash equivalents increased by 25.3% to RMB1,092.4 million as compared with RMB872.2 million as at 31 December 2022. The Group's total assets increased by 0.7% to RMB18,478.3 million as at 30 June 2023 as compared with RMB18,348.3 million as at 31 December 2022. The Group's total liabilities increased by 0.1% to RMB11,461.9 million as at 30 June 2023 as compared with RMB11,451.5 million as at 31 December 2022. The Group's return on total assets for the six months ended 30 June 2023 was 1.46%, as compared with 1.11% for the same period in 2022.

#### **2. Results of Operation**

##### *Revenue*

The Group's revenue increased by 7.8% to RMB2,499.2 million for the six months ended 30 June 2023 as compared with RMB2,318.8 million for the same period in 2022, primarily due to the increase in construction services income.



### ***Cost of sales***

The Group's cost of sales increased by 8.0% to RMB1,982.0 million for the six months ended 30 June 2023 as compared with RMB1,834.6 million for the same period in 2022. The increase in the cost of sales of the Group was due to the increase in the cost of construction during the year along with the increase in revenue.

### ***Selling and distribution expenses***

The Group's selling and distribution expenses increased by 55.6% to RMB9.8 million for the six months ended 30 June 2023 as compared with RMB6.3 million for the same period in 2022.

### ***Administrative expenses***

The Group's administrative expenses increased by 1.8% to RMB162.2 million for the six months ended 30 June 2023 as compared with RMB159.3 million for the same period in 2022.

### ***Other income and losses***

The Group's other income and losses increased by 89.3% to RMB67.2 million for the six months ended 30 June 2023 as compared with RMB35.5 million for the same period in 2022, mainly due to the increase in government grant compared with last year.

### ***Other expenses, net***

The Group has no net other expense for the six months ended 30 June 2023 as compared with RMB4.3 million for the same period in 2022, due to the exchange differences arising from provision for pending litigation losses.

### ***Finance costs***

The Group's finance costs decreased by 13.6% to RMB89.1 million for the six months ended 30 June 2023 as compared with RMB103.1 million for the same period in 2022, mainly due to the decrease in the annual interest rate of the Group's current borrowings compared with the annual interest rate of the borrowings in the same period of the previous year.

### ***Profit before tax***

As a result of the foregoing factors, the Group's profit before tax increased by 32.0% to RMB319.4 million for the six months ended 30 June 2023 as compared with RMB241.9 million for the same period in 2022.

### ***Income tax expense***

The Group's income tax expense was RMB49.2 million for the six months ended 30 June 2023, representing an increase of 17.1% from RMB42.0 million for the same period in 2022.

### ***Profit for the period***

The Group's profit for the Reporting Period increased by 35.1% from RMB199.9 million for the six months ended 30 June 2022 to RMB270.1 million for the six months ended 30 June 2023. For the six months ended 30 June 2023, the Group's profit during the Reporting Period as a percentage of its total revenue increased to 10.8% as compared with 8.6% for the same period in 2022.

### ***Profit attributable to owners of the parent***

The profit attributable to owners of the parent increased by RMB69.2 million to RMB266.2 million for the six months ended 30 June 2023 as compared with RMB197.0 million for the same period in 2022.

### ***Profit attributable to non-controlling interests***

The profit attributable to non-controlling interests increased by 34.5% to RMB3.9 million for the six months ended 30 June 2023 as compared with RMB2.9 million for the same period in 2022.

## **3. Results on Business Segments**

The following table sets forth a breakdown of the Group's revenue by segment/sub-segment and each segment/sub-segment as a percentage of total revenue for the six months ended 30 June 2023 and 30 June 2022, respectively, as well as the percentage of change:

	For the six months ended 30 June				
	2023		2022		Change %
	Revenue RMB'000	Percentage of total revenue before elimination <sup>(1)</sup> %	Revenue RMB'000	Percentage of total revenue before elimination <sup>(1)</sup> %	
<b>Environmental Protection and Energy Conservation Solutions:</b>					
Total revenue of environmental protection and energy conservation solutions before elimination	2,264,734	90.2	2,233,752	94.9	1.4
Intra-segment elimination <sup>(2)</sup>	—		(36,669)		
<b>Total revenue of environmental protection and energy conservation solutions after intra-segment elimination</b>	<b>2,264,734</b>		<b>2,197,083</b>		<b>3.1</b>
Inter-segment elimination	—		—		
<b>External revenue of environmental protection and energy conservation solutions</b>	<b>2,264,734</b>		<b>2,197,083</b>		<b>3.1</b>
<b>Renewable Energy Engineering:</b>					
Total revenue of renewable energy engineering	222,774	8.9	99,793	4.2	123.2
Inter-segment elimination	—		—		
<b>External revenue of renewable energy engineering</b>	<b>222,774</b>		<b>99,793</b>		<b>123.2</b>
<b>Thermal Power Engineering:</b>					
Total revenue of thermal power engineering	0	—	0	—	0
Inter-segment elimination	—		—		
<b>External revenue of thermal power engineering</b>	<b>0</b>		<b>0</b>		<b>0</b>
<b>Other Businesses:</b>					
Total revenue of other businesses	24,348	0.9	21,915	0.9	11.1
Inter-segment elimination <sup>(3)</sup>	(12,676)		—		
<b>External revenue of other businesses</b>	<b>11,672</b>		<b>21,915</b>		<b>(46.7)</b>
<b>Total revenue before intra- and inter-segment elimination <sup>(4)</sup></b>	<b>2,511,856</b>	<b>100.0</b>	<b>2,355,460</b>	<b>100.0</b>	<b>6.6</b>
<b>Total intra- and inter-segment elimination <sup>(5)</sup></b>	<b>(12,676)</b>		<b>(36,669)</b>		
<b>Total revenue</b>	<b>2,499,180</b>		<b>2,318,791</b>		<b>7.8</b>

Notes:

- (1) Represents the revenue of each business segment or sub-segment (before any intra- or inter-segment elimination) as a percentage of the total revenue before any intra- or inter-segment elimination.
- (2) Intra-segment elimination of revenue from sub-segments under environmental protection and energy conservation solutions segment mainly arises from the intra-segment sales between denitrification catalysts sub-segment to denitrification facilities engineering sub-segment and environmental protection facility concession operation, respectively.
- (3) Inter-segment elimination of revenue from other businesses segment mainly arises from the inter-segment sales between other businesses segment and environmental protection and energy conservation solutions segment, respectively.
- (4) Represents the aggregate amount of the revenue of all segments/sub-segments before any intra- or inter-segment elimination.
- (5) Represents the aggregate amount of all intra- and inter-segment elimination.

The following table sets forth a breakdown of the Group's gross profit by each business segment/sub-segment and gross profit margin of each business segment/sub-segment for the six months ended 30 June 2023 and 30 June 2022, respectively, as well as the percentage of change in gross profit:

	For the six months ended 30 June				
	2023		2022		Change of gross profit %
	Gross profit <sup>(1)</sup> RMB'000	Gross profit margin <sup>(2)</sup> %	Gross profit <sup>(1)</sup> RMB'000	Gross profit margin <sup>(2)</sup> %	
<b>Environmental Protection and Energy Conservation Solutions:</b>					
Total gross profit of environmental protection and energy conservation solutions	<u>528,124</u>	<u>23.3</u>	<u>470,266</u>	<u>21.4</u>	<u>12.3</u>
Total gross profit of renewable energy engineering	<u>11,168</u>	<u>5.0</u>	<u>13,860</u>	<u>13.9</u>	<u>(19.4)</u>
Total gross profit of thermal power engineering	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total gross (losses)/profit of other businesses	<u>(22,135)</u>	<u>(190.0)</u>	<u>42</u>	<u>0.2</u>	<u>(52,802.4)</u>
Total gross profit and gross profit margin <sup>(3)</sup>	<u><u>517,157</u></u>	<u><u>20.7</u></u>	<u><u>484,168</u></u>	<u><u>20.9</u></u>	<u><u>6.8</u></u>

*Notes:*

- (1) Calculated based on the revenue of each segment or sub-segment (before any intra- or inter-segment elimination) minus the cost of sales of such segment or sub-segment (before any intra- or inter-segment elimination).
- (2) Calculated based on the gross profit of each segment or sub-segment calculated according to note (1) above divided by the revenue of such segment or sub-segment (before any intra- or inter-segment elimination).
- (3) Total gross profit equals total revenue (being the revenue reflected on our consolidated statement of profit or loss and other comprehensive income) minus total cost of sales (being the cost of sales reflected on our consolidated statement of profit or loss and other comprehensive income). Overall gross profit margin equals total gross profit divided by total revenue.

#### **4. Cash Flows**

As at 30 June 2023, the Group's cash and cash equivalents increased by 25.3% to RMB1,092.4 million as compared with RMB872.2 million as at 31 December 2022. Such increase was mainly attributable to the decrease in the cash flow used in financing activities of the Group.

#### **5. Working Capital**

As at 30 June 2023, the Group's net current assets increased by 503.6% to RMB2,439.8 million as compared with RMB404.2 million as at 31 December 2022, primarily due to the increase in receivables, and the decrease in interest-bearing bank borrowings and other loans.

#### **6. Indebtedness**

As at 30 June 2023, the Group's borrowings increased by 1.3% to RMB5,713.4 million as compared with RMB5,640.2 million as at 31 December 2022.

#### **7. Capital Expenditure**

The Group's capital expenditure increased by 60.6% to RMB164.9 million for the six months ended 30 June 2023 as compared with RMB102.7 million for the six months ended 30 June 2022.

#### **8. Net Gearing Ratio**

As at 30 June 2023, the Group's net gearing ratio (net debt (total borrowings minus cash and cash equivalents) divided by the sum of net debt and total equity) was 39.71%, representing a decrease of 1.17 percentage points as compared with 40.88% as at 31 December 2022.

## **IV. RISK FACTORS AND RISK MANAGEMENT**

### **Risks on environmental protection and energy conservation policies**

The Group provides substantially all of its products and services in the PRC, and the development of its business is greatly dependent on the environmental protection policies of the PRC. Environmental protection industry is one of the major industries that benefit from the constant support of the PRC government. The market demand for the Group's environmental protection and energy conservation products and services and the revenue generated therefrom are directly affected by the environmental protection policies of the PRC. However, the Group cannot guarantee that such policies will persistently exist or will have any adverse change. If there is any adverse change in energy conservation policies, it may result in a material and adverse effect on the business prospects, results of operations and financial condition of the Group. The management of the Group is of the view that it is unlikely for the PRC government to revise such environmental protection policies to result in an adverse effect or to withdraw any resources invested in the environmental protection industry. Moreover, the Group, as a trendsetter and leader of the environmental protection and energy conservation for the PRC's electric power industry, has participated in the formulation of various industrial policies and standards, which allows it to catch the latest industry trends and respond in a timely fashion.

### **Risks on connected transactions with China Datang Group**

The Group has been conducting various transactions with China Datang Group and its associates, and will continue to enter into such transactions in the future. For the six months ended 30 June 2023, the total value of goods sold and services provided by the Group to China Datang Group and its associates was approximately RMB2,211.1 million, representing approximately 88.4% of the total revenue of the Group. For the six months ended 30 June 2023, the total value of goods purchased and services received by the Group from China Datang Group and its associates was approximately RMB636.1 million, representing approximately 32.1% of the total cost of the Group. The Group has been actively expanding its client base. For example, as at 30 June 2023, the Group entered into contracts in the amount of RMB145 million with clients other than China Datang Group and its associates, representing approximately 17% of the total contract amount of the Group.

## **Cash flow risks**

The Group had positive operating cash flows for the six months ended 30 June 2023. The Group cannot assure that its operating cash flows for any future period will be positive. The Group's ability to generate cash inflows from operating activities in the future will depend in large part on project schedule and billing arrangement, its ability to collect receivables from its customers in a timely manner and the credit terms it can obtain. If the Group fails to generate sufficient cash flows from its operations or obtain sufficient financing to support its business operation, the Group's growth prospects may be materially and adversely affected. The Group plans to implement diversified measures to collect receivables in order to significantly improve operating cash flow. In addition, the Group has been proactively seeking financing for business development and expansion. As at 30 June 2023, the Group had available bank facilities of RMB9.189 billion (USD100 million).

## **Industry risks**

The Group's business primarily focuses on the environmental protection and energy conservation for coal-fired power plants, and therefore the market demand for the Group's environmental protection and energy conservation business relies heavily on the growth rate of the coal-fired power generation output in the PRC. In particular, the revenue generated from concession operations will be directly affected by the power generation output of coal-fired power plants. As pollution has become an increasingly severe environmental issue in the PRC, the PRC government has shown considerable concern for the adjustment to the national energy structure and development. Therefore, there can be no assurance that coal-fired power generation output in the PRC will continue to grow at the current pace. If the increase of coal-fired power generation output in the PRC slows down, it may result in a decrease of utilization hours of coal-fired power generation units, or a lower demand for the Group's products and services, which will materially and adversely affect our business prospects, results of operations and financial position. The management of the Group is of the view that, in terms of the power generation portfolio in the PRC, coal-fired power generation still dominates the market. In addition, the vast majority of the Group's concession operations locate in coastal areas or economically developed areas, where the utilization hours of coal-fired power generation are higher than the average level nationwide. The Group plans to actively explore clients in the iron and steel, cement and petro-chemical industries.

## **Risks on overseas business**

The Group is aggressively developing its overseas business, especially in the Belt and Road Initiative countries. The Group's global business expansion may be hindered by risks such as: lack of availability of overseas financing, possible difficulties in the management of personnel and business operations, lack of understanding of the local business environment, financial and management system or legal system, volatility in currency exchange rates, cultural differences, changes in political, regulatory or economic environments in the foreign countries or other regions, as well as the risk of barriers. If the Group fails to manage the above risks effectively, its overseas expansion may be hindered, which may in turn result in a material and adverse effect on its business prospects, results of operations and financial condition. The management of the Group is of the view that, the PRC government has been actively establishing friendly diplomatic relations with the Belt and Road Initiative countries and improving the overseas investment atmosphere. The Group has extensive project experience in some countries, for instance India and Thailand, which can serve as examples for its future overseas development, and the Group has established rather mature risk management and internal control systems to mitigate risks on overseas business to the greatest extent possible.

## **V. EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2023, we had 993 employees, substantially all of whom were based in the PRC. The Group has individually established labor union branches. Currently, the Group has entered into employment agreements with all employees, in which the position, duties, remuneration, employment benefits, training, confidentiality obligations relating to trade secrets and grounds for termination are specified pursuant to the Labor Law of the PRC and other relevant regulations.



The table below sets forth the number of employees as at 30 June 2023 by their functions:

<b>Function</b>	<b>Number of employees</b>	<b>Percentage of the total number of employees</b>
Concession operation management personnel	324	32.63%
Engineering and technical personnel	198	19.94%
Sales personnel	70	7.05%
Research and development personnel	300	30.21%
Administrative and management personnel	72	7.25%
Manufacture personnel	19	1.91%
Others	10	1%
<b>Total</b>	<b>993</b>	<b>100.00%</b>

According to the development requirements, the Company further established and improved the overall responsibility management system and the whole staff performance evaluation system on the basis of clear position objectives. In order to inspire the potential and work enthusiasm of employees, to fully embody the incentive and constraint behavior, and to lay a solid foundation for the orderly career development of all the employees, the Company divides the specific task in development planning into each department and position, objectively and accurately evaluates the job targets completing performance of employees by building position performance targets and performance standard, and realizes awards and punishments according to the score that is formed by evaluation results quantification.

The remuneration package of our employees includes salaries, bonuses and allowances. Our employees also receive welfare benefits, including medical care, housing subsidies, retirement and other benefits. We carry out employee performance appraisals, establish diversified and dynamic appraisal mechanisms. The department heads' salaries and remunerations will be adjusted corresponding to the results of their performance appraisals.

In order to attract and retain high-quality employees and further improve their knowledge, skill level and professional attainments, we place a strong emphasis on the training of our employees. We offer in-service education, training and other opportunities to our managers and employees to improve their professional skills and knowledge.

During the Reporting Period, the Group provided 25 training programs on operation management, professional techniques and production skills, with 100% employees training rate.

The Group complies with the Labor Law of the PRC and the Labor Contract Law of the PRC in all material respects and makes contributions to social insurance and housing provident fund for our employees according to the above laws, among which the social insurance includes basic pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance.

## **VI. OUTLOOK ON THE GROUP'S FUTURE DEVELOPMENT**

Encountering complexity of and constant changes in the industry and development environment, the Group will focus on three aspects as follows:

### **1. Continuously enhance value creation capacities with technology innovation as the engine**

The Group will focus on deep technological breakthroughs in the field of green, low-carbon and environmental protection, guide industrial development to take the “specialized, refined, differentiated and innovative path”, screen and confirm industrial directions with the potential of “outstanding professionalism, innovation-driven, lean management and distinct characteristics”, and conduct technology incubation and industrial cultivation for enterprises. The Group will solidly promote the implementation of online carbon emission monitoring pilot and industrialization work, and develop standardized products; layout the fields of carbon capture, utilization and storage to form practical and feasible application technologies and business models; develop clean energy technology and use clean heat sources according to local conditions to provide green and efficient heating methods for heat users; and focus on the development and industrial application of long-term energy storage technology, and promote the feasibility of flexible transformation of “coal-fired power + energy storage” technology.

## **2. Continuously consolidate the foundation of traditional business development, and focus on quality, efficiency and steady growth**

The Group will comprehensively improve the level of lean management throughout the entire process of desulfurization and denitrification franchise operation, make every effort to deeply tap the potential of various controllable costs, improve the level of energy conservation and consumption reduction as well as operational efficiency of environmental protection facilities, and ensure that project indicator management reaches the first class in the industry; promote the optimization of ammonia injection and thermal leveling, and continuously reduce energy and material consumption; and continuously reduce the procurement costs of limestone and urea, and increase sales and disposal efforts of gypsum. The Group will strive to become a leading enterprise in the catalyst industry, accelerate the upgrading of catalyst product series in accordance with domestic and international leading standards, and strive to cultivate the denitrification catalyst segment into a national-level specialized, refined, differentiated and innovative “little giant” enterprise in the short term.

## **3. Strengthen strategic emerging industries layout through investment business**

The Group will vigorously promote the development of distributed photovoltaic industry, adhere to the concept of “digital intelligence” to implement the entire process of distributed photovoltaic, continuously improve the development and operation system of distributed photovoltaic, and innovate business models. The Group will accelerate the research and development of new catalyst products, expand the application areas of products, and carry out technical research on high pore honeycomb denitrification catalysts and anti-high arsenic poisoning denitrification catalysts, to prepare for the application of catalysts in fields such as waste incineration and chemical industry, and further explore the catalyst market in cement manufacturing and gas-fired power generation industries. The Group will actively develop integrated electrochemical energy storage integrated products. With the integration of electrochemical energy storage systems as the business entry point, the Group will master core technologies such as battery management, energy management and fire warning, and develop electrochemical energy storage system products with independent core technologies that are highly safe, efficient and long-lived. The Group will accelerate the implementation of the new energy solid waste industry process, and strive to build a systematic comprehensive service provider for old wind farms by combining new energy design qualifications, solid waste treatment technology, solid waste traceability and carbon footprint control, engineering construction advantages and site restoration experience.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the Reporting Period, the Company has complied with the code provisions in Part 2 of the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Appendix 14 to the Listing Rules and there has been no deviation from such code provisions.

A single gender board will not be considered to have achieved diversity from 1 January 2022. As the Company has a single gender Board, we will review the structure and composition of the Board, and appoint a Director of a different gender on or before 31 December 2024.

## **COMPLIANCE WITH THE MODEL CODE FOR DEALING IN THE SECURITIES OF THE COMPANY BY ITS DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES**

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in the securities of the Company by the Directors, supervisors of the Company (the “**Supervisors**”) and relevant employees of the Company (as defined in the Model Code). According to the specific enquiries of the Directors and Supervisors, each Director and Supervisor confirmed that he/she had strictly complied with the standard set out in the Model Code during the Reporting Period.

## **DIVIDEND DISTRIBUTION PLAN FOR THE SIX MONTHS ENDED 30 JUNE 2023**

According to the resolution of the Board passed on 31 August 2023, the Board did not recommend to distribute any interim dividend to shareholders of the Company for the six months ended 30 June 2023.

## **MATERIAL LITIGATION OR ARBITRATION EVENTS**

As at 30 June 2023, the Group was not involved in any material litigation or arbitration event. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Group.

## **REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

For the six months ended 30 June 2023, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company’s listed securities.

## USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company has been listed on the Main Board of the Stock Exchange since 15 November 2016. The net proceeds from the initial public offering and partial exercise of the over-allotment option, after deducting the underwriting fees and relevant expenses, amounted to approximately HK\$2,032.3 million, which will be used in the ways stated in the section headed “Future Plans and Use of Proceeds” of the prospectus of the Company dated 3 November 2016 (the “**Prospectus**”) and the announcement of the Company dated 30 December 2021 (the “**Announcement**”) in relation to the change in use of net proceeds.

The use of net proceeds from the initial public offering for the six months ended 30 June 2023 is set out as follows:

	Use of net proceeds as disclosed in the Prospectus (HK\$ million)	Revised use of net proceeds as at the date of the Announcement (HK\$ million)	Actual use of net proceeds as at 30 June 2023 (HK\$ million)	Unutilised net proceeds as at 30 June 2023 (HK\$ million)	Expected time of full utilization of remaining balance
To finance the capital expenditures for expanding the desulfurization and denitrification concession operations	1,219.50	1,219.50	1,219.50	0.00	–
To develop new sources of growth in the revenue and profit, including but not limited to EMC business for coal-fired power plants, water treatment business, and providing customers with overall solution plans of ultra-low emissions	304.80	304.80	304.80	0.00	–
To repay some of the existing bank loans in order to lower the finance costs and improve the financial leverage ratio	203.20	203.20	203.20	0.00	–
For working capital and other general corporate purposes	203.20	203.20	203.20	0.00	–
For research and development expenditures	101.60	93.60	63.93	29.67	December 2025
Investment in renewable energy projects	–	8.00	0.00	8.00	December 2023
<b>Total</b>	<b>2,032.30</b>	<b>2,032.30</b>	<b>1,994.63</b>	<b>37.67</b>	

## MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2023, the Group had no material acquisition or disposal.

## **SIGNIFICANT INVESTMENT AND FUTURE PLANS FOR MAJOR INVESTMENTS**

For the six months ended 30 June 2023, the Group did not hold any significant investment and has not executed any agreement in respect of material acquisitions, investments or capital asset and did not have any other future plans relating to material acquisitions, investments or capital asset as at the date of this announcement. Nonetheless, if any potential investment opportunity arises in the coming future, the Group will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Group and the shareholders of the Company as a whole.

## **REVIEW OF INTERIM RESULTS ANNOUNCEMENT**

The audit committee of the Company (the “**Audit Committee**”) has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023.

The Audit Committee has not expressed any dissent concerning the financial statements in this results announcement.

## **IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

Saved as disclosed in this results announcement, no other important events affecting the Group occurred since 30 June 2023 and up to the date of this results announcement.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement will be available on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.dteg.com.cn>).

The Company will dispatch in due course to shareholders of the Company the 2023 Interim Report containing all the information as required by the Listing Rules, and publish it on the websites of the Company and the Stock Exchange.

By order of the Board  
**Datang Environment Industry Group Co., Ltd.\***  
**Zhu Liming**  
*Chairman*

Beijing, the PRC, 31 August 2023

*As of the date of this announcement, the executive Directors are Mr. Zhu Liming and Mr. Shen Zhen; the non-executive Directors are Mr. Wang Junqi, Mr. Wu Daqing, Mr. Chen Kan and Mr. Song Yunpeng; and the independent non-executive Directors are Mr. Ye Xiang, Mr. Mao Zhuanjian and Mr. Gao Jiexiang.*

\* *For identification purposes only*