



綠色動力
DYNAGREEN

綠色動力環保集團股份有限公司

Dynagreen Environmental Protection Group Co., Ltd.

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

Stock Code : 1330. HK & 601330. SH

2020 INTERIM REPORT



IMPORTANT NOTICE

- I. The board of directors (the “**Board**”), the supervisory committee and the directors (the “**Directors**”), supervisors (the “**Supervisors**”) and senior management of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of the interim report, guarantee that there are no false representations, misleading statements or material omissions contained in this interim report, and are jointly and severally responsible for the liabilities of the Company.
- II. All Directors of the Company were present at the Board meeting.
- III. This interim report is unaudited.
- IV. Qiao Dewei, an officer of the Company; Hu Shengyong, the Chief Financial Officer; and Zhao Linbin, the Chief Accountant, declare that they warrant the truthfulness, accuracy and completeness of the financial statements in the interim report.
- V. The audit committee of the Board has reviewed this report and has also discussed with the management of the Company regarding the accounting policies and practices adopted by the Company and internal controls.
- VI. Proposal of profit distribution or capitalisation of capital reserve during the Reporting Period approved by the Board

Nil
- VII. Risk statement relating to forward-looking statements

 Applicable Not applicable

Forward-looking statements such as future plans and development strategies described in this report do not constitute an actual commitment of the Company to investors. Investors should be aware of the relevant risks.
- VIII. Whether there was any appropriation of the Company’s funds for purposes other than operations by the controlling shareholder and its related parties

No
- IX. Whether there was any provision of guarantee to external parties in violation of the stipulated decision-making procedures?

No
- X. Major risk alerts

Policy risk, market risk, business risk and other risks that may exist have been described in this report in details. Please refer to the risk factors likely to be faced as set out in other disclosures in IV. Discussion and Analysis of Operations.
- XI. Others

 Applicable Not applicable

The 2020 interim financial report of the Company was prepared in accordance with the China Accounting Standards for Business Enterprises promulgated by the Ministry of Finance of the PRC and the relevant provisions (the “**PRC Accounting Standards**”), and is unaudited. The functional currency of this interim report is Renminbi (RMB), unless otherwise specified.

The contents of this interim report are in compliance with all the requirements in relation to information to be disclosed in interim report under the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 – Contents and Formats of Interim Reports (Amended in 2017) 《公開發行證券的公司信息披露內容與格式準則第3號—半年度報告的內容與格式(2017年修訂)》, the SSE Listing Rules and the Stock Exchange Listing Rules. In addition, this interim report has been simultaneously published in Mainland China and Hong Kong. This report has been prepared in Chinese and English. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

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I. DEFINITIONS

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

Common words

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



I. DEFINITIONS (CONTINUED)

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



I. DEFINITIONS (CONTINUED)

Changzhou Project	a municipal solid waste incineration thermoelectric project in Wujin District, Changzhou City, Jiangsu (江蘇常州市武進區生活垃圾焚燒熱電項目)
Wuhan Project	Xinghuo Waste-to-Energy Plant project in Wuhan, Hubei (湖北武漢星火垃圾焚燒發電廠項目)
Taizhou Project	a municipal solid waste-to-energy project in Taizhou City, Jiangsu (江蘇泰州市生活垃圾焚燒發電項目)
Pingyang Project	a solid waste-to-energy plant project in Pingyang, Zhejiang (浙江平陽生活垃圾焚燒發電廠項目)
Anshun Project	a waste-to-energy project in Anshun, Guizhou (貴州安順垃圾焚燒發電項目)
Haining Project	a waste incineration thermoelectric plant project in Haining City, Zhejiang (浙江海寧市垃圾焚燒熱電廠項目)
Yongjia Project	a waste-to-energy plant project in Yongjia, Zhejiang (浙江永嘉垃圾焚燒發電廠項目)
Rushan Project	a municipal solid waste-to-energy project in Rushan City, Shandong (山東乳山市生活垃圾焚燒發電項目)
Jizhou Project	a municipal solid waste-to-energy project in Jizhou District, Tianjin (天津市薊州區生活垃圾焚燒發電項目)
Huizhou Project	Lanzilong municipal solid waste-to-energy project in Huiyang District, Huizhou City, Guangdong (廣東惠州市惠陽區欖子壟生活垃圾焚燒發電項目)
Jurong Project	a municipal solid waste-to-energy project in Jurong City, Jiangsu (江蘇句容市生活垃圾焚燒發電項目)
Bengbu Project	a municipal solid waste-to-energy project in Bengbu City, Anhui (安徽蚌埠市生活垃圾焚燒發電廠項目)
Tongzhou Project	a renewable energy power plant in Tongzhou District, Beijing (北京市通州區再生能源發電廠)
Ninghe Straw Project	a straw incineration power generation project in Ninghe District, Tianjin (天津寧河區秸稈焚燒發電項目)
Ninghe Biomass Project	a biomass power generation project in Ninghe District, Tianjin (天津寧河區生物質發電項目)
Miyun Project	a construction project of an integrated waste treatment centre in Miyun County, Beijing (北京密雲縣垃圾綜合處理中心工程)
Guangyuan Project	a municipal solid waste-to-energy project in Guangyuan City, Sichuan (四川廣元市生活垃圾焚燒發電項目)
Jiamusi Project	a municipal waste-to-energy BOT project in Jiamusi City, Heilongjiang (黑龍江佳木斯市城市生活垃圾焚燒發電 BOT 項目)
Sihui Project	an environmental energy thermal power plant BOT project in Sihui, Guangdong (廣東四會環保能源熱力發電廠 BOT 項目)
Shantou Project	a municipal waste-to-energy plant in Chaoyang District, Shantou City, Guangdong (廣東汕頭市潮陽區生活垃圾焚燒發電廠)
Zhangqiu Project	a municipal waste-to-energy plant in Zhangqiu City, Jinan City, Shandong (山東濟南市章丘區生活垃圾焚燒發電廠)
Bobai Project	a municipal waste-to-energy project in Bobai County, Guangxi (廣西博白縣生活垃圾焚燒發電項目)
Hong'an Project	a municipal waste-to-energy project in Hong'an County, Hubei (湖北紅安縣生活垃圾焚燒發電項目)
Yichun Project	a municipal waste-to-energy PPP project in Yichun City, Jiangxi (江西宜春市生活垃圾焚燒發電PPP項目)
Fengcheng Project	a municipal waste-to-energy PPP project in Fengcheng City, Jiangxi (江西豐城市生活垃圾焚燒發電 PPP 項目)



I. DEFINITIONS (CONTINUED)

Huizhou Phase II Project	phase II of a municipal waste-to-energy PPP project in Huiyang Environmental Park (惠陽環境園), Guangdong (廣東惠陽環境園生活垃圾焚燒二期 PPP 項目)
Dengfeng Project	a municipal waste-to-energy BOT project in Dengfeng City, Henan (河南登封市生活垃圾焚燒發電 BOT 項目)
Haining Expansion Project	a municipal waste-to-energy plant expansion project in Haining City, Zhejiang (浙江海寧市生活垃圾焚燒發電廠擴建項目)
Shishou Project	a municipal waste-to-energy project in Shishou City, Hubei (湖北石首市生活垃圾焚燒發電項目)
Yongjia Phase II Project	a municipal waste-to-energy plant upgrading and reconstruction project in Yongjia County, Zhejiang (浙江永嘉縣垃圾焚燒發電廠改造提升工程項目)
Pingyang Phase II Project	phase II of waste-to-energy power plant PPP project in Pingyang County, Zhejiang (浙江省平陽縣垃圾焚燒發電廠二期擴建 PPP 項目)
Jingxi Project	a municipal waste-to-energy project in Jingxi, Guangxi (廣西靖西市生活垃圾焚燒發電項目)
Jinsha Project	a municipal waste-to-energy project in Jinsha County, Guizhou (貴州省金沙縣生活垃圾焚燒發電項目)
Enshi Project	a municipal solid waste-to-energy project in Enshi, Hubei (湖北恩施城市生活垃圾焚燒發電項目)
Huludao Hazardous Waste Project	Liaoning Huludao Industrial Waste Treatment and Disposal Center project (遼寧葫蘆島工業廢物處理處置中心項目)
Huludao Waste-to-energy Project	a municipal waste-to-energy project of Huludao East Waste-to-Energy Power Plant in Liaoning (遼寧葫蘆島東部垃圾焚燒發電綜合處理廠生活垃圾焚燒發電項目)
Laizhou Project	a domestic waste comprehensive treatment PPP project in Laizhou City, Shandong (山東萊州市生活垃圾綜合處理 PPP 項目)
Shuozhou Project	the concession project of the Nanshan enviro-energy project (including the municipal solid waste-to-energy project and the kitchen waste treatment project) in Shuozhou, Shanxi Province (山西朔州南山環境能源項目 (生活垃圾焚燒發電項目和餐廚垃圾處理項目) 特許經營項目)
Zhangqiu Phase II Project	the Municipal Solid Waste-to-Energy Project Phase II and the Venous Industrial Park Project in Zhangqiu District, Ji'nan City, Shandong Province (山東濟南市章丘區生活垃圾焚燒發電項目二期工程暨靜脈產業園項目)
The Reporting Period	1 January 2020 to 30 June 2020
The end of the Reporting Period	30 June 2020
RMB or RMB'0,000	Renminbi or Renminbi ten thousand
PRC or Mainland China	the People's Republic of China, for the purposes of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
Company Law	the Company Law of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Stock Exchange Listing Rules	The Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE	The Shanghai Stock Exchange
SSE Listing Rules	The Rules governing the Listing of Stocks on the Shanghai Stock Exchange
PRC Accounting Standards	the China Accounting Standards for Business Enterprises formulated and promulgated by the Ministry of Finance of the PRC
BOT	Build-Operate-Transfer
Installation, Erection and Networking	Municipal waste-to-energy plants are required to install online automatic flue gas monitoring equipment; erect electronic display screens at the entrance to the plants or at a prominent location that is convenient for the public to view for disclosure of various index data to the public; and networking the automatic flue gas monitoring system with the environmental protection department to accept real-time monitoring



II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. Corporate profile

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

II. Contact persons and contact methods

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

III. Change in basic information

Registered office of the Company	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Postal code of registered office of the Company	518057
Principal place of business in the Mainland China	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Postal code of principal place of business of the Company	518057
Principal place of business in Hong Kong	1st Floor, Xiu Ping Commercial Building, 104 Jervois Street, Hong Kong
Company's website	http://www.dynagreen.com.cn/
E-mail address	ir@dynagreen.com.cn
Index to changes during the Reporting Period	During the Reporting Period, there was no change in basic information of the Company



II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

IV. Changes in information disclosure and place for inspection

Designated newspapers for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website designated by the CSRC for publishing the interim report	www.sse.com.cn
Website designated by Hong Kong Stock Exchange for publishing the interim report	www.hkexnews.hk
Place for inspection of the interim report	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Index to changes during the Reporting Period	No change during the Reporting Period

V. Basic information of the Company's shares

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

VI. Other relevant information

Applicable Not applicable

1. Auditors engaged by the Company

KPMG Huazhen LLP

2. Legal advisers engaged by the Company

As to Hong Kong law: Morrison & Foerster

As to the PRC law: Beijing Kangda Law Firm

3. Share registrar of the Company

Share registrar of A shares of the Company: China Securities Depository and Clearing Corporation Limited Shanghai Branch (Address: 3/F, China Insurance Building, 166 Lujiazui East Road, Pudong New District, Shanghai, China)

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



II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

VII. Major accounting data and financial indicators

(I) Major accounting data

Unit: RMB

Major accounting data	The Reporting Period (January to June)	Corresponding period last year	Increase/decrease for the Reporting Period over the corresponding period last year (%)
Operating income	1,011,128,651.22	795,270,932.19	27.14
Net profit attributable to shareholders of the Company	248,732,696.26	217,163,283.10	14.54
Net profit excluding extraordinary gain and loss attributable to the shareholders of the Company	237,602,136.47	194,334,535.06	22.26
Net cash flows from operating activities	-29,258,448.69	-125,467,057.29	N/A
	As at the end of the Reporting Period	As at the end of last year	Increase/decrease for the end of the Reporting Period over the end of last year (%)
Net assets attributable to shareholders of the Company	3,427,505,032.45	3,296,228,917.35	3.98
Total assets	15,177,101,759.05	13,670,787,404.47	11.02



II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

(II) Key financial indicators

Key financial indicators	The Reporting Period (January to June)	Corresponding period last year	Increase/decrease for the Reporting Period over the corresponding period last year (%)
Basic earnings per share (RMB/share)	0.21	0.19	10.53
Diluted earnings per share (RMB/share)	0.21	0.19	10.53
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	0.20	0.17	23.53
Weighted average return on net assets (%)	7.27	6.99	Increased by 0.28 percentage point
Weighted average return on net assets excluding extraordinary gain and loss (%)	6.95	6.26	Increased by 0.69 percentage point

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

Applicable Not applicable

VIII. Accounting data differences between domestic and overseas accounting standards

Applicable Not applicable

IX. Extraordinary gains and losses items and amounts

Applicable Not applicable

Unit: RMB

Extraordinary gains and losses items	Amount	Note (if applicable)
Gains and losses from disposal of non-current assets	40,238.36	
Government grants recognised through profit or loss (except for government grants which closely related to Company business that are fixed or quantified based on the national standard)	11,977,233.31	
Other non-operating income and expenses besides items above	76,408.59	
Effects on non-controlling shareholders	-189,299.66	
Effects on income tax	-774,020.81	
Total	11,130,559.79	

X. Others

Applicable Not applicable



III. BUSINESS OVERVIEW

I. Principal Operations, Business Model and Industry Information of the Company During the Reporting Period

1. Principal operations of the Company

The Company is one of the earliest enterprises to conduct municipal waste-to-energy business in the PRC, and is mainly engaged in the investment, construction, operation, maintenance and technical consulting business of municipal waste-to-energy plants under BOT and other concessions. Focusing on the vast market space of the economically developed Yangtze River Delta, Pearl River Delta and Bohai Economic Rim, the Company has extended its business network to the central and western regions such as Anhui, Hubei, Guizhou, Shanxi, Guangxi, Jiangxi, Hunan, Shaanxi, Henan and Sichuan, preliminarily forming a market layout based on the Yangtze River Delta, Pearl River Delta and Bohai Rim and spanning across the country. As at 30 June 2020, in respect of the municipal waste-to-energy sector, the Company had 26 projects under operation, 4 projects under construction and 16 projects under preparation. The waste treatment capacity of the projects under operation reached 25,710 tons/day and the installed capacity was 508MW, placing the Company in a leading position in the industry in terms of the number of projects and waste treatment capacity.

2. Major business model

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

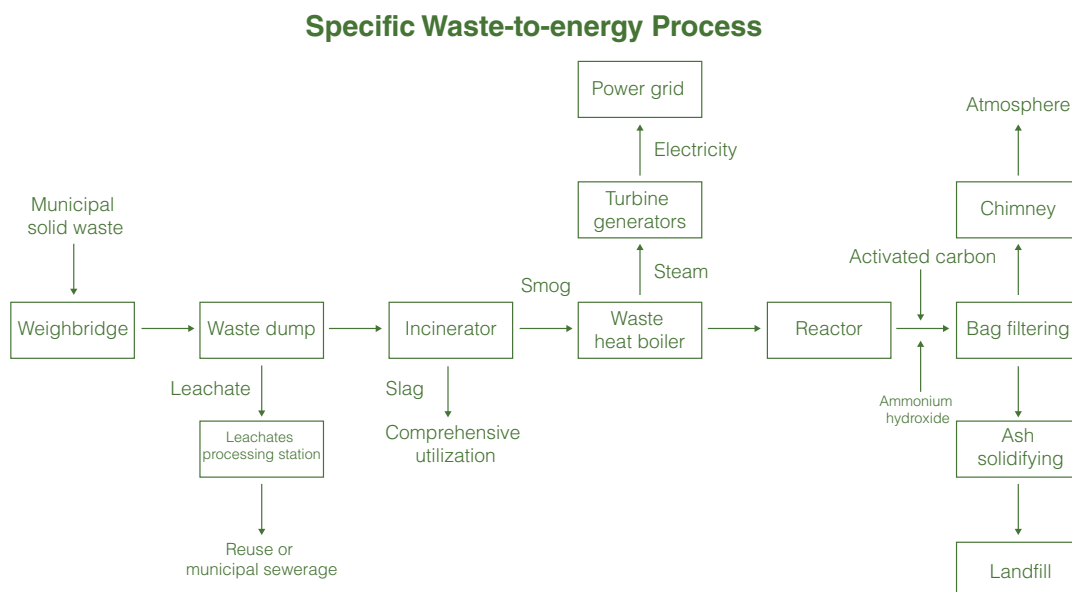
The upstream industries of the Company include construction enterprises, installation companies, waste treatment and power generation equipment (such as incinerators, smog and gas treatment systems, turbine generators and waste heat boilers) suppliers, and the Company selects suppliers through tenders.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



III. BUSINESS OVERVIEW (CONTINUED)

3. Main processes and technologies

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



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

4. Information of municipal waste-to-energy industry

With the steady population growth, continuous advancement of urbanisation and economic development in the PRC, the volume of municipal waste generated in the PRC continues to rise, and the demand for treatment is growing. From 2008 to 2018, the volume of municipal waste increased from 154.38 million tons to 228.018 million tons in the PRC, with a compound growth rate of 3.98% (data source: China Statistical Yearbook). Detoxification waste treatment is mainly divided into three ways: incineration, landfill and composting. Incineration has the advantages of significant reduction in quantity, less space required and relatively small impact on the environment, and is the fastest growing segment. From 2008 to 2018, the number of municipal waste-to-energy plants increased from 74 to 331 in the PRC, which increased by 347.30%. The daily processing capacity increased from 51,600 tons to 364,600 tons, with a compound growth rate of 21.59%. The actual annual processing capacity increased from 15.697 million tons to 101.849 million tons, with a compound growth rate of 20.56%. Compared with the developed countries, the percentage of waste-to-energy processing capability in China is still relative low, which was approximately 45% as of 2018. According to the national “13th Five-Year” plan, the percentage should rise from 31% in 2015 to over 50% in 2020, in respect of the proportion of municipal solid waste processed through incineration to such waste under detoxification treatment nationwide. As for Eastern China, such percentage should exceed 60%. As for municipalities, the five cities with independent planning status and provincial capitals, efforts should be made to achieve “zero” land filling of raw garbage.

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



III. BUSINESS OVERVIEW (CONTINUED)

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

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

II. Material Changes of Major Assets of the Company During the Reporting Period

Applicable Not applicable

As at the end of the Reporting Period, the accounts receivable of the Company amounted to RMB566,333,766.23, representing an increase of 25.08% compared to the end of the previous year, mainly due to the addition of operating projects such as Phase II of Anshun Project, Hongan Project, Yichun Project, Huizhou Phase II Project and Haining Expansion Project during the period and the increase in income and extension in settlement period of accounts receivable of some project companies; the contract assets amounted to RMB513,397,453.28, representing an increase of 29.79% compared to the end of the previous year, mainly due to the addition of operating projects such as Phase II of Anshun Project and Haining Expansion Project during the period, and some projects under operation which have not been included in the directory of national renewable energy subsidies, and the increase in the accumulated balance of receivables from national renewable energy subsidies.

In which, overseas assets amounted to RMB1,501,677.46 (Unit: RMB), accounting for 0.01% of total assets.



III. Analysis of Core Competitiveness During the Reporting Period

✓ Applicable Not applicable

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

1. Focused market layout spanning across the whole country

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

2. Extensive industry experience

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

3. Leading expertise

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



III. BUSINESS OVERVIEW (CONTINUED)

4. Experienced management team

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



IV. DISCUSSION AND ANALYSIS OF OPERATIONS

I. Discussion and Analysis of Operations

Industry overview

The year 2020 is the last year for China to complete the building of a moderately prosperous society in an all-round way and realization of the “13th Five-Year” plan. While the entire country was preventing and controlling the COVID-19 epidemic, constant effects were further exerted on environmental pollution prevention and control. We continued to fight our battle for the blue sky, clear water and clean soil, in order to achieve the stage goals and tasks of pollution prevention and control. In order to build a modern environmental governance system, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Guiding Opinions on Building a Modern Environmental Governance System (《關於構建現代環境治理體系的指導意見》) in March 2020, which clarified the rights and responsibilities of various entities including governments, enterprises, and the public, aiming to form a good pattern for the whole society to jointly promote environmental governance, and provide a strong system guarantee for promoting the fundamental improvement of the ecological environment and building ecological civilization and a beautiful China.

In January 2020, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration jointly issued the Opinions on Promoting the Healthy Development of Non-hydro Renewable Generation (《關於促進非水可再生能源發電健康發展的若干意見》). In June, the Ministry of Finance issued the policy interpretations which stated that the scale of newly added subsidized projects shall be reasonably determined according to the principle of determining expenditure based on revenue, to ensure no arrearages in subsidy for new projects; policy consistency and reasonable return for existing subsidized projects shall be fully guaranteed; it's required to increase income and reduce expenditure, and adopt various methods to increase subsidy income, reduce illegal subsidy demand, and ease the subsidy pressure of existing subsidized projects; all eligible existing subsidized projects shall be included in the list of subsidies; departments shall coordinate with each other to enhance policy synergy, and different renewable energy power generation projects shall be subject to classified management, which pointed out the direction for the healthy and stable development of non-hydro renewable generation including municipal waste-to-energy industry.

The municipal wastes detoxification treatment and resource utilization are the key aspects of the battle for clean soil, and municipal waste-to-energy is a treatment method encouraged to be adopted by the policies. The year 2020 is the last year for implementation of the “13th Five-Year Plan” for National Construction Plan for Municipal Waste Detoxification Treatment Facilities (《「十三五」全國城鎮生活垃圾無害化處理設施建設規劃》). According to the “13th Five-Year” plan, by the end of 2020, the scale of municipal solid waste incineration treatment will reach 591,400 tons per day, and the treatment scale will account for 54%; municipalities, city with independent planning status, and provincial capitals (built-up areas) meeting conditions shall achieve “zero land filling” for raw garbage; the municipal solid waste incineration treatment capacity shall accounts for more than 50% of the total detoxification treatment capacity. As for Eastern China, such percentage should exceed 60%. Therefore, the policies for municipal waste-energy industry remained stable. The treatment capacity of the industry continued to grow with further release of market potential.



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

Business review

In the first half of 2020, in the face of the sudden outbreak of the COVID-19 epidemic, Dynagreen fully demonstrated its social responsibility as state-owned enterprise and public company. The entire group made deployment quickly. While strictly implementing disinfection for plants and providing health protection for employees, full efforts were made to dispose of domestic waste for each project at the critical moment of epidemic prevention and control. In particular, Wuhan Company, which is at the center of the epidemic, proactively cooperated with local emergency institutions in co-processing medical waste and made due contributions to winning the battle against the epidemic in Wuhan. The Company proactively overcame the negative impact of COVID-19 and achieved remarkable results in production and operation. The projects under operation had not only “maintained stable operation and complied with emission standards”, but also had delivered the new highs in volume of waste treatment and on-grid electricity. The projects under construction were on track. Haining Expansion Project, Hongan Project, Yichun Project, Fengcheng Project and Huizhou Phase II Project began to supply electricity to the grid, thus the production capabilities went up to a new level. Excellent results had been achieved in project expansion again and there were three newly added municipal waste-to-energy projects. New breakthroughs were made in technology research and development, resulting in further improvement in core competitiveness. The progress of non-public issuance of A shares continued to advance steadily. The Company received feedback from the CSRC in March and formally replied in May. The Company adjusted the plan on non-public issuance of A shares in accordance with the new refinancing regulations, and the adjusted plan was considered and approved at the general meeting at the end of June.



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

In the first half of 2020, the Company achieved revenue of RMB1,011,128,651.22, representing an increase of 27.14% as compared to the corresponding period last year, and a net profit attributable to shareholders of the Company of RMB248,732,696.26, representing an increase of 14.54% as compared to the corresponding period last year. As at 30 June 2020, the total assets and total equity attributable to shareholders of the Company amounted to RMB15,177,101,759.05 and RMB3,427,505,032.45, respectively. Details are as follows:

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

In the first half of 2020, the Company treated 3.9793 million tons of municipal waste, representing a year-on-year increase of 17%, treated 163,500 tons of straws, and generated on-grid electricity (including straw power generation) of 1,226 million kWh, representing a year-on-year increase of 27.58%. The Company constantly attaches great importance to operation management. In the first half of 2020, the Company conducted its operation under the concepts of being “safe, environmental friendly, civilized and effective” to strengthen security and environment protection management and deepen refined management, maintaining stable production and meeting emission standards. Tongzhou project won the “2020 Quality Chinese Project for Electricity Engineering Award (中國電力優質工程獎)” and became the Company’s second project which was awarded this honor.

Major operating data of the Company in each region in the first half of 2020

Region	Item	First half of 2020
East China	Waste input volume ('0,000 tons)	170.52
	Electricity generation volume ('0,000 kWh)	60,347.14
North China	On-grid electricity volume ('0,000 kWh)	50,415.43
	Waste and straw input volume ('0,000 tons)	84.4
South China	Electricity generation volume ('0,000 kWh)	32,577.10
	On-grid electricity volume ('0,000 kWh)	26,453.88
Central China	Waste input volume ('0,000 tons)	79.73
	Electricity generation volume ('0,000 kWh)	30,698.78
Southwest China	On-grid electricity volume ('0,000 kWh)	25,730.65
	Waste input volume ('0,000 tons)	26.93
Northeast China	Electricity generation volume ('0,000 kWh)	8,919.26
	On-grid electricity volume ('0,000 kWh)	7,423.75
Northeast China	Waste input volume ('0,000 tons)	31.25
	Electricity generation volume ('0,000 kWh)	10,714.53
Northeast China	On-grid electricity volume ('0,000 kWh)	8,940.39
	Waste input volume ('0,000 tons)	21.45
Northeast China	Electricity generation volume ('0,000 kWh)	4,817.96
	On-grid electricity volume ('0,000 kWh)	3,640.47

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



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

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

In the first half of 2020, the Company endeavoured to overcome the impact of the COVID-19 on the construction period and the projects under construction of the Company were conducted smoothly. Phase II of Anshun Project, Haining Expansion Project, Hongan Project, Yichun Project, Fengcheng Project and State I of Huizhou Phase II Project began to supply electricity to the grid successively with newly added production capacity of 6,100 ton/day. As of the end of June, 40%, 40% and 30% of construction works were completed in Yongjia Phase II Project, Pingyang Project and Shishou Project, respectively. The construction of Jinsha Project and the Stage II of Huizhou Phase II Project officially commenced. 70% of construction works were completed for the landfill of Huludao Hazardous Waste Project.

Major projects and works under construction in the first half of 2020

No.	Project	Design treatment capacity (tons/day)	Status
1	Haining Expansion Project	1,500	Put into project in April 2020
2	Fengcheng Project	800	Put into production in May 2020
3	Stage I of Huizhou Phase II Project	1,700	Put into production in May 2020
4	Yichun Project	1,000	Put into production in May 2020
5	Hongan Project	700	Put into production in May 2020
6	Yongjia Phase II Project	750	In construction
7	Pingyang Phase II Project	750	In construction
8	Shishou Project	700	In construction
9	Jinsha Project	800	In construction
10	Stage II of Huizhou Phase II Project	1,700	In construction
11	Huludao Hazardous Waste Project	—	In construction



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

3. Reaching new horizons in market development with three newly additional municipal waste-to-energy projects

In 2020, the Company is maintaining efforts for project development in both new project development and project merger and acquisition. The Company successively entered into two concession agreements for Shuozhou Project and Zhangqiu Phase II Project, and succeeded in acquiring Laizhou Project and bidding for the PPP project of the harmless treatment of sludge, kitchen waste and excrement for Huiyang District, Huizhou City, enriching the project reserve.

Newly additional municipal waste-to-energy projects in the first half of 2020

No.	Project	Total treatment scale (tons/day)	Signing time of investment/concession agreement
1	Laizhou Project	1,500	April 2020
2	Shuozhou Project	800	May 2020
3	Zhangqiu Phase II Project	2,400	June 2020
4	PPP project of the harmless treatment of sludge, kitchen waste and excrement for Huiyang District, Huizhou City	600	July 2020

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

In 2020, the Company continued to research and develop large incinerators in line with the Company's trend towards large projects. The 600-ton incinerator as developed independently by the Company completed trial operation and was in stable operation with good combustion conditions; the Company completed the processing and manufacturing and the final assembly test run of the 800-ton incinerator as developed independently by the Company, and the preliminary design of the 900-ton large incinerator. With the 2 patents (including 1 invention patent) newly obtained in the first half of the year, as of the end of June 2020, the Group has obtained a total of 64 patents (including 14 invention patents and 50 utility model patents).

BUSINESS OUTLOOK

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



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

Since the beginning of this year, new regulations concerning subsidies for national renewable energy have been promulgated successively. On 20 January, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration jointly issued the Administrative Measures for Additional Funds for Renewable Energy Tariff (《可再生能源電價附加資金管理辦法》), stipulating that after the measures are released, for the new renewable energy power generation projects that need to be subsidized, the Ministry of Finance will reasonably determine the total amount of subsidies for new renewable energy power generation projects supported by the subsidy funds in the current year based on the annual increase in subsidies, technological progress and industry development, etc. The National Development and Reform Commission and the National Energy Administration will reasonably determine the newly installed capacity of various renewable energy power generation projects that require subsidies within the total annual new subsidies as determined by the Ministry of Finance according to the renewable energy development plan and technological progress, etc.; the existing renewable energy power generation projects that need to be subsidized before the issuance of the measures shall meet the requirements of the national energy authority and be included in the list of subsidized projects after being reviewed by the power grid company according to process. The principle of determining expenditure based on revenue may restrict the future growth rate of the industry.

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

The Company will take the mission of creating a better living environment, give full play to its advantages in brand, technology, talent team and financing channel, seize the opportunities of industry development, overcome new opportunities in the industry, continue to deepen the waste incineration power generation industry, and consolidate its leading position in the industry. In addition, we will also strengthen technology research, development and innovation, optimize management of projects under construction, improve operational project management standards, improve internal management systems, and achieve high-quality sustainable development.

In the second half of 2020, the Company will continue to ensure the safe production of operating projects and up-to-standard emissions, to minimize the impact of the epidemic on the annual results, striving to complete the annual production targets; it will continue to speed up the project preparation and construction to ensure that 90%, 80% and 90% of construction works will be completed for Yongjia Phase II Project, Pingyang Phase II Project and Shishou Project by the end of the year, respectively; the scheduled construction tasks will be accomplished for Jinsha Project and Stage II of Huizhou Phase II Project; the construction of Dengfeng Project, Shuozhou Project and Laizhou Project will be commenced; we will strive to commence construction of Huludao Waste-to-energy Project in the year. The non-public issuance of A shares will be steadily advanced to provide financial support for the Company's sustained and rapid development.



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

II. Major Operational Particulars During the Reporting Period

(I) Analysis of main businesses

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

Unit: RMB

Item	Amount for the current period	Amount for the corresponding period last year	Change (%)
Operating income	1,011,128,651.22	795,270,932.19	27.14
Operating cost	436,329,282.57	369,381,701.88	18.12
Administrative expenses	59,689,417.95	55,188,466.26	8.16
Finance costs	197,855,721.26	151,796,172.26	30.34
Research and development expenditure	2,304,519.88	4,591,001.76	-49.80
Net cash flow generated from operating activities	-29,258,448.69	-125,467,057.29	N/A
Net cash flow generated from investing activities	-778,874,139.80	-1,160,484,448.80	N/A
Net cash flow generated from financing activities	1,046,847,441.85	1,196,976,022.87	-12.54
Explanation on changes in operating income:	Mainly due to the addition of operating projects including Hongan Project, Yichun Project, Huizhou Phase II Project, Haining Expansion Project and Sihui Project, and the commencement of operation of Shantou Project, Zhangqiu Project and Bobai Project in March, April and May of the last year, respectively.		
Explanation on changes in operating cost:	Mainly due to the increase in operating projects		
Explanation on changes in selling expenses:	N/A		
Explanation on changes in administrative expenses:	Mainly due to the increase in operating projects		
Explanation on changes in finance costs:	Mainly due to the increase in borrowing		
Explanation on changes in research and development expenses:	Mainly due to changes in R&D staff		
Explanation on changes in net cash flow generated from operating activities:	Mainly due to the increase in cash received for the sale of goods and provision of services		
Explanation on changes in net cash flow generated from investing activities:	Mainly due to the delay in payment milestones as a result of the delay in progress of project caused by the delayed resumption of projects under construction as affected by the COVID-19 in February and March during the Reporting Period.		
Explanation on changes in net cash flow generated from financing activities:	Mainly due to the full payment for 2019 profit distribution as at the end of the Reporting Period and increase in cash paid for payment of interests in the Reporting Period		



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

2 Others

(1) Detailed explanation of major changes in the composition or sources of the Company's profit

Applicable Not Applicable

(2) Others

Applicable Not Applicable

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

Applicable Not Applicable

(III) Analysis of assets and liabilities

Applicable Not Applicable

1. Assets and liabilities

Unit: RMB

Item	Amount as at the end of the current period	Percentage of amount as at the end of the current period to total assets (%)	Amount as at the end of the prior period	Percentage of amount as at the end of the prior period to total assets (%)	Change of amount as at the end of the current period to amount as at the end of the prior period (%)	Explanation
Accounts receivable	566,333,766.23	3.73	376,672,529.11	3.07	50.35	Mainly due to the addition of operating projects such as Phase II of Anshun Project, Hongan Project, Yichun Project, Huizhou Phase II Project, Haining Expansion Project and Sihui Project during the period and the increase in income of some project companies and extension in settlement period of national renewable energy subsidies as of the end of the Reporting Period



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

Item	Amount as at the end of the current period	Percentage of amount as at the end of the current period to total assets (%)	Amount as at the end of the prior period	Percentage of amount as at the end of the prior period to total assets (%)	Change of amount as at the end of the current period to amount as at the end of the prior period (%)	Explanation
Contract assets	513,397,453.28	3.38	273,117,676.11	2.23	87.98	Mainly due to the addition of operating projects such as Phase II of Anshun Project, Haining Expansion Project and Sihui Project as of the end of the Reporting Period, and some projects under operation which have not been included in the directory of national renewable energy subsidies, and the increase in the accumulated balance of receivables from national renewable energy subsidies
Long-term receivables	4,805,031,641.01	31.66	4,196,344,697.36	34.20	14.51	Mainly due to the increase in construction expenditure of Haining Expansion Project, Hongan Project, Pingyang Phase II Project, Shishou Project, Yongjia Phase II Project and Jinsha Project
Intangible assets	6,961,736,520.82	45.87	5,399,154,357.18	44.00	28.94	Increase in construction expenditure
Other non-current assets	894,412,730.09	5.89	757,012,722.53	6.17	18.15	Mainly due to the increase in deductible input tax and prepayment for construction and equipment
Short-term loans	3,327,151,573.62	21.92	1,971,000,000.00	16.06	68.81	Mainly due to the increase in borrowings from BSAM
Accounts payable	1,253,146,890.43	8.26	1,052,707,854.04	8.58	19.04	Mainly due to the increase in payables for construction and equipment for projects under construction
Long-term loans	5,591,958,365.43	36.84	4,587,186,834.20	37.38	21.90	The increase in investment expenditure for projects under construction and borrowings from banks and BSAM



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

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

Applicable Not Applicable

Item	Balance at the end of the period (RMB)	Reason for restriction
Assets for providing guarantees		
– Monetary funds	83,157,520.00	Assets for providing performance bond
– Intangible assets	3,479,567,260.91	Providing guarantees for loans
– Accounts receivable	287,770,239.50	Providing guarantees for loans
– Contract assets	424,788,757.21	Providing guarantees for loans
– Long-term receivables due within one year	31,764,250.37	Providing guarantees for loans
– Long-term receivables	1,706,892,559.41	Providing guarantees for loans
Total	6,013,940,587.40	

3. Other explanation

Applicable Not Applicable

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

Financial position and net profit

For the first half of 2020, the Group achieved an operating income of RMB1,011,128,651.22 and net profit of RMB255,592,191.26. As at 30 June 2020, the Group's total assets and total liabilities amounted to RMB15,177,101,759.05 and RMB11,507,850,459.28, respectively. The total equity amounted to RMB3,669,251,299.77 and the gearing ratio (calculated as total liabilities over total assets) was 75.82%, and the net asset value per share attributable to the shareholders of the Company was RMB2.95.

Revenue analysis

During the Reporting Period, the Group achieved an operating income of RMB1,011,128,651.22 (corresponding period in 2019: RMB795,270,932.19), representing an increase of 27.14% as compared to the corresponding period in 2019. The increase was mainly due to an increased number of projects. In particular, project operating income amounted to RMB853,065,884.54 (corresponding period in 2019: RMB657,492,656.94), representing an increase of 29.75% as compared to the corresponding period in 2019, mainly due to the addition of operating projects such as Sihui Project, Hongan Project, Yichun Project, Huizhou Phase II Project, Haining Expansion Project and Phase II of Anshun Project. Interest income amounted to RMB158,062,766.68 (corresponding period in 2019: RMB137,778,275.25), representing an increase of 14.72% as compared to the corresponding period in 2019. The increase was mainly due to the increase in interest income recognised by using effective interest method as a result of the increase in the long-term receivables recognised based on the completion percentage for the construction of waste-to-energy projects, e.g., Haining Expansion Project, Hongan Project, Shishou Project, Pingyang Phase II Project and Yongjia Phase II Project.



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

Gross profit and gross profit margin

During the Reporting Period, the gross profit of the Group increased by 34.96% to RMB574,799,368.65 (corresponding period in 2019: RMB425,889,230.31) and the gross profit margin was 56.85% (corresponding period in 2019: 53.55%), mainly because the gross profit margins of new operating projects, i.e. Hongan Project, Huizhou Phase II Project and Haining Expansion Project, are above average; and overhaul expenditure decreased when compared with the same period in the previous year.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group amounted to approximately RMB59,689,417.95 (corresponding period in 2019: RMB55,188,466.26), which accounted for approximately 5.90% (corresponding period in 2019: 6.94%) of the operating income of Group. The administrative expenses slightly decreased as compared to the previous year.

Finance costs

During the Reporting Period, the finance costs for the Group amounted to RMB197,855,721.26, representing an increase of approximately RMB46,059,549.00 over the corresponding period of previous year. This was mainly due to an increase in borrowings and an increase in expensed interest as certain projects shifted from construction period into operation period.

Total profit

During the Reporting Period, the total profit of the Group amounted to RMB303,850,241.65, representing an increase of approximately RMB57,340,686.15 as compared to corresponding period in 2019, which was mainly due to an increase in gross profit.

Income tax

During the Reporting Period, the income tax expenses of the Group amounted to approximately RMB48,258,050.39 (first half of 2019: RMB28,221,975.10), accounting for approximately 15.88% (first half of 2019: 11.45%) of total profit of the Group. The ratio of income tax expenses to total profit increased mainly because certain subsidiaries turned losses into gains, which made up for the reversal of deferred tax assets from losses of previous years.

Total comprehensive income attributable to the shareholders of the Company

During the Reporting Period, the total comprehensive income attributable to the shareholders of the Company was RMB247,396,115.10 (corresponding period in 2019: RMB217,139,204.89). The increase was mainly due to an increase in net profit.

Financial resources and liquidity

The Group adopts prudent principles in cash and financial management to ensure proper risk management and reduction in costs of fund. It finances its operations primarily from cash flow generated internally and loans from principal banks. As at 30 June 2020, the Group had cash and cash equivalents of approximately RMB590,620,068.10, representing an increase of RMB238,636,649.55 as compared to RMB351,983,418.55 at the end of 2019. The cash balance increased as compared with last year mainly because the net cash inflow from financing activities exceeded the net cash outflow from project construction. As at 30 June 2020, the Group's gearing ratio increased from 74.42% at the end of 2019 to 75.82%. The increase was mainly due to the increase in borrowings.



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can provide returns for its shareholders while maintaining reasonable capital structure to reduce capital costs. The Group makes use of its gearing ratio for the management of capital structure. The ratio is defined as total liabilities divided by total assets. During the six months ended 30 June 2020, the Group's strategy remained unchanged from 2019. As at 30 June 2020 and 31 December 2019, the gearing ratios of the Group were 75.82% and 74.42%, respectively.

Loans and borrowings and pledge of assets

As at 30 June 2020, the Group had total outstanding borrowings of approximately RMB9,557,221,038.45, representing an increase of RMB1,370,642,488.55 as compared to RMB8,186,578,549.90 at the end of 2019. The borrowings included pledged loans of RMB3,310,130,319.82 and unpledged loans of RMB6,247,090,718.63. The Group's borrowings were denominated in Renminbi and Hong Kong dollars. Most of the Group's borrowings were at floating rates. As at 30 June 2020, the Group had composite banking credit facilities in the amount of RMB12,720,833,200.00, of which RMB4,843,116,011.67 had not been utilised. The composite banking credit facilities had terms ranging from 1 year to 15 years. The Group currently does not have any interest rate hedging policies. However, the management team keeps monitoring the Group's interest rate risks and would consider other necessary actions when significant interest rate risks are anticipated to occur. Certain receivables and operating rights in connection with the Group's service concession arrangements (including intangible assets, long-term receivables, long-term receivables due within one year, contract assets and accounts receivable) were pledged under the banking credit facilities. The book value of the pledged receivables and operating rights amounted to approximately RMB5,930,783,067.40 as at 30 June 2020.

Contingent liabilities

The Company has issued financial guarantees to banks in respect of the banking credit facilities granted to certain subsidiaries. The Board of the Company does not consider it is probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 31 December 2019 and 30 June 2020 under the guarantees was the credit facility drawn down by the subsidiaries of RMB4,704,039,786.30 and RMB5,826,463,572.48, respectively.

Commitments

As at 31 December 2019 and 30 June 2020, the Group's outstanding purchase commitments in relation to the construction contracts which had not been provided for in the Group's interim financial statements were RMB3,253,403,648.99 and RMB2,790,405,709.93, respectively.

Foreign exchange risks and exchange gains and losses

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



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

(V) Investment analysis

1. Overall analysis of external equity investments

Applicable Not Applicable

Investments during the Reporting Period (RMB)	Investments during the corresponding period last year (RMB)	Change
464,057,500.00	560,386,540.04	-17.19%

(1) *Material equity investments*
 Applicable Not Applicable

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

Name of project	Source of funding	Investment during the Reporting Period (RMB'0,000)	Accumulated investment (RMB'0,000)	Project progress
Haining Expansion Project	Self-financing and borrowings	19,910.93	68,689.27	Trial operation in April 2020
Huizhou Phase II Project	Self-financing and borrowings	14,568.66	62,463.95	Trial operation in May 2020

Note: disclosure pursuant to the format standards for interim report for A shares.

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

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

As at 30 June 2020, save for the investment or construction of the waste-to-energy projects won by the Company through tender as announced in prior announcements and described in this interim report, the Group had no plan for material investment or acquisition of capital assets. However, the Company will actively pursue opportunities for investments in its ordinary course of business in order to enhance its profitability.



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

(VI) Material disposal of assets and equity

Applicable Not Applicable

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

Applicable Not Applicable

Name of company	Principal business	Shareholding	Registered capital	Total assets	Net assets	Net profit	Operating income	Operating profit
Huizhou Company	Waste treatment and power generation	100%	22,000	69,133.57	34,563.88	2,406.93	5,967.62	2,773.68
Wuhan Company	Waste treatment and power generation	100%	12,948.43	46,309.03	31,388.18	2,179.23	5,030.19	2,928.72
Tongzhou Company	Waste treatment and power generation	100%	37,500	140,748.45	51,823.10	6,107.86	10,955.27	6,367.55
Zhangqiu Company	Waste treatment and power generation	100%	17,294	63,798.09	20,324.23	2,182.93	5,558.85	2,219.18

As at the end of the Reporting Period, the total assets of Tongzhou Company represented 9.27% of the total assets of the Company and the total assets of other companies represented less than 5% of the total assets of the Company.

As waste-to-energy business can bring about good investment return to the Company, the Company will continue to deepen the municipal waste-to-energy industry.

(VIII) Structured entities controlled by the Company

Applicable Not Applicable



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

III. Other disclosures

(I) Warning and explanation about anticipated loss on the accumulated net profit for the period from the beginning of the year to the end of the next reporting period or significant change as compared with the corresponding period last year

Applicable Not Applicable

(II) Potential risks

Applicable Not Applicable

1. Risk of industry policies

The waste-to-energy industry is greatly affected by industry policies. Pursuant to the Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》) (as amended in 2009), the government implements a full coverage purchase system for renewable energy power generation. Pursuant to the Notice on Improving the Pricing Policy of Waste Incineration Power Generation from the NDRC (Fa Gai Jia Ge [2012] No. 801) 《國家發展改革委關於完善垃圾焚燒發電價格政策的通知》(發改價格[2012] 801號) issued by the NDRC on 28 March 2012, the waste-to-energy projects are converted into on-grid electricity based on the volume of waste treatment received in the plants with a conversion ratio of 280 kWh per ton of municipal waste. The part that does not exceed the above-mentioned amount of electricity implements a national waste-to-energy benchmark price of RMB0.65 per kWh (inclusive of tax). The part that exceeds the abovementioned amount of electricity implements the on-grid tariff for the local coal-fired generating units. All the waste-to-energy projects approved after 2006 shall follow such regulation. In the future, if the government reduces its support for the waste-to-energy industry, the operations, profitability and cash flows of the Company may be adversely affected.

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

2. Risk of environmental protection policies

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

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



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

3. Risk of tax policies

The Company and its subsidiaries rely on the government's policies in respect of the environmental protection industries to enjoy tax incentives for certain taxes such as corporate income tax and value-added tax. From 2018 to 2019, the Company enjoyed total tax incentives of RMB136.7549 million and RMB154.3173 million respectively, accounting for 34.34% and 32.56% of the total profit of the Company for the year. If the country reduces the tax incentives for the environmental protection industries in the future, the operations, profitability and cash flows of the Company may be adversely affected.

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

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

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

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

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

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

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



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

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

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

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

7. Risk of substandard performance in environmental protection

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

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

8. Risk of high gearing ratio

Municipal waste-to-energy is a capital-intensive industry, and project construction funds are generally raised by 30% of capital and 70% of bank loans. The Company has recently many projects under construction, resulting in an increase in the gearing ratio. As of the end of June 2020, the Company’s gearing ratio was 75.82%, higher than the industry average. With the tightening domestic monetary and poor lending channels, the operations, financial conditions and cash flow of the Company may be affected adversely.

The Company prepares an investment and financing plan according to financial budget each year to give an overall plan on cash inflow and outflow; The Company, on the one hand, maintains sufficient credit line in the bank and applies for financial support from the controlling shareholder when necessary and, on the other hand, reduces the gearing ratio through equity financing.

(III) Other disclosure

Applicable Not Applicable



V. SIGNIFICANT EVENTS

I. Overview of general meetings

Session of the meeting	Date of meeting	The enquiry index at designated websites where the resolutions were published	Disclosure date of the published resolutions
2019 Annual General Meeting	22 May 2020	www.hkexnews.hk www.sse.com.cn	Stock Exchange: 22 May 2020 SSE: 23 May 2020
2020 first extraordinary general meeting	29 June 2020	www.hkexnews.hk www.sse.com.cn	Stock Exchange: 29 June 2020 SSE: 30 June 2020

Explanation of general meetings

Applicable Not applicable

II. Proposal of profit distribution or conversion of capital reserve

(I) Proposal of profit distribution or conversion of capital reserve to share capital for the first half of the year

Any distribution or capital increase No

Number of bonus shares for every 10 shares (share)

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

Reserve to share capital for every 10 Shares (share)

Details of proposal of profit distribution or conversion of capital reserve

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020



V. SIGNIFICANT EVENTS (CONTINUED)

III. Performance of undertakings

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

Applicable Not applicable

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Time and period of the undertaking	Whether there is deadline for performance	Whether the undertaking was strictly and timely performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings related to initial public offering	Restriction on selling of shares	BSAM	Within 36 months from the listing date of the A shares of Dynagreen, the shares issued prior to the public offering of shares by Dynagreen directly or indirectly held by the company shall neither be transferred or entrusted to other parties for management, nor be repurchased by Dynagreen. If the closing prices of the shares are lower than the issue price for 20 consecutive trading days within 6 months after the listing of the A shares of Dynagreen, or the closing price is lower than the issue price as at the end of the six-month period upon the listing, the lock-up period for the issuer's shares held by the company shall be automatically extended by 6 months.	11 June 2018 to 10 June 2021	Yes	Yes		



V. SIGNIFICANT EVENTS (CONTINUED)

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



V. SIGNIFICANT EVENTS (CONTINUED)

IV. Appointment or dismissal of auditors

Explanation of appointment or dismissal of auditors

Applicable Not applicable

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

Explanation of change of auditors during the audit period

Applicable Not applicable

Explanation of the Company on the “non-standard audit report” issued by auditors

Applicable Not applicable

Explanation of the Company on the “non-standard audit report” issued by the registered accountant in the financial statements of last year’s annual report

Applicable Not applicable

V. Matters related to bankruptcy and reorganization

Applicable Not applicable

VI. Material litigation and arbitration

The Company had material litigation and arbitration during the Reporting Period

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

VII. Punishment and rectification of the Company and its Directors, Supervisors, senior management, controlling shareholder, beneficial controllers and bidders

Applicable Not applicable

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

Applicable Not applicable



V. SIGNIFICANT EVENTS (CONTINUED)

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

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

Applicable Not applicable

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

Equity incentive

Applicable Not applicable

Other explanation

Applicable Not applicable

Employee shareholding plan

Applicable Not applicable

Other incentive measures

Applicable Not applicable

X. Significant related party transactions

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

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

Applicable Not applicable

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

Applicable Not applicable

On 28 August 2019, the Company and Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司) ("Shenzhen CDT") entered into a Service Framework Contract, pursuant to which publicity display design and construction were proposed to be carried out for thirteen municipal waste-to-energy projects of the Company in 2019 to 2020 and the Company will irregularly hold tender for the publicity display design and construction services of its municipal waste-to-energy projects in which Shenzhen CDT shall participate. If Shenzhen CDT successfully wins a tender for the project services, the Company will further enter into a specific project service contract with Shenzhen CDT according to the contents of the relevant letter of acceptance to clarify the specific fee and payment method. In 2019 and 2020, the estimated caps of the day-to-day related party transactions with Shenzhen CDT are RMB14 million and RMB26 million, respectively. In 2019, the transaction amount under contracts between the Company and Shenzhen CDT was RMB5.60 million which did not exceed the estimated annual cap for the year. In the first half of 2020, the transaction amount under contracts between the Company and Shenzhen CDT was RMB5.70 million.



V. SIGNIFICANT EVENTS (CONTINUED)

3. Matters which have not been published in temporary announcements

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

3. Matters which have not been published in temporary announcements

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

3. Matters which have not been published in temporary announcements

Applicable Not applicable



V. SIGNIFICANT EVENTS (CONTINUED)

(IV) Claims and liabilities between related parties

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

Applicable Not applicable

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

Applicable Not applicable

The balance of the financial assistance provided by BSAM to the Company based on benchmark rate was RMB3.39 billion as at the end of the Reporting Period.

The balance of the borrowings provided by Company to the Fengcheng Company was RMB0 as at the end of the Reporting Period.

3. Matters which have not been published in temporary announcements

Applicable Not applicable

(V) Other significant related party transactions

Applicable Not applicable

(VI) Others

Applicable Not applicable

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

The Group entered into certain transactions with parties regarded as “related parties” under the applicable accounting standards during the year ended 30 June 2020. Save as the non-exempt connected transaction and continuing connected transaction as set out in the section headed “Connected transactions” on page 37 of this interim report, these related party transactions were not regarded as connected transactions under the Listing Rules and were fully exempt from shareholders’ approval, annual review and all disclosure requirements pursuant to Chapter 14A of the Listing Rules. Details are set out in note 10 to the Financial Statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Exchange Listing Rules.



V. SIGNIFICANT EVENTS (CONTINUED)

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

1 Trusteeship, contracting and leasing matters

Applicable Not applicable

2 Guarantees

Applicable Not applicable

Unit: RMB

Guarantor	Relationship		External guarantees provided by the Company (excluding those for subsidiaries)								Connected parties		Connected relations
	Between the guarantor and the Company	the party	Guaranteed amount of guarantee	Date of occurrence of guarantee (signature date of agreement)	Date of commencement of guarantee	Expiry date of guarantee	Guarantee type	Completed or not	Overdue or not	Amount overdue	Anti-guarantee or not	guarantee or not	
The Company	Head office of the Company	Fengcheng Company	310,000,000	1 July 2019	30 July 2019	30 July 2029	Joint and several liability guarantee	No	No	0	No	Yes	Joint venture
Total guarantees during the Reporting Period (excluding those for subsidiaries)												51,449,657.67	
Total guarantee balance as at the end of Reporting Period (A) (excluding those for subsidiaries)												267,198,749.38	
Guarantees for subsidiaries provided by the Company													
Total guarantees for subsidiaries during the Reporting Period												1,223,295,176.16	
Total guarantee balance for subsidiaries as at the end of Reporting Period (B)												5,559,264,823.10	
Total amount of guarantees provided by the Company (including those for subsidiaries)													
Total amount of guarantees (A+B)												5,826,463,572.48	
Total amount of guarantees over the net assets of the Company (%)												158.79	
Including:													
Amount of guarantees provided to shareholders, beneficial controllers and their related parties (C)												0	
Amount of debt guarantees directly or indirectly provided for guaranteed parties with the gearing ratio exceeding 70% (D)												1,697,463,183.05	
Amount of the total guarantees exceeding 50% of net assets (E)												4,112,688,260.66	
Total amount of above three guarantees (C+D+E)												5,810,151,443.71	
Explanations on outstanding guarantee which may undertake joint liability for satisfaction													
Explanations on guarantees													

Note: The guarantee of RMB310 million provided for Fengcheng Company is the maximum amount under the guarantee contract and the guarantee balance of RMB267,198,749.38 is the actual balance as at 30 June 2020.

3 Other material contracts

Applicable Not applicable



V. SIGNIFICANT EVENTS (CONTINUED)

XII. Poverty alleviation work of the Company

Applicable Not applicable

XIII. Convertible bonds

Applicable Not applicable

XIV. Environmental information

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

Applicable Not applicable

1. Information on pollutant emission

Applicable Not applicable

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

The main pollutants generated from the major pollutant-emission units of the Company are sulfur dioxide, smog and oxynitride. Sulfur dioxide, smog and oxynitride are emitted from smog. The above pollutants are treated by the smog treatment system according to standard and then emitted through the chimney.



V. SIGNIFICANT EVENTS (CONTINUED)

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

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit			
1	Huizhou Company	Sulfur dioxide	South China Institute of the Ministry of Ecology and Environment (生態環境部華南環境科學研究所)	Hua Huan Jian Ce Zi 2020 No. 290; 8 May 2020	1# furnace	ND	100		
					2# furnace	1	100		
					3# furnace	ND	100		
					Oxynitride	1# furnace	98	300	
						2# furnace	138	300	
						3# furnace	123	300	
		Smog	1# furnace	ND	30				
			2# furnace	0.69	30				
		Dioxin	Hua Huan Jian Ce Zi [Dioxin] 2020 No. 080; 29 April 2020	3# furnace	0.27	30			
				1# furnace	0.009	0.1			
				2# furnace	0.011	0.1			
				3# furnace	0.009	0.1			
2	Tongzhou Company			Sulfur dioxide	Beijing Centre Testing International Group Co., Ltd (華測檢測認證集團北京有限公司)	A2200120452102; 24 June 2020	1# furnace	<2	100
							2# furnace	<2	100
2	Tongzhou Company	Oxynitride	Beijing Centre Testing International Group Co., Ltd (華測檢測認證集團北京有限公司)	A2200120452102; 11 June 2020	3# furnace	<2	100		
					A2200120452102; 24 June 2020	1# furnace	24	300	
						2# furnace	45	300	
					Smog	A2200120452102; 11 June 2020	3# furnace	44	300
							1# furnace	<0.8	30
					Dioxin	A2200120452102; 24 June 2020	2# furnace	<0.92	30
		3# furnace	<0.76	30					
		A2200113539102; 11 June 2020	1# furnace	0.012			0.1		
			2# furnace	0.0023			0.1		
		A2200026310102; 8 May 2020	3# furnace	0.0019			0.1		
			26 March 2020						
		3	Zhangqiu Company	Sulfur dioxide	Shandong Analysis and Test Center (山東省分析測試中心)	SFW201220; 9 June 2020	1# furnace	15	100
2# furnace	21						100		
3# furnace	6						100		
Oxynitride	1# furnace						101	300	
	2# furnace						96	300	
	3# furnace						100	300	
Smog	A2200120452102; 24 June 2020			1# furnace	7.8	30			
				2# furnace	8.8	30			
Dioxin	A2200120452102; 11 June 2020			3# furnace	7	30			
				Shandong Weipu Test Technology Service Co., Ltd. (山東微譜檢測技術有限公司)	WSD-20021004-HJ-01; 20 February 2020	1# furnace	0.0029	0.1	
						2# furnace	0.0033	0.1	
						3# furnace	0.0037	0.1	



V. SIGNIFICANT EVENTS (CONTINUED)

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit		
4	Wuhan Company	Sulfur dioxide	Wuhan Huaxin Physical and Chemical Testing Technology Co., Ltd. (武漢市華信理化檢測技術有限公司)	A2200060806102002; 15 April 2020	1# furnace	ND	100	
					2# furnace	ND	100	
					3# furnace	ND	100	
		Oxynitride			1# furnace	146	300	
					2# furnace	172	300	
					3# furnace	198	300	
		Smog			1# furnace	ND	30	
					2# furnace	ND	30	
					3# furnace	ND	30	
		Dioxin		Jiangxi Gaoyan Test Technology Service Co., Ltd. (江西高研檢測技術服務有限公司)	JDF20050031; 2 June 2020	1# furnace	0.035	0.1
						2# furnace	0.016	0.1
						3# furnace	0.074	0.1

Note: "ND" refers to not detected; the unit of sulfur dioxide, oxynitride, smog, and dioxin is ngTEQ/m³.

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



V. SIGNIFICANT EVENTS (CONTINUED)

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

Name of pollutant	Actual emissions (ton)	Emission indicators (ton/year)
Sulfur dioxide	62.89	423.00
Oxynitride	320.87	1,157.69
Smog	11.51	107.68

2. Construction and operation of facilities for pollution prevention and control

Applicable Not applicable

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

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

Applicable Not applicable

No.	Name of project	Date of reply to environmental impact assessment	Authority for reply
1	Wuhan Project	24 November 2008	Environmental Protection Department of Hubei Province
2	Huizhou Project	24 December 2014	Environmental Protection Bureau of Huizhou City
3	Tongzhou Project	25 December 2015	Environmental Protection Bureau of Beijing City
4	Zhangqiu Project	31 October 2017	Environmental Protection Bureau of Jinan City



V. SIGNIFICANT EVENTS (CONTINUED)

4. Emergency plan for emergency environmental incidents

Applicable Not applicable

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

5. Environmental self-monitoring programme

Applicable Not applicable

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

6. Other environmental information to be disclosed

Applicable Not applicable

(II) Environmental information of companies other than major pollutant-emission units

Applicable Not applicable

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

(III) Reasons for not disclosing the environmental information of companies other than major pollutant-emission units

Applicable Not applicable

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

Applicable Not applicable



V. SIGNIFICANT EVENTS (CONTINUED)

XV. Compliance with the Corporate Governance Code

The Company has fully complied with all the code provisions in the Corporate Governance Code as set out in Appendix 14 of the Hong Kong Listing Rules for the six months ended 30 June 2020.

XVI. Other matters of significance

(I) Compared with the last accounting period, the change of accounting policies, accounting estimates and calculation methods and their reasons and impact

Applicable Not applicable

For the contents and reasons of the changes in the current accounting policies and the main impact of the changes, please refer to Note III. 30 of “Changes in significant accounting policies and accounting estimates” in Section X.

(II) The correction on significant accounting errors required to be restated, its amount after correction, reasons and impact during the Reporting Period

Applicable Not applicable

(III) Others

Applicable Not applicable

On 30 October 2019, the Board approved the proposed non-public issuance of A shares, and on 20 December 2019, resolutions on the non-public issuance of A shares were approved at the extraordinary general meeting and the A share class meeting and H share class meeting. On 14 February 2020, the China Securities Regulatory Commission announced the “Decision on Amending the Administration Measures on Securities Issuance of Listed Companies” (《關於修改〈上市公司證券發行管理辦法〉的決定》) and the “Decision on Amending the Implementation Rules for the Non-public Issue of Shares by Listed Companies” (《關於修改〈上市公司非公開發行股票實施細則〉的決定》).

In view of the above, on 29 May 2020, the Board has approved a revised proposed non-public issuance of A shares, pursuant to which the Company proposes to issue a maximum of 232,240,000 A shares to not more than 35 specific target subscribers, including Beijing State-owned Assets Management Co., Ltd.* (北京市國有資產經營有限責任公司), which is expected to raise gross proceeds of up to RMB2,390,000,000. The issue price of the A shares to be issued under the revised proposed non-public issuance of A Shares shall not be lower than 80% of the average trading price of the A shares during the 20 trading days immediately preceding the pricing benchmark date, and not lower than the net asset value per share attributable to the shareholders of ordinary shares of the Company as set out at the latest audited consolidated financial statements of the Company. After deducting issuance expenses, the proceeds will be applied towards investment in the construction of the Huizhou Phase II Project, the Jinsha Project, the Pingyang Phase II Project, Shishou Project, the Yongjia Phase II Project, and to repay bank loans of the Company. On 29 June 2020, resolutions on the revised proposed non-public issuance of A shares were approved at the extraordinary general meeting and the A share class meeting and H share class meeting.

The A shares to be issued under the revised proposed non-public issuance of A shares (assuming fully issued) represents (i) approximately 30.69% of the existing issued A shares and 20.00% of the existing total issued share capital of the Company as at the date of this report; and (ii) approximately 23.48% of the enlarged issued A shares and approximately 16.67% of the enlarged total issued share capital of the Company upon completion of the revised proposed non-public issuance of A shares, and out of which BSAM intends to subscribe for not less than 40% of the A shares to be issued under the proposed non-public issuance of A shares in cash, which in any case shall not be more than 133,000,000 A shares and BSAM will not directly and indirectly in aggregate hold 47.30% or more of the enlarged total issued share capital of the Company upon completion of the proposed non-public issuance of A shares.

For details of the revised proposed non-public issuance of A shares, please refer to the announcements dated 29 May 2020 and 29 June 2020, and the circular dated 11 June 2020.



VI. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. Changes in share capital

(I) Table of changes in shares

1. Table of changes in shares

During the Reporting Period, there was no change in the total shares and shareholding structure of the Company.

2. Explanation of changes in shares

Applicable Not applicable

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

Applicable Not applicable

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

During the six months ended 30 June 2019, neither the Company nor its subsidiaries have purchased, sold or redeemed any listed securities of the Company.

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

Applicable Not applicable

(II) Changes in restricted shares

Applicable Not applicable



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

II. Shareholders

(I) Total number of shareholders:

Total number of holders of ordinary shares as at the end of the Reporting Period	46,399
Total number of holders of preference shares with restored voting rights as at the end of the Reporting Period	0

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

Unit: share

Name of shareholder (full name)	Change during the Reporting Period	Shareholding of the top ten shareholders			Pledged or frozen		Nature of shareholder
		Number of shares held as at the end of the Period	Percentage (%)	Number of shares held subject to selling restrictions	Status	Number	
Beijing State-owned Assets Management Co., Ltd.	0	501,189,618	43.16	501,189,618	Nil		State-owned legal person
HKSCC NOMINEES LIMITED	76,000	379,467,000	32.68	0	Unknown		Overseas legal person
Beijing State-owned Assets Management (Hong Kong) Company Limited ("BSAM (HK)")	0	24,859,792	2.14	0	Nil		Overseas legal person
Beijing Huitai Hengrui Investment Co., Ltd.	-1,199,500	18,000,707	1.55	0	Nil		Domestic non-state-owned legal person
Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership) (安徽省江淮成長投資基金中心(有限合夥))	-11,531,429	14,970,043	1.29	0	Nil		Domestic non-state-owned legal person
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	0	13,311,078	1.15	0	Nil		Domestic non-state-owned legal person
Zhongshang Longrun Huanke Investment Co., Ltd. (中商龍潤環科投資有限公司)	-959,200	7,429,630	0.64	0	Pledged	7,429,630	Domestic non-state-owned legal person
Shanghai Zhonghui Jinjiu Investment Co., Ltd. - Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership) (上海中匯金玖投資有限公司-保利龍馬鴻利股權投資基金(天津)合夥企業(有限合夥))	-866,505	4,440,119	0.38	0	Nil		Domestic non-state-owned legal person
Shenzhen Fuxiao Investment Co., Ltd. (深圳市拂曉投資有限公司)	2,630,000	2,630,000	0.23	0	Nil		Domestic non-state-owned legal person
E Fund - Industrial and Commercial Bank of China - E Fund No. 2 Asset Management Plan (易方達基金-工商銀行-易方達基金臻選2號資產管理計劃)	2,304,439	2,304,439	0.20	0	Nil		Other



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

Top ten holders of shares not subject to selling restrictions			
Name of shareholder	Number of tradable shares held not subject to selling restrictions	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	379,467,000	Overseas listed foreign shares	379,467,000
BSAM (HK)	24,859,792	Overseas listed foreign shares	24,859,792
Beijing Huitai Hengrui Investment Co., Ltd.	18,000,707	RMB ordinary shares	18,000,707
Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership) (安徽省江淮成長投資基金中心(有限合夥))	14,970,043	RMB ordinary shares	14,970,043
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	13,311,078	RMB ordinary shares	13,311,078
Zhongshang Longrun Huanke Investment Co., Ltd. (中商龍潤環科投資有限公司)	7,429,630	RMB ordinary shares	7,429,630
Shanghai Zhonghui Jinjiu Investment Co., Ltd. – Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership) (上海中匯金玖投資有限公司 – 保利龍馬鴻利股權投資基金(天津)合夥企業(有限合夥))	4,440,119	RMB ordinary shares	4,440,119
Shenzhen Fuxiao Investment Co., Ltd. (深圳市拂曉投資有限公司)	2,630,000	RMB ordinary shares	2,630,000
E Fund – Industrial and Commercial Bank of China – E Fund No. 2 Asset Management Plan (易方達基金 – 工商銀行 – 易方達基金臻選2號資產管理計劃)	2,304,439	RMB ordinary shares	2,304,439
Shenzhen Xiaoxi Business Management Consulting Co., Ltd. (深圳市曉溪企業管理諮詢有限公司)	2,095,000	RMB ordinary shares	2,095,000

Particulars of related-party relationship or concert party arrangement among the Shareholders above BSAM (HK) is a wholly-owned subsidiary of BSAM



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

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

Applicable Not applicable

Unit: share

No.	Name of shareholders subject to selling restrictions	Number of shares held subject to selling restrictions	Listing and trading of restricted shares		Conditions of selling restrictions
			Time permitted to be listed and traded in the market	Number of shares permitted to be listed and traded in the market	
1	BSAM	501,189,618	10 June 2021	0	Undertaking in relation to restriction on selling of shares

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



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

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

Save as disclosed in the section headed “Interests in securities held by Directors, Supervisors and senior management”, as at 30 June 2020, according to the Register kept under Section 336 of the SFO, the following shareholders who had 5% or more interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO:

Shareholder	Number of shares held	Capacity	Approximate percentage of share holding in the relevant class of shares ⁽¹⁾	Approximate percentage of share holding in the total share capital of the Company ⁽²⁾
Beijing State-owned Assets Management Co., Ltd. (“BSAM”) ⁽⁴⁾	501,189,618 A shares (Long position)	Beneficial owner	66.22	43.16
Beijing State-owned Assets Management (Hong Kong) Company Limited (“BSAM (HK)”) ⁽³⁾	24,859,792 H Shares (Long position)	Beneficial owner	6.15	2.14
BSAM ⁽³⁾	24,859,792 H Shares (Long position)	Interest in controlled corporation	6.15	2.14
National Council for Social Security Fund	28,293,000 H Shares (Long position)	Beneficial owner	6.99	2.44
Tenbagger Capital Management CO.,LTD	40,350,000 H Shares (Long position)	Investment manager	9.98	3.47

Notes:

- (1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 30 June 2020.
- (2) The calculation is based on the total number of 1,161,200,000 Shares in issue as at 30 June 2020.
- (3) BSAM (HK) is a wholly-owned subsidiary of BSAM. Pursuant to the SFO, BSAM is deemed to be interested in the H Shares held by BSAM (HK), holding 24,859,792 H Shares, representing approximately 6.15% of the total H Shares of the Company and approximately 2.14% of the total share capital of the Company.
- (4) Pursuant to the BSAM Subscription Agreement dated 30 October 2019 and the supplemental agreement of the BSAM Subscription Agreement dated 29 May 2020, BSAM has conditionally agreed to subscribe for not less than 40% of the A shares to be issued under the proposed non-public issuance of A shares which in any case shall not be more than 133,000,000 A shares. The issue price will be ultimately determined in accordance with the pricing terms as disclosed in the announcement dated 29 May 2020. Upon completion of the proposed non-public issuance of A shares by BSAM, the total number of shares held by it will be 634,189,618 A shares, representing approximately 64.12% of the relevant class of shares.



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

Apart from the above, as at 30 June 2020, no other interests required to be recorded in the Register kept under Section 336 of the SFO have been notified to the Company.

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

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

Applicable Not applicable

III. Changes in controlling shareholder or beneficial controllers

Applicable Not applicable



VII. PREFERENCE SHARES

Applicable Not applicable



VIII. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Changes in shareholding

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

Applicable Not applicable

Other explanations

Applicable Not applicable

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

As at 30 June 2020, the interests and short positions of the Directors, supervisors (the “Supervisors”) and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) were as follows:

Director	Number of shares held	Capacity	Approximate percentage of shareholding in the relevant class of shares ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽²⁾
Mr. Qiao Dewei ⁽³⁾	13,311,078 A shares (Long position)	Interest in controlled corporation	1.76	1.15

Notes:

(1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 30 June 2020.

(2) The calculation is based on the total number of 1,161,200,000 Shares in issue as at 30 June 2020.

(3) Gongqingcheng Jingxiu Investment Partnership (Limited Partnership) (“Jingxiu Investment”, originally known as Shenzhen Jingxiu Investment Partnership (Limited Partnership)) held 13,311,078 A shares, representing approximately 1.76% of the A shares and approximately 1.15% of the total share capital of the Company respectively. As Mr. Qiao Dewei is a general partner of Jingxiu Investment according to the partnership agreement of Jingxiu Investment, pursuant to the SFO, Mr. Qiao Dewei is deemed to be interested in the A shares held by Jingxiu Investment.



VIII. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Apart from the above, none of the Directors, Supervisors and chief executives of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2020 as recorded in the Register required to be kept under Section 352 of the SFO or which were required to be notified to the Company or the Hong Kong Stock Exchange pursuant to the Model Code.

Apart from the above, at no time during the period from 1 January 2020 to 30 June 2020 was the Company or its associated corporations (within the meaning of Part XV of the SFO) a party to any arrangement to enable the Directors, Supervisors or chief executives of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

Changes in Director's biographical details

Applicable Not applicable

Mr. Xie Lanjun, an independent non-executive Director of the Company, has served as an independent non executive director of Shenzhen Jinjia Group Co., Ltd. (stock code: 002191), a company listed on the Shenzhen Stock Exchange from May 2020.

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

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



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

As at 30 June 2020, the Group had a total of 2,518 staff members.

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

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

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

V. Other explanation

Applicable Not applicable



IX. CORPORATE BONDS

Applicable Not applicable



X. FINANCIAL REPORT

CONSOLIDATED BALANCE SHEET

(Expressed in Renminbi Yuan)

	Note	30 June 2020	31 December 2019
ASSETS			
Current assets:			
Cash at bank and on hand	V. 1	673,777,588.10	432,140,938.55
Accounts receivable	V. 2	566,333,766.23	452,783,629.70
Receivables under financing	V. 3	12,400,000.00	10,036,291.46
Prepayments	V. 4	29,092,740.38	15,355,672.33
Other receivables	V. 5	36,922,963.22	22,779,939.42
Inventories	V. 6	31,500,072.51	29,114,023.28
Contract assets	V. 7	513,397,453.28	395,564,422.73
Long-term receivables due within one year	V. 8	114,456,728.49	87,687,596.31
Other current assets	V. 9	179,525,633.21	181,724,630.58
Total current assets		2,157,406,945.42	1,627,187,144.36
Non-current assets:			
Long-term receivables	V. 10	4,805,031,641.01	4,466,535,132.13
Long-term equity investments	V. 11	62,066,022.09	62,907,982.84
Fixed assets	V. 12	48,538,264.21	49,996,842.55
Right-of-use assets	V. 51	969,605.37	1,464,901.09
Intangible assets	V. 13	6,961,736,520.82	6,453,018,803.00
Goodwill	V. 14	43,910,821.67	43,910,821.67
Long-term deferred expenses	V. 15	415,205.14	581,287.19
Deferred tax assets	V. 16	202,614,003.23	203,427,135.40
Other non-current assets	V. 17	894,412,730.09	761,757,354.24
Total non-current assets		13,019,694,813.63	12,043,600,260.11
Total assets		15,177,101,759.05	13,670,787,404.47

The notes on pages 72 to 191 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2020	31 December 2019
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	V. 18	3,327,151,573.62	2,433,082,965.96
Accounts payable	V. 19	1,253,146,890.43	1,212,897,951.38
Contract liabilities	V. 20	14,144,259.35	9,737,256.69
Employee benefits payable	V. 21	38,712,185.51	85,954,559.07
Taxes payable	V. 22	45,835,157.28	49,034,096.54
Other payables	V. 23	110,838,804.31	149,645,055.37
Non-current liabilities due within one year	V. 24	646,492,970.92	705,048,955.21
Total current liabilities		5,436,321,841.42	4,645,400,840.22
Non-current liabilities:			
Long-term loans	V. 25	5,591,958,365.43	5,057,022,246.80
Lease liabilities	V. 51	650,666.10	554,586.70
Long-term payables	V. 26	293,158,536.24	297,314,473.80
Deferred income	V. 27	45,854,294.67	46,592,569.32
Deferred tax liabilities	V. 16	139,906,755.42	127,386,997.96
Total non-current liabilities		6,071,528,617.86	5,528,870,874.58
Total liabilities		11,507,850,459.28	10,174,271,714.80

The notes on pages 72 to 191 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2020	31 December 2019
Liabilities and shareholders' equity			
(Continued)			
Shareholders' equity:			
Share capital	V. 28	1,161,200,000.00	1,161,200,000.00
Capital reserve	V. 29	859,074,607.53	859,074,607.53
Other comprehensive income	V. 30	(9,458,372.31)	(8,121,791.15)
Surplus reserve	V. 31	87,319,205.31	87,319,205.31
Retained earnings	V. 32	1,329,369,591.92	1,196,756,895.66
Total equity attributable to shareholders of the Company		3,427,505,032.45	3,296,228,917.35
Non-controlling interests		241,746,267.32	200,286,772.32
Total shareholders' equity		3,669,251,299.77	3,496,515,689.67
Total liabilities and shareholders' equity		15,177,101,759.05	13,670,787,404.47

These financial statements were approved by the Board of Directors of the Company on 28 August 2020.

Qiao Dewei
Authorised Representative
 (Signature and stamp)

Hu Shengyong
Chief Financial Officer
 (Signature and stamp)

Zhao Linbin
Chief Accountant
 (Signature and stamp)

(Company stamp)

The notes on pages 72 to 191 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

COMPANY BALANCE SHEET

(Expressed in Renminbi Yuan)

	Note	30 June 2020	31 December 2019
ASSETS			
Current assets:			
Cash at bank and on hand		44,601,711.13	47,174,478.11
Accounts receivable	XV. 1	99,761,045.49	75,971,673.15
Prepayments		669,915.49	71,288.95
Other receivables	XV. 2	682,231,646.83	904,583,206.37
Long-term receivables due within one year		180,700,000.00	195,400,000.00
Other current assets		2,770,345.84	1,351,164.06
Total current assets		1,010,734,664.78	1,224,551,810.64
Non-current assets:			
Long-term receivables	XV. 3	288,339,200.00	463,320,000.00
Long-term equity investments	XV. 4	5,190,155,873.12	4,726,940,333.87
Fixed assets		2,308,676.87	2,160,807.88
Right-of-use assets		—	510,805.36
Intangible assets		1,045,588.28	1,117,232.18
Deferred tax assets		1,046,102.56	938,062.23
Total non-current assets		5,482,895,440.83	5,194,987,241.52
Total assets		6,493,630,105.61	6,419,539,052.16

The notes on pages 72 to 191 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2020	31 December 2019
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans		3,252,808,416.65	2,415,000,000.00
Accounts payable		172,721.24	172,721.24
Advance payments received		—	—
Contract liabilities		26,474,576.27	10,000,000.00
Employee benefits payable		3,126,497.20	20,287,897.76
Taxes payable		2,612,169.46	449,290.11
Other payables		147,395,819.82	229,503,503.87
Non-current liabilities due within one year		104,733,525.28	253,828,192.74
Total current liabilities		3,537,323,725.92	2,929,241,605.72
Non-current liabilities:			
Long-term loans		342,173,484.20	853,299,321.97
Total non-current liabilities		342,173,484.20	853,299,321.97
Total liabilities		3,879,497,210.12	3,782,540,927.69

The notes on pages 72 to 191 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2020	31 December 2019
Liabilities and shareholders' equity (Continued)			
Shareholders' equity:			
Share capital	V. 28	1,161,200,000.00	1,161,200,000.00
Capital reserve	XV. 5	906,165,435.50	906,165,435.50
Surplus reserve	V. 31	87,319,205.31	87,319,205.31
Retained earnings	XV. 6	459,448,254.68	482,313,483.66
Total shareholders' equity		2,614,132,895.49	2,636,998,124.47
Total liabilities and shareholders' equity		6,493,630,105.61	6,419,539,052.16

These financial statements were approved by the Board of Directors of the Company on 28 August 2020.

Qiao Dewei
Authorised Representative
 (Signature and stamp)

Hu Shengyong
Chief Financial Officer
 (Signature and stamp)

Zhao Linbin
Chief Accountant
 (Signature and stamp)

(Company stamp)

The notes on pages 72 to 191 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

CONSOLIDATED INCOME STATEMENT

(Expressed in Renminbi Yuan)

	Note	January to June 2020	January to June 2019
I. Operating income	V. 33	1,011,128,651.22	795,270,932.19
Less: Operating costs	V. 33	436,329,282.57	369,381,701.88
Taxes and surcharges	V. 34	21,006,267.18	16,688,159.68
General and administrative expenses	V. 35	59,689,417.95	55,188,466.26
Research and development expenses	V. 36	2,304,519.88	4,591,001.76
Financial expenses	V. 37	197,855,721.26	151,796,172.26
Including: Interest expenses		198,288,233.09	153,039,081.03
Interest income		2,082,943.41	2,391,625.91
Add: Other income	V. 38	42,522,494.38	65,353,635.32
Investment (losses)/income	V. 39	(841,960.75)	785,496.06
Including: (losses)/income from investment in joint ventures		(841,960.75)	6,939.13
Credit losses	V. 40	(31,964,599.13)	(18,197,638.51)
Gains/(losses) from asset disposals	V. 41	54,786.50	(25,424.58)
II. Operating profit		303,714,163.38	245,541,498.64
Add: Non-operating income	V. 42	1,297,768.28	1,271,931.45
Less: Non-operating expenses	V. 42	1,161,690.01	303,874.59
III. Profit before income tax		303,850,241.65	246,509,555.50
Less: Income tax expenses	V. 43	48,258,050.39	28,221,975.10
IV. Net profit for the period		255,592,191.26	218,287,580.40
Net profit attributable to shareholders of the Company		248,732,696.26	217,163,283.10
Non-controlling interests		6,859,495.00	1,124,297.30
V. Other comprehensive income, net of tax			
(I) Other comprehensive income (net of tax) attributable to shareholders of the Company			
Other comprehensive income to be reclassified into profit or loss in the future			
Translation differences arising from translation of foreign currency financial statements	V. 30	(1,336,581.16)	(24,078.21)
(II) Other comprehensive income (net of tax) attributable to non-controlling interests		-	-

The notes on pages 72 to 191 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

	Note	January to June 2020	January to June 2019
VI. Total comprehensive income for the period		254,255,610.10	218,263,502.19
Total comprehensive income attributable to shareholders of the Company		247,396,115.10	217,139,204.89
Total comprehensive income attributable to non-controlling interests		6,859,495.00	1,124,297.30
VII. Earnings per share			
(I) Basic earnings per share	V. 44	0.21	0.19
(II) Diluted earnings per share	V. 44	0.21	0.19

These financial statements were approved by the Board of Directors of the Company on 28 August 2020.

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Hu Shengyong
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Zhao Linbin
Chief Accountant
 (Signature and stamp)

(Company stamp)

The notes on pages 72 to 191 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

COMPANY INCOME STATEMENT

(Expressed in Renminbi Yuan)

	Note	January to June 2020	January to June 2019
I. Operating income	XV. 7	32,167,841.67	57,492,523.91
Less: Operating costs	XV. 7	3,066,213.53	2,334,792.39
Taxes and surcharges		94,162.77	219,759.04
General and administrative expenses		15,068,614.80	15,396,184.71
Research and development expenses		2,304,519.88	3,411,458.95
Financial expenses		84,806,259.95	59,321,430.79
Including: Interest expenses		83,091,059.63	59,148,454.99
Interest income		1,070,499.86	965,353.48
Add: Other income		799,853.34	266,733.02
Investment income	XV. 8	166,190,006.15	164,011,063.72
Including: (losses)/income from investment in joint ventures		(841,960.75)	6,939.13
Credit (loss)/reversal		(720,268.91)	695,383.51
Gains from assets disposal		49,073.38	10,145.67
II. Operating profit		93,146,734.70	141,792,223.95
Add: Non-operating income		—	—
Less: Non-operating expenses		4.01	—
III. Profit before income tax		93,146,730.69	141,792,223.95
Less: Income tax expenses		(108,040.33)	37,609.58
IV. Net profit for the period		93,254,771.02	141,754,614.37
V. Other comprehensive income, net of tax		—	—
VI. Total comprehensive income for the period		93,254,771.02	141,754,614.37

These financial statements were approved by the Board of Directors of the Company on 28 August 2020.

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(Company stamp)

The notes on pages 72 to 191 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

CONSOLIDATED CASH FLOW STATEMENT

(Expressed in Renminbi Yuan)

	Note	January to June 2020	January to June 2019
I. Cash flows from operating activities:			
Proceeds from sale of goods, rendering of services and the Build-Operate-Transfer (“BOT”) projects	V. 46(6)	886,931,758.48	651,536,342.56
Refund of taxes		27,838,829.77	42,819,708.08
Proceeds from other operating activities	V. 46(1)	34,497,172.76	42,003,136.01
Sub-total of cash inflows from operating activities		949,267,761.01	736,359,186.65
Payment for goods and services		315,856,336.20	262,577,177.45
Increase of principal of long-term receivables of BOT and BT projects	V. 46(6)	327,027,548.15	331,814,674.09
Payment to and for employees		181,349,067.42	157,286,015.56
Payment of various taxes		104,344,822.73	78,953,020.35
Payment for other operating activities	V. 46(2)	49,948,435.20	31,195,356.49
Sub-total of cash outflows for operating activities		978,526,209.70	861,826,243.94
Net cash used in operating activities	V. 47(1)(a)	(29,258,448.69)	(125,467,057.29)
II. Cash flows from investing activities:			
Proceeds from disposal of an investment		–	3,500,000.00
Net cash proceeds from disposal of fixed assets		260,627.64	130,675.27
Proceeds from other investing activities	V. 46(3)	–	38,659,040.04
Sub-total of cash inflows		260,627.64	42,289,715.31
Payment for acquisition of fixed assets, intangible assets and other long-term assets		746,802,207.44	942,594,623.86
Payment for investments		–	37,816,510.20
Payment for acquisition of subsidiaries	V. 47(2)	11,332,500.00	202,363,030.05
Payment for other investing activities	V. 46(4)	21,000,000.00	20,000,000.00
Sub-total of cash outflows		779,134,767.44	1,202,774,164.11
Net cash used in investing activities		(778,874,139.80)	(1,160,484,448.80)

The notes on pages 72 to 191 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

	Note	January to June 2020	January to June 2019
III. Cash flows from financing activities:			
Proceeds from investors		34,600,000.00	57,000,000.00
Including: Proceeds received from non-controlling shareholders of subsidiaries		34,600,000.00	57,000,000.00
Proceeds from borrowings		2,363,295,176.16	1,706,938,526.51
Sub-total of cash inflows		2,397,895,176.16	1,763,938,526.51
Payment of borrowings		1,013,647,377.45	386,079,414.32
Payment for dividends, profit distributions or interest		323,156,076.30	178,969,932.02
Payment for other financing activities	V. 46(5)	14,244,280.56	1,913,157.30
Sub-total of cash outflows		1,351,047,734.31	566,962,503.64
Net cash generated from financing activities		1,046,847,441.85	1,196,976,022.87
IV. Effect of foreign exchange rate changes on cash		(78,203.81)	60,911.08
V. Net increase/(decrease) in cash	V. 47(1)(b)	238,636,649.55	(88,914,572.14)
Add: Balance of cash at the beginning of the period		351,983,418.55	633,978,483.72
VI. Balance of cash at the end of the period	V. 47(1)(b)	590,620,068.10	545,063,911.58

These financial statements were approved by the Board of Directors on 28 August 2020.

Qiao Dewei
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Hu Shengyong
Chief Financial Officer
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Zhao Linbin
Chief Accountant
(Signature and stamp)

(Company stamp)

The notes on pages 72 to 191 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

COMPANY CASH FLOW STATEMENT

(Expressed in Renminbi Yuan)

	Note	January to June 2020	January to June 2019
I. Cash flows from operating activities:			
Proceeds from rendering of services		25,469,031.58	30,789,746.50
Proceeds from other operating activities		32,622,445.14	28,557,798.47
Sub-total of cash inflows from operating activities		58,091,476.72	59,347,544.97
Payment for goods		1,437,701.60	2,970,605.66
Payment to and for employees		30,527,271.26	29,486,636.45
Payment of various taxes		148,687.78	3,392,224.98
Payment for other operating activities		57,243,132.24	43,427,067.67
Sub-total of cash outflows for operating activities		89,356,792.88	79,276,534.76
Net cash used in operating activities	XV. 9(1)(a)	(31,265,316.16)	(19,928,989.79)
II. Cash flows from investing activities:			
Proceeds from disposal of an investment		–	3,500,000.00
Investment returns received		117,700,000.00	54,629,600.60
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		102,495.88	26,097.22
Proceeds from other investing activities		936,866,235.89	229,126,244.40
Sub-total of cash inflows from investing activities		1,054,668,731.77	287,281,942.22
Payment for acquisition of fixed assets, intangible assets and other long-term assets		513,536.98	1,279,011.27
Payment for investments		464,057,500.00	492,264,200.89
Payment for acquisition of subsidiaries and other business units		11,332,500.00	202,863,280.00
Payment for other investing activities		518,629,200.00	746,800,000.00
Sub-total of cash outflows for investing activities		994,532,736.98	1,443,206,492.16
Net cash generated from/(used in) investing activities		60,135,994.79	(1,155,924,549.94)

The notes on pages 72 to 191 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

	Note	January to June 2020	January to June 2019
III. Cash flows from financing activities:			
Proceeds from borrowings		935,000,000.00	1,188,000,000.00
Sub-total of cash inflows from financing activities		935,000,000.00	1,188,000,000.00
Repayment of borrowings		767,040,576.72	96,027,830.67
Payment for distribution of profit or payment of interests		201,430,194.27	80,978,744.35
Payment for other financing activities		1,995,353.22	1,475,761.90
Sub-total of cash outflows for financing activities		970,466,124.21	178,482,336.92
Net cash (used in)/generated from financing activities		(35,466,124.21)	1,009,517,663.08
IV. Effect of foreign exchange rate changes on cash		22,678.60	47.66
V. Net decrease in cash	XV. 9(1)(b)	(6,572,766.98)	(166,335,828.99)
Add: Balance of cash at the beginning of the period		35,174,478.11	271,810,049.42
VI. Balance of cash at the end of the period	XV. 9(2)	28,601,711.13	105,474,220.43

These financial statements were approved by the Board of Directors of the Company on 28 August 2020.

Qiao Dewei
Authorised Representative
(Signature and stamp)

Hu Shengyong
Chief Financial Officer
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Zhao Linbin
Chief Accountant
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The notes on pages 72 to 191 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Renminbi Yuan)

Note	Equity attributable to shareholders of the Company						Non-controlling interests	Total shareholders' equity	
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total			
I. Balance at 1 January 2020	1,161,200,000.00	859,074,607.53	(8,121,791.15)	87,319,205.31	1,196,756,895.66	3,296,228,917.35	200,286,772.32	3,496,515,689.67	
II. Changes in equity during the period									
(I) Total comprehensive income	V. 32	-	-	(1,336,581.16)	-	248,732,696.26	247,396,115.10	6,859,495.00	254,255,610.10
(II) Shareholders' contribution									
- Ordinary shares contributed by shareholders		-	-	-	-	-	-	34,600,000.00	34,600,000.00
(III) Profit distribution									
- Distributions to shareholders	V. 32	-	-	-	-	(116,120,000.00)	(116,120,000.00)	-	(116,120,000.00)
III. Balance at 30 June 2020		1,161,200,000.00	859,074,607.53	(9,458,372.31)	87,319,205.31	1,329,369,591.92	3,427,505,032.45	241,746,267.32	3,669,251,299.77

Note	Equity attributable to shareholders of the Company						Non-controlling interests	Total shareholders' equity	
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total			
I. Balance at 1 January 2019	1,161,200,000.00	858,803,441.83	(8,118,159.45)	71,532,851.40	912,574,775.97	2,995,992,909.75	76,604,214.95	3,072,597,124.70	
II. Changes in equity during the period									
(I) Total comprehensive income	V. 32	-	-	(24,078.21)	-	217,163,283.10	217,139,204.89	1,124,297.30	218,263,502.19
(II) Shareholders' contribution									
1. Ordinary shares contributed by shareholders		-	-	-	-	-	-	57,000,000.00	57,000,000.00
2. Others		-	(2,693.36)	-	-	-	(2,693.36)	2,693.36	-
(III) Profit distribution									
- Distributions to shareholders	V. 32	-	-	-	-	(116,120,000.00)	(116,120,000.00)	-	(116,120,000.00)
III. Balance at 30 June 2019		1,161,200,000.00	858,800,748.47	(8,142,237.66)	71,532,851.40	1,013,618,059.07	3,097,009,421.28	134,731,205.61	3,231,740,626.89

These financial statements were approved by the Board of Directors of the Company on 28 August 2020.

Qiao Dewei
 Authorised Representative
 (Signature and stamp)

Hu Shengyong
 Chief Financial Officer
 (Signature and stamp)

Zhao Linbin
 Chief Accountant
 (Signature and stamp)

(Company stamp)

The notes on pages 72 to 191 form part of these financial statements.



X. FINANCIAL REPORT (CONTINUED)

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Renminbi Yuan)

	Note	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total
I. Balance at 1 January 2020		1,161,200,000.00	906,165,435.50	87,319,205.31	482,313,483.66	2,636,998,124.47
II. Changes for the period						
(I) Total comprehensive income	XV.6	-	-	-	93,254,771.02	93,254,771.02
(II) Shareholders' contribution		-	-	-	-	-
(III) Profit distribution						
- Distributions to shareholders	XV.6	-	-	-	(116,120,000.00)	(116,120,000.00)
III. Balance at 30 June 2020		1,161,200,000.00	906,165,435.50	87,319,205.31	459,448,254.68	2,614,132,895.49

	Note	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total
I. Balance at 1 January 2019		1,161,200,000.00	906,165,435.50	71,532,851.40	456,356,298.47	2,595,254,585.37
II. Changes for the period						
(I) Total comprehensive income	XV.6	-	-	-	141,754,614.37	141,754,614.37
(II) Shareholders' contribution		-	-	-	-	-
(III) Profit distribution						
- Distributions to shareholders	XV.6	-	-	-	(116,120,000.00)	(116,120,000.00)
III. Balance at 30 June 2019		1,161,200,000.00	906,165,435.50	71,532,851.40	481,990,912.84	2,620,889,199.74

These financial statements were approved by the Board of Directors of the Company on 28 August 2020.

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The notes on pages 72 to 191 form part of these financial statements.



NOTES TO FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

I. COMPANY OVERVIEW

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

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

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

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

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



II. BASIS OF PREPARATION

1. Basis of preparation

These financial statements were prepared in accordance with the Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting issued by the Ministry of Finance of the PRC (the “MOF”).

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

Save as the changes in the accounting policies as disclosed in Note III.30, the accounting policies adopted in the preparation of these financial statements are consistent with those adopted in preparation of the 2019 financial statements of the Group. These financial statements shall be read in conjunction with the 2019 financial statements of the Group.

2. Going concern

At 30 June 2020, the net current liabilities of the Group amounted to RMB3,278,914,896.00, including short-term loans from Beijing State-owned Asset Management Co., Ltd. (“BSAM”) amounted to approximately RMB3,158,709,041.65, and the committed capital expenditure within one year of the Group amounted to approximately RMB1,652,990,346.69, which lead to certain liquidity risk.

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

- (a) The Group maintained good long-term business relationship with various financial institutions, so as to ensure that it can obtain adequate lines of credit from them. At 30 June 2020, the available banking facilities of the Group amounted to RMB4,843,116,011.67.
- (b) With the constant completion and commencement of operations of the new waste-to-energy projects, the management foresees that the Group will generate stable cash inflow from future operating activities to meet its liquidity requirement.

In view of the above factors, the management is of the opinion that, the Group will have sufficient working capital to meet its operation requirement for the next twelve months from 1 July 2020, and thus the management believes that the Group’s preparation of the financial statements on a going concern basis is appropriate.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises, and present truly and completely the consolidated financial position and financial position of the Company as at 30 June 2020, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the six months from 1 January 2020 to 30 June 2020.

2. Accounting period

The accounting period is from 1 January to 31 December.

3. Operating cycle

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

4. Functional currency

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

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

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

(1) Business combination involving entities under common control

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(2) Business combination involving entities not under common control

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

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

6. Preparation of consolidated financial statements

(1) General principles

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Preparation of consolidated financial statements (Continued)

(1) General principles (Continued)

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

(2) Subsidiaries acquired through a business combination

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

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

(3) Disposal of subsidiaries

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

(4) Changes in non-controlling interests

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

7. Cash and cash equivalents

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

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

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

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the construction of qualifying assets (see Note III.13). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the spot exchange rate at the transaction date.

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments

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

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

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

A financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities is measured initially at fair value. For financial assets or financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are directly charged to profit or loss; for other categories of financial assets or financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable without a significant financing component is initially measured at the transaction price according to the Note III.19.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

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

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

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

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

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably designate it as financial assets at FVOCI. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Group does have neither financial assets at FVOCIT nor at FVTPL during the Reporting Period, and only holds financial asset measured at amortised cost.

(b) *Subsequent measurement of financial assets*

– Financial assets at amortised cost

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost

– *Financial liabilities at FVTPL*

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

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

– *Financial liabilities at amortised cost*

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

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

(4) Offsetting

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(5) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(6) Impairment

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

Measurement of ECLs

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

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

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

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

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

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

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

Financial instruments that have low credit risk

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(6) Impairment (Continued)

Significant increases in credit risk

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

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

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

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(6) Impairment (Continued)

Credit-impaired financial assets

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

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

Presentation of allowance for ECL

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

Write-off

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(7) Equity instrument

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

10. Inventories

(1) Classification and cost

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

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

(2) Measurement method of cost of inventories

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

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

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

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

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

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

(4) Inventory count system

The Group maintains a periodic inventory system.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments

(1) Investment cost of long-term equity investments

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

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

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

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

(2) Subsequent measurement of long-term equity investment

(a) *Investments in subsidiaries*

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

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

For the impairment of the investments in subsidiaries, refer to Note III.17.

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments (Continued)

(2) Subsequent measurement of long-term equity investment (Continued)

(b) *Investment in joint ventures*

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

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

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

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

For the impairment test and provisioning of the investments in a joint venture, refer to Note III.17.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments (Continued)

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

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

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

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

12. Fixed assets

(1) Recognition of fixed assets

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

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Fixed assets (Continued)

(2) Depreciation of fixed assets

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

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

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

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

(3) For the impairment of the fixed assets, please refer to Note III.17.

(4) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Borrowing costs

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

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

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.17). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life.

The respective amortisation periods for intangible assets are as follows:

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

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

(1) Concession rights

The Group has entered into concession agreements with different local governments in China (“the Grantor”) in respect of its waste-to-energy (“WTE”) projects on a Build-Operate-Transfer (“BOT”) basis. Under the service concession arrangements, the Group builds WTE plants (construction period) and operates these WTE plants (operation period) for a concession period of 23 to 30 years. Upon the expiry of the concession period, the Group would transfer these WTE plants to respective Grantor without consideration or there is not any significant residual interest in the infrastructure. The terms of the service concession arrangements allow the Group to earn waste treatment fees and electricity tariffs for the processing of waste and generation of electricity during the operation period.

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. Intangible assets (Continued)

(2) Research and development expenditure

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

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

15. Goodwill

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

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.17). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

16. Long-term deferred expenses

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

Item	Amortisation period (years)
Renovation costs for office under operating lease and others	3-5 years



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

17. Impairment of assets other than inventories and financial assets

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

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

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

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note III.18) less costs to sell and its present value of expected future cash flows.

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

18. Fair value measurement

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

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

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

19. Revenue

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

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

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The consideration which the Group expects to refund to the customer is recognised as refund liabilities and excluded from transaction price. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue (Continued)

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods to the customer;
- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on factors other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets. Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is the description of accounting policies regarding revenue from the Group's principal activities:



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue (Continued)

Revenue from BOT and Build-Transfer (“BT”) projects

With respect to the public infrastructure construction business participated in on a BOT and BT basis, the Group, instead of recognising the revenue for those infrastructure construction being subcontracted to the third parties other than providing actual construction service, recognises financial assets and intangible assets based on the construction costs incurred and contract arrangement of each project in accordance with the Interpretation No. 2 on Accounting Standards for Business Enterprises.

During the operating period, the Group recognises the electricity tariff and waste treatment fees according to the following principles respectively.

(a) Electricity tariff

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

(b) Waste treatment fees

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

20. Interest income

The Group recognises the relevant interest income at amortised cost using the effective interest method for the financial assets recognised in the course of BOT and BT construction.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;
- the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the “assets related to contract costs”) are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period. The Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or include in the cost of assets where appropriate.

(3) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

23. Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to assets is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognised, otherwise, the grant is included in other income or non-operating income directly.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax assets and current tax liabilities;
- they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Lease

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains multiple lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Lease change refers a change in the scope of a lease, the consideration for a lease, or the lease term that was not part of the original terms.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Lease (Continued)

The Group acts as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right – of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note III.17.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right – of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

For lease changes and in case lease change is not considered to be a separate lease, the Group shall, at the effective date of the lease change, allocate the consideration in the modified contract, re-determine the amended lease term, and re-measure the lease liability according to the present value calculated based on the lease payment after the change and at the discount rate after the modification.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

In case of a change in the lease term due to a change in short-term lease or the reasons other than a lease change, the Group will conduct accounting treatment for it as a new lease.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Profit distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

27. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

28. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

The Group operates as a whole with a unified internal organisational structure, management evaluation system and internal reporting system. Management conducts resource allocation and performance evaluation by regularly reviewing the financial information of the Group. The Group does not have any operating segment under separate management and therefore the Group has only one operating segment.

29. Significant accounting estimates and judgements

The preparation of the financial statements requires management of the Group to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

29. Significant accounting estimates and judgements (Continued)

Except for accounting estimates relating to depreciation and amortisation of assets such as fixed assets and intangible assets (see Notes III.12 and 14) and provision for impairment of various types of assets (see Notes V.2, 5, 6, 7, 12, 13 and 51 and Note XV.1 and 2). Other significant accounting estimates are as follows:

- (1) BOT Projects – As referred in Note III.14(1), the Group recognises financial assets and intangible assets based on the construction costs incurred and contract arrangement of each project. The Group recognises the financial assets and intangible assets at the end of each Reporting Period based on the aggregate of the financial assets and intangible assets of each BOT project that can be recognised and the stage of completion of each project at the reporting date. In the course of project construction, the Group reviews and revises the carrying amounts of the financial assets and intangible assets based on the budgeted construction costs and the estimated construction period.
- (2) Recognition of deferred assets (see Notes V.16)

30. Changes in significant accounting policies and accounting estimates

(1) Contents and reasons of the changes in accounting policies

In 2020, the Group implemented the relevant provisions of the following accounting standards for business enterprises issued by the Ministry of Finance:

- Interpretation No. 13 on Accounting Standards for Business Enterprises (Cai Kuai [2019] No. 21) (“Interpretation No. 13”)
- Regulations on Accounting Treatment for Rental Concessions in relation to COVID-19 (Cai Kuai [2020] No. 10)

(a) *Interpretation No. 13*

Interpretation No. 13 revised the three elements of business composition and refined the judgment conditions of business. When the acquirer of a business combination not under common control determines whether the acquired business activity or asset combination constitutes a business, the option of “concentration test” is introduced. In addition, Interpretation No. 13 further clarifies the definition of related party.

Interpretation No. 13 has been implemented since 1 January 2020. The Group adopts the prospective application method to account for the abovementioned accounting policy changes. The adoption of this interpretation does not have a material impact on the Group’s disclosures on financial position, operating results and related parties.

(b) *Cai Kuai [2020] No. 10*

Cai Kuai [2020] No. 10 provides a simplified method for rental concessions directly caused by COVID-19 when certain conditions are met (see Note III. 25). If enterprises choose to adopt the simplified approach, it is not required to assess whether there is a lease change or reassess the lease classification.

Cai Kuai [2020] No. 10 has been implemented since 24 June 2020, and the Group was not subject to Rental Concessions for Epidemic during the current period.



IV. TAXATION

1. Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value-added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue according to taxation laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable.	3%*, 6% and 13%
City maintenance and construction tax	Based on VAT effectively paid	5% and 7%
Education surcharges	Based on VAT effectively paid	3%
Local education surcharges	Based on VAT effectively paid	2%
Corporate income tax ("CIT")	Based on taxable profits	25%
PRC withholding income tax	Based on dividends declared to foreign investors	10%

* Qingdao Dynagreen Renewable Energy Co., Ltd. (青島綠色動力再生能源有限公司) ("Qingdao Company"), which was a subsidiary of the Company, was small-scale VAT taxpayer and its applicable tax rate was 3%.

The applicable income tax rate for the Company and its subsidiaries (except for Dynagreen Investment Investment Holding Company Limited (綠動投資控股有限公司) ("Dynagreen Investment") was 25% for the year.

An income tax rate of 16.5% as stipulated by the Hong Kong tax laws was applicable to Dynagreen Investment, a company incorporated in Hong Kong.

According to the Enterprise Income Tax Law, a 10% withholding tax will be levied on the dividends declared to foreign investors from the foreign investment enterprises established in Mainland China.



IV. TAXATION (Continued)

2. Tax preferential benefits and approvals

2.1 CIT preferential benefits and approvals

The operating earnings of Yichun Dynagreen Renewable Energy Co., Ltd. (宜春綠色動力再生能源有限公司) (“Yichun Company”), Hong’an Dynagreen Renewable Energy Co., Ltd. (紅安綠色動力再生能源有限公司) (“Hong’an Company”), Huizhou Dynagreen Renewable Energy Co., Ltd. (惠州綠色動力再生能源有限公司) (“Huizhou Phase II Project Company”), Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd. (海寧綠動海雲環保能源有限公司) (“Haining Expansion Project Company”), Shantou Dynagreen Renewable Energy Co., Ltd. (汕頭市綠色動力再生能源有限公司) (“Shantou Company”), Zhaoqing Boneng Renewable Energy Power Generation Co., Ltd. (肇慶市博能再生能源發電有限公司) (“Zhaoqing Company”), Beijing Dynagreen Renewable Energy Co., Ltd. (北京綠色動力再生能源有限公司) (“Miyun Company”), Jiamusi Bohai Environmental Protection and Electricity Company Limited (佳木斯博海環保電力有限公司) (“Jiamusi Company”), Guangyuan Boneng Renewable Energy Co., Ltd. (廣元博能再生能源有限公司) (“Guangyuan Company”), Zhangqiu Dynagreen Renewable Energy Co., Ltd. (章丘綠色動力再生能源有限公司) (“Zhangqiu Company”) 及 Bobai Dynagreen Renewable Energy Co., Ltd. (博白綠色動力再生能源有限公司) (“Bobai Company”) which all were subsidiaries of the Company, were qualified for the earnings from environmental protection, water and energy conservation as stipulated under the Enterprise Income Tax Law, and were eligible for a tax exemption for the first year to the third year, and a 50% reduction in CIT for the fourth year to the sixth year starting from the year in which the entities first generate operating income (the “3+3 tax holiday”). The details are as follows:

- Yichun Company, Hong’an Company, Huizhou Phase II Project Company and Haining Expansion Project Company obtained the Notification of CIT 3+3 tax holiday in 2020 and was entitled to the 3+3 tax holiday from 2020 to 2025;
- Shantou Company, Zhaoqing Company, Miyun Company, Zhangqiu Company and Bobai Company obtained the Notification of CIT 3+3 tax holiday in 2019 and was entitled to the 3+3 tax holiday from 2019 to 2024;
- Jiamusi Company obtained the Notification of CIT 3+3 tax holiday in 2018 and was entitled to the 3+3 tax holiday from 2018 to 2023;
- Guangyuan Company obtained the Notification of CIT 3+3 tax holiday in 2017 and was entitled to the 3+3 tax holiday from 2017 to 2022;

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

2.2 VAT preferential benefits and approvals

The tax rates and preferential tax rate policies applicable to the Company and its subsidiaries had no obvious change from 2019.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

Item	30 June 2020	31 December 2019
Cash on hand	41,130.16	44,369.38
Deposits with banks	590,578,937.94	351,939,049.17
Other monetary funds	83,157,520.00	80,157,520.00
Total	673,777,588.10	432,140,938.55
Including: Total overseas deposits	1,501,677.46	1,903,049.36

As at 30 June 2020, the Group did not hold any time deposit (31 December 2019: Nil).

Other monetary funds of the Group mainly comprised the retention money for BOT projects with restricted use.

2 Accounts receivable

(1) Accounts receivable by customer type are as follows:

Customer Type	Note	30 June 2020	31 December 2019
Due from third parties		589,724,484.81	467,830,771.16
Due from related parties	Note X.6(5)	10,000,000.00	10,000,000.00
Less: Provision for bad and doubtful debts		(33,390,718.58)	(25,047,141.46)
Total		566,333,766.23	452,783,629.70



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 Accounts receivable (Continued)

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

Ageing	30 June 2020	31 December 2019
Within 1 year (inclusive)	548,341,177.54	455,238,680.70
Over 1 year but within 2 years (inclusive)	43,030,017.89	22,332,107.06
Over 2 years but within 3 years (inclusive)	8,353,289.38	259,983.40
Sub-total	599,724,484.81	477,830,771.16
Less: Provision for bad and doubtful debts	(33,390,718.58)	(25,047,141.46)
Total	566,333,766.23	452,783,629.70

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

(3) Accounts receivable by provisioning method:

Category	Note	30 June 2020				Carrying amount
		Book balance		Provision for bad and doubtful debts		
		Amounts	Percentage (%)	Amounts	Percentage (%)	
Provision for bad and doubtful debts individually		-	0%	-	0%	-
Provision for bad and doubtful debts collectively	(i)	599,724,484.81	100%	(33,390,718.58)	100%	566,333,766.23
Total		599,724,484.81	100%	(33,390,718.58)	100%	566,333,766.23

Category	Note	31 December 2019				Carrying amount
		Book balance		Provision for bad and doubtful debts		
		Amounts	Percentage (%)	Amounts	Percentage (%)	
Provision for bad and doubtful debts individually		-	0%	-	0%	-
Provision for bad and doubtful debts collectively	(i)	477,830,771.16	100%	(25,047,141.46)	100%	452,783,629.70
Total		477,830,771.16	100%	(25,047,141.46)	100%	452,783,629.70



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 Accounts receivable (Continued)

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

- (i) Criteria and statement of recognition of provision for bad and doubtful debts collectively in the six-month period ended 30 June 2020 and details:

Customers of accounts receivable of the Group are the grid customers who are located in the PRC, to whom the Group sells electricity or those public services units to whom the Group provide waste treatment service. Based on the Group's historical experience, there was no significant difference in the loss incurred by different customer groups. Therefore, different customer groups were not further segmented when calculating the provision for bad and doubtful debts.

- (ii) Expected credit loss assessment on accounts receivables in the six-month period ended 30 June 2020:

At all times the Group measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the number of overdue days and the loss given default. According to the historical experience of the Group, there are no significant differences in the losses of different customer groups. Therefore, different customer groups are not further distinguished when calculating impairment loss based on the overdue information.

Ageing	Loss given default	Carrying amount at the end of the period	Provision for impairment at the end of the period
Within 1 year (inclusive)	5%	548,341,177.54	27,417,058.90
Over 1 year but within 2 years (inclusive)	10%	43,030,017.89	4,303,001.80
Over 2 years but within 3 years (inclusive)	20%	8,353,289.38	1,670,657.88
Total		599,724,484.81	33,390,718.58

The loss given default is calculated based on the past experience on actual credit losses and adjusted based on the economic conditions during the historical data collection period, the prevailing economic situation and the economic conditions considered by the Group during the expected lifetime.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 Accounts receivable (Continued)

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

Item	January to June 2020	January to June 2019
Balance at the beginning of the period	25,047,141.46	12,209,551.93
Provisions for the year	8,343,577.12	8,393,318.19
Business combination involving entities not under common control	–	79,301.96
Balance at the end of the period	33,390,718.58	20,682,172.08

During this Reporting Period, the Group did not write off any accounts receivable. For the accounts receivable with restricted ownership, please see Note V.48.

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

As at 30 June 2020, the subtotal of five largest accounts receivable of the Group amounted to RMB186,567,527.85, representing 31% of the total accounts receivable at the end of the period, and the provisions of bad and doubtful debts amounted to RMB12,095,694.21.

As at 31 December 2019, the subtotal of five largest accounts receivable of the Group amounted to RMB162,511,421.26, representing 34% of the total accounts receivable at the end of the year, and the provisions of bad and doubtful debts amounted to RMB8,524,815.68.

3. Receivables under financing

Item	30 June 2020	31 December 2019
Bills receivable at fair value through other comprehensive income	12,400,000.00	10,036,291.46

In its day-to-day capital management, the Group endorses or discounts some of its bank acceptance bills. Such bills receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group categorizes these bills receivables of fair value through other comprehensive income (“FVOCI”) and states the same as receivables under financing.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Prepayments

(1) Prepayments by category:

Item	30 June 2020	31 December 2019
Prepayments to third parties	29,092,740.38	15,355,672.33

The ageing is counted starting from the date when prepayments are recognised. As at 30 June 2020 and 31 December 2019, the ageing of the Group's prepayments were within one year and the Group did not need to make provisions for impairment.

(2) Five largest prepayments by debtor at the end of the period/year

As at 30 June 2020, the subtotal of five largest prepayments of the Group amounted to RMB13,643,660.06, representing 47% of the total prepayments at the end of the period, and no provisions for bad and doubtful debts had been made.

As at 31 December 2019, the subtotal of five largest prepayments of the Group amounted to RMB9,293,176.75, representing 61% of the total prepayments at the end of the year, and no provisions for bad and doubtful debts had been made.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Other receivables

(1) Other receivables by customer type:

Customer Type	30 June 2020	31 December 2019
Due from third parties	61,118,203.28	45,405,856.45
Less: Provision for bad and doubtful debts	(24,195,240.06)	(22,625,917.03)
Total	36,922,963.22	22,779,939.42

(2) The ageing analysis is as follows:

Ageing	30 June 2020	31 December 2019
Within 1 year (inclusive)	34,028,575.03	18,973,312.52
Over 1 year but within 2 years (inclusive)	2,174,447.55	1,200,853.17
Over 2 years but within 3 years (inclusive)	382,083.84	3,534,223.16
Over 3 years but within 4 years (inclusive)	3,137,244.01	545,798.94
Over 4 years but within 5 years (inclusive)	1,862,047.05	1,617,862.87
Over 5 years	19,533,805.80	19,533,805.79
Sub-total	61,118,203.28	45,405,856.45
Less: Provision for bad and doubtful debts	(24,195,240.06)	(22,625,917.03)
Total	36,922,963.22	22,779,939.42

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



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Other receivables (Continued)

(3) Other receivables by provisioning method:

Category	30 June 2020				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amounts	Percentage (%)	Amounts	Percentage (%)	
Provision for bad and doubtful debts individually					
– Performance bond	7,300,000.00	12%	(5,115,000.00)	21%	2,185,000.00
– Due from former shareholders	17,914,529.85	29%	(13,145,261.60)	54%	4,769,268.25
Provision for bad and doubtful debts collectively					
– VAT refunds receivable and other tax refunds receivable	7,746,054.80	13%	–	0%	7,746,054.80
– Others	28,157,618.63	46%	(5,934,978.46)	25%	22,222,640.17
Total	61,118,203.28	100%	(24,195,240.06)	100%	36,922,963.22

Category	31 December 2019				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amounts	Percentage (%)	Amounts	Percentage (%)	
Provision for bad and doubtful debts individually					
– Performance bond	8,030,000.00	18%	(5,151,500.00)	23%	2,878,500.00
– Due from former shareholders	17,800,529.85	39%	(13,126,249.60)	58%	4,674,280.25
Provision for bad and doubtful debts collectively					
– VAT refunds receivable and other tax refunds receivable	5,013,482.89	11%	–	0%	5,013,482.89
– Others	14,561,843.71	32%	(4,348,167.43)	19%	10,213,676.28
Total	45,405,856.45	100%	(22,625,917.03)	100%	22,779,939.42



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Other receivables (Continued)

(3) Other receivables by provisioning method (Continued)

- (i) Criteria and statement of recognition of provision for bad and doubtful debts individually in the six-month period ended 30 June 2020:

Other receivables (by entity)	Provision for bad and doubtful debts			Rationale for provision
	Book balance	doubtful debts	Percentage	
Sheyang County Government	4,000,000.00	(4,000,000.00)	100%	Had long ageing and risk on collection
Shuo Zhou City Public Resource Trading Centre	800,000.00	(40,000.00)	5%	Had risk on collection
Shunping County Public Resource Trading Centre	700,000.00	(35,000.00)	5%	Had risk on collection
Huiyang Sub-centre of Huizhou City Public Resource Trading Centre	800,000.00	(40,000.00)	5%	Had risk on collection
City Administration Bureau of Changzhou City Wujin District	1,000,000.00	(1,000,000.00)	100%	Had long ageing and risk on collection
Huang Jianzhong	70,000.00	(70,000.00)	100%	Had long ageing and risk on collection
Zheng Daobin	11,061.30	(11,061.30)	100%	Had long ageing and risk on collection
Zheng Sheng	355,664.38	(355,664.38)	100%	Had long ageing and risk on collection
Dynagreen Environment Investment Limited	5,160,600.00	(5,160,600.00)	100%	Had long ageing and risk on collection
Dynagreen International Holding (Group) Co., Ltd.	294,835.67	(294,835.67)	100%	Had long ageing and risk on collection
Shenzhen Hanyang Holdings Company	6,988,073.50	(6,988,073.50)	100%	Had long ageing and risk on collection
Former shareholder of Guangdong Promising Environmental Protection Company Limited	5,034,295.00	(265,026.75)	5%	Had risk on collection
Total	25,214,529.85	(18,260,261.60)		

- (ii) Criteria and statement of recognition of provision for bad and doubtful debts collectively in the six-month period ended 30 June 2020:

Other receivables are primarily grouped by nature. Of which, VAT refunds receivable and other tax refunds receivable are mainly refunds receivable from taxation bureaus; others are mainly the amount of advances and payments due from receivables.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Other receivables (Continued)

(4) Movements of provision for bad and doubtful debts:

Provision for bad and doubtful debts	January to June 2020			Total
	First stage ECL for next 12 months	Second stage Lifetime ECL – no credit impairment	Third stage Lifetime ECL – credit impairment occurred	
Balance at the beginning of the period	546,491.46	4,047,690.72	18,031,734.85	22,625,917.03
Transfer to the second stage	(108,722.38)	108,722.38	–	–
Provisions/(Reversals) for the period	876,356.93	844,466.10	(151,500.00)	1,569,323.03
Balance at the end of the period	1,314,126.01	5,000,879.20	17,880,234.85	24,195,240.06

Provision for bad and doubtful debts	January to June 2019			Total
	First stage ECL for next 12 months	Second stage Lifetime ECL – no credit impairment	Third stage Lifetime ECL – credit impairment occurred	
Balance at the beginning of the period	2,481,442.43	2,808,506.54	17,330,234.85	22,620,183.82
Transfer to the second stage	(65,202.11)	65,202.11	–	–
Business combination involving entities not under common control	16,349.97	–	–	16,349.97
(Reversals)/Provisions for the period	(1,416,583.65)	723,849.87	800,000.00	107,266.22
Balance at the end of the period	1,016,006.64	3,597,558.52	18,130,234.85	22,743,800.01



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Other receivables (Continued)

(5) Other receivables categorised by nature

Nature	30 June 2020	31 December 2019
Performance bond	7,300,000.00	8,030,000.00
VAT refunds receivable and other tax refunds receivable	7,746,054.80	5,013,482.89
Others	46,072,148.48	32,362,373.56
Sub-total	61,118,203.28	45,405,856.45
Less: Provision for bad and doubtful debts	(24,195,240.06)	(22,625,917.03)
Total	36,922,963.22	22,779,939.42

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

Debtor	Nature of the receivable	Balance at the end of the period	Ageing	Percentage of ending balance at the end of the period (%)	Provision for bad and doubtful debts Balance at the end of the period
Huludao City Land Reserve Center	Payment for land purchase	12,550,215.00	Within 1 year (inclusive)	21%	(627,510.75)
Shenzhen Hanyang Holdings Company	Current accounts of former shareholders	6,988,073.50	Over 5 years	11%	(6,988,073.50)
Dynagreen Environment Investment Limited	Current accounts of former shareholders	5,160,600.00	Over 5 years	8%	(5,160,600.00)
Former shareholder of Guangdong Promising	Current accounts of former shareholders	5,034,295.00	Within 1 year for part, 1-2 years for the other part	8%	(265,026.75)
Sheyang County Government	Performance bond	4,000,000.00	Over 5 years	7%	(4,000,000.00)
Total		33,733,183.50		55%	(17,041,211.00)



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Inventories

Inventories by category

Type of inventories	30 June 2020		
	Book value	Provision for impairment of inventories	Carrying amount
Turnover materials	31,500,072.51	–	31,500,072.51

Type of inventories	31 December 2019		
	Book value	Provision for impairment of inventories	Carrying amount
Turnover materials	29,114,023.28	–	29,114,023.28

The Group's balance of inventories as at 30 June neither included capitalised borrowing costs nor was pledged as security.

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

7. Contract assets

(1) Contract assets by nature:

Item	30 June 2020		
	Book value	Provision for impairment	Carrying amount
Contract assets generated by electricity sales contract	570,157,148.47	(56,759,695.19)	513,397,453.28

Item	31 December 2019		
	Book value	Provision for impairment	Carrying amount
Contract assets generated by electricity sales contract	431,583,768.30	(36,019,345.57)	395,564,422.73

The Group's contract assets primarily relate to the tariff revenue from the national renewable energy subsidies in the electricity supply contract between the Group and the grid customers at the balance sheet date.

The tariff revenue from the national renewable energy subsidies for selling electricity shall be paid after the project is included in the National Renewable Energy Subsidy Catalogue. When the Group obtains the right to receive the unconditional consideration, the contract assets will be converted into accounts receivable.

For the details of contract assets with restricted ownership, please see Note V.48.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Contract assets (Continued)

(2) Movements of provision for contract asset during the period:

Item	Balance at the beginning of the period	Additions during the period	January to June 2020		Balance at the end of the period	Reasons
			Reversals for the period	Write-off for the year		
Provision for impairment	36,019,345.57	20,740,349.62	-	-	56,759,695.19	Progress of operating period and increase in new operating projects

Item	Balance at the beginning of the period	Additions during the period	January to June 2020		Balance at the end of the period	Reasons
			Reversals for the period	Write-off for the year		
Provision for impairment	11,014,253.67	9,697,054.10	-	-	20,711,307.77	Progress of operating period and increase in new operating projects

8. Long-term receivables due within one year

Item	30 June 2020	31 December 2019
BOT projects	85,878,463.94	81,338,533.42
BT project	29,889,613.91	6,349,062.89
Sub-total	115,768,077.85	87,687,596.31
Less: Provision for impairment	(1,311,349.36)	-
Total	114,456,728.49	87,687,596.31

For the long-term receivables due within one year with restricted ownership, please see Note V.48.

9. Other current assets

As at the end of each accounting period/year, the other current assets of the Group comprise deductible VAT, prepaid income tax and expenses of non-public issuance of A shares.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Long-term receivables

Item	30 June 2020		
	Book value	Provision for bad impairment	Carrying amount
BOT projects	4,800,350,658.61	–	4,800,350,658.61
BT project	64,508,315.42	(1,311,349.36)	63,196,966.06
Performance bond	55,940,744.83	–	55,940,744.83
Sub-total	4,920,799,718.86	(1,311,349.36)	4,919,488,369.50
Less: Due within one year	115,768,077.85	(1,311,349.36)	114,456,728.49
Total	4,805,031,641.01	–	4,805,031,641.01

Item	31 December 2019		
	Book value	Provision for bad impairment	Carrying amount
BOT projects	4,450,399,035.83	–	4,450,399,035.83
BT project	64,080,060.13	–	64,080,060.13
Performance bond	39,743,632.48	–	39,743,632.48
Sub-total	4,554,222,728.44	–	4,554,222,728.44
Less: Due within one year	87,687,596.31	–	87,687,596.31
Total	4,466,535,132.13	–	4,466,535,132.13

As at 30 June 2020 and 31 December 2019, the ranges of discount rate of the long-term receivables of BOT projects were 4.98% – 8.53% and 4.98% – 8.53%; the discount rate of the long-term receivables of BT projects was 9.41%.

For the long-term receivables with restricted ownership, please see Note V.48.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Long-term equity investments

(1) Long-term equity investments by category at the end of the accounting period/ year were as follows:

Item	30 June 2020	31 December 2019
Investments in joint ventures	62,066,022.09	62,907,982.84
Sub-total	62,066,022.09	62,907,982.84
Less: Provision for impairment	-	-
Total	62,066,022.09	62,907,982.84

(2) Movements of long-term equity investments during the period:

Investee	Changes for the period					Balance at the end of the period
	Balance at the beginning of the period	Increase in capital	Decrease in capital	Investment income recognized under equity method	Other equity movements	
Joint ventures Fengcheng Company	62,907,982.84	-	-	(841,960.75)	-	62,066,022.09



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Fixed assets

Item	Motor vehicles	Office and other equipment	Buildings and structures*	Total
Cost				
Balance at the beginning of the period	24,932,718.97	35,323,831.16	23,779,400.00	84,035,950.13
Additions for the period				
– Purchases	1,106,893.01	1,875,158.89	–	2,982,051.90
Disposals during the period	(2,030,083.98)	(144,601.82)	–	(2,174,685.80)
Balance at the end of the period	24,009,528.00	37,054,388.23	23,779,400.00	84,843,316.23
Accumulated depreciation				
Balance at the beginning of the period	13,076,394.40	16,577,780.13	4,384,933.05	34,039,107.58
Additions for the period				
– Provisions for the period	1,305,166.76	2,272,074.49	646,407.53	4,223,648.78
Disposals during the period	(1,830,431.26)	(127,273.08)	–	(1,957,704.34)
Balance at the end of the period	12,551,129.90	18,722,581.54	5,031,340.58	36,305,052.02
Carrying amount				
Balance at the end of the period	11,458,398.10	18,331,806.69	18,748,059.42	48,538,264.21
Balance at the beginning of the period	11,856,324.57	18,746,051.03	19,394,466.95	49,996,842.55

* The land occupied by Dongguan Changneng Clean Energy and Greening Service Co., Ltd. (東莞市長能清潔能源綠化服務有限公司) (hereinafter referred to as "Dongguan Changneng"), a subsidiary of Guangdong Promising Environmental Protection Company Limited (廣東博海昕能環保有限公司) (hereinafter referred to as "Guangdong Promising"), was provided free of charge by the Chang'an Town People's Government and the Yongtou Community Residents Committee of Chang'an Town, Dongguan City. Dongguan Changneng did not have a land use right certificate, so the building with a book value of RMB18,748,059.42 as at 30 June 2020 (31 December 2019: RMB19,394,466.95) had no House Title Certificate. The management believes that the Group can effectively occupy and use the above fixed assets.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Intangible assets

(1) Intangible assets

Item	Concession rights	Land use right	Software	Construction license	Total
Cost					
Balance at the beginning of the period	6,920,198,880.95	83,989,226.27	2,356,927.14	6,529,123.58	7,013,074,157.94
Additions for the period					
– Purchases/construction	625,344,403.78	–	–	–	625,344,403.78
Decreases for the period	–	(12,542,667.83)	–	–	(12,542,667.83)
Exchange gains and losses	275,668.31	–	–	–	275,668.31
Balance at the end of the period	7,545,818,953.04	71,446,558.44	2,356,927.14	6,529,123.58	7,626,151,562.20
Accumulated amortisation					
Balance at the beginning of the period	538,031,814.54	2,066,298.25	880,355.24	3,396,442.65	544,374,910.68
Provisions for the period	103,733,235.74	756,274.50	110,416.57	–	104,599,926.81
Decreases for the period	–	(334,471.14)	–	–	(334,471.14)
Exchange gains and losses	94,230.77	–	–	–	94,230.77
Balance at the end of the period	641,859,281.05	2,488,101.61	990,771.81	3,396,442.65	648,734,597.12
Provision for impairment of assets					
Balance at the beginning of the period	12,547,763.33	–	–	3,132,680.93	15,680,444.26
Provisions for the period	–	–	–	–	–
Balance at the end of the period	12,547,763.33	–	–	3,132,680.93	15,680,444.26
Carrying amount					
Balance at the end of the period	6,891,411,908.66	68,958,456.83	1,366,155.33	–	6,961,736,520.82
Balance at the beginning of the period	6,369,619,303.08	81,922,928.02	1,476,571.90	–	6,453,018,803.00

For the intangible assets with restricted ownership, please see Note V.48.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Goodwill

(1) Changes in goodwill

Name of investees or issues forming goodwill	Balance at the beginning of the period	Additions during the period	Disposals during the period	Balance at the end of the period
Original book value				
Lvyi (Huludao) Environmental Services Limited* (綠益(葫蘆島)環境服務有限公司) (“Huludao Hazardous Waste Company”)	43,910,821.67	–	–	43,910,821.67
Provision for impairment				
Huludao Hazardous Waste Company	–	–	–	–
Carrying amount	43,910,821.67	–	–	43,910,821.67

15. Long-term deferred expenses

Item	Balance at the beginning of the period	Amortisation for the period	Decreased during the period	Balance at the end of the period
Renovation costs for office under operating lease and others	581,287.19	(166,082.05)	–	415,205.14



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Deferred tax assets and liabilities

(1) Deferred tax assets and liabilities

Item	30 June 2020		31 December 2019	
	Deductible or taxable temporary differences ("()" for taxable temporary difference)	Deferred tax assets or liabilities ("()" for liabilities)	Deductible or taxable temporary differences ("()" for taxable temporary difference)	Deferred tax assets or liabilities ("()" for liabilities)
Deferred tax assets:				
Deductible tax losses	67,691,464.72	16,922,866.18	94,097,313.88	23,524,328.47
Deferred income	10,928,626.43	2,732,156.61	10,991,040.00	2,747,760.00
Provision for impairment of assets	101,478,993.25	15,472,000.52	70,070,689.20	9,823,872.03
Unrealised profits of intra-group transactions	818,943,081.90	190,481,186.01	799,261,163.75	189,093,725.66
Amount offset	(108,899,249.12)	(22,994,206.09)	(96,483,496.74)	(21,762,550.76)
Balance after offsetting	890,142,917.18	202,614,003.23	877,936,710.09	203,427,135.40
Deferred tax liabilities:				
Temporary difference from concession rights and long-term receivables	(376,935,482.36)	(94,233,870.59)	(318,796,159.68)	(79,699,039.93)
PRC withholding tax on dividends	(40,622,381.98)	(4,062,238.20)	(37,571,655.17)	(3,757,165.52)
Additions from asset appraisal for business combination involving entities not under common control	(258,419,411.87)	(64,604,852.72)	(262,773,373.06)	(65,693,343.27)
Amount offset	108,899,249.12	22,994,206.09	96,483,496.74	21,762,550.76
Balance after offsetting	(567,078,027.09)	(139,906,755.42)	(522,657,691.17)	(127,386,997.96)



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(2) Details of unrecognised deferred tax assets

During the period of these financial statements, the Group did not recognise deferred tax assets for the following items:

Item	30 June 2020	31 December 2019
Deductible tax losses	124,624,658.57	127,000,809.95
Deductible temporary differences	13,604,781.04	13,185,921.15
Total	138,229,439.61	140,186,731.10

According to the accounting policy stated in Note III.24, as it is not probable for some of the Group's subsidiaries to obtain taxable profit which can be used to offset the loss and reversal of deductible temporary differences, and the Group expects that some provisions for bad and doubtful debts are not likely to be approved by the local competent tax authorities for being deducted from taxable income, the Group did not recognise deferred tax assets in respect of the above accumulated deductible tax losses and deductible temporary difference. According to the prevailing tax laws, these tax deductible losses may offset future taxable profits within 5 years after the year incurred.

(3) Expiration of tax losses for unrecognised deferred tax assets

Item	30 June 2020	31 December 2019
2020	—	3,148,493.71
2021	636,451.61	8,074,304.21
2022	12,355,636.78	14,105,232.54
2023	2,365,526.07	14,431,207.86
2024	51,328,815.16	87,241,571.63
2025	57,938,228.95	—
Total	124,624,658.57	127,000,809.95

17. Other non-current assets

Item	30 June 2020	31 December 2019
Prepayments for BOT projects and equipment	496,623,805.77	418,058,924.97
Deductible VAT	397,788,924.32	343,698,429.27
Less: Provision for impairment	—	—
Sub-total	894,412,730.09	761,757,354.24
Less: Due within one year	—	—
Total	894,412,730.09	761,757,354.24



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Short-term loans

Item	30 June 2020	31 December 2019
Credit loans	3,275,000,000.00	2,433,082,965.96
Guaranteed loans	48,294,293.86	–
Interest payable on short-term loans	3,857,279.76	–
Total	3,327,151,573.62	2,433,082,965.96

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

19. Accounts payable

Details of accounts payables are as follows:

Item	30 June 2020	31 December 2019
Materials and equipment payables	1,253,146,890.43	1,212,897,951.38

As at 30 June 2020 and 31 December 2019, the accounts payable aged over one year amounted to RMB146,433,373.66 and RMB95,868,403.50, respectively, which were mainly the final payments payable that were quality guarantee deposit of construction and equipment.

20. Contract liabilities

Item	30 June 2020	31 December 2019
Electricity and waste treatment fees received in advance	14,144,259.35	9,737,256.69

Contract liabilities mainly consist of electricity fees received in advance by the Group from Huizhou Power Supply Bureau of Guangdong Power Grid Co., Ltd (廣東電網有限責任公司惠州供電局) and Shantou Power Supply Bureau of Guangdong Power Grid Co., Ltd (廣東電網有限責任公司汕頭供電局). The fees received in advance are electricity fees paid in advance. The relevant revenue from that contract will be recognized upon the execution of the contractual obligation by the Group.

21. Employee benefits payable

(1) Employee benefits payable:

	Balance at the beginning of the period	Additions during the period	Decreased during the period	Balance at the end of the period
Short-term employee benefits	82,094,943.43	149,848,914.85	(197,155,405.45)	34,788,452.83
Post-employment benefits – defined contribution plans	3,859,615.64	2,751,320.20	(2,687,203.16)	3,923,732.68
Total	85,954,559.07	152,600,235.05	(199,842,608.61)	38,712,185.51



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Employee benefits payable (Continued)

(2) Short-term employee benefits

	Balance at the beginning of the period	Additions during the period	Decreased during the period	Balance at the end of the period
Salaries, bonuses, allowances and subsidies	74,220,582.48	122,760,124.30	(169,014,048.87)	27,966,657.91
Staff welfare	930,844.97	4,428,029.77	(5,202,560.50)	156,314.24
Social insurance	258,180.42	5,201,630.37	(5,312,762.58)	147,048.21
Medical insurance	220,220.35	4,712,462.56	(4,794,526.15)	138,156.76
Work-related injury insurance	20,403.31	122,392.68	(138,992.57)	3,803.42
Maternity insurance	17,556.76	366,775.13	(379,243.86)	5,088.03
Housing provident	540,789.79	12,659,910.20	(12,958,773.99)	241,926.00
Labour union fee, staff and workers' education fee	6,094,517.24	2,769,054.20	(2,634,401.88)	6,285,750.41
Commercial insurance	50,028.53	627,936.84	(630,628.46)	47,336.91
Others	–	1,402,229.17	(1,402,229.17)	–
Total	82,094,943.43	149,848,914.85	(197,155,405.45)	34,788,452.83

(3) Post-employment benefits – defined contribution plans

	Balance at the beginning of the period	Additions during the period	Decreased during the period	Balance at the end of the period
Basic pension insurance	3,844,669.94	2,669,240.25	(2,590,219.99)	3,923,690.20
Unemployment insurance	14,945.70	82,079.95	(96,983.17)	42.48
Total	3,859,615.64	2,751,320.20	(2,687,203.16)	3,923,732.68



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Taxes payable

Item	30 June 2020	31 December 2019
Corporate income tax	25,894,365.70	29,562,725.42
Individual income tax	303,078.68	377,737.78
City maintenance and construction tax	390,101.25	452,925.06
Urban land use tax	1,547,089.18	1,538,382.20
Property tax	3,942,272.41	2,600,571.01
Value-added tax	10,392,687.73	13,488,202.55
Others	3,365,562.33	1,013,552.52
Total	45,835,157.28	49,034,096.54

23. Other payables

	Note	30 June 2020	31 December 2019
Interest payable	(1)	—	22,003,438.71
Others	(2)	110,838,804.31	127,641,616.66
Total		110,838,804.31	149,645,055.37

(1) Interest payable

Item	30 June 2020	31 December 2019
Interest payable for long-term loans with interest paid in instalments and principal repaid on maturity	—	18,827,220.73
Interest payable on short-term loans	—	3,176,217.98
Total	—	22,003,438.71

At the end of each accounting period/year, the Group did not have overdue interest payment.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Other payables (Continued)

(2) Others

(a) By nature

Item	30 June 2020	31 December 2019
Payables for power grid lines construction projects	10,022,705.35	10,022,705.35
Intermediary fees payable	1,387,700.00	3,251,850.94
Risk guarantees for suppliers	13,074,696.71	11,960,424.52
Payable for purchase of equity	50,734,620.00	62,067,120.00
Slag processing fee	1,117,287.53	964,317.53
Other payables	34,501,794.72	39,375,198.32
Total	110,838,804.31	127,641,616.66

(b) Significant other payables aged over one year:

Significant other payables aged over one year as at 30 June 2020:

Item	Balance at the end of the period	Reason for no repayment
Payables for power grid lines construction projects	10,022,705.35	Creditors did not request for repayment
Risk guarantees for suppliers	6,788,397.98	Risk guarantees for suppliers

24. Non-current liabilities due within one year

Non-current liabilities due within one year by category are as follows:

Item	30 June 2020	31 December 2019
Long-term loans due within one year (note)		
– Principal	623,640,928.26	696,473,337.14
– Interest payable	14,470,171.14	–
Long-term payables due within one year	8,047,862.06	7,783,848.99
Lease liabilities due within one year	334,009.46	791,769.08
Total	646,492,970.92	705,048,955.21

Note: At the end of each accounting period/year, the Group did not have overdue long-term loans due within one year.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Long-term loans

(1) By nature:

Item	Note	30 June 2020	31 December 2019
Credit loans	Note X.6(1)	235,000,000.00	60,000,000.00
Guaranteed and pledged loans		5,980,599,293.69	5,693,495,583.94
Interest payable on long-term loans		14,470,171.14	–
Sub-total		6,230,069,464.83	5,753,495,583.94
Less: Long-term loans due within one year		(638,111,099.40)	(696,473,337.14)
Total		5,591,958,365.43	5,057,022,246.80

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

As at 30 June 2020 and 31 December 2019, the interest rates of the Group's loan term loans were 4.00%-5.77% and 4.275%-6.52%, respectively.

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

	30 June 2020	31 December 2019
Over 1 year but within 2 years (inclusive)	733,283,787.80	778,474,460.19
Over 2 years but within 5 years (inclusive)	2,415,453,719.05	2,313,176,116.47
Over 5 years	2,443,220,858.58	1,965,371,670.14
Total	5,591,958,365.43	5,057,022,246.80

26. Long-term payables

Item	30 June 2020	31 December 2019
Long-term payables for leachate treatment stations	564,381,252.27	578,489,519.34
Less: Long-term payables due within one year	(28,216,534.15)	(28,216,534.15)
Sub-total	536,164,718.12	550,272,985.19
Less: unrecognised financing expenses	(243,006,181.88)	(252,958,511.39)
Total	293,158,536.24	297,314,473.80

The net amount of the above long-term payables due within one year deducting the unrecognised financing expenses is disclosed in Note V.24.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Deferred income

Item	Balance at the beginning of the period	Additions during the period	Decreased during the period	Balance at the end of the period	Reason
Government grant (note) – related to assets	46,592,569.32	–	(738,274.65)	45,854,294.67	Granted by the government

Note: For the government grant of the Group recognised as deferred income, please see Note V.38.

Items involving government grants:

Liabilities	Balance at the beginning of the period	Credited for other income during the period	Additions during the period	Balance at the end of the period	Related to assets/ Related to income
Infrastructure subsidies for the Anshun WTE project	17,000,000.12	(333,333.32)	–	16,666,666.80	Related to assets
Specific fund for Guangyuan technology upgrading and phasing out outdated production capacities	3,494,642.96	(67,857.12)	–	3,426,785.84	Related to assets
Award fund for investment promotion enterprise infrastructure in Hong'an County	4,494,040.00	(24,966.89)	–	4,469,073.11	Related to assets
Yichun enterprise development fund	6,497,000.00	(37,446.68)	–	6,459,553.32	Related to assets
Subsidies for ecological civilization construction of Zhangqiu	15,106,886.24	(274,670.64)	–	14,832,215.60	Related to assets
Total	46,592,569.32	(738,274.65)	–	45,854,294.67	

28. Share capital

	Balance at the beginning of the period	New shares issued during the year	Balance at the end of the period
Total number of shares	1,161,200,000.00	–	1,161,200,000.00



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Capital reserve

Item	Balance at the beginning of the period	Additions during the period	Decreased during the period	Balance at the end of the period
Share capital premium	858,803,441.83	–	–	858,803,441.83
Other capital reserve	271,165.70	–	–	271,165.70
Total	859,074,607.53	–	–	859,074,607.53

30. Other comprehensive income

Item	Balance at the beginning of the period attributable to shareholders of the Company		Less: Previously recognised amount transferred to profit or loss	Less: After-tax amount attributable to non-controlling interests		Balance at the end of the period attributable to shareholders of the Company
	Before-tax amount during the period	Income tax expenses				
Other comprehensive income that may be reclassified subsequently to profit or loss Including: Translation differences arising from translation of foreign currency financial statements	(8,121,791.15)	(1,336,581.16)	–	–	–	(9,458,372.31)

31. Surplus reserve

Statutory surplus reserve	30 June 2020	31 December 2019
Balance at the beginning of the period/year	87,319,205.31	71,532,851.40
Additions for the period/year	–	15,786,353.91
Balance at the end of the period/year	87,319,205.31	87,319,205.31

Pursuant to the Company Law of the PRC, after making up for the losses incurred in the previous years, 10% of the after-tax profit shall be appropriated to statutory reserve. When the accumulated appropriation exceeds 50% of the Company's registered capital, the Company may cease to make such allocation.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Retained earnings

	January to June 2020	January to June 2019
Retained earnings at the beginning of the period	1,196,756,895.66	912,574,775.97
Add: Net profit for the year attributable to shareholders of the Company	248,732,696.26	416,088,473.60
Less: Appropriation for statutory surplus reserve	-	-
Distributions to shareholders (note 1)	(116,120,000.00)	(116,120,000.00)
Retained earnings at the end of the period (note 2)	1,329,369,591.92	1,013,618,059.07

Note 1: Distributions to shareholders

In June 2020, as resolved at the general meeting, the Company distributed dividends of RMB116,120,000.00 at RMB0.1 per share to shareholders and completed the payment of such dividends in June 2020.

Note 2: Retained earnings at the end of the period

As at 30 June 2020, the retained earnings attributable to the Company included appropriation to surplus reserves made by the Company's subsidiaries amounting to RMB170,645,764.36 (30 June 2019: RMB121,818,333.33).

33. Operating income and operating costs

(1) Operating income and operating costs

Item	Note	January to June 2020		January to June 2019	
		Revenue	Cost	Revenue	Cost
Principal activities		1,011,128,651.22	436,329,282.57	795,270,932.19	369,381,701.88
Including: income generated					
from contract	V. 33(2)	853,065,884.54	436,329,282.57	657,492,656.94	369,381,701.88
Other income		158,062,766.68	-	137,778,275.25	-

(2) Income generated from contracts

Contract classification	January to June 2020	January to June 2019
Electricity tariff	688,071,693.59	538,319,720.61
Waste treatment fees	125,456,650.21	80,596,832.98
Others	39,537,540.74	38,576,103.35
Total	853,065,884.54	657,492,656.94



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Taxes and surcharges

Item	January to June 2020	January to June 2019
City maintenance and construction tax	2,697,700.20	2,569,229.09
Education surcharges	2,101,954.08	2,070,943.59
Property tax	11,291,095.58	7,314,832.21
Land use tax	2,932,270.64	2,862,111.57
Others	1,983,246.68	1,871,043.22
Total	21,006,267.18	16,688,159.68

35. General and administrative expenses

Item	January to June 2020	January to June 2019
Staff cost	32,511,654.38	31,056,421.44
Depreciation and amortisation	3,117,321.68	2,258,181.16
Utilities and leasing expenses	2,061,582.50	2,491,607.71
Business entertainment expenses	1,273,962.53	1,246,710.40
Transportation expenses	1,543,144.10	2,689,988.67
Intermediary service fees	3,149,418.21	3,206,873.11
External labour costs	6,884,402.10	5,084,322.06
Tax expenses	138,049.60	116,544.55
Others	9,009,882.85	7,037,817.16
Total	59,689,417.95	55,188,466.26



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Research and development expenses

Item	January to June 2020	January to June 2019
Staff cost	1,814,460.55	3,660,355.34
Depreciation and amortisation	170,948.52	136,879.03
Utilities and leasing expenses	56,892.63	309,598.44
Others	262,218.18	484,168.95
Total	2,304,519.88	4,591,001.76

37. Finance costs

Item	January to June 2020	January to June 2019
Interest expenses from loans and accounts payable	218,126,202.49	169,137,113.48
Interest expenses from lease liabilities commitments	24,387.84	85,715.48
Less: Borrowing costs capitalised	19,862,357.24	16,183,747.93
Sub-total	198,288,233.09	153,039,081.03
Interest income from deposits and receivables	(2,082,943.41)	(2,391,625.91)
Net exchange revenue	(1,518,391.63)	(60,911.08)
Other financial expenses	3,168,823.21	1,209,628.22
Total	197,855,721.26	151,796,172.26

The interest rates at which the borrowing costs were capitalised by the Group during the Reporting Period were 4.508% – 5.77% (for the six-month period from 1 January 2019 to 30 June 2019: 4.35% – 6.52%).



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Other income

	Note	January to June 2020	January to June 2019
VAT refund income		30,571,401.68	43,028,229.92
Environmental incentives from Ninghe government		5,000,000.00	20,000,000.00
Property tax, land use tax refunds		476,866.51	852,814.53
Infrastructure subsidies for the Anshun WTE project	Note V. 27	333,333.32	333,333.32
Supporting funds from Economy Promotion Bureau of Nanshan District, Shenzhen Municipality (深圳南山區經濟促進局) for office buildings		–	238,000.00
Special subsidy for manufacturers in Huiyang		–	227,000.00
Refunds of unemployment and medical insurance		186,797.67	226,570.75
Regional incentives for newly reaching scale operation for Guangyuan Boneng		–	75,000.00
Specific fund for Guangyuan technology upgrading and phasing out outdated production capacities	Note V. 27	67,857.12	67,857.12
Award fund for investment promotion enterprise infrastructure in Hong'an County	Note V. 27	24,966.89	–
Corporate development fund in Yichun	Note V. 27	37,446.68	–
Subsidies for ecological civilization construction of Zhangqiu	Note V. 27	274,670.64	–
Operation and maintenance subsidies from Pingyang Environmental Protection Bureau		–	62,000.00
Subsidy for stabilizing employment		990,905.54	2,250.00
Special subsidy for the epidemic		380,000.00	–
2019 corporate research and development funding from Shenzhen Science and Technology Innovation Committee		445,000.00	–
Incentives for the contribution to local contribution by the increase in the paid-in tax paid by industry and trade enterprises of Yongjia County in 2018		1,094,900.00	–
Ecological subsidy for ash treatment of Zhangqiu		1,877,441.47	–
Incentives for open economic advanced unit of Yichun in 2019		90,000.00	–
Funds for projects under the people's livelihood science and technology plan of Jurong in 2019		80,000.00	–
Others		590,906.86	240,579.68
Total		42,522,494.38	65,353,635.32



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39. Investment income

Item	January to June 2020	January to June 2019
(Loss)/income from long-term equity investments accounted for using equity method	(841,960.75)	6,939.13
Interest income	–	672,491.74
Others	–	106,065.19
Total	(841,960.75)	785,496.06

40. Impairment loss of credit

Item	Note	January to June 2020	January to June 2019
Accounts receivable	Note V.2	8,343,577.12	8,393,318.19
Contract assets	Note V.7	20,740,349.62	9,697,054.10
Other receivables	Note V.5	1,569,323.03	107,266.22
Long-term receivables due within one year	Note V.10	1,311,349.36	–
Total		31,964,599.13	18,197,638.51

41. Gains from assets disposal

Item	January to June 2020	January to June 2019	Included in extraordinary gains and losses in 2020
Gains/(losses) from disposal of fixed assets	54,786.50	(25,424.58)	54,786.50



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Non-operating income and expenses

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

Item	January to June 2020	January to June 2019	Included in extraordinary gains and losses in 2020
Gains from business combination involving entities not under common control	–	545,075.45	–
Gains from disposal of non-current assets	402.69	1,996.70	402.69
Government grant	74,217.86	–	74,217.86
Others	1,223,147.73	724,859.30	1,223,147.73
Total	1,297,768.28	1,271,931.45	1,297,768.28

(2) Non-operating expenses

Item	January to June 2020	January to June 2019	Included in extraordinary gains and losses in 2020
Losses from retirement of non-current assets	14,950.87	3,729.96	14,950.87
Others	1,146,739.14	300,144.63	1,146,739.14
Total	1,161,690.01	303,874.59	1,161,690.01



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43. Income tax expenses

Item	Note	January to June 2020	January to June 2019
Current tax expenses for the period based on tax law and relevant regulations		34,824,972.43	33,479,193.04
Adjustments for tax filling differences		100,188.79	447,056.65
Changes in deferred income tax	(1)	13,332,889.17	(5,704,274.59)
Total		48,258,050.39	28,221,975.10

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

Item	January to June 2020	January to June 2019
Origination/(Reversal) of temporary differences	13,332,889.17	(5,704,274.59)



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43. Income tax expenses (Continued)

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

Item	January to June 2020	January to June 2019
Profit before tax	303,850,241.65	246,509,555.50
Statutory tax rate	25%	25%
CIT based on statutory tax rate	75,962,560.41	61,627,388.88
Effect of tax preferential benefits and tax rate differences	(40,506,243.72)	(44,518,558.75)
Non-deductible expenses	1,878,752.03	1,678,983.06
Reversal of the temporary differences and tax losses recognised in previous years	2,560,675.70	–
Effect of temporary differences for which no deferred tax asset was recognized	13,468,837.88	8,885,798.09
Adjustments for tax filling differences	100,188.79	476,891.01
Tax losses for which no deferred income tax was recognised in previous years	(3,274,037.90)	(671,248.66)
PRC withholding tax on dividends	553,980.68	1,630,313.37
Others	(2,486,663.48)	(887,591.90)
Income tax expenses for the period	48,258,050.39	28,221,975.10



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44. Basic earnings per share and diluted earnings per share

(1) Basic earnings per share

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

	January to June 2020	January to June 2019
Consolidated net profit attributable to ordinary shareholders of the Company	248,732,696.26	217,163,283.10
Weighted average number of ordinary shares outstanding	1,161,200,000.00	1,161,200,000.00
Basic earnings per share (RMB/share)	0.21	0.19

Weighted average number of ordinary shares is calculated as follows:

	January to June 2020	January to June 2019
Issued ordinary shares at the beginning of the period	1,161,200,000.00	1,161,200,000.00
Weighted average number of ordinary shares at the end of the period	1,161,200,000.00	1,161,200,000.00

(2) Diluted earnings per share

The diluted earnings per share are the same as the basic earnings per share, because the Company did not have any potential dilutive shares during the Reporting Period.



45. Supplementary information on income statement

Expenses in the income statement are analysed by their nature:

Item	January to June 2020	January to June 2019
Operating income	1,011,128,651.22	795,270,932.19
Less: Waste treatment and power generation costs	234,080,378.71	209,647,388.71
Depreciation and amortisation	108,755,244.78	81,723,428.82
Employee benefits	131,137,001.58	116,733,423.54
Impairment loss of credit	31,964,599.13	18,197,638.51
Rental expenses	1,212,460.10	1,203,714.90
Finance costs	197,855,721.26	151,796,172.26
Other income	(42,522,494.38)	(65,353,635.32)
Tax expenses	21,144,316.78	16,804,704.23
External labour costs	6,884,402.10	5,084,322.06
Intermediary service fees	3,153,717.27	3,268,285.28
Business entertainment expenses	1,273,962.53	1,246,710.40
Transportation expenses	1,543,144.10	2,690,153.90
Communication expenses	676,914.03	616,316.46
Office expenses	1,354,123.85	941,941.10
Other expenses	8,900,996.00	5,128,868.70
Operating profit	303,714,163.38	245,541,498.64



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Cash flow statement

(1) Cash received from other operating activities

Item	January to June 2020	January to June 2019
Retention money	18,000,000.00	6,820,000.00
Government grants and others (note)	10,182,638.63	32,253,544.96
Restricted deposits	1,000,000.00	–
Others	5,314,534.13	2,929,591.05
Total	34,497,172.76	42,003,136.01

Note: These government grants comprise the government grants related to the increase in principal of BOT long-term receivables and the government grants related to income other than VAT refunds.

(2) Cash paid for other operating activities

Item	January to June 2020	January to June 2019
Retention money	17,410,000.00	6,039,000.00
Restricted deposits	4,000,000.00	5,000,000.00
Intermediary service fees, travel and communication expenses and others	28,538,435.20	20,156,356.49
Total	49,948,435.20	31,195,356.49



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Cash flow statement items (Continued)

(3) Cash received from other investing activities

Item	January to June 2020	January to June 2019
Recovery of current accounts of entities	–	37,816,510.20
Interest income	–	842,529.84
Total	–	38,659,040.04

(4) Cash paid for other investing activities

Item	January to June 2020	January to June 2019
Payment of performance bond	21,000,000.00	10,000,000.00
Payment of current accounts of entities	–	10,000,000.00
Total	21,000,000.00	20,000,000.00

(5) Cash paid for other financing activities

Item	January to June 2020	January to June 2019
Cash paid for repayment of principal and interests of lease liabilities	775,098.78	1,913,157.30
Financing expenses (note)	13,469,181.78	–
Total	14,244,280.56	1,913,157.30

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

- (6) Cash received from selling goods, rendering services and BOT projects comprises the receipt of the principal and interest of long-term receivables. The increase in the principal of BOT and BT long-term receivables is listed in the cash outflows for operating activities item.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47. Information on cash flow statement

(1) Supplement to cash flow statement

(a) Reconciliation of net profit to cash flows from operating activities:

Item	January to June 2020	January to June 2019
Net profit	255,592,191.26	218,287,580.40
Add: Impairment loss of credit	31,964,599.13	18,197,638.51
Depreciation of fixed assets	3,874,577.14	3,477,910.33
Depreciation of right-of-use assets	872,499.65	1,791,178.67
Amortisation of intangible assets	103,842,085.94	76,067,779.42
Amortisation of long-term deferred expenses	166,082.05	552,642.46
(Gains)/Losses from disposal of fixed assets	(54,786.50)	25,424.58
Losses from scrapping of fixed assets	11,458.18	1,733.26
Finance costs	187,474,745.07	142,100,869.41
Investment losses/(income)	841,960.75	(785,496.06)
Gains from business combination involving entities not under common control	–	(545,075.45)
Increase in inventories	(2,386,049.23)	(1,309,930.20)
Changes in deferred tax assets	813,131.97	(14,241,782.44)
Changes in deferred tax liabilities	12,519,757.50	8,537,410.23
Increase in restricted deposits	(3,000,000.00)	(5,000,000.00)
Increase in operating receivables	(632,579,003.95)	(635,223,075.99)
Increase in operating payables	10,788,302.35	62,598,135.58
Net cash used in operating activities	(29,258,448.69)	(125,467,057.29)

(b) Net changes in cash:

Item	January to June 2020	January to June 2019
Cash at the end of the period	590,620,068.10	545,063,911.58
Less: Cash at the beginning of the period	351,983,418.55	633,978,483.72
Net increase/(decrease) in cash	238,636,649.55	(88,914,572.14)



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47. Information on cash flow statement (Continued)

(2) Acquisition of subsidiaries during the year

Acquisition of subsidiaries

	January to June 2020	January to June 2019
Cash paid for the acquisition of subsidiaries	–	68,115,400.00
Cash and cash equivalents paid for acquisition of subsidiaries during the period	–	60,480,780.00
Less: Cash and cash equivalents held by subsidiaries	–	500,249.95
Add: Cash paid for acquisition of subsidiaries in the previous years	11,332,500.00	142,382,500.00
Net cash paid for the acquisition of subsidiaries	11,332,500.00	202,363,030.05

(3) Components of cash

Item	30 June 2020	30 June 2019
Cash		
Including: Cash on hand	41,130.16	61,542.53
Bank deposits available on demand	590,578,937.94	545,002,369.05
Balance of cash at the end of the period	590,620,068.10	545,063,911.58



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48. Assets with restrictive ownership title or right of use

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

Item	Note	Balance at the beginning of the period	Additions for the period	Decreased during the period	Balance at the end of the period	Reason for restriction
Assets for providing guarantees						Mainly used for
– Cash at bank and on hand	V. 1	80,157,520.00	4,000,000.00	(1,000,000.00)	83,157,520.00	issuing performance bond
– Intangible assets	V. 13	2,371,539,207.79	1,278,064,356.63	(170,036,303.51)	3,479,567,260.91	Providing guarantees for loans
– Accounts receivable	V. 2	248,064,017.38	516,770,629.91	(477,064,407.79)	287,770,239.50	Providing guarantees for loans
– Contract assets	V. 7	353,727,976.53	88,308,819.89	(17,248,039.21)	424,788,757.21	Providing guarantees for loans
– Long-term receivables due within one year	V. 8	31,109,288.24	31,764,250.37	(31,109,288.24)	31,764,250.37	Providing guarantees for loans
– Long-term receivables	V. 10	1,641,569,400.61	341,518,312.47	(276,195,153.67)	1,706,892,559.41	Providing guarantees for loans
Total		4,726,167,410.55	2,260,426,369.27	(972,653,192.42)	6,013,940,587.40	

Six-month period from 1 January 2019 to 30 June 2019

Item	Note	Balance at the beginning of the period	Additions for the period	Decreased during the period	Balance at the end of the period	Reason for restriction
Assets for providing guarantees						Mainly used for
– Cash at bank and on hand	V. 1	76,757,520.00	5,000,000.00	–	81,757,520.00	issuing performance bond
– Intangible assets	V. 13	2,609,152,080.47	41,168,894.13	(203,353,411.34)	2,446,967,563.26	Providing guarantees for loans
– Accounts receivable	V. 2	157,661,328.79	489,055,277.72	(452,697,737.63)	194,018,868.88	Providing guarantees for loans
– Contract assets	V. 7	154,879,707.03	99,302,407.07	–	254,182,114.10	Providing guarantees for loans
– Long-term receivables due within one year	V. 8	23,565,132.64	29,952,093.63	(23,565,132.64)	29,952,093.63	Providing guarantees for loans
– Long-term receivables	V. 10	1,391,320,745.15	535,889,072.37	(251,636,138.05)	1,675,573,679.47	Providing guarantees for loans
Total		4,413,336,514.08	1,200,367,744.92	(931,252,419.66)	4,682,451,839.34	



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Foreign currency translation

Dynagreen Investment is registered in Hong Kong and its financial statements are stated in Hong Kong dollars. The accounting policy used by the Company in the translation of the financial statements of Dynagreen Investment is stated in Note III.8. The spot exchange rates adopted in the translation of the financial statements at the balance sheet date are as follows:

Item	30 June 2020	31 December 2019
HKD	0.9134	0.8958

50. Government grants

(1) Basic information of government grants

Type	Amount	Items presented	Amount included in current profit or loss
VAT refund income	30,571,401.68	Other income	30,571,401.68
Infrastructure subsidies for the Anshun WTE project	17,666,666.76	Deferred income	333,333.32
Subsidies for ecological civilization construction of Zhangqiu	15,290,000.00	Deferred income	274,670.64
Yichun enterprise development fund	6,497,000.00	Deferred income	37,446.68
Environmental incentives from Ninghe government	5,000,000.00	Other income	5,000,000.00
Award fund for investment promotion enterprise infrastructure in Hong'an County	4,494,040.00	Deferred income	24,966.89
Specific fund for Guangyuan technology upgrading and phasing out outdated production capacities	3,630,357.20	Deferred income	67,857.12
Property tax, land use tax refunds	476,866.51	Other income	476,866.51
Subsidy for stabilizing employment	990,905.54	Other income	990,905.54
Special subsidy for the epidemic	380,000.00	Other income	380,000.00
Refunds of unemployment and medical insurance	186,797.67	Other income	186,797.67
2019 corporate research and development funding from Shenzhen Science and Technology Innovation Committee	445,000.00	Other income	445,000.00
Incentives for the contribution to local contribution by the increase in the paid-in tax paid by industry and trade enterprises of Yongjia County in 2018	1,094,900.00	Other income	1,094,900.00
Ecological subsidy for ash treatment of Zhangqiu	1,877,441.47	Other income	1,877,441.47
Incentives for open economic advanced unit of Yichun in 2019	90,000.00	Other income	90,000.00
Funds for projects under the people's livelihood science and technology plan of Jurong in 2019	80,000.00	Other income	80,000.00
Others	590,906.86	Other income	590,906.86
Others	74,217.86	Non-operating income and expenses	74,217.86

(2) There was no return of government subsidies for the six-month period from 1 January 2020 to 30 June 2020.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

51. Leases

(1) the Group as lessee

Right-of-use assets

Item	Buildings and structures	Motor vehicles	Others	Total
Cost				
31 December 2019	4,784,249.35	80,194.77	243,722.92	5,108,167.04
Accrued during the period	–	389,030.73	–	389,030.73
Decreased during the period	(4,018,586.94)	(80,194.77)	–	(4,098,781.71)
30 June 2020	765,662.41	389,030.73	243,722.92	1,398,416.06
Accumulated depreciation				
31 December 2019	3,530,058.62	69,988.14	43,219.19	3,643,265.95
Accrued during the period	775,346.67	87,370.17	21,609.61	884,326.45
Decreased during the period	(4,018,586.94)	(80,194.77)	–	(4,098,781.71)
30 June 2020	286,818.35	77,163.54	64,828.80	428,810.69
Carrying amount				
30 June 2020	478,844.06	311,867.19	178,894.12	969,605.37
31 December 2019	1,254,190.73	10,206.63	200,503.73	1,464,901.09



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

51. Leases (Continued)

(1) the Group as lessee (Continued)

Lease liabilities

Item	30 June 2020	31 December 2019
Long-term lease liabilities	984,675.56	1,346,355.78
Less: Lease liabilities due within one year	(334,009.46)	(791,769.08)
Total	650,666.10	554,586.70
Item	January to June 2020	January to June 2019
Short-term lease expense under simplified approach	1,677,133.33	1,651,058.05
Low-value lease expense (except short-term lease expense of low-value assets) under simplified approach	135,553.55	25,328.22
Total cash outflows relating to leases	2,587,785.63	3,812,388.16

The Group leases staff dormitories, office equipment and printing equipment with lease terms ranging from six months to three years. These leases are short-term or low-value asset leasing. The Group decided not to recognise right-of-use assets and leasing liabilities for these leases.



VI. CHANGE OF CONSOLIDATION SCOPE

1 Subsidiaries established during the period of these financial statements

During the period, the Group established a new subsidiary, namely Shuozhou Dynagreen Nanshan Environmental Energy Co., Ltd. (“Shuozhou Company”).

2 New subsidiaries increased during the reporting period

Laizhou Haikang Environmental Protection Energy Co., Ltd. (“Laizhou Company”) was incorporated in Yantai City, Shandong Province on 30 March 2020. It is principally engaged in waste incineration power generation, solid waste treatment, sales of slag, slag ash and sewage treatment and recycling, etc. Before combination, the shareholders of Laizhou Company were Shanghai SUS Environment Co., Ltd., Laizhou Donghai Urban Construction Comprehensive Development Co., Ltd and Hunan Industrial Equipment Installation Co., Ltd.. On 29 April 2020, the Group acquired Laizhou Company. The Group holds 87.5% equity interest in Laizhou Company.



VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

Composition of the Group

Name of subsidiary	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
			Currency	Amount in original currency	Direct	Indirect	
Taizhou Dynagreen Renewable Energy Co., Ltd. (泰州綠色動力再生能源有限公司) ("Taizhou Company")	Taizhou, Jiangsu	Waste treatment and power generation	RMB	180 million/180 million	100%	-	Establishment
Yongjia Dynagreen Renewable Energy Co., Ltd. (永嘉綠色動力再生能源有限公司) ("Yongjia Company")	Yongjia, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Pingyang Dynagreen Renewable Energy Co., Ltd. (平陽綠色動力再生能源有限公司) ("Pingyang Company")	Pingyang, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Rushan Dynagreen Renewable Energy Co., Ltd. (乳山綠色動力再生能源有限公司) ("Rushan Company")	Rushan, Shandong	Waste treatment and power generation	RMB	100.88 million/100.88 million	100%	-	Establishment
Zhangqiu Company	Zhangqiu, Shandong	Waste treatment and power generation	RMB	172.94 million/172.94 million	100%	-	Establishment
Anshun Dynagreen Renewable Energy Co., Ltd. (安順綠色動力再生能源有限公司) ("Anshun Company")	Anshun, Guizhou	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Jurong Dynagreen Renewable Energy Co., Ltd. (句容綠色動力再生能源有限公司) ("Jurong Company")	Jurong, Jiangsu	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Pingyao Dynagreen Renewable Energy Co., Ltd. (平遙縣綠色動力再生能源有限公司) ("Pingyao Company")	Pingyao, Shanxi	Waste treatment and power generation	RMB	100 million/20 million	100%	-	Establishment
Huizhou Dynagreen Environment Co., Ltd. (惠州綠色動力環保有限公司) ("Huizhou Company")	Huiyang, Guangdong	Waste treatment and power generation	RMB	220 million/220 million	100%	-	Establishment
Tianjin Dynagreen Renewable Energy Co., Ltd. (天津綠色動力再生能源有限公司) ("Jixian Company")	Tianjin	Waste treatment and power generation	RMB	120 million/116.50 million	60%	40% (a)	Establishment
Tianjin Dynagreen Environmental Energy Co., Ltd. (天津綠動環保能源有限公司) ("Ninghe Company")	Ninghe, Tianjin	Waste treatment and power generation	RMB	150 million/150 million	100%	-	Establishment
Hong'an Company	Hong'an, Hubei	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment



VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

Composition of the Group (Continued)

Name of subsidiary	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
			Currency	Amount in original currency	Direct	Indirect	
Beijing Dynagreen Environment Co., Ltd. (北京綠色動力環保有限公司) ("Tongzhou Company")	Beijing	Waste treatment and power generation	RMB	375 million/375 million	100%	-	Establishment
Shantou Company	Shantou, Guangdong	Waste treatment and power generation	RMB	210 million/210 million	75%	25% (b)	Establishment
Longhui Dynagreen Renewable Energy Co., Ltd. (隆回綠色動力再生能源有限公司) ("Longhui Company")	Longhui, Hunan	Waste treatment and power generation	RMB	100 million/20 million	100%	-	Establishment
Bobai Company	Bobai, Guangxi	Waste treatment and power generation	RMB	100 million/100 million	75%	25% (b)	Establishment
Bengbu Dynagreen Renewable Energy Co., Ltd. (蚌埠綠色動力再生能源有限公司) ("Bengbu Company")	Bengbu, Anhui	Waste treatment and power generation	RMB	166 million/166 million	100%	-	Establishment
Changzhou Dynagreen Environmental and Thermoelectric Co., Ltd. (常州綠色動力環保熱電有限公司) ("Changzhou Company")	Changzhou, Jiangsu	Waste treatment and power generation	RMB	138.40 million/138.40 million	75%	25% (b)	Business combination involving entities under common control
Qingdao Company	Qingdao, Shandong	Waste treatment and power generation	HKD	93.50 million/93.50 million	75%	25% (b)	Business combination involving entities under common control
Wuhan Dynagreen Renewable Energy Co., Ltd. (武漢綠色動力再生能源有限公司) ("Wuhan Company")	Wuhan, Hubei	Waste treatment and power generation	RMB	129.484 million/129.484 million	100%	-	Business combination involving entities under common control
Dynagreen Investment	Hong Kong	Investment holding	HKD	239.329 million/239.329 million	100%	-	Business combination involving entities under common control
Haining Dynagreen Renewable Energy Co., Ltd. (海寧綠色動力再生能源有限公司) ("Haining Company")	Haining, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Business combination involving entities not under common control
Dongyang Fuli	Dongyang, Zhejiang	Construction engineering	RMB	20.80 million/20.80 million	100%	-	Business combination involving entities not under common control
Miyun Company	Miyun, Beijing	Waste treatment and power generation	RMB	120 million/120 million	100%	-	Establishment
Yichun Company	Yichun, Jiangxi	Waste treatment and power generation	RMB	165 million/164.9068 million	-	60% (c)	Establishment
Wenzhou Dynagreen Environmental Energy Co., Ltd. (溫州綠動環保能源有限公司) ("Yongjia Phase II Project Company")	Yongjia, Zhejiang	Waste treatment and power generation	RMB	100 million/77 million	51%	49% (d)	Establishment



VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

Composition of the Group (Continued)

Name of subsidiary	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
			Currency	Amount in original currency	Direct	Indirect	
Huludao Hazardous Waste Company (note)	Huludao, Liaoning	Hazardous waste treatment	RMB	100 million/92.60 million	89.39% (e)	-	Business combination involving entities not under common control
Huizhou Dynagreen Renewable Energy Co., Ltd. (惠州綠色動力再生能源有限公司) ("Huizhou Phase II Project Company")	Huizhou, Guangdong	Waste treatment and power generation	RMB	250 million/250 million	100%	-	Establishment
Dengfeng Dynagreen Renewable Energy Co., Ltd. (登封綠色動力再生能源有限公司) ("Dengfeng Company")	Dengfeng, Henan	Waste treatment and power generation	RMB	100 million/29 million	100%	-	Establishment
Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd. (海寧綠動海雲環保能源有限公司) ("Haining Expansion Project Company")	Haining, Zhejiang	Waste treatment and power generation	RMB	390 million/351 million	60% (f)	-	Establishment
Shishou Dynagreen Renewable Energy Co., Ltd. (石首綠色動力再生能源有限公司) ("Shishou Company")	Shishou, Hubei	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Guangyuan Company	Guangyuan, Sichuan	Waste treatment and power generation	RMB	140 million/140 million	100%	-	Business combination involving entities not under common control
Dongguan Changneng	Dongguan, Guangdong	Garbage transfer	RMB	10 million/10 million	-	100% (g)	Business combination involving entities not under common control
Jiamusi Company	Jiamusi, Heilongjiang	Waste treatment and power generation	RMB	159 million/159 million	-	100% (g)	Business combination involving entities not under common control
Zhaoqing Boneng Renewable Energy Power Generation Co., Ltd. (肇慶市博能再生能源發電有限公司) ("Zhaoqing Company")	Sihui, Guangdong	Waste treatment and power generation	RMB	180 million/155 million	-	100% (g)	Business combination involving entities not under common control
Guangyuan Promising Environmental Protection Company Limited (廣元博海 昕能環保有限公司) ("Guangyuan Promising")	Guangyuan, Sichuan	Environmental technology research and development	RMB	25 million/25 million	-	99.5% (h)	Business combination involving entities not under common control
Guangdong Promising Environmental Protection Company Limited (廣東博海 昕能環保有限公司) ("Guangdong Promising")	Dongguan, Guangdong	Environmental protection industry and new energy investment	RMB	584.50 million/584.50 million	100%	-	Business combination involving entities not under common control



VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

Composition of the Group (Continued)

Name of subsidiary	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
			Currency	Amount in original currency	Direct	Indirect	
Shulan Boneng Environmental Protection Company Limited (舒蘭市博能環保有限公司) ("Shulan Company")	Shulan, Jilin	Waste treatment and power generation	RMB	90 million/5 million	-	100% (g)	Business combination involving entities not under common control
Yongxing Boneng Environmental Energy Co., Ltd. (永興博能環保能源有限公司) ("Yongxing Company")	Yongxing, Hunan	Waste treatment and power generation	RMB	83 million/1 million	-	100% (g)	Business combination involving entities not under common control
Zhangye Boneng Environmental Protection Company Limited (張掖博能環保有限公司) ("Zhangye Company")	Zhangye, Gansu	Garbage transfer	RMB	1 million/1 million	-	100% (g)	Business combination involving entities not under common control
Jinsha Company	Bijie, Guizhou	Garbage transfer, waste treatment and power generation	RMB	100 million/100 million	100%	-	Business combination involving entities not under common control
Pingyang Phase II Project Company	Pingyang, Zhejiang	Waste treatment and power generation	RMB	110 million/110 million	100%	-	Establishment
Jingxi Company	Jingxi, Guangxi	Waste treatment and power generation	RMB	120 million/5 million	100%	-	Establishment
Enshi Company	Enshi, Hubei	Waste treatment and power generation	RMB	200 million/100 million	100%	-	Establishment
Huludao Waste-to-energy Company (note)	Huludao, Liaoning	Waste treatment and power generation	RMB	122.6575 million/ 110.1575 million	100%	-	Establishment
Laizhou Company (note)	Yantai, Shandong	Waste treatment and power generation	RMB	200 million/175.20 million	-	99.89% (i)	Acquisition
Shuozhou Company	Shuozhou, Shanxi	Waste treatment and power generation	RMB	195 million/160 million	98%(j)	-	Establishment

Note: The shareholding of the Group in Huludao Hazardous Waste Company, Huludao Waste-to-energy Company and Laizhou Company is presented with the actual ratio of contribution.



VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

Composition of the Group (Continued)

- (a) 40% held by Dynagreen Investment;
- (b) 25% held by Dynagreen Investment;
- (c) 60% of equity interest in Yichun Company is held by Dynagreen Investment, 40% is held by Yichun Municipal Development Co., Ltd. (宜春市市政發展有限公司);
- (d) 49% held by Dynagreen Investment;
- (e) 13.61% held by Fan Jie;
- (f) 40% held by Haining Municipal Water Investment Group Co., Limited (海寧市水務投資集團有限公司);
- (g) 100% held by Guangdong Promising;
- (h) 99.5% held by Guangdong Promising and 0.5% held by Chen Lei;
- (i) 99.89% of equity interest in Laizhou Company is held by Dynagreen Investment and 0.11% is held by Shanghai SUS Environment Co., Ltd.
- (j) 2% held by China Energy Engineering Group Shanxi Electric Power Construction Co., Ltd.* (中國能源建設集團山西電力建設有限公司).



VII. INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in joint ventures

	30 June 2020	31 December 2019
Joint ventures – immaterial joint ventures (note)	62,066,022.09	62,907,982.84
Less: Provision for impairment	–	–
Total	62,066,022.09	62,907,982.84

Note: The Group jointly invested and established Fengcheng Company with Fengcheng Municipal Utilities Operation Co., Ltd. (豐城市政公用營運有限公司). The Group holds 51% of the equity of Fengcheng Company. Pursuant to the articles of association of Fengcheng Company, its highest authority shall be its general meetings. The decisions in relation to business policies, investment plans and others of the company shall be subject to the agreement of shareholders holding more than two-thirds of its shares. As the Group cannot solely decide on the main operations of the Fengcheng Company, it does not have control over that company.

(1) The summary financial information of the insignificant joint ventures is as follows:

	30 June 2020	31 December 2019
Joint ventures		
Total carrying amount of investment	62,066,022.09	62,907,982.84
The total of the following items calculated according to the shareholding ratio		
– Net profit (loss)/provision	(841,960.75)	(6,131,302.63)
– Other changes in equity	(841,960.75)	6,735.47
– Other comprehensive income	–	(6,138,038.10)
– Total comprehensive income	–	–



VIII. RISK RELATED TO FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

The following mainly presents information on the Group's exposure to each of the above risks and their sources, their changes during the year, and the Group's objectives, policies and processes for risk management, the method used in measuring risk, and their changes during the year.

The Group aims to seek appropriate balance between the risks, and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate and acceptable risk limits and design corresponding internal controls processes, and to monitor risks and adherence to limits. Risk management policies and the relevant internal control systems are reviewed regularly to reflect changes in market conditions and the Group's operating activities. The internal audit department of the Group undertakes both regular and random inspection of the internal control system for its compliance with risk management policies.

1. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank and on hand, accounts receivable, other receivables and contract assets. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with reputable financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The maximum exposure to accounts receivable, other receivables and contract assets is disclosed in Notes V, 2, 5 and 7, respectively. The Group does not provide any other guarantees which would expose the Group to credit risk.

(1) Accounts receivable and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant receivables and contract assets from individual customers. At the balance sheet date, 43% (2019: 50%) of the total accounts receivable and contract assets of the Group were due from the five largest customers of the Group.

In respect of receivables, the Group has established a practicable credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations mainly focus on the financial position and the external ratings of the customers. Receivables are due within 10–30 days from the date when the amount was confirmed by both parties. In general, the Group does not require collateral from customers.

For detailed information on accounts receivable and contract assets, please refer to relevant disclosures in Note V. 2 and 7.



VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

2. Liquidity risk

Liquidity risk is the risk that an enterprise may encounter shortage of fund in meeting obligations that are settled by the delivery of cash or another financial asset. The Company and its individual subsidiaries are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's Board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its short-term and long-term liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, and adequate committed lines of funding from major financial institutions, so as to meet its liquidity requirements in the short and longer term.

The following tables set out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at 30 June/31 December) and the earliest date the Group can be required to pay:

Item	Contractual undiscounted cash flow as at 30 June 2020					Total	Carrying amount at balance sheet date
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	Over 5 years			
Short-term loans	3,406,711,626.86	-	-	-	3,406,711,626.86	3,327,151,573.62	
Accounts payable	1,253,146,890.43	-	-	-	1,253,146,890.43	1,253,146,890.43	
Other payables	110,838,804.31	-	-	-	110,838,804.31	110,838,804.31	
Non-current liabilities due within 1 year	964,318,439.72	-	-	-	964,318,439.72	646,492,970.92	
Lease liabilities	-	265,185.85	267,992.17	247,025.00	780,203.02	650,666.10	
Long-term payables	-	28,216,534.15	84,649,602.45	423,298,577.56	536,164,714.16	293,158,536.24	
Long-term loans	-	1,148,313,675.28	3,554,267,948.89	2,811,649,707.62	7,514,231,331.79	5,591,958,365.43	
Total	5,735,015,761.32	1,176,795,395.28	3,639,185,543.51	3,235,195,310.18	13,786,192,010.29	11,223,397,807.05	

Item	Contractual undiscounted cash flow as at 31 December 2019					Total	Carrying amount at balance sheet date
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	Over 5 years			
Short-term loans	2,473,990,257.58	-	-	-	2,473,990,257.58	2,433,082,965.96	
Accounts payable	1,212,897,951.38	-	-	-	1,212,897,951.38	1,212,897,951.38	
Other payables	149,645,055.37	-	-	-	149,645,055.37	149,645,055.37	
Non-current liabilities due within 1 year	1,033,453,849.63	-	-	-	1,033,453,849.63	705,048,955.21	
Lease liabilities	-	120,869.73	259,077.45	152,639.50	532,586.68	554,586.70	
Long-term payables	-	28,216,534.15	84,649,602.45	416,357,085.48	529,223,222.08	297,314,473.80	
Long-term loans	-	1,257,638,460.07	3,439,183,960.12	2,933,450,357.06	7,630,272,777.25	5,057,022,246.80	
Total	4,869,987,113.96	1,285,975,863.95	3,524,092,640.02	3,349,960,082.04	13,030,015,699.97	9,855,566,235.22	



VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

3. Interest rate risk

Interest-bearing financial instruments at fixed rates and at floating rates expose the Group to fair value interest risk and cash flow interest rate risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to maintain an appropriate mix of fixed and floating rate instruments. The Group does not use derivative financial instruments to hedge interest rate risk.

- (a) At 30 June 2020 and 31 December 2019, the Group held the following interest-bearing financial instruments:

Fixed rate financial instruments:

Item	30 June 2020		31 December 2019	
	Effective interest rate (%)	Amount	Effective interest rate (%)	Amount
Financial assets				
– Long-term receivables due within one year	5.12–8.53	114,456,728.49	4.98–8.53	87,687,596.31
– Long-term receivables	4.98–8.53	4,756,498,526.55	4.98–8.53	4,434,002,017.67
Financial liabilities				
– Short-term loans	0–4.35	(3,323,294,293.86)	0–4.35	(2,433,082,965.96)
– Long-term loans	4.00–5.29	(829,414,559.50)	4.30–5.38	(1,041,903,766.37)
– Lease liabilities	4.50	(650,666.10)	4.50	(554,586.70)
– Long-term payables due within one year	5.73–7.99	(8,047,862.06)	5.73–7.99	(7,783,848.99)
– Long-term loans due within one year	4.60–5.29	(79,723,809.50)	4.51–5.38	(240,471,309.51)
– Lease liabilities due within one year	4.50	(334,009.46)	4.50	(791,769.08)
– Long-term payables	5.73–7.99	(293,158,536.24)	5.73–7.99	(297,314,473.80)
Total		336,331,518.32		499,786,893.57



VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

3. Interest rate risk (Continued)

- (a) At 30 June 2020 and 31 December 2019, the Group held the following interest-bearing financial instruments: (Continued)

Floating rate financial instruments:

Item	30 June 2020		31 December 2019	
	Effective interest rate (%)	Amount	Effective interest rate (%)	Amount
Financial assets				
– Cash at bank and on hand	0.35	673,777,588.10	0.35	432,096,569.17
Financial liabilities				
– Long-term loans due within one year	4.275-5.77	(543,917,118.76)	4.275-6.52	(456,002,027.63)
– Long-term loans	4.275-5.77	(4,762,543,805.94)	4.275-6.52	(4,015,118,480.43)
Total		(4,632,683,336.60)		(4,039,023,938.89)

(b) Sensitivity analysis

At 30 June 2020 and 31 December 2019, it was assumed that an increase of 100 basis points in interest rates, with all other variables held constant, would decrease the Group's net profit and shareholders' equity by RMB45,074,097.52 and RMB38,507,179.99, respectively.

In respect of the cash flow interest rate risk arising from floating rate non-derivative instruments, which were held by the Group at the balance sheet date, the impact on the Group's net profit and shareholders' equity mentioned in the above sensitivity analysis was estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis of the last year was based on the same assumptions and methods.

4. Foreign currency risk

In respect of assets and liabilities denominated in foreign currencies other than the functional currency, such as cash at bank and on hand, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.



VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

4. Foreign currency risk (Continued)

- (1) As at 30 June 2020 and 31 December 2019, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies was presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of foreign currency financial statements are excluded.

	30 June 2020		31 December 2019	
	Foreign currency balance	Convert RMB balance	Foreign currency balance	Convert RMB balance
Cash at bank and on hand				
– HKD	81,510.11	74,454.59	666,079.58	596,660.77
– USD	285.28	2,019.64	285.28	1,990.17
– EUR	–	–	2,380.00	18,600.89
– JPY	11.00	0.72	11.00	0.70
Gross balance sheet exposure		76,474.95		617,252.53

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

	Average rate		Reporting date mid-spot rate	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
HKD	0.9046	0.8860	0.9134	0.8958
USD	7.0279	6.9197	7.0795	6.9762
EUR	7.8883	7.8314	7.9610	7.8155
JPY	0.0649	0.0630	0.0658	0.0641



VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

4. Foreign currency risk (Continued)

(3) Sensitivity analysis

Assuming all other risk variables remained constant (except for foreign exchange rate), a 1% strengthening of the Renminbi against the Hong Kong dollar, Euro and US dollar at 30 June 2020 and 31 December 2019 would have decreased the Group's shareholders' equity and net profit by the amount shown below, whose effect was in Renminbi and translated using the spot rate at the balance sheet date:

Item	30 June 2020	31 December 2019
HKD	(648.01)	(4,997.31)
EUR	–	(158.11)
USD	(2.18)	(17.00)
Total	(650.19)	(5,172.42)

A 1% weakening of the Renminbi against Hong Kong dollar, Euro and US dollar at 30 June 2020 and 31 December 2019 would have had the equal but opposite effect to the Group's shareholders' equity and net profit by the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which exposed the Group to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of foreign currency financial statements. The analysis is performed on the same basis using identical methods each year.



IX. FAIR VALUE DISCLOSURE

The following table presents the fair value information and the hierarchy of fair value measurement at the end of the current Reporting Period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which the result of fair value measurement is categorised is determined by the lowest level input that is significant to the entire fair value measurement. The three levels of input are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

1. Assets and liabilities measured at fair value

As at 30 June 2020, other than receivables under financing, the Group did not have any other assets and liabilities measured at fair value.

2. Fair value of financial assets and financial liabilities not measured at fair value

The financial assets and liabilities of the Group mainly include cash at bank and on hand, receivables, contract assets, payables, long-term receivables, long-term payables, short-term loans and long-term loans. There is no significant difference between the carrying amounts and fair values of these financial assets and liabilities.



X. FINANCIAL REPORT (CONTINUED)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on the parent of the Company:

Company name	Related party relationship	Type of enterprise	Registered place	Legal representative	Business nature	Registered capital	Shareholding percentage of the parent company in the Company (%)	Parent company's percentage of voting rights in the Company (%)	Ultimate controlling party of the Company	Organisation code
BSAM	Parent company	Limited company	Beijing	Yue Peng	Investment management	RMB10 billion	43.16	43.16	Beijing SASAC	40059216-4

2. Information on the subsidiaries of the Company

For information on the subsidiaries of the Company, please refer to Note VII.1.

3. Information on joint ventures of the Company

For information on joint ventures of the Group, please refer to Note VII.2.



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Information on other related parties

Information on other related parties that are not mentioned in the above notes 1, 2 and 3 are disclosed as follows:

Names of other related parties	Related party relationship	Organisation code
Beijing State-owned Assets Management (Hong Kong) Company Limited	Shareholder and a subsidiary of the Company's ultimate controlling party	N/A
Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership)	Shareholder	55782525-3
Poly Longma Hongli Equity Investment Fund (Tianjin) Limited Partnership (Limited Partnership)	Shareholder	56932835-0
Beijing Venture Capital Co., Ltd.	Shareholder and a subsidiary of the Company's ultimate controlling party	63371298-0
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)# (共青城景秀投資合夥企業(有限合夥))	Shareholder	N/A
Zhongshang Longrun Huanke Investment Co., Ltd. (中商龍潤環科投資有限公司)	Shareholder	57908847-7
Beijing Huitai Hengrui Investment Co., Ltd. (北京惠泰恒瑞投資有限公司)	Shareholder	66911213-5
Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	A subsidiary of the Company's ultimate controlling party	06125014-2
Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司)	A subsidiary of the Company's ultimate controlling party	724711406
Beijing Crystal Digital Technology Co., Ltd. (北京水晶石數字股份科技有限公司)	A subsidiary of the Company's ultimate controlling party	665629276
Beijing Shibo International Sports Competition Co., Ltd. (北京時博國際體育賽事有限公司)	A subsidiary of the Company's ultimate controlling party	778600015
Yichun Municipal Development Co., Ltd. (宜春市市政發展有限公司)	Shareholders of subsidiaries of the Company	332872972
Capinfo Cloud Technology Co., Ltd. (首信雲技術有限公司)	A subsidiary of the Company's ultimate controlling party	MA01CGBC5

The senior management of the Company held shares in this company.



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties

The transactions below with related parties were conducted under normal commercial terms or agreements.

(1) Related guarantee

The Group acts as the guaranteed party

Six months from 1 January 2020 to 30 June 2020

Name of guarantor	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
BSAM	258,020,687.93	9 December 2013	9 December 2023	No

Six months from 1 January 2019 to 30 June 2019

Name of guarantor	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
BSAM	416,398,095.32	9 December 2013	9 December 2023	No
BSAM	50,000,000.00	26 May 2017	9 December 2023	No
BSAM	240,000,000.00	26 August 2017	9 December 2023	No
BSAM	300,000,000.00	30 January 2018	9 December 2023	No
BSAM	32,990,000.00	21 June 2018	9 December 2023	No
Total	1,039,388,095.32			

The Company as the guarantor

Name of guaranteed party	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
Fengcheng Company	267,198,749.38	30 July 2019	30 July 2029	No



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(2) Remuneration of key management personnel

The Group

Item	January to June 2020	January to June 2019
Remuneration of key management personnel	2,863,919.26	2,134,062.97

(3) Related-party loans

The Group

Related parties	Amount	January to June 2020	
		Commencement date	Maturity date
Borrowed from			
BSAM	291,000,000.00	2 January 2020	2 January 2021
BSAM	540,000,000.00	24 April 2020	24 April 2021
BSAM	175,000,000.00	April 29, 2020	April 29, 2021
Total	1,006,000,000.00		
		January to June 2019	
Related parties	Amount	Commencement date	Maturity date
Borrowed from			
BSAM	290,000,000.00	25 January 2019	25 January 2020
BSAM	150,000,000.00	25 February 2019	25 February 2020
BSAM	150,000,000.00	5 March 2019	5 March 2020
BSAM	120,000,000.00	6 May 2019	6 May 2020
BSAM	250,000,000.00	3 June 2019	3 June 2020
Yichun Municipal Development Co., Ltd. (宜春市市政发展 有限公司)	10,000,000.00	8 January 2019	8 July 2019
Total	970,000,000.00		

The maturity dates of the Group's related-party loans are the repayment date or actual repayment date as agreed in relevant contracts, whichever is earlier.



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(4) Interest income and expense on related-party loans and financing guarantee service charges

Interest received from related-party loans

Related parties	January to June 2020	January to June 2019
Fengcheng Company	–	672,491.74

Payments of interests on related-party loans

Related parties	January to June 2020	January to June 2019
BSAM	63,501,655.49	30,976,541.66
Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	979,305.96	1,538,345.11
Yichun Municipal Development Co., Ltd. (宜春市市政發展有限公司)	–	483,194.44
Total	64,480,961.45	32,998,081.21

Payment of financing guarantee service charges to related party

Related parties	January to June 2020	January to June 2019
Haining Municipal Water Investment Group Co., Limited (海寧市水務投資集團有限公司) (note)	12,000,000.00	–

Note: The payment represents the service charges at the rate of 5% paid by Haining Expansion Project Company to Haining Municipal Water Investment Group Co., Limited (海寧市水務投資集團有限公司) for the guarantee provided for its financing.



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**5. Transactions with related parties (Continued)****(5) Purchase from related party***The Group*

Related parties	January to June 2020	January to June 2019
Shenzhen Crystal Digital Technology Co., Ltd.*	5,417,425.00	–
Beijing Crystal Digital Technology Co., Ltd.	–	359,000.00
Beijing Shibo International Events Co., Ltd.	–	600,000.00
Capinfo Cloud Technology Co., Ltd. (首信雲技術有限公司)	9,243.40	–
Total	5,426,668.40	959,000.00

(6) Other related parties transactions

Related parties	January to June 2020	January to June 2019
Fengcheng Company	2,280,868.32	11,603,518.09
BSAM	34,950.30	–
Shenzhen Crystal Digital Technology Co., Ltd.* (深圳水晶石數字科技有限公司)	200	–
	2,316,018.62	11,603,518.09

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



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Balance of related party transactions

The Group

(1) Long-term loans with related parties

Related parties	30 June 2020	31 December 2019
Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	26,399,618.92	36,441,442.93
BSAM	237,608,227.63	60,000,000.00
– Principal	235,000,000.00	60,000,000.00
– Interest payable	2,608,227.63	–
Total	264,007,846.55	96,441,442.93

(2) Short-term loans with related party

Related parties	30 June 2020	31 December 2019
BSAM		
– Principal	3,155,000,000.00	2,324,000,000.00
– Interest payable	3,709,041.65	–
Total	3,158,709,041.65	2,324,000,000.00

(3) Payables to related parties

Related parties	30 June 2020	31 December 2019
Shenzhen Crystal Digital Technology Co., Ltd.*	2,072,956.60	451,956.60
Beijing Crystal Digital Technology Co., Ltd.	–	634,094.00
Total	2,072,956.60	1,086,050.60

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



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**6. Balance of related party transactions (Continued)****The Group (Continued)**(4) *Other payables to related parties*

Related parties	30 June 2020	31 December 2019
BSAM	29,125.25	5,677,584.99
Capinfo Cloud Technology Co., Ltd. (首信雲技術有限公司)	9,243.40	–
Fengcheng Company	451,234.26	–
Total	489,602.91	5,677,584.99

(5) *Other receivables from related parties*

Related parties	30 June 2020	31 December 2019
Fengcheng Company	10,000,000.00	10,000,000.00



X. FINANCIAL REPORT (CONTINUED)

XI. CAPITAL MANAGEMENT

The main objective of the Group's capital management is to ensure that the Group can continue to operate, set prices comparable to risk levels for products and services, and ensure that financing is financed at reasonable financing costs, providing ongoing returns to shareholders and reducing capital costs.

The Group makes use of its gearing ratio for the management of capital structure. Gearing ratios is defined as total liabilities divided by total assets. The Group's strategy for the six months ended 30 June 2020 is the same as in 2019. The gearing ratios of the Group were 75.82% and 74.42% respectively as at 30 June 2020 and 31 December 2019.

XII. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Item	30 June 2020	31 December 2019
Infrastructure construction contract authorised but not contracted for	753,731,338.99	843,832,736.57
Infrastructure construction contract contracted for and is or going to be effective	2,344,150,283.00	2,409,570,912.42
Total	3,097,881,621.99	3,253,403,648.99

2. Contingencies

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



X. FINANCIAL REPORT (CONTINUED)

XIII. SUBSEQUENT EVENTS

As at 30 June 2020, the Group has no significant subsequent events.

XIV. OTHER SIGNIFICANT ITEMS

Segment reporting

The Group conducted an evaluation in accordance with the requirements set out in note III.28 for the classification of operating segments. Based on the internal organisational structure, management requirements and internal reporting system of the Group, its operating and strategies-making functions are run as a whole. The financial information provided to the chief operating decision maker does not contain profit or loss information on each operating activity. Therefore, the management considers that the Group has only one operating segment, thus the Group does not have to prepare segment report.

The external transaction income and non-current assets(excluding financial assets and deferred income tax assets) acquired by the Group were primarily derived from or located in Mainland China.

For the six month ended 30 June 2020, there was no customer among the Group's customers, the separate income from which accounted for over 10% of the Group's total income (for the six month ended 30 June 2019: 2 customers, altogether representing 23% of the Group's total income). The income from these customers are summarised as follows:

Item	January to June 2020	January to June 2019
Jiangsu State Grid Power Company (國網江蘇省電力公司)	Less than 10% of the total income of the Group	88,977,938.21
Tianjin State Grid Power Company (國網天津市電力公司)	Less than 10% of the total income of the Group	92,765,740.27



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1 Accounts receivable

(1) Accounts receivable by customer type:

Customer Type	30 June 2020	31 December 2019
Related parties	100,261,045.49	76,471,673.15
Less: Provision for bad and doubtful debts	(500,000.00)	(500,000.00)
Total	99,761,045.49	75,971,673.15

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

Ageing	30 June 2020	31 December 2019
Within 1 year (inclusive)	69,460,045.49	76,471,673.15
Over 1 year but within 2 years (inclusive)	30,801,000.00	–
Sub-total	100,261,045.49	76,471,673.15
Less: Provision for bad and doubtful debts	(500,000.00)	(500,000.00)
Total	99,761,045.49	75,971,673.15

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

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

As at 30 June 2020, the subtotal of five largest accounts receivable of the Company amounted to RMB96,301,000.00, representing 96% of the total accounts receivable at the end of the period, and the provisions of bad and doubtful debts amounted to RMB500,000.00.

As at 31 December 2019, the subtotal of five largest accounts receivable of the Company amounted to RMB76,471,673.15, representing 100% of the total accounts receivable at the end of the year, and the provisions of bad and doubtful debts amounted to RMB500,000.00.



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)**2. Other receivables**

	Note	30 June 2020	31 December 2019
Interest receivable	(1)	40,454,873.47	31,491,969.96
Dividends receivable		74,500,000.00	42,200,000.00
Others	(2)	567,276,773.36	830,891,236.41
Total		682,231,646.83	904,583,206.37

(1) Interest receivable

(a) Interest receivable by category:

Item	30 June 2020	31 December 2019
Entrusted loan interest	40,454,873.47	31,491,969.96

(b) As at 30 June 2020, this part of interest receivable was overdue and not received from subsidiaries.



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

2. Other receivables (Continued)

(2) Others

(a) Others by customer type:

Customer Type	30 June 2020	31 December 2019
Amount due from third parties	22,500,106.72	23,040,754.86
Receivables from related parties	557,225,872.08	819,579,418.08
Sub-total	579,725,978.80	842,620,172.94
Less: Provision for bad and doubtful debts	(12,449,205.44)	(11,728,936.53)
Total	567,276,773.36	830,891,236.41

(b) The ageing analysis is as follows:

Ageing	30 June 2020	31 December 2019
Within 1 year (inclusive)	331,284,729.87	547,673,776.18
Over 1 year but within 2 years (inclusive)	234,994,396.89	281,664,230.23
Over 2 years but within 3 years (inclusive)	164,685.51	2,386,903.42
Over 3 years but within 4 years (inclusive)	2,668,488.18	281,584.76
Over 4 years but within 5 years (inclusive)	100.00	100.00
Over 5 years	10,613,578.35	10,613,578.35
Sub-total	579,725,978.80	842,620,172.94
Less: Provision for bad and doubtful debts	(12,449,205.44)	(11,728,936.53)
Total	567,276,773.36	830,891,236.41

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



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

2. Other receivables (Continued)

(2) Others (Continued)

(c) Others by method of provisioning:

Category	30 June 2020				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad and doubtful debts individually					
– Performance bond	6,300,000.00	1%	(4,115,000.00)	33%	2,185,000.00
– Due from former shareholders	5,892,161.35	1%	(5,892,161.35)	47%	–
Provision for bad and doubtful debts collectively (ii)					
– Accounts receivable from subsidiaries of the Group	557,225,872.08	96%	–	0%	557,225,872.08
– Others	10,307,945.37	2%	(2,442,044.09)	20%	7,865,901.28
Total	579,725,978.80	100%	(12,449,205.44)	100%	567,276,773.36

Category	31 December 2019				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad and doubtful debts individually					
– Performance bond	7,000,000.00	1%	(4,150,000.00)	35%	2,850,000.00
– Due from former shareholders	5,892,161.35	1%	(5,892,161.35)	50%	–
Provision for bad and doubtful debts collectively (ii)					
– Accounts receivable from subsidiaries of the Group	819,579,418.08	97%	–	0%	819,579,418.08
– Others	10,148,593.51	1%	(1,686,775.18)	15%	8,461,818.33
Total	842,620,172.94	100%	(11,728,936.53)	100%	830,891,236.41



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

2. Other receivables (Continued)

(2) Others (Continued)

(c) Others by method of provisioning: (Continued)

(i) Criteria for recognition and explanations for provision for bad and doubtful debts individually as at 30 June 2020:

Other receivables (by entity)	Book balance	Provision for bad and doubtful debts	Provision Percentage	Rationale for provision
Sheyang County Government	4,000,000.00	(4,000,000.00)	100%	Had long ageing and risk on collection
Shuozhou City Public Resource Trading Centre-Bid bond for Nanshan Environmental Energy Project of Shuozhou	800,000.00	(40,000.00)	5%	Had risk on collection
Shunping County Public Resource Trading Centre-Bid bond for the municipal waste-to-energy PPP project in Shunping County	700,000.00	(35,000.00)	5%	Had risk on collection
Huiyang Sub-centre of Huizhou City Public Resource Trading Centre-Bid bond for the PPP project of the harmless treatment of sludge, kitchen waste and excrement for Huiyang District	800,000.00	(40,000.00)	5%	Had risk on collection
Dynagreen Environment Investment Limited	5,160,600.00	(5,160,600.00)	100%	Had long ageing and risk on collection
Dynagreen International Holding (Group) Co., Ltd.	294,835.67	(294,835.67)	100%	Had long ageing and risk on collection
Huang Jianzhong	70,000.00	(70,000.00)	100%	Had long ageing and risk on collection
Zheng Daobin	11,061.30	(11,061.30)	100%	Had long ageing and risk on collection
Zheng Sheng	355,664.38	(355,664.38)	100%	Had long ageing and risk on collection
Total	12,192,161.35	(10,007,161.35)		

(ii) Criteria for recognition and explanations for provision for bad and doubtful debts collectively as at 30 June 2020:

The Company mainly makes provision for bad and doubtful debts of other receivables on a collective group basis based on the nature of the receivables.



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

2. Other receivables (Continued)

(2) Others (Continued)

(d) Additions, recoveries or reversals of provision for bad and doubtful debts:

(i) For the six-month period ended 30 June 2020

Provision for bad and doubtful debts	January to June 2020			Total
	First stage ECL for next 12 months	Second stage Lifetime ECL – no credit impairment	Third stage Lifetime ECL – credit impairment occurred	
Balance at the beginning of the period	328,753.73	1,358,021.45	10,042,161.35	11,728,936.53
Transfer to the second stage	(15,703.17)	15,703.17	–	–
Provisions/(reversals) for the year	123,909.01	746,359.90	(150,000.00)	720,268.91
Balance at the end of the period	436,959.57	2,120,084.52	9,892,161.35	12,449,205.44

Provision for bad and doubtful debts	January to June 2019			Total
	First stage ECL for next 12 months	Second stage Lifetime ECL – no credit impairment	Third stage Lifetime ECL – credit impairment occurred	
Balance at the beginning of the period	2,312,007.92	892,061.69	9,092,161.35	12,296,230.96
Transfer to the second stage	(9,875.30)	9,875.30	–	–
(Reversals)/provisions for the year	(1,740,713.76)	245,330.25	800,000.00	(695,383.51)
Balance at the end of the period	561,418.86	1,147,267.24	9,892,161.35	11,600,847.45

As at 30 June 2020, the Company did not write off any significant other receivables.



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

2. Other receivables (Continued)

(2) Others (Continued)

(e) Other receivables by nature

Nature of receivables	30 June 2020	31 December 2019
Performance bond	6,300,000.00	7,000,000.00
Accounts receivable from subsidiaries of the Group	557,225,872.08	819,579,418.08
Others	16,200,106.72	16,040,754.86
Sub-total	579,725,978.80	842,620,172.94
Less: Provision for bad and doubtful debts	(12,449,205.44)	(11,728,936.53)
Total	567,276,773.36	830,891,236.41

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

Entity name	Nature of the receivable	30 June 2020			
		Balance at the end of the period	Ageing	Percentage of total other receivables at the end of the period (%)	Provision for bad and doubtful debts at the end of the period
Ninghe Company	Current accounts of subsidiaries	235,612,800.34	Within 1 year for part, 1-2 years for the other part	41%	-
Jiamusi Company	Current accounts of subsidiaries	122,026,245.56	Within 1 year for part, 1-2 years for the other part	21%	-
Miyun Company	Current accounts of subsidiaries	40,264,052.44	Within 1 year for part, 1-2 years for the other part	7%	-
Huizhou Phase II Project Company	Current accounts of subsidiaries	38,367,487.60	Within 1 year	7%	-
Bobai Company	Current accounts of subsidiaries	25,916,893.51	Within 1 year	4%	-
Total		462,187,479.45		80%	-



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)**2. Other receivables (Continued)****(2) Others (Continued)**

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

Entity name	Nature of the receivable	31 December 2019		Percentage of total other receivables at the end of the period (%)	Provision for bad and doubtful debts at the end of the period
		Balance at the end of the period	Ageing		
Ninghe Company	Current accounts of subsidiaries	265,500,000.00	Within 1 year for part, 1-2 years for the other part	32%	-
Bobai Company	Current accounts of subsidiaries	219,480,489.39	Within 1 year for part, 1-2 years for the other part	26%	-
Jiamusi Company	Current accounts of subsidiaries	69,560,000.00	Within 1 year	8%	-
Jurong Company	Current accounts of subsidiaries	48,023,676.78	Within 1 year for part, 1-2 years for the other part	6%	-
Miyun Company	Current accounts of subsidiaries	40,172,157.96	Within 1 year	5%	-
Total		642,736,324.13		77%	-



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

3. Long-term receivables

Item	30 June 2020			
	Book balance	Provision for bad and doubtful debts	Carrying amount	Interest rate range
Entrusted loans to subsidiaries	467,119,200.00	–	467,119,200.00	0.00% – 4.75%
Performance bond	1,920,000.00	–	1,920,000.00	
Less: Due within one year	(180,700,000.00)	–	(180,700,000.00)	
Total	288,339,200.00	–	288,339,200.00	

Item	31 December 2019			
	Book balance	Provision for bad and doubtful debts	Carrying amount	Interest rate range
Entrusted loans to subsidiaries	651,800,000.00	–	651,800,000.00	0.00% – 4.90%
Performance bond	6,920,000.00	–	6,920,000.00	
Less: Due within one year	(195,400,000.00)	–	(195,400,000.00)	
Total	463,320,000.00	–	463,320,000.00	



4. Long-term equity investments

(1) Long-term equity investments by category:

Item	30 June 2020		
	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	5,139,239,148.56	(11,149,297.53)	5,128,089,851.03
Investments in joint ventures	62,066,022.09	–	62,066,022.09
Total	5,201,305,170.65	(11,149,297.53)	5,190,155,873.12

Item	31 December 2019		
	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	4,675,181,648.56	(11,149,297.53)	4,664,032,351.03
Investments in joint ventures	62,907,982.84	–	62,907,982.84
Total	4,738,089,631.40	(11,149,297.53)	4,726,940,333.87



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

4. Long-term equity investments (Continued)

(2) Investments in subsidiaries

Entity name	30 June 2020					
	Balance at the beginning of the period	Additions for the period	Decreased during the period	Balance at the end of the period	Provision for impairment during the period	Provision for impairment at the end of the period
Haining Company	86,000,000.00	-	-	86,000,000.00	-	-
Taizhou Company	180,000,000.00	-	-	180,000,000.00	-	-
Yongjia Company	100,000,000.00	-	-	100,000,000.00	-	-
Rushan Company	100,880,000.00	-	-	100,880,000.00	-	-
Pingyang Company	100,000,000.00	-	-	100,000,000.00	-	-
Changzhou Company	220,221,697.72	-	-	220,221,697.72	-	-
Wuhan Company	127,874,320.40	-	-	127,874,320.40	-	-
Qingdao Company	63,091,383.59	-	-	63,091,383.59	-	(4,620,173.95)
Anshun Company	102,083,479.98	-	-	102,083,479.98	-	-
Zhangqiu Company	172,940,000.00	-	-	172,940,000.00	-	-
Jurong Company	100,026,752.87	-	-	100,026,752.87	-	-
Huizhou Company	220,954,159.23	-	-	220,954,159.23	-	-
Pingyao Company	20,017,204.55	-	-	20,017,204.55	-	-
Jixian Company	60,000,000.00	9,000,000.00	-	69,000,000.00	-	-
Dynagreen Investment	163,613,261.06	-	-	163,613,261.06	-	-
Ninghe Company	149,610,235.39	-	-	149,610,235.39	-	-
Dongyang Fuli	27,047,295.00	-	-	27,047,295.00	-	(6,529,123.58)
Tongzhou Company	375,066,706.59	-	-	375,066,706.59	-	-
Hong'an Company	100,029,152.18	-	-	100,029,152.18	-	-
Longhui Company	20,000,000.00	-	-	20,000,000.00	-	-
Shantou Company	157,500,000.00	-	-	157,500,000.00	-	-
Bobai Company	75,000,000.00	-	-	75,000,000.00	-	-
Bengbu Company	166,000,000.00	-	-	166,000,000.00	-	-
Miyun Company	120,000,000.00	-	-	120,000,000.00	-	-
Huludao Waste-to energy Company	-	110,157,500.00	-	110,157,500.00	-	-
Huludao Hazardous Waste Company	170,000,000.00	-	-	170,000,000.00	-	-
Huizhou Phase II Project Company	243,500,000.00	6,500,000.00	-	250,000,000.00	-	-
Dengfeng Company	15,000,000.00	14,000,000.00	-	29,000,000.00	-	-
Haining Expansion Project Company	163,800,000.00	46,800,000.00	-	210,600,000.00	-	-
Guangdong Promising	610,000,000.00	-	-	610,000,000.00	-	-
Shishou Company	56,000,000.00	44,000,000.00	-	100,000,000.00	-	-
Pingyang Phase II Project Company	39,200,000.00	70,800,000.00	-	110,000,000.00	-	-
Jinsha Company	102,360,400.00	-	-	102,360,400.00	-	-
Jingxi Company	5,000,000.00	-	-	5,000,000.00	-	-
Enshi Company	100,000,000.00	-	-	100,000,000.00	-	-
Yongjia Phase II Project Company	22,000,000.00	6,000,000.00	-	28,000,000.00	-	-
Guangyuan Company	140,365,600.00	-	-	140,365,600.00	-	-
Shuozhou Company	-	156,800,000.00	-	156,800,000.00	-	-
Total	4,675,181,648.56	464,057,500.00	-	5,139,239,148.56	-	(11,149,297.53)



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

4. Long-term equity investments (Continued)

(2) Investments in subsidiaries (Continued)

Entity name	31 December 2019					
	Balance at the beginning of the period	Additions for the period	Decreased during the period	Balance at the end of the period	Provision for impairment during the period	Provision for impairment at the end of the period
Haining Company	86,000,000.00	-	-	86,000,000.00	-	-
Taizhou Company	180,000,000.00	-	-	180,000,000.00	-	-
Yongjia Company	100,000,000.00	-	-	100,000,000.00	-	-
Rushan Company	100,880,000.00	-	-	100,880,000.00	-	-
Pingyang Company	100,000,000.00	-	-	100,000,000.00	-	-
Beijing Dynagreen Environmental Protection Technology Research Institute Co., Ltd. ("Beijing Research Institute")*	15,000,000.00	-	(15,000,000.00)	-	-	-
Changzhou Company	220,221,697.72	-	-	220,221,697.72	-	-
Wuhan Company	127,874,320.40	-	-	127,874,320.40	-	-
Qingdao Company	63,091,383.59	-	-	63,091,383.59	-	(4,620,173.95)
Anshun Company	98,000,000.00	4,083,479.98	-	102,083,479.98	-	-
Zhangqiu Company	120,880,000.00	52,060,000.00	-	172,940,000.00	-	-
Jurong Company	98,000,000.00	2,026,752.87	-	100,026,752.87	-	-
Huizhou Company	217,800,000.00	3,154,159.23	-	220,954,159.23	-	-
Pingyao Company	19,800,000.00	217,204.55	-	20,017,204.55	-	-
Jixian Company	60,000,000.00	-	-	60,000,000.00	-	-
Dynagreen Investment	163,613,261.06	-	-	163,613,261.06	-	-
Ninghe Company	149,000,000.00	610,235.39	-	149,610,235.39	-	-
Dongyang Fuli	27,047,295.00	-	-	27,047,295.00	-	(6,529,123.58)
Tongzhou Company	320,000,000.00	55,066,706.59	-	375,066,706.59	-	-
Hong'an Company	63,000,000.00	37,029,152.18	-	100,029,152.18	-	-
Longhui Company	20,000,000.00	-	-	20,000,000.00	-	-
Shantou Company	120,000,000.00	37,500,000.00	-	157,500,000.00	-	-
Bobai Company	75,000,000.00	-	-	75,000,000.00	-	-
Bengbu Company	166,000,000.00	-	-	166,000,000.00	-	-
Miyun Company	120,000,000.00	-	-	120,000,000.00	-	-
Huludao Waste-to-energy Company	-	-	-	-	-	-
Huludao Hazardous Waste Company	170,000,000.00	-	-	170,000,000.00	-	-
Huizhou Phase II Project Company	55,000,000.00	188,500,000.00	-	243,500,000.00	-	-
Dengfeng Company	5,000,000.00	10,000,000.00	-	15,000,000.00	-	-
Haining Expansion Project Company	70,200,000.00	93,600,000.00	-	163,800,000.00	-	-
Guangdong Promising	610,000,000.00	-	-	610,000,000.00	-	-
Shishou Company	50,000,000.00	6,000,000.00	-	56,000,000.00	-	-
Pingyang Phase II Project Company	-	39,200,000.00	-	39,200,000.00	-	-
Jinsha Company	-	102,360,400.00	-	102,360,400.00	-	-
Jingxi Company	-	5,000,000.00	-	5,000,000.00	-	-
Enshi Company	-	100,000,000.00	-	100,000,000.00	-	-
Yongjia Phase II Project Company	-	22,000,000.00	-	22,000,000.00	-	-
Guangyuan Company	-	140,365,600.00	-	140,365,600.00	-	-
Total	3,791,407,957.77	898,773,690.79	(15,000,000.00)	4,675,181,648.56	-	(11,149,297.53)

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

* Beijing Research Institute was cancelled on 5 September 2019.



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

4. Long-term equity investments (Continued)

(3) Investments in joint ventures:

For the investment in the joint venture of the Company as at 30 June 2020 and 31 December 2019, please refer to Note VII.2.

5. Capital reserve

Item	30 June 2020			Balance at the end of the period
	Balance at the beginning of the period	Additions for the period	Decreased during the period	
Capital premium	858,803,441.83	–	–	858,803,441.83
Other capital reserve	47,361,993.67	–	–	47,361,993.67
Total	906,165,435.50	–	–	906,165,435.50

Item	31 December 2019			Balance at the end of the period
	Balance at the beginning of the period	Additions for the period	Decreased during the period	
Capital premium	858,803,441.83	–	–	858,803,441.83
Other capital reserve	47,361,993.67	–	–	47,361,993.67
Total	906,165,435.50	–	–	906,165,435.50

6. Retained earnings

	January to June 2020	January to June 2019
Retained earnings at the beginning of the period	482,313,483.66	456,356,298.47
Add: Net profit for the period	93,254,771.02	141,754,614.37
Less: Appropriation for statutory surplus reserve	–	–
Distributions to shareholders	(116,120,000.00)	(116,120,000.00)
Retained earnings at the end of the period	459,448,254.68	481,990,912.84

For the actual dividend distribution of the Company, please refer to Note V.32.



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

7. Operating income and operating costs

Item	January to June 2020		January to June 2019	
	Income	Cost	Income	Cost
Principal activities	32,167,841.67	3,066,213.53	57,492,523.91	2,334,792.39
Including: income generated from contract	32,167,841.67	3,066,213.53	57,492,523.91	2,334,792.39

8. Investment income

Item	January to June 2020	January to June 2019
Income from long-term equity investments accounted for using cost method	150,000,000.00	146,103,535.41
(Loss)/income from long-term equity investments accounted for using equity method	(841,960.75)	6,939.13
Unified interest income	15,212,891.49	15,481,897.60
Interest income	1,819,075.41	2,312,626.39
Others	—	106,065.19
Total	166,190,006.15	164,011,063.72



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

9. Information on cash flow statement

(1) Supplement to cash flow statement

(a) Reconciliation of net profit to cash flows from operating activities:

Item	January to June 2020	January to June 2019
Net profit	93,254,771.02	141,754,614.37
Add: Provision/(Reversal) for impairment loss of credit	720,268.91	(695,383.51)
Depreciation of fixed assets	312,245.49	247,860.27
Amortisation of intangible assets	71,643.90	66,503.34
Depreciation of right-of-use assets	510,801.35	1,450,243.64
Gains from disposal of fixed assets	(49,069.37)	(10,145.67)
Finance costs	85,735,619.98	59,148,407.33
Investment income	(166,190,006.15)	(164,011,063.72)
Changes in deferred tax assets	(108,040.33)	104,307.53
Increase in restricted deposits	(4,000,000.00)	(5,000,000.00)
Increase in operating receivables	(33,283,804.74)	(39,838,384.56)
Decrease in operating payables	(8,239,746.22)	(13,145,948.81)
Net cash used in operating activities	(31,265,316.16)	(19,928,989.79)

(b) Net changes in cash:

Item	January to June 2020	January to June 2019
Cash at the end of the period	28,601,711.13	105,474,220.43
Less: Cash at the beginning of the period	35,174,478.11	271,810,049.42
Net decrease in cash	(6,572,766.98)	(166,335,828.99)



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)**9. Information on cash flow statement (Continued)****(2) Components of cash**

Item	30 June 2020	30 June 2019
Cash		
Including: Cash on hand	–	17,995.18
Bank deposits available on demand	28,601,711.13	105,456,225.25
Balance of cash at the end of the period	28,601,711.13	105,474,220.43



X. FINANCIAL REPORT (CONTINUED)

XVI. EXTRAORDINARY GAINS AND LOSSES

Item	January to June 2020	January to June 2019
Gains arising from the investment cost of acquiring a subsidiary less than the Company's share of fair value of the identifiable net assets of the investee on the acquisition date	–	545,075.45
Gains/(losses) from disposal of non-current assets	40,238.36	(27,157.84)
Government grants recognised through profit or loss (excluding those having close relationships with the Group's operation and enjoyed in fixed amount or quantity according to uniform national standard)	11,977,233.31	22,300,672.38
Other non-operating income and expenses besides items above	76,408.59	424,714.66
Sub-total	12,093,880.26	23,243,304.65
Effects on income tax	(774,020.81)	(379,493.93)
Net extraordinary gains and losses	11,319,859.45	22,863,810.72
Including: extraordinary gains and losses affecting the net profit of the shareholders of the parent company	11,130,559.79	22,828,748.04

XVII. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share" (2010 revised) issued by the CSRC and relevant accounting standards, the Group's return on net assets and earnings per share are calculated as follows:

Profit for the Reporting Period	Weighted average return on net assets (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary equity shareholders of the Company	7.27%	0.21	0.21
Net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	6.95%	0.20	0.20



XI. DOCUMENTS AVAILABLE FOR INSPECTION

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

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

Chairman: Zhi Jun

Date of submission approved by the Board: 28 August 2020

Revision information

Applicable Not applicable

