



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

2022
INTERIM REPORT



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I. DEFINITIONS

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

Common words

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



I. DEFINITIONS (CONTINUED)

Longhui Company	Longhui Dynagreen Renewable Energy Co., Ltd. (隆回綠色動力再生能源有限公司)
Pingyao Company	Pingyao Dynagreen Renewable Energy Co., Ltd. (平遙縣綠色動力再生能源有限公司)
Qingdao Company	Qingdao Dynagreen Renewable Energy Co., Ltd. (青島綠色動力再生能源有限公司)
Shenzhen Jingxiu	Shenzhen Jingxiu Environmental Engineering Technology Limited Company (formerly known as Zhejiang Dongyang Fuli Construction Limited Company (浙江省東陽市富力建設有限公司))
Dengfeng Company	Dengfeng Dynagreen Renewable Energy Co., Ltd. (登封綠色動力再生能源有限公司)
Haining Expansion Company	Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd. (海寧綠動海雲環保能源有限公司)
Shishou Company	Shishou Dynagreen Renewable Energy Co., Ltd. (石首綠色動力再生能源有限公司)
Guangdong Promising Company	Guangdong Promising Environmental Protection Company Limited (廣東博海昕能環保有限公司)
Guangyuan Company	Guangyuan Boneng Renewable Energy Co., Ltd. (廣元博能再生能源有限公司)
Jiamusi Company	Jiamusi Bohai Environmental Protection and Electricity Company Limited (佳木斯博海環保電力有限公司)
Zhaoqing Company	Zhaoqing Boneng Renewable Energy Power Generation Co., Ltd. (肇慶市博能再生能源發電有限公司)
Shulan Company	Shulan Boneng Environmental Protection Company Limited (舒蘭市博能環保有限公司)
Zhangye Company	Zhangye Boneng Environmental Protection Company Limited (張掖博能環保有限公司)
Yongxing Company	Yongxing Boneng Environmental Energy Co., Ltd. (永興博能環保能源有限公司)
Dongguan Company	Dongguan Changneng Clean Energy and Greening Service Co., Ltd. (東莞市長能清潔能源綠化服務有限公司)
Jinsha Company	Guizhou Jinsha Green Energy Co., Ltd. (貴州金沙綠色能源有限公司)
Pingyang Phase II Company	Pingyang Dynagreen Environmental Energy Co., Ltd. (平陽綠動環保能源有限公司)
Jingxi Company	Baise Dynagreen Environmental Protection Co., Ltd. (百色綠動環保有限公司)
Enshi Company	Enshi Green Power Renewable Energy Co., Ltd. (恩施綠色動力再生能源有限公司)
Huludao Hazardous Waste Company	Lvyi (Huludao) Environmental Services Limited (綠益(葫蘆島)環境服務有限公司)
Huludao Power Generation Company	Huludao Dynagreen Environment Co., Ltd. (葫蘆島綠動環保有限公司)
Huizhou Three-in-One Company	Huizhou Dynagreen Environmental Services Co., Ltd. (惠州綠色動力環境服務有限公司)
Shantou Sludge Company	Shantou Dynagreen Environmental Services Co., Ltd. (汕頭市綠色動力環境服務有限公司)
Zhangqiu Phase II Company	Jinan Dynagreen Environmental Co., Ltd. (濟南綠動環保有限公司)
Shuozhou Company	Shuozhou Dynagreen Nanshan Environmental Energy Co., Ltd. (朔州綠動南山環境能源有限公司)
Laizhou Company	Laizhou Haikang Environmental Protection Energy Co., Ltd. (萊州海康環保能源有限公司)
Changzhou Project	a municipal solid waste incineration thermoelectric project in Wujin District, Changzhou City, Jiangsu (江蘇常州市武進區生活垃圾焚燒熱電項目)
Wuhan Project	Xinghuo Waste-to-Energy Plant project in Wuhan, Hubei (湖北武漢星火垃圾焚燒發電廠項目)
Taizhou Project	a municipal solid waste-to-energy project in Taizhou City, Jiangsu (江蘇泰州市生活垃圾焚燒發電項目)



I. DEFINITIONS (CONTINUED)

Pingyang Project	a solid waste-to-energy plant project in Pingyang, Zhejiang (浙江平陽生活垃圾焚燒發電廠項目)
Anshun Project	a waste-to-energy project in Anshun, Guizhou (貴州安順垃圾焚燒發電項目)
Haining Project	a waste incineration thermoelectric plant project in Haining City, Zhejiang (浙江海寧市垃圾焚燒熱電廠項目)
Yongjia Project	a waste-to-energy plant project in Yongjia, Zhejiang (浙江永嘉垃圾焚燒發電廠項目)
Rushan Project	a municipal solid waste-to-energy project in Rushan City, Shandong (山東乳山市生活垃圾焚燒發電項目)
Jizhou Project	a municipal solid waste-to-energy project in Jizhou District, Tianjin (天津市薊州區生活垃圾焚燒發電項目)
Huizhou Project	Lanzilong municipal solid waste-to-energy project in Huiyang District, Huizhou City, Guangdong (廣東惠州市惠陽區嶺子壟生活垃圾焚燒發電項目)
Jurong Project	a municipal solid waste-to-energy project in Jurong City, Jiangsu (江蘇句容市生活垃圾焚燒發電項目)
Bengbu Project	a municipal solid waste-to-energy project in Bengbu City, Anhui (安徽蚌埠市生活垃圾焚燒發電廠項目)
Tongzhou Project	a renewable energy power plant in Tongzhou District, Beijing (北京市通州區再生能源發電廠)
Ninghe Straw Project	a straw incineration power generation project in Ninghe District, Tianjin (天津寧河區秸秆焚燒發電項目)
Ninghe Biomass Project	a biomass power generation project in Ninghe District, Tianjin (天津寧河區生物質發電項目)
Miyun Project	a construction project of an integrated waste treatment centre in Miyun County, Beijing (北京密雲縣垃圾綜合處理中心工程)
Guangyuan Project	a municipal solid waste-to-energy project in Guangyuan City, Sichuan (四川廣元市生活垃圾焚燒發電項目)
Jiamusi Project	a municipal waste-to-energy BOT project in Jiamusi City, Heilongjiang (黑龍江佳木斯市城市生活垃圾焚燒發電 BOT項目)
Sihui Project	an environmental energy thermal power plant BOT project in Sihui, Guangdong (廣東四會環保能源熱力發電廠 BOT項目)
Shantou Project	a municipal waste-to-energy plant in Chaoyang District, Shantou City, Guangdong (廣東汕頭市潮陽區生活垃圾焚燒發電廠)
Zhangqiu Project	a municipal waste-to-energy plant in Zhangqiu City, Jinan City, Shandong (山東濟南市章丘區生活垃圾焚燒發電廠)
Bobai Project	a municipal waste-to-energy project in Bobai County, Guangxi (廣西博白縣生活垃圾焚燒發電項目)
Hong'an Project	a municipal waste-to-energy project in Hong'an County, Hubei (湖北紅安縣生活垃圾焚燒發電項目)
Yichun Project	a municipal waste-to-energy PPP project in Yichun City, Jiangxi (江西宜春市生活垃圾焚燒發電 PPP項目)
Fengcheng Project	a municipal waste-to-energy PPP project in Fengcheng City, Jiangxi (江西豐城市生活垃圾焚燒發電 PPP項目)
Huizhou Phase II Project	phase II of a municipal waste-to-energy PPP project in Huiyang Environmental Park (惠陽環境園), Guangdong (廣東惠陽環境園生活垃圾焚燒二期 PPP項目)
Dengfeng Project	a municipal waste-to-energy BOT project in Dengfeng City, Henan (河南登封市生活垃圾焚燒發電 BOT項目)
Haining Expansion Project	a municipal waste-to-energy plant expansion project in Haining City, Zhejiang (浙江海寧市生活垃圾焚燒發電廠擴建項目)
Shishou Project	a municipal waste-to-energy project in Shishou City, Hubei (湖北石首市生活垃圾焚燒發電項目)
Yongjia Phase II Project	a municipal waste-to-energy plant upgrading and reconstruction project in Yongjia County, Zhejiang (浙江永嘉縣垃圾焚燒發電廠改造提升工程項目)



I. DEFINITIONS (CONTINUED)

Pingyang Phase II Project	phase II of waste-to-energy power plant PPP project in Pingyang County, Zhejiang (浙江省平陽縣垃圾焚燒發電廠二期擴建 PPP項目)
Jingxi Project	a municipal waste-to-energy project in Jingxi, Guangxi (廣西靖西市生活垃圾焚燒發電項目)
Jinsha Project	a municipal waste-to-energy project in Jinsha County, Guizhou (貴州省金沙縣生活垃圾焚燒發電項目)
Enshi Project	a municipal solid waste-to-energy project in Enshi, Hubei (湖北恩施城市生活垃圾焚燒發電項目)
Huludao Hazardous Waste Project	Liaoning Huludao Industrial Waste Treatment and Disposal Center project (遼寧葫蘆島工業廢物處理處置中心項目)
Huludao Waste-to-energy Project	a municipal waste-to-energy project of Huludao East Waste-to-Energy Power Plant (葫蘆島東部垃圾焚燒發電綜合處理廠生活垃圾焚燒發電項目)
Laizhou Project	a domestic waste comprehensive treatment PPP project in Laizhou City, Shandong (山東萊州市生活垃圾綜合處理 PPP項目)
Shuozhou Project	the concession project of the Nanshan enviro-energy project (including the municipal solid waste-to-energy project and the kitchen waste treatment project) in Shuozhou, Shanxi Province (山西朔州南山環境能源項目(生活垃圾焚燒發電項目和餐廚垃圾處理項目)特許經營項目)
Zhangqiu Phase II Project	the Municipal Solid Waste-to-Energy Project Phase II and the Venous Industrial Park Project in Zhangqiu District, Ji'nan City, Shandong Province (山東濟南市章丘區生活垃圾焚燒發電項目二期工程暨靜脈產業園項目)
Huizhou Three-in-One Project	the PPP project of the harmless treatment of sludge, kitchen waste and excrement for Huiyang District, Huizhou City (廣東惠州市惠陽區污泥、餐廚垃圾、糞便無害化處理 PPP項目)
Wuhan Phase II Project	the reconstruction and expansion project of Xinghuo Waste-to-Energy Plant project in Wuhan, Hubei (湖北武漢星火垃圾焚燒發電廠專案改擴建工程)
The Reporting Period	1 January 2022 to 30 June 2022
The end of the Reporting Period	30 June 2022
RMB or RMB'0,000 or RMB'00,000,000	Renminbi or Renminbi ten thousand or Renminbi hundred million
PRC or Mainland China	the People's Republic of China, for the purposes of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan Province
Company Law	the Company Law of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
CSRC	the China Securities Regulatory Commission
Stock Exchange	The Stock Exchange of Hong Kong Limited
Stock Exchange Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE	The Shanghai Stock Exchange
SSE Listing Rules	The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
PRC Accounting Standards	the China Accounting Standards for Business Enterprises formulated and promulgated by the Ministry of Finance of the PRC
BOT	Build-Operate-Transfer
National Subsidies	national renewable energy subsidies, the main source of funding of which is the national renewable energy tariff surcharge, which is paid by the power grid to eligible renewable energy power generation enterprises
Installation, Erection and Networking	Municipal waste-to-energy plants are required to install online automatic flue gas monitoring equipment; erect electronic display screens at the entrance to the plants or at a prominent location that is convenient for the public to view for disclosure of various index information to the public; and networking the automatic flue gas monitoring system with the environmental protection department to accept real-time monitoring



II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. Corporate profile

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

II. Contact persons and contact methods

	Secretary to the Board	Company secretary	Securities Affairs Representative
Name	Zhu Shuguang	Yuen Wing Yan, Winnie	Li Jian
Correspondence address	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen	5/F, Manulife Place, 348 Kwun Tong Road, Hong Kong	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Telephone	0755-36807688-8010	–	0755-36807688-8010
Facsimile	0755-33631220	–	0755-33631220
E-mail address	ir@dynagreen.com.cn	–	ir@dynagreen.com.cn

III. Change in basic information

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



II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

IV. Changes in information disclosure and place for inspection

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

V. Basic information of the Company's shares

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

VI. Other relevant information

Applicable Not applicable

1. Auditors engaged by the Company

PricewaterhouseCoopers Zhong Tian LLP

2. Legal advisers engaged by the Company

As to Hong Kong law: Morrison & Foerster

As to the PRC law: Beijing Kangda Law Firm

3. Share registrar of the Company

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

Share registrar of H shares of the Company: Tricor Investor Services Limited (Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong)



II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

VII. Major accounting data and financial indicators

(I) Major accounting data

Major accounting data	The Reporting Period (January to June)	Corresponding period last year	Unit: RMB
			Increase/decrease for the Reporting Period over the corresponding period last year (%)
Operating income	2,262,546,411.63	2,506,023,079.65	-9.72
Net profit attributable to shareholders of the Company	416,538,533.88	437,535,990.24	-4.80
Net profit excluding extraordinary gain and loss attributable to the shareholders of the Company	413,759,558.53	432,067,415.75	-4.24
Net cash flows from operating activities	274,831,745.69	173,930,780.07	58.01
	As at the end of the Reporting Period	As at the end of last year	Increase/decrease for the end of the Reporting Period over the end of last year (%)
Net assets attributable to shareholders of the Company	7,000,378,842.34	6,528,089,590.66	7.23
Total assets	22,452,059,163.37	20,214,466,018.97	11.07

(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)	0.30	0.31	-3.23
Diluted earnings per share (RMB/share)	0.27	0.31	-12.90
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	0.30	0.31	-3.23
Weighted average return on net assets (%)	6.06	6.93	Decreased by 0.87 percentage point
Weighted average return on net assets excluding extraordinary gain and loss (%)	6.02	6.84	Decreased by 0.82 percentage point

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

✓ Applicable Not applicable

Note: Pursuant to the interpretation on accounting treatment for public-private partnership (PPP) project contracts under the Interpretation No. 14 of Accounting Standards for Business Enterprises (the "Interpretation No. 14") issued by the Ministry of Finance, PPP project contracts that meet the corresponding conditions shall be subject to accounting treatment in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue. The preparation of the Company's 2021 annual financial report followed the Interpretation No. 14 in terms of recognition of construction revenue and adjustments were made to the financial data for the first three quarters of 2021. The data for the corresponding period of last year in the above table include construction revenue.



II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

VIII. Accounting data differences between domestic and overseas accounting standards

Applicable Not applicable

IX. Extraordinary gains and losses items and amounts

Applicable Not applicable

Unit: RMB

Extraordinary gains and losses items	Amount	Note (if applicable)
Gains and losses from disposal of non-current assets	-5,782,738.73	
Government grants recognised through profit or loss (except for government grants which closely related to Company business that are fixed or quantified based on the national standard)	4,931,663.76	
Fund usage fees received from non-financial institutions recognised in profit or loss	707,216.97	
Reversal of provision for bad debts on individual basis	2,000,000.00	
Other non-operating income and expenses besides items above	1,147,677.26	
Other gains and losses within the definition of non-recurring gains and losses	370,318.98	
Less: Effects on income tax	430,436.88	
Effects on non-controlling shareholders (after tax)	164,726.01	
Total	2,778,975.35	

Explanation of the non-recurring gains or losses items as illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Gains or Losses defined as the recurring gains or losses items

Applicable Not applicable

X. Others

Applicable Not applicable



III. MANAGEMENT DISCUSSION AND ANALYSIS

I. Industry and Principal Operations Information of the Company during the Reporting Period

1. Principal operations of the Company

The Company is one of the earliest enterprises to conduct municipal waste-to-energy business in the PRC, and is mainly engaged in the investment, construction, operation, maintenance and technical consulting business of municipal waste-to-energy plants under BOT and other concessions. Focusing on the vast market space of the economically developed Yangtze River Delta, Pearl River Delta and Bohai Economic Rim, the Company has extended its business network to the central and western regions such as Anhui, Hubei, Guizhou, Shanxi, Guangxi, Jiangxi, Henan and Sichuan, preliminarily forming a market layout based in the Yangtze River Delta, Pearl River Delta and Bohai Rim and spanning across the country. As at 30 June 2022, in respect of the municipal waste-to-energy sector, the Company had 31 projects under operation and 6 projects under construction. The waste treatment capacity of the projects under operation reached 34,000 tons/day and the installed capacity was 699.5MW, placing the Company in a leading position in the industry in terms of the number of projects and waste treatment capacity.

2. Major business model

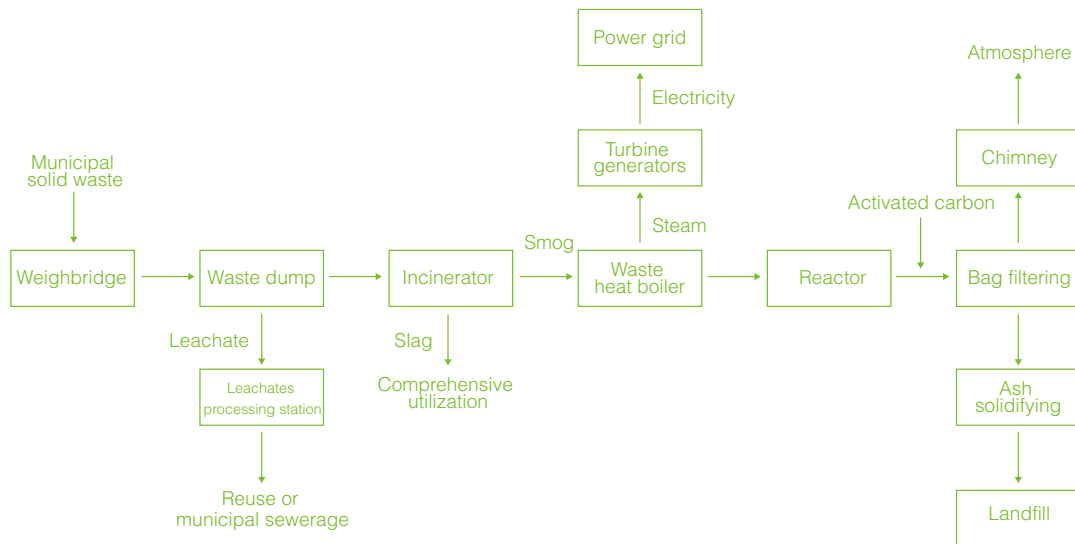
The Company mainly adopts the BOT model to operate its municipal waste-to-energy business as follows: the government department responsible for waste disposal selects a service provider to construct and operate the waste-to-energy plant under the BOT model through tenders or other means. After the Company is awarded the project, the Company enters into a concession agreement with the relevant local government department and establishes a project company to conduct business. According to the concession agreement entered into with the relevant local government department, the project company is responsible for raising funds to construct and operate the entire waste-to-energy plant. The concession period is usually from 25 to 30 years. The relevant government department pays the project company a waste treatment fee at the agreed price, and the project company sells the electricity, steam or hot water generated during the waste incineration process. Upon the expiration of the concession, the Company has to transfer the relevant infrastructure to the concession grantor. The upstream industries of the Company include construction enterprises, installation companies, waste treatment and power generation equipment (such as incinerators, smog and gas treatment systems, turbine generators and waste heat boilers) suppliers, and the Company selects suppliers through tenders. The downstream industries mainly include local government departments and power grid companies. The Company provides waste incineration treatment services to local governments to receive waste treatment fees and provides electricity to power grid companies to receive electricity tariffs.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Main processes and technologies

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



The core equipment of the waste incineration power generation system is incinerator. The Company mainly uses the self-developed three-drive expeller grate waste 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. The “14th Five-year” Development Plan for Urban Domestic Waste Classification and Treatment Facilities” (Fa Gai Huan Zi [2021] No. 642) (the “**Plan**”) issued by the NDRC and the Ministry of Housing and Urban-Rural Development indicates that: during the “Thirteenth Five-Year Plan” period, more than 500 harmless treatment facilities were built nationwide, and the treatment capacity of municipal domestic waste facilities exceeded 1.27 million tons per day. In particular, 254 municipal waste-to-energy plants were built, and more than 500 municipal waste-to-energy plants were in operation. The incineration facilities had a treatment capacity of 580,000 tons per day and the municipal domestic waste incineration treatment rate reached 45%. In the PRC, a harmless treatment system for domestic wastes with incineration as the mainstay, supplemented by other comprehensive treatment methods, has been initially formed, and a development pattern of domestic waste treatment with incineration as the new treatment capacity has taken shape. According to the national “14th Five-Year” plan, by the end of 2025, the national urban domestic waste incineration capacity will reach about 800,000 tons per day, and the municipal solid waste incineration treatment capacity will account for about 65%. To this end, in order to make up for the shortcomings of waste treatment capacity and achieve “full coverage” of harmless treatment of waste and “zero landfill” of raw waste, waste incineration and upstream and downstream related industries will have broad development space.



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



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

II. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

✓ Applicable Not applicable

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

1. Focused market layout spanning across the whole country

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

2. Extensive industry experience

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

3. Leading expertise

The “multiple drive expeller grate waste incinerator” technology independently developed by the Company is a leading incineration technology in the industry and was granted an invention patent by the state. The technology is compatible with the characteristics of the municipal waste in the PRC with an edge in performance, was selected by the Ministry of Housing and Urban-Rural Development (住建部) as a core technology to promote for use during the “11th Five-Year Plan” period, and was successfully listed in the 2019 Directory of Key Environmental Protection Practical Technologies and Demonstration Projects (《2019年重點環境保護實用技術及示範工程名錄》) by China Association of Environmental Protection Industry (中國環境保護產業協會). The Changzhou Project was recognised by China Association of Environmental Protection Industry (中國環境保護產業協會) as a “National Model Project for Use of Environmental Protection Technologies” (使用環保技術的國家模範項目) in 2013. The Huizhou Project was awarded the “Quality Chinese Project for Electricity Engineering Award” (中國電力優質工程獎) and the “National Quality Project Award” (國家優質工程獎) in 2017. Tongzhou Project was awarded the “Quality Chinese Project for Electricity Engineering Award” (中國電力優質工程獎) and “Luban Prize” (魯班獎) in 2020. Haining Expansion Project won the “National Quality Project Award” in 2021. “A multiple drive expeller grate waste incinerator with an online warning and control system of dioxin” independently developed by the Company was awarded the second prize for technical progress for 2019 by China Environmental Protection Industry Association. With its professional technologies, the Company is able to provide more premium environmental services for its customers and enhance its market position.

4. Experienced management team

The management team of the Company has been engaged in business management, market development, technology development and construction and operation of waste-to-energy plants over the years. The chairman of the Company, Mr. Qiao Dewei, was recognised as one of the “Top 100 Industry Leaders in Shenzhen” in 2020, proving his social influence and charisma, and the management team under his leadership has nearly 20 years of experience in cooperation and in-depth understanding of the industry. Under the guidance of the management team, the project construction and operation team can adopt targeted strategies for the changes in the waste treatment technology and management and operation of waste-to-energy plants in a timely manner, while the marketing team can actively develop potential regional markets according to the future development planning of the Company. Such an experienced team of the Company helps to enhance the operating efficiency and warrants the quality of the projects.



III. Discussion and Analysis of Operations

Industry overview

A good ecological environment is an inherent requirement for realizing the sustainable development of the Chinese nation, a priority area for improving people's livelihood and well-being, and an important foundation for building a beautiful China. In recent years, the measures as implemented in the PRC to promote pollution prevention and control and build a beautiful China have been unprecedented in terms of practicality, efforts and remarkable results. The initial accomplishment of the objectives and tasks of pollution prevention and control resulted in significant improvement of ecological environment and great enhancement of people's sense of fulfillment, laying a sound foundation for building a moderately prosperous society in an all-round way. At the same time, it should be noted that the structural, deep rooted and trend pressures over the ecological environment protection of the PRC have not yet been fundamentally alleviated, and pollution problems in key regions and industries are still prominent. With arduous task of achieving peak carbon dioxide emission and carbon neutrality, there is a long way to go for ecological protection.

In March 2021, the State Council announced the Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and Vision for 2035, pursuant to which, during the "14th Five-Year" period, China will continue to adhere to the concept that lucid waters and lush mountains are our invaluable assets, to proceed with pollution prevention and control in an in-depth way. The environmental governance system will be established and improved. Efforts will be exerted to advance pollution control in an accurate, scientific, legal and systematic way, continuously improve the quality of air and water environment, and proceed with effective management and control of soil pollution risks, to build a beautiful China; it is proposed to comprehensively improve the environmental infrastructure, and build a domestic waste treatment system integrating sorted release, sorted collection, sorted transportation, and sorted treatment. Therefore, the environmental protection industry is still promising.

Compared with the "13th Five-Year Plan" period, the waste-to-energy industry will enter a new stage of development. First of all, the original high-speed growth is unsustainable, and the release rate of new projects will slow down. In May 2021, the NDRC and the Ministry of Housing and Urban-Rural Development issued the "14th Five-year" Development Plan for Urban Domestic Waste Classification and Treatment Facilities", pursuant to which by the end of 2025, the national urban domestic waste incineration capacity will reach about 800,000 tons per day. The increase in production capacity is lower than that during the "13th Five-Year Plan" period. Second, the adjustment to the policy on National Subsidies has been implemented, and the upper limit of the National Subsidies for the existing projects is limited by 82,500 reasonable utilization hours or 15 years. The on-grid tariff of projects connected to the grid and newly commenced after 2021 shall be subject to on-grid competitive bidding. The changes in the policy on National Subsidies highlighted the importance of project quality and the urgency of diversifying project income sources. In addition, with the continuous in-depth advancement of waste sorting policy in China, a whole-process sorting management system for domestic waste integrating sorted release, sorted collection, sorted transportation and sorted treatment is being built everywhere, and the demand for kitchen waste treatment is increasing. In the new development stage, waste-to-energy enterprises are required to take new measures.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Business review

In 2022, in light of the severe and complex situation of the COVID-19 epidemic which had a great impact on the production and operation of some projects of the Group, the Group exerted efforts on both epidemic prevention and control and production and operation and overcame difficulties, and its comprehensive strength has reached a new level. In the first half of 2022, the Group achieved revenue of RMB2,262,546,411.63, representing a decrease of 9.72% as compared to the corresponding period last year, and a net profit attributable to shareholders of the Company of RMB416,538,533.88, representing a decrease of 4.80% as compared to the corresponding period last year. As at 30 June 2022, the total assets and total equity attributable to shareholders of the Company amounted to RMB22,452,059,163.37 and RMB7,000,378,842.34, respectively. Details are as follows:

1. Successful completion of the issuance of A share convertible corporate bonds

On 24 January 2022, the Company obtained the approval from the CSRC regarding the approval of the Company's issuance of A share convertible corporate bonds. The Company started the issuance immediately after the disclosure of the preliminary financial data for 2021. The target subscribers of the A share convertible corporate bonds are natural persons, legal persons, securities investment funds and other eligible investors pursuant to legal requirements who have maintained securities accounts with the China Securities Depository and Clearing Corporation Limited Shanghai Branch (excluding those prohibited by the PRC laws and regulations). In the issuance, the majority of investors proactively subscribed for the bonds, and the online application winning rate was 0.01546160%; on 23 March, the A share convertible bonds were listed for trading on the Shanghai Stock Exchange, marking the successful issuance of the A share convertible bonds. The total amount of proceeds from the issuance of A share convertible bonds is RMB2.36 billion and the net amount of proceeds is RMB2.345 billion. The issuance will help strengthen the Company's strength, improve the Company's debt structure, and provide financial guarantee for sustainable development.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. The volume of waste treatment and on-grid electricity hitting new highs and remarkable results in steam supply business

In the first half of 2022, the Group treated 5.4954 million tons of municipal waste, representing a year-on-year increase of 8.25%, generated electricity of 2,052.4771 million kWh, representing a year-on-year increase of 6.09%, and generated on-grid electricity of 1,687.8155 million kWh, representing a year-on-year increase of 4.82%. The Group has always attached great importance to the operation and management. In the first half of 2022, the Group conducted its operation under the concepts of being “safe, environmental friendly, civilized and effective” to further strengthen security and environment protection management and continuously deepen refined management, maintaining stable production and meeting emission standards in its waste-to-energy projects. In order to diversify the sources of revenue from various projects, the Group proactively expanded its steam supply business and achieved remarkable results. The accumulative steam supply in the first half of the year was 139,700 tons, representing a year-on-year increase of 212.03%.

Major operating data of the Company in each region in the first half of 2022

Region	Item	First half of 2022
East China	Waste input volume ('0,000 tons)	225.64
	Electricity generation volume ('0,000 kWh)	84,710.98
	On-grid electricity volume ('0,000 kWh)	69,088.64
North China	Waste input volume ('0,000 tons)	73.90
	Electricity generation volume ('0,000 kWh)	28,228.45
	On-grid electricity volume ('0,000 kWh)	22,987.44
South China	Waste input volume ('0,000 tons)	137.71
	Electricity generation volume ('0,000 kWh)	54,005.17
	On-grid electricity volume ('0,000 kWh)	45,860.14
Central China	Waste input volume ('0,000 tons)	48.93
	Electricity generation volume ('0,000 kWh)	18,710.69
	On-grid electricity volume ('0,000 kWh)	15,251.79
Southwest China	Waste input volume ('0,000 tons)	39.47
	Electricity generation volume ('0,000 kWh)	14,260.97
	On-grid electricity volume ('0,000 kWh)	11,670.93
Northeast China	Waste input volume ('0,000 tons)	23.90
	Electricity generation volume ('0,000 kWh)	5,331.45
	On-grid electricity volume ('0,000 kWh)	3,922.60

3. The projects under construction were advanced steadily

In the first half of 2022, the Company proactively overcame the impact of the COVID-19 and steadily promoted the construction of projects under construction. As of the end of June, 93%, 92%, 87%, 19%, 7% and 8% of construction works had been accumulatively completed in Huludao Waste-to-energy Project, Shuozhou Project, Enshi Project, Wuhan Phase II Project, Jingxi Project and Zhangqiu Phase II Project, respectively. Huludao Hazardous Waste Project transferred to the operation stage. Ninghe Kitchen Waste Treatment Project, Jizhou Kitchen Waste Treatment Project and Huizhou Kitchen Waste, Sludge and Excrement Three-in-One Project had been basically completed and were ready for production.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Major projects and works under construction of the Company in the first half of 2022

No.	Project	Design treatment capacity (tons/day)	Status
1	Huludao Waste-to-energy Project	1,000	In construction
2	Shuozhou Project	800	In construction
3	Enshi Project	1,200	In construction
4	Wuhan Phase II Project	1,200	In construction
5	Jingxi Project	800	In construction
6	Zhangqiu Phase II Project	1,600	In construction

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

In the first half of 2022, the Company continued to research and develop large incinerators in line with the Company's trend towards large projects, and completed the cold test run of the 900-ton large-scale incinerator as developed independently by the Company, which was planned to be used for new project construction; the research and development of the first domestic online warning and control system of dioxin generated in waste incineration was continuously optimized, and it was applied in Pingyang Phase II Project with good results; the Company continued to track the application of the polymer denitration system in incinerator and the test results of the low-temperature synthesis retarder of dioxin and promote the application of the same in Yongjia Project, Jurong Project and other projects. As of the end of June 2022, the Group has obtained a total of 68 patents (including 17 invention patents).

BUSINESS OUTLOOK

In November 2021, the Central Committee of the Communist Party of China and the State Council issued the Opinions on Deepening Pollution Prevention and Control, which proposed to make an overall plan on pollution control, ecological protection and response to climate changes. With constant efforts, covering more aspects and a wider area, the defense of blue sky, clear water and clean soil would be conducted in line with higher standards. High-level protection will promote high-quality development and give rise to high-quality life, striving to build a beautiful China where human and nature coexist in harmony. In May 2021, the NDRC and the Ministry of Housing and Urban-Rural Development issued the "14th Five-year" Development Plan for Urban Domestic Waste Classification and Treatment Facilities", pursuant to which as of the end of the "13th Five-year" period, the national incineration facilities had a treatment capacity of 580,000 tons per day, and the national urban domestic waste incineration rate was about 45%. During the "14th Five-year" period, China will speed up the establishment of a domestic waste treatment system integrating sorted release, sorted collection, sorted transportation, and sorted treatment. By the end of 2025, the national urban domestic waste incineration capacity will reach about 800,000 tons per day, and the municipal solid waste incineration treatment capacity will account for about 65%. Therefore, the waste-to-energy industry still has a lot of room for growth. However, the growth rate will be lower than that during the "13th Five-Year Plan" period.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

With the adjustment to the policy on National Subsidies the upper limit of the National Subsidies for the existing projects is limited by 82,500 reasonable utilization hours or 15 years. The on-grid tariff of projects newly commenced after 2021 shall be subject to on-grid competitive bidding. In August 2021, the NDRC, the Ministry of Finance, and the National Energy Administration jointly issued the Notice on Issuing the Work Plan for the Construction of Biomass Power Generation Projects in 2021 (Fa Gai Neng Yuan [2021] No. 1190) (《關於印發〈2021年生物質發電項目建設工作方案〉的通知》(發改能源[2021]1190號)), which clarified the details of implementation measures of on-grid competitive bidding, and the first batch of bidding on-grid tariffs were released. The changes in the policy on National Subsidies highlight the importance of project quality and the urgency of diversifying project revenue sources.

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

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

In the second half of 2022, the Company will continue to ensure the safe production of operating projects and upto-standard emissions, striving to complete the production targets; it will continue to speed up the project preparation and construction to ensure that Huludao Waste-to-energy Project, Shuozhou Project, Enshi Project, Ninghe Kitchen Waste Treatment Project, Jizhou Kitchen Waste Treatment Project and Huizhou Three-in-One Project will be put into production in the second half of the year.

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

Applicable Not Applicable



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Major Operational Particulars during the Reporting Period

(I) Analysis of main businesses

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

Unit: RMB

Item	Amount for the current period	Amount for the corresponding period last year	Change (%)
Operating income	2,262,546,411.63	2,506,023,079.65	-9.72
Operating cost	1,447,858,620.42	1,675,101,236.68	-13.57
Selling expenses	339,990.66		N/A
Administrative expenses	82,419,057.11	74,358,638.89	10.84
Finance costs	220,026,554.45	214,398,192.09	2.63
Research and development expenditure	4,020,489.95	2,352,833.32	70.88
Net cash flow generated from operating activities	274,831,745.69	173,930,780.07	58.01
Net cash flow generated from investing activities	-573,234,634.45	-919,517,881.87	-37.66
Net cash flow generated from financing activities	1,230,480,483.49	161,687,617.06	661.02

Explanation on changes in operating income:	Mainly due to that, as affected by the COVID-19, the construction progress of certain projects under construction was delayed, and the number and scale of projects under construction in the period decreased, resulting in a decrease in the construction revenue for the period by RMB362 million as compared with the same period last year.
Explanation on changes in operating cost:	The reason is the same as that for the changes in operating income. The construction cost for the period decreased by RMB334 million as compared with the same period last year.
Explanation on changes in selling expenses:	Mainly due to that Huludao Hazardous Waste Project was put into production, resulting in an increase in the wage of sales personnel.
Explanation on changes in administrative expenses:	Mainly due to the successive commencement of operation of Jinsha Project, Dengfeng Project, and Huludao Hazardous Waste Project in the second half of 2021 and an increase in staff cost as a result of staff wage.
Explanation on changes in finance costs:	Mainly due to the issuance of convertible corporate bonds in the period and the transfer of new operation projects from the construction period to the operation period, resulting in an increase in expensed interests.
Explanation on changes in research and development expenses:	An increase in research and development activities.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Explanation on changes in net cash flow generated from operating activities:

Mainly due to a decrease in projects under construction in the period, resulting in a decrease in the construction expenditure of ppp projects included in cash outflow from operating activities.

Explanation on changes in net cash flow generated from investing activities:

Mainly due to a decrease in the number and scale of projects under construction in the period, a decrease in cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets, and the collection of most of the compensation arising from the disposal of Haining Project.

Explanation on changes in net cash flow generated from financing activities:

Mainly due to the receipt of proceeds from the issuance of convertible corporate bonds in the period amounting to RMB2.348 billion and a decrease in cash received from borrowings in the period by RMB1.443 billion as compared with the same period last year.

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

Applicable Not Applicable

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

Applicable Not Applicable



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(III) Analysis of assets and liabilities

✓ Applicable □ Not Applicable

1. Assets and liabilities

Unit: RMB

Item	Amount as at the end of the current period	Percentage of amount as at the end of the current period to total assets (%)	Amount as at the end of the last year	Percentage of amount as at the end of the last year to total assets (%)	Change of amount as at the end of the current period to the end of the last year (%)	Explanation
Cash at bank and on hand	1,896,310,221.84	8.45	966,741,308.85	4.78	96.15	Mainly due to the actual receipt of cash of RMB23.48 billion from the issuance of convertible corporate bonds, and that RMB985 million has not been used as of the end of the period
Accounts receivable	1,827,210,336.99	8.14	1,530,086,535.20	7.57	19.42	Mainly due to the extension of the settlement cycle, the increase in receivables from national renewable energy subsidies and the balance of receivable waste treatment fees
Contract assets	287,326,583.34	1.28	227,632,558.36	1.13	26.22	Mainly due to that the second phase of Huizhou Phase II Project, the second phase of Sihui Project, Jinsha Project, Dengfeng Project and other projects started operations successively in the second half of 2021, and certain operation projects have not yet been included in the catalogue of national renewable energy subsidies, resulting in an increase in the accumulated balance of receivables from national renewable energy subsidies



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Item	Amount as at the end of the current period	Percentage of amount as at the end of the current period to total assets (%)	Amount as at the end of the last year	Percentage of amount as at the end of the last year to total assets (%)	Change of amount as at the end of the current period to amount as at the end of the last year (%)	Explanation
Intangible assets	10,565,102,543.75	47.06	9,546,803,985.25	47.23	10.67	Mainly due to the inclusion of Fengcheng Company in the scope of consolidation in the period and the continuous increase in the construction investment in projects under construction
Other non-current assets	6,816,165,083.58	30.36	6,712,878,609.68	33.21	1.54	Minor changes
Short-term loans	593,299,837.90	2.64	1,248,797,640.41	6.18	-52.49	Mainly due to the repayment of the loan of RMB600 million to BSAM in the period
Accounts payable	1,334,699,617.53	5.94	1,411,772,142.99	6.98	-5.46	Minor changes
Other payables	284,150,060.49	1.27	132,552,974.49	0.66	114.37	Mainly due to that dividend payable of RMB139 million provided for in the Reporting Period has not been paid by the end of the period
Long-term loans	8,713,690,361.46	38.81	8,709,002,229.47	43.08	0.05	Minor changes
Bonds payable	2,154,763,590.31	9.60				The total par value of publicly issued convertible corporate bonds amounted to RMB2.360 billion
Other explanation						
Nil						



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Overseas assets

Applicable Not Applicable

(1) Scale of assets

Including: overseas assets of RMB1,858,469.46 (Unit: RMB), accounting for 0.01% of the total assets.

(2) Explanation on a high proportion of overseas assets

Applicable Not Applicable

Other explanation

Nil

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

Applicable Not Applicable

Item	Balance at the end of the period (RMB)	Balance at the beginning of the period (RMB)	Reason for restriction
Cash at bank and on hand	9,490,533.50	11,951,353.50	Used for issuing performance bond
Accounts receivable	1,255,842,913.05	1,032,888,291.47	Providing guarantees for loans
Intangible assets	4,971,681,794.62	6,419,824,246.07	Providing guarantees for loans
Contract assets	231,006,616.02	84,556,379.37	Providing guarantees for loans
Other non-current assets	3,913,500,015.19	2,210,978,408.43	Providing guarantees for loans
Total	10,381,521,872.38	9,760,198,678.84	

4. Other explanation

Applicable Not Applicable



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(IV) Financial Review

Financial position and net profit

For the first half of 2022, the Group achieved an operating income of RMB2,262,546,411.63 and net profit of RMB435,899,005.44. As at 30 June 2022, the Group's total assets and total liabilities amounted to RMB22,452,059,163.37 and RMB14,991,603,762.91, respectively. The total equity amounted to RMB7,460,455,400.46 and the gearing ratio (calculated as total liabilities over total assets) was 66.77%, and the net asset value per share attributable to the shareholders of the Company was RMB5.02.

Revenue analysis

During the Reporting Period, the Group achieved an operating income of RMB2,262,546,411.63 (corresponding period in 2021: RMB2,506,023,079.65), representing a decrease of 9.72% as compared to the corresponding period in 2021. The decrease was mainly due to the delay in project construction progress due to the impact of the COVID-19, and a decrease in the number and scale of projects under construction in the period as compared with the same period last year, resulting in a decrease of construction revenue by RMB362 million; and an increase in operation projects, resulting in an increase in operating income by RMB1.01 million as compared with the same period last year. In particular, construction revenue amounted to RMB892,135,163.68 (corresponding period in 2021: RMB1,254,449,065.35), representing a decrease of 28.88% as compared to the corresponding period in 2021; operating income amounted to RMB1,177,065,737.43 (corresponding period in 2021: RMB1,076,017,714.68), representing an increase of 9.39% as compared to the corresponding period in 2021, mainly due to the addition of the second phase of Huizhou Phase II Project, Dengfeng Project, Jinsha Project, Laizhou Project and other operation projects; interest income amounted to RMB193,345,510.52 (corresponding period in 2021: RMB175,556,299.62), representing an increase of 10.13% as compared to the corresponding period in 2021. The increase was mainly due to the increase in interest income recognised by using effective interest method as a result of the increase in the contract assets recognised based on the completion percentage for the construction of Huludao Waste-to-energy Project, Enshi Project, Shuozhou Project, Jingxi Project, Zhangqiu Phase II Project and other projects.

Gross profit and gross profit margin

During the Reporting Period, the gross profit of the Group decreased by 1.95% to RMB814,687,791.21 (corresponding period in 2021: RMB830,921,842.97) and the gross profit margin was 36.01% (corresponding period in 2021: 33.16%). The decrease in gross profit was mainly due to a decrease in construction business in the period; the increase in gross profit margin was mainly due to the fact that the proportion of construction revenue to the total revenue in the period decreased by 10.63% as compared to the same period last year, and the gross profit margin of the construction business was significantly lower than that of operation business.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group amounted to approximately RMB82,419,057.11 (corresponding period in 2021: RMB74,358,638.89), which accounted for approximately 3.64% (corresponding period in 2021: 2.97%) of the operating income of Group. The administrative expenses slightly increased as compared to the previous year.

Finance costs

During the Reporting Period, the finance costs for the Group amounted to RMB220,026,554.45, representing an increase of approximately RMB5,628,362.36 over the corresponding period of previous year. This was mainly due to the issuance of convertible corporate bonds in the period and the transfer of new operation projects from the construction period to the operation period, resulting in an increase in expensed interests.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Total profit

During the Reporting Period, the total profit of the Group amounted to RMB480,090,587.63, representing a decrease of approximately RMB56,098,414.81 as compared to corresponding period in 2021, which was mainly due to a decrease in gross profit and an increase in administrative expenses, finance costs and asset impairment losses.

Income tax

During the Reporting Period, the income tax expenses of the Group amounted to approximately RMB44,191,582.19 (first half of 2021: RMB75,362,787.82), accounting for approximately 9.20% (first half of 2021: 14.06%) of total profit of the Group. The decrease in the ratio of income tax expenses to total profit was mainly due to a decrease in the income tax expenses for the period as a result of the tax rebates received by certain project companies in the period arising from the offset of corporate income tax by special environmental protection equipment; and a decrease in gross profit in the period, resulting in a decrease in recognized deferred income tax liabilities and a decrease in deferred income tax expenses.

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 RMB394,064,460.90 (corresponding period in 2021: RMB443,023,223.16). The decrease was mainly due to a decrease in net profit attributable to the shareholders of the Company.

Financial resources and liquidity

The Group adopts prudent principles in cash and financial management to ensure proper risk management and reduction in costs of fund. It finances its operations primarily from cash flow generated internally and loans from principal banks. As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB1,886,819,688.34, representing an increase of RMB932,029,732.99 as compared to RMB954,789,955.35 at the end of 2021. The increase in cash balance as compared with the end of the last year was mainly due to the receipt of cash from the issuance of convertible corporate bonds of RMB2.348 billion and that RMB985 million has not been used as of the end of the period. As at 30 June 2022, the Group's gearing ratio increased from 65.78% at the end of 2021 to 66.77%. The increase was mainly due to the issuance of convertible corporate bonds in the period.

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 2022, the Group's strategy remained unchanged from 2021. As at 30 June 2022 and 31 December 2021, the gearing ratios of the Group were 66.77% and 65.78%, respectively.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Loans and pledge of assets

As at 30 June 2022, the Group had total outstanding borrowings of approximately RMB10,168,131,826.80, representing a decrease of RMB550,100,412.71 as compared to RMB10,718,232,239.51 at the end of 2021. The borrowings included pledged loans of RMB6,542,233,713.04 and unpledged loans of RMB3,625,898,113.76. 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 2022, the Group had composite banking credit facilities in the amount of RMB17,381,458,000.00, of which RMB5,844,493,720.14 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, other non-current assets, contract assets and accounts receivable) were pledged under the banking credit facilities. The book value of the pledged receivables and operating rights amounted to approximately RMB10,372,031,338.89 as at 30 June 2022.

Contingent liabilities

The Company has provided financial guarantees to banks in respect of the banking credit facilities granted to certain subsidiaries. The Board of the Company does not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 31 December 2021 and 30 June 2022 under the guarantees was the credit facility drawn down by the subsidiaries of RMB7,280,072,374.12 and RMB7,148,637,339.54, respectively.

Commitments

As at 31 December 2021 and 30 June 2022, 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 RMB2,367,683,664.66 and RMB2,535,553,458.71, respectively.

Foreign exchange risks and exchange gains and losses

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

Use of proceeds

In order to ensure the capital demand for project construction, optimize the debt structure and reduce financing costs, on 25 February 2022, the Company issued a total of 23.6 million A share convertible corporate bonds at par with a nominal value of RMB100 each. The total par value of the public issuance was RMB2.360 billion, the total amount of proceeds amounted to RMB2.360 billion, and the net proceeds amounted to RMB2.345 billion. On the date on which the terms of the issuance of A share convertible corporate bonds were fixed, i.e. 22 February 2022, the price of A shares of the Company was RMB9.73 per share. As of 30 June 2022, the Company has used approximately RMB1.360 billion of proceeds to replace those funds previously invested for investment projects with the proceeds, repay bank loans, and construct proceeds funded projects. In particular, RMB136 million, RMB221 million, RMB173 million, RMB131 million and RMB144 million of proceeds had been accumulatively invested in Dengfeng Project, Enshi Project, Shuzhou Project, Wuhan Phase II Project and Huludao Waste-to-energy Project, respectively, and RMB555 million of proceeds had been used to repay bank loans. The remaining proceeds will be put into successively according to the use plan of proceeds and the construction progress of proceeds funded projects. The use of proceeds was in line with the Offering Document of the Public Issuance of Convertible Corporate Bonds by Dynagreen Environmental Protection Group Co., Ltd., and there was no disguised change in the use of proceeds.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(V) Investment analysis

1. Overall analysis of external equity investments

Applicable Not Applicable

Investments during the Reporting Period (RMB)	Investments during the corresponding period last year (RMB)	Change
300,500,000	157,100,000	91.28%

(1) Material equity investments

Applicable Not Applicable

(2) Material non-equity investments

Applicable Not Applicable

Name of project	Source of funding	Investment during the Reporting Period (RMB)	Cumulative Investment (RMB)	Project progress
Zhangqiu Phase II Project	Self-financing and borrowings	50,506,504.07	62,027,322.61	8.01%
Wuhan Phase II Project	Self-financing and borrowings	102,955,113.53	170,465,179.64	19.39%

(3) Financial assets measured at fair value

Applicable Not Applicable

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

As at 30 June 2022, save for the investment or construction of the waste-to-energy projects won by the Company through tender as announced in prior announcements and described in this annual report, the Group had no other material investment (including any investment in an investee representing 5% or above of the total assets of the Company as at the end of the Reporting Period) or plan for material investment or acquisition of capital assets. However, the Company will actively pursue opportunities for investments in its ordinary course of business in order to enhance its profitability.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(VI) Material disposal of assets and equity

Applicable Not Applicable

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

Applicable Not Applicable

Unit: RMB

Name of company	Principal business	Registered capital	Shareholding	Total assets	Net assets	Net profit	Operating income	Operating profit
Tongzhou Company	Waste treatment and power generation	37,500	100%	1,516,451,970.44	628,615,379.99	52,685,965.73	118,032,769.10	50,578,256.00
Shantou Company	Waste treatment and power generation	21,000	100%	1,068,727,025.48	373,627,541.76	38,135,508.05	92,047,079.98	42,070,208.40
Haining Expansion Company	Waste treatment and power generation	39,000	60%	1,188,278,835.54	511,811,404.83	40,641,586.32	90,784,344.89	40,901,959.60
Huizhou Phase II Company	Waste treatment and power generation	45,000	100%	1,331,275,280.35	739,093,246.68	74,846,362.27	162,844,947.48	74,422,455.28

As at the end of the Reporting Period, the total assets of Tongzhou Company represented 6.75% of the total assets of the Company, the total assets of Shantou Company represented 4.76% of the total assets of the Company, the total assets of Haining Expansion Company represented 5.29% of the total assets of the Company, and the total assets of Huizhou Phase II Company represented 5.93% of the total assets of the Company. For the performance of each of the above investments during the Reporting Period, please refer to "Net profit" and "Operating profit" in the above table.

(VIII) Structured entities controlled by the Company

Applicable Not Applicable



V. Other disclosures

(I) Potential risks

Applicable Not Applicable

1. Risk of industry policies

The waste-to-energy industry is greatly affected by industry policies. Pursuant to the Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》) (as amended in 2009), the government implements a full coverage purchase system for renewable energy power generation. Pursuant to the Notice on Improving the Pricing Policy of Waste Incineration Power Generation from the NDRC (Fa Gai Jia Ge [2012] No. 801) (《國家發展改革委關於完善垃圾焚燒發電價格政策的通知》) (發改價格[2012] 801號) issued by the NDRC on 28 March 2012, the waste-to-energy projects are converted into on-grid electricity based on the volume of waste treatment received in the plants with a conversion ratio of 280 kWh per ton of municipal waste. The part that does not exceed the above-mentioned amount of electricity implements a national waste-to-energy benchmark price of RMB0.65 per kWh (inclusive of tax). The part that exceeds the abovementioned amount of electricity implements the on-grid tariff for the local coal-fired generating units. All the wasteto-energy projects approved after 2006 shall follow such regulation. In September 2020, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration jointly issued the supplementary notice on relevant matters of the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (《關於促進非水可再生能源發電健康發展的若干意見》), noting that subsidies for biomass power generation projects by the National Renewable Energy Fund will cover only the first 82,500 hours or 15 years after the project is put into operation. In September of the same year, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration jointly issued the Implementation Plan for Improving the Construction and Operation of Biomass Power Generation Projects (《完善生物質發電項目建設運行的實施方案》). Since 1 January 2021, the on-grid tariff of all the biomass power generation projects that have been approved but not started and newly approved in the planning will be allocated and determined through competition. In August 2021, the NDRC, the Ministry of Finance, and the National Energy Administration jointly issued the Notice on Issuing the Work Plan for the Construction of Biomass Power Generation Projects in 2021 (Fa Gai Neng Yuan [2021] No. 1190) (《關於印發<2021年生物質發電項目建設工作方案>的通知》) (發改能源[2021]1190號), proposing to divide the biomass power generation projects subsidized by the central government in 2021 into non-competitive allocation projects and competitive allocation projects. The projects for which all units were completed and connected to the grid in the current year after 20 January 2020 (inclusive) but which were not included in the subsidy scope of 2020 and the projects for which the construction was commenced by the end of 2020 and all units were completed and connected to the grid by the end of 2021 are non-competitive configuration projects; the projects for which the construction was commenced in the current year after 1 January 2021 (inclusive) are competitive configuration projects. The change of national renewable energy tariff subsidy policy may have adverse effects on the Company's profitability and cash flow.

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



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Risk of environmental protection policies

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

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

3. Risk of tax policies

The Company and its subsidiaries rely on the government's policies in respect of the environmental protection industries to enjoy tax incentives for certain taxes such as corporate income tax and value-added tax. During the Reporting Period, the Company enjoyed total tax incentives of RMB94.6846 million, accounting for 19.72% of the total profit of the Company for the Reporting Period. If the country reduces the tax incentives for the environmental protection industries in the future, the operations, profitability and cash flows of the Company may be adversely affected.

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

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

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

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



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

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

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

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

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



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

7. Risk of substandard performance in environmental protection

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

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

8. Risk of high gearing ratio

Municipal waste-to-energy is a capital-intensive industry, and project construction funds are generally raised by 30% of capital and 70% of bank loans. The Company has recently many projects under construction, resulting in an increase in the gearing ratio. As of the end of June 2022, the Company's gearing ratio was 66.77%, which is still higher than the industry average. If the domestic monetary policy tightens and the lending channels become drained, the operations, financial conditions and cash flow of the Company may be affected adversely.

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

(II) Other disclosures

Applicable Not Applicable



IV. CORPORATE GOVERNANCE

I. Overview of general meetings

Session of the meeting	Date of meeting	The enquiry index at designated websites where the resolutions were published	Disclosure date of the published resolutions	Resolutions of the meeting
2021 Annual General Meeting	17 June 2022	www.hkexnews.hk www.sse.com.cn	17 June 2022 18 June 2022	All resolutions of the meeting were approved

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

Applicable Not Applicable

Explanation of general meetings

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

III. Proposal of profit distribution or conversion of capital reserve

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

Any distribution or capital increase

No

Number of bonus shares for every 10 shares (share)

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

Reserve to share capital for every 10 Shares (share)

Details of proposal of profit distribution or conversion of capital reserve

Nil

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.



IV. CORPORATE GOVERNANCE (CONTINUED)

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

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

Applicable Not applicable

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

Equity incentive

Applicable Not applicable

Other explanation

Applicable Not applicable

Employee shareholding plan

Applicable Not applicable

Other incentive measures

Applicable Not applicable

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

The Group is committed to achieving high corporate governance standards in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company has adopted the Code Provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Listing Rules of the Stock Exchange as its own code of corporate governance. During the six months ended 30 June 2022, the Company has complied with the code provisions as set out in Part 2 of the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.



V. ENVIRONMENT AND SOCIAL RESPONSIBILITY

I. Environmental information

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

Applicable Not applicable

1. Information on pollutant emission

Applicable Not applicable

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

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



V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

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

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration		Emission limit		
1	Tongzhou Company	Sulfur dioxide	Beijing Centre Testing International Group Co., Ltd (華測檢測認證集團北京有限公司)	A2220115036129C 2022-6-8	1# furnace	<2	50mg/m ³		
					2# furnace	<3	50mg/m ³		
					3# furnace	<2	50mg/m ³		
		Oxynitride				1# furnace	17	80mg/m ³	
						2# furnace	41	80mg/m ³	
						3# furnace	17	80mg/m ³	
		Smog				1# furnace	<0.8	10mg/m ³	
						2# furnace	<0.9	10mg/m ³	
						3# furnace	<0.8	10mg/m ³	
		COD			A2220115036131C 2022-6-8		15	60 mg/L	
		Dioxin				A2220115036111C001	1# furnace	0.0046	0.1ng TEQ/Nm ³
A2220115036111C002	2# furnace					0.0017	0.1ng TEQ/Nm ³		
A2220115036111C003 2022-4-20	3# furnace					0.0017	0.1ng TEQ/Nm ³		
2	Shantou Company	Sulfur dioxide	Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	BKEN2022060128EQC 2022-6-16	1# furnace	ND	100mg/m ³		
					BKEN2022060128EQC 2022-6-16	2# furnace	ND	100mg/m ³	
					BKEN2022040048EQC 2022-4-11	3# furnace	8	100mg/m ³	
		Oxynitride				BKEN2022060128EQC 2022-6-16	1# furnace	195	300mg/m ³
						BKEN2022060128EQC 2022-6-16	2# furnace	189	300mg/m ³
						BKEN2022040048EQC 2022-4-11	3# furnace	102	300mg/m ³
		Smog				BKEN2022060128EQC 2022-6-16	1# furnace	4.5	30mg/m ³
						BKEN2022060128EQC 2022-6-16	2# furnace	5	30mg/m ³
						BKEN2022040048EQC 2022-4-11	3# furnace	5.3	30mg/m ³
		Dioxin		Guangzhou CTI Product Standard Testing Co., Ltd. (廣州華測品標檢測有限公司)		A2210293569102 2022-5-11	1# furnace	0.0071	0.1ng TEQ/Nm ³
						A2210293569102 2022-5-13	2# furnace	0.014	0.1ng TEQ/Nm ³
						Guangzhou Punuo Environmental Testing Technology Service Co., Ltd. (廣州普諾環境檢測技術服務有限公司)	RSD20220501 2022-3-8	3# furnace	0.0071



V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit		
3	Huizhou Phase II Company	Sulfur dioxide	Guangzhou GRG Metrology & Test Co., Ltd. (廣州廣電計量檢測股份有限公司)	BG2021070414-10-5 2022-4-26	1# furnace	18	50mg/Nm ³	
				BG2021070414-10-5 2022-4-26	2# furnace	ND	50mg/Nm ³	
				BG2021070414-10-5 2022-4-26	3# furnace	4	50mg/Nm ³	
				BGZ2021070414-07-2 2022-1-12	4# furnace	9	50mg/Nm ³	
				BG2021070414-10-5 2022-4-26	1# furnace	83	150mg/Nm ³	
				BG2021070414-10-5 2022-4-26	2# furnace	80	150mg/Nm ³	
				BG2021070414-10-5 2022-4-26	3# furnace	148	150mg/Nm ³	
				BGZ2021070414-07-2 2022-1-12	4# furnace	54	150mg/Nm ³	
		Smog	BG2021070414-10-5 2022-4-26	1# furnace	2.6	10mg/Nm ³		
			BG2021070414-10-5 2022-4-26	2# furnace	1.9	10mg/Nm ³		
			BG2021070414-10-5 2022-4-26	3# furnace	1.2	10mg/Nm ³		
			BGZ2021070414-07-2 2022-1-12	4# furnace	2.2	10mg/Nm ³		
		Dioxin	Jiangsu Weipu Test Technology Service Co., Ltd. (江蘇微譜檢測技術有限公司)	WJS-22016103-HJ-02 2022-1-20 · 21	1# furnace	0.0064	0.1ng TEQ/m ³	
				WJS-22016103-HJ-02 2022-1-20 · 21	2# furnace	0.0047	0.1ng TEQ/m ³	
				WJS-22056083-HJ-02 2022-5-17 · 18	3# furnace	0.0056	0.1ng TEQ/m ³	
				WJS-22056083-HJ-02 2022-5-17 · 18	4# furnace	0.0097	0.1ng TEQ/m ³	
4	Haining Expansion Company	Sulfur dioxide	Ningbo Centre Testing International Co., Ltd. (寧波市華測檢測技術有限公司)	A2210551190126006C 2022-5-10	1# furnace	ND	100mg/m ³	
				A2210551190132002C 2022-6-18	2# furnace	ND	100mg/m ³	
		Oxynitride		1# furnace	14	300mg/m ³		
				2# furnace	62	300mg/m ³		
		Smog		1# furnace	ND	30mg/m ³		
				2# furnace	ND	30mg/m ³		
		COD		1# furnace	29	500mg/L		
		Dioxin		Suzhou Centre Testing International Co., Ltd. (蘇州市華測檢測技術有限公司)	A2210477176103CD 2022-2-11	1# furnace	0.012	0.08ng/m ³
						2# furnace	0.013	0.08ng/m ³

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



V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

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

Name of pollutant	Actual emissions (ton)	Emission indicators (ton/year)
Sulfur dioxide	72.57	821.23
Oxynitride	437.38	1,940.00
Smog	8.84	148.61

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

Applicable Not applicable

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

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

Applicable Not applicable

No.	Name of project	Date of reply to environmental impact assessment	Authority for reply
1	Tongzhou Project	25 December 2015	Environmental Protection Bureau of Beijing City
2	Shantou Project	28 March 2017	Environmental Protection Bureau of Shantou City
3	Huizhou Phase II Project	27 November 2018 14 August 2020	Environmental Protection Bureau of Huizhou City
4	Haining Expansion Project	26 November 2018	Environmental Protection Bureau of Jiaying City



V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

4. Emergency plan for emergency environmental incidents

Applicable Not applicable

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

5. Environmental self-monitoring programme

Applicable Not applicable

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

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

Applicable Not applicable

7. Other environmental information to be disclosed

Applicable Not applicable

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

Applicable Not applicable

1. Administrative penalties due to environmental problems

Applicable Not applicable

On 31 March 2022, Zhaoqing Boneng Renewable Energy Power Generation Co., Ltd., a controlled subsidiary of the Company, received an environmental protection fine from Zhaoqing Ecological Environment Bureau, pursuant to which since Sihui Domestic Waste Harmless Landfill under its entrusted operation discharged air pollutants exceeding standards, Zhaoqing Ecological Environment Bureau imposed a fine of RMB120,000 on it according to Article 99 of the Law of the People's Republic of China on the Prevention and Control of Air Pollution and the Applicable Rules on Discretion over Administrative Penalty in respect of Environment of Zhaoqing City (Revised in 2018 Edition).

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

Applicable Not applicable

3. Reasons for not disclosure of other environmental information

Applicable Not applicable



V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

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

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

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

Applicable Not applicable



VI. SIGNIFICANT EVENTS

I. Performance of undertakings

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

Applicable Not applicable

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Time and period of the undertaking	Whether there is deadline for performance	Whether the undertaking was strictly and timely performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings related to initial public offering	Others	BSAM	For the shares of Dynagreen held by the company prior to the initial public offering of A shares by Dynagreen, if the company reduces the shares held within two years after the expiry of the lock-up period, the price shall not be lower than the issue price and the issuer's shares reduced each year shall not exceed 5%.	11 June 2021 to 10 June 2023	Yes	Yes		
	Others	BSAM	For any loss or risk of Dynagreen and its subsidiaries caused by BOT projects not obtained through bidding, BSAM will provide timely, full and effective compensation to Dynagreen and its subsidiaries to ensure Dynagreen and/or its domestic subsidiaries will not suffer any loss.	30 May 2016	No	Yes		
Undertakings related to refinancing	Restriction on selling of shares	BSAM	Within 18 months from the listing date of the non-public offering of shares, the non-publicly issued shares held by the undertaking party shall neither be transferred nor entrusted to other parties for management.	9 December 2020 to 8 June 2022	Yes	Yes		
	Restriction on selling of shares	Three Gorges Capital Holdings Co., Ltd.	Within 6 months after the subscription of convertible corporate bonds, it will not reduce holdings of the shares or issued convertible corporate bonds of Dynagreen	7 March 2022 to 6 September 2022	Yes	Yes		



VI. SIGNIFICANT EVENTS (CONTINUED)

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

Applicable Not applicable

III. Illegal guarantees

Applicable Not applicable

IV. Audit of the interim report

Applicable Not applicable

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

Applicable Not applicable

VI. Matters related to bankruptcy and reorganization

Applicable Not applicable

VII. Material litigation and arbitration

The Company had material litigation and arbitration during the Reporting Period

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

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

Applicable Not applicable

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

Applicable Not applicable



X. Significant related party transactions

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

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

Applicable Not applicable

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

Applicable Not applicable

Continuing connected transaction

On 31 May 2021, the Company and Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司) (“Shenzhen CDT”) entered into a Service Framework Contract, pursuant to which publicity display design and construction were proposed to be carried out for thirteen municipal waste-to-energy projects of the Company in 2021 to 2022 and the Company will from time to time hold tenders for the publicity display design and construction services of its municipal waste-to-energy projects in which Shenzhen CDT shall participate. As the project service contract is awarded through public tender, the pricing and payment terms for the project services will be determined based on normal commercial terms through tender and bid procedures. If Shenzhen CDT successfully wins a tender for the project services, the Company will further enter into a specific project service contract with Shenzhen CDT according to the contents of the relevant letter of acceptance to specify fees and payment methods. In 2021 and 2022, the estimated caps of the day-to-day related party transactions with Shenzhen CDT are RMB29 million and RMB11 million, respectively.

In the first half of 2022, the actual amount under the above framework contract between the Company and Shenzhen CDT was RMB6.20 million which did not exceed the annual cap for the year.

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

For details of the transaction, please refer to the announcement of the Company dated 1 June 2021. The value and terms of the continuing connected transactions between the Company and Shenzhen CDT in 2021 are in line with the pricing terms disclosed in the announcement and the Guidance Letter 73-14.

The abovementioned continuing connected transaction constitutes a continuing connected transaction under Chapter 14A of the Listing Rules and meets the relevant requirements.

3. Matters which have not been published in temporary announcements

Applicable Not applicable



VI. SIGNIFICANT EVENTS (CONTINUED)

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

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

Applicable Not applicable

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

Applicable Not applicable

3. Matters which have not been published in temporary announcements

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

3. Matters which have not been published in temporary announcements

Applicable Not applicable



VI. SIGNIFICANT EVENTS (CONTINUED)

(IV) Claims and liabilities between related parties

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

Applicable Not applicable

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

Applicable Not applicable

As of 30 June 2022, the balance of the Company's loans from BSAM and its subsidiaries amounted to RMB1,696.99 million.

3. Matters which have not been published in temporary announcements

Applicable Not applicable

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

Applicable Not applicable

(VI) Other significant related party transactions

Applicable Not applicable

(VII) Others

Applicable Not applicable

The Group entered into the Non-Competition Agreement with BSAM (a connected entity of the Company by virtue of it being the controlling shareholder of the Company) on 23 December 2013, under which BSAM has agreed not to and will procure its subsidiaries (other than listed subsidiaries of BSAM) not to compete with us in our core business and has granted us options for new business opportunities, the call option and preemptive rights. In addition, if requested by the 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 2022. Save as the non-exempt connected transaction and continuing connected transaction as set out in the section headed "continuing connected transaction" on page 43 of this interim report, these related party transactions were not regarded as connected transactions under Chapter 14A of the Stock Exchange Listing Rules and were fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Chapter 14A of the Stock Exchange Listing Rules. Details are set out in note VII to the Financial Statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Stock Exchange Listing Rules.



VII. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

Unit: share

	Before change		Increase or decrease (+/-)				After change		
	Number	Percentage (%)	New issue	Bonus issue	Shares converted from reserves	Others	Sub-total	Number	Percentage (%)
I. Restricted shares	92,896,000	6.67				-92,896,000	-92,896,000	0	0.00
1. Shares held by the state									
2. Shares held by state-owned legal persons	92,896,000	6.67				-92,896,000	-92,896,000	0	0.00
3. Shares held by other domestic investors									
Including: shares held by domestic non-state-owned legal persons									
Shares held by domestic natural persons									
4. Shares held by overseas investors									
Including: shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Non-restricted shares	1,300,544,000	93.33				92,896,000	92,896,000	1,393,440,000	100.00
1. RMB ordinary shares	896,184,208	64.31				92,896,000	92,896,000	989,080,208	70.98
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	404,359,792	29.02						404,359,792	29.02
4. Others									
III. Total number of shares	1,393,440,000	100.00						1,393,440,000	100.00



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

2. Explanation of changes in shares

Applicable Not applicable

The 92,896,000 restricted shares issued in a non-public way by the Company held by BSAM were released on 9 June 2022. For details, please refer to the announcement of the Company dated 3 June 2022.

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

Applicable Not applicable

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

Applicable Not applicable

(II) Changes in restricted shares

Applicable Not applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the Reporting Period	Release of restricted shares during the Reporting Period	Increase of restricted shares during the Reporting Period	Number of restricted shares at the end of the Reporting Period	Reason for restriction	Date of release of the restricted shares
Beijing State-owned Assets Management Co., Ltd.	92,896,000	92,896,000		0	Undertaking of nonpublic issuance	2022-6-9
Total	92,896,000	92,896,000		0	/	/



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

II. Shareholders

(I) Total number of shareholders:

Total number of holders of ordinary shares as at the end of the Reporting Period 60,830

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

Unit: share

Name of shareholder (full name)	Change during the Reporting Period	Shareholding of the top ten shareholders		Number of shares held subject to selling restrictions	Pledged, marked or frozen		Nature of shareholder
		Number of shares held as at the end of the Period	Percentage (%)		Status	Number	
Beijing State-owned Assets Management Co., Ltd.	0	594,085,618	42.63	Nil		State-owned legal person	
HKSCC NOMINEES LIMITED	0	379,480,000	27.23	Unknown		Overseas legal person	
Three Gorges Capital Holdings Co., Ltd.	0	84,265,896	6.05	Nil		State-owned legal person	
Beijing State-Owned Assets Management (Hong Kong) Company Limited	0	24,859,792	1.78	Nil		Overseas legal person	
Beijing Huitai Hengrui Investment Co., Ltd.	-830,000	17,170,707	1.23	Nil		Domestic non- state-owned legal person	
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	0	7,130,378	0.51	Nil		Domestic non- state-owned legal person	
Hong Kong Securities Clearing Company Ltd.	358,465	4,796,005	0.34	Nil		Overseas legal person	
Prudence Investment Management (Hong Kong) Limited – Prudence Enhanced Income Fund	2,200,000	2,200,000	0.16	Nil		Other	
China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Shanghai (中國人壽保 險股份有限公司一分紅一個人 分紅 – 005L – FH002滬)	220,000	1,700,000	0.12	Nil		Other	
Agricultural Bank of China Limited – Southern CSI Yangtze River Protection Themed Exchanged Open Index Securities Investment Fund (中國農業銀行股份有限 公司 – 南方中證長江保護主題 交易型開放式指數證券投資基 金)	82,200	1,444,000	0.10	Nil		Other	



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

Top ten holders of shares not subject to selling restrictions

Name of shareholder	Number of tradable shares not subject to selling restrictions held	Class and number of shares	
		Type	Number
Beijing State-owned Assets Management Co., Ltd.	594,085,618	RMB ordinary shares	594,085,618
HKSCC NOMINEES LIMITED	379,480,000	Overseas listed foreign shares	379,480,000
Three Gorges Capital Holdings Co., Ltd.	84,265,896	RMB ordinary shares	84,265,896
Beijing State-Owned Assets Management (Hong Kong) Company Limited	24,859,792	Overseas listed foreign shares	24,859,792
Beijing Huitai Hengrui Investment Co., Ltd.	17,170,707	RMB ordinary shares	17,170,707
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	7,130,378	RMB ordinary shares	7,130,378
Hong Kong Securities Clearing Company Ltd.	4,796,005	RMB ordinary shares	4,796,005
Prudence Investment Management (Hong Kong) Limited – Prudence Enhanced Income Fund	2,200,000	RMB ordinary shares	2,200,000
China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Shanghai (中國人壽保險股份有限公司 – 分紅 – 個人分紅 – 005L – FH002滬)	1,700,000	RMB ordinary shares	1,700,000
Agricultural Bank of China Limited – Southern CSI Yangtze River Protection Themed Exchanged Open Index Securities Investment Fund (中國農業銀行股份有限公司 – 南方中證長江保護主題交易型開放式指數證券投資基金)	1,444,000	RMB ordinary shares	1,444,000

Description of the special account for repurchase of the top ten shareholders	Nil
Description of the abovementioned shareholders' entrusting of voting rights, entrusted voting rights, and waiver of voting rights	Nil
Particulars of related-party relationship or concert party arrangement among the Shareholders above	Beijing State-Owned Assets Management (Hong Kong) Company Limited is a wholly-owned subsidiary of Beijing State-owned Assets Management Co., Ltd.
Explanation on shareholders of preference shares with restored voting rights and the number of shares held by them	Nil

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

Applicable Not applicable



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

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

Applicable Not applicable

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

Save as disclosed in the section headed “Interests in securities held by Directors, Supervisors and senior management”, as at 30 June 2022, according to the register kept under Section 336 of the SFO, the following shareholders who had 5% or more interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO:

Shareholder	Number of shares held	Capacity	Approximate percentage of share holding in the relevant class of shares ⁽¹⁾	Approximate percentage of share holding in the total share capital of the Company ⁽²⁾
BSAM	594,085,618 A shares (Long position)	Beneficial owner	60.06	42.63
Beijing State-Owned Assets Management (Hong Kong) Company Limited (“BSAM (HK)”) ⁽³⁾	24,859,792 H shares (Long position)	Beneficial owner	6.15	1.78
BSAM ⁽³⁾	24,859,792 H shares (Long position)	Interest in controlled corporation	6.15	1.78
Three Gorges Capital Holdings Co., Ltd.	84,265,896 A shares (Long position)	Beneficial owner	8.52	6.05
Tenbagger Capital Management CO., LTD	40,450,000 H shares (Long position)	Investment manager	10.00	2.90

Notes:

- (1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 30 June 2022.
- (2) The calculation is based on the total number of 1,393,440,000 Shares in issue as at 30 June 2022.
- (3) BSAM (HK) is a wholly-owned subsidiary of BSAM. Pursuant to the SFO, BSAM is deemed to be interested in the H Shares held by BSAM (HK), holding 24,859,792 H Shares, representing approximately 6.15% of the total H Shares of the Company and approximately 1.78% of the total share capital of the Company.

Apart from the above, as at 30 June 2022, no other interests required to be recorded in the register kept under Section 336 of the SFO have been notified to the Company.



III. Directors, supervisors and senior management

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

Applicable Not applicable

Other explanations

Applicable Not applicable

(II) Interests in securities held by Directors, Supervisors and senior management

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

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

Applicable Not applicable

(IV) Other Explanation

Applicable Not applicable

IV. Changes in controlling shareholders or beneficial controller

Applicable Not applicable



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

V. Code of conduct for trading of shares by Directors, Supervisors and employees

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

VI. Human resources and policies

As at 30 June 2022, the Group had a total of 3,176 staff members.

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

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

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



VIII. PREFERENCE SHARES

Applicable Not Applicable



IX. BONDS

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

Applicable Not applicable

II. Convertible corporate bonds

Applicable Not applicable

(I) Issuance of convertible bonds

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

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

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

* For identification purpose only



IX. BONDS (CONTINUED)

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

Name of convertible corporate bonds	Dynagreen Convertible Bonds
Number of holders of convertible corporate bonds at the end of the period	115,299
Guarantors of convertible bonds of the Company	N/A
Material changes in profitability, assets and credit of the guarantors	N/A

Top ten holders of convertible corporate bonds are as follows:

Name of holders of convertible corporate bonds	Amount of bonds held at the end of the period (RMB)	Percentage of holding (%)
Three Gorges Capital Holdings Co., Ltd.	201,058,000	8.52
Guosen Securities Co., Ltd.	159,689,000	6.77
Basic Pension Insurance Fund Portfolio 102 (基本養老保險基金 —零二組合)	98,200,000	4.16
Ping An Bank Co., Ltd. – Western Lide Huixiang Bond Securities Investment Fund (平安銀行股份有限公司—西部利得匯享債券型 證券投資基金)	73,000,000	3.09
Bank of China – YFD Stable Income Bond Investment Fund (中國銀行—易方達穩健收益債券型證券投資基金)	53,117,000	2.25
Industrial and Commercial Bank of China – Fuguo Tianli Bond Investment Growth Fund (中國工商銀行—富國天利增長債券 投資基金)	51,400,000	2.18
China AMC Yannianyishou No. 9 Fixed Income Pension Product – China Merchants Bank Co., Ltd. (華夏基金延年益壽9號固定 收益型養老金產品—招商銀行股份有限公司)	50,000,000	2.12
National Social Security Fund Portfolio 1005 (全國社保基金— 零零五組合)	49,200,000	2.08
Northwest Investment Management (Hong Kong) Limited – Northwest Feilong Fund Limited (西北投資管理(香港)有限公司— 西北飛龍基金有限公司)	48,000,000	2.03
Industrial and Commercial Bank of China Limited – Fullgoal Steady Enhanced Bond Securities Investment Fund (中國工商銀行股份 有限公司—富國穩健增強債券型證券投資基金)	47,917,000	2.03



IX. BONDS (CONTINUED)

(III) Changes in convertible bonds during the Reporting Period

Unit: RMB

Name of convertible corporate bonds	Before the change	Increase and decrease in the change			After the change
		Conversion	Redemption	Repurchase	
Dynagreen Convertible Bonds	2,360,000,000	-	-	-	2,360,000,000

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

Name of convertible corporate bonds	Dynagreen Convertible Bonds
Amount of shares converted during the Reporting Period (RMB)	-
Number of shares converted during the Reporting Period (share)	-
Aggregate number of shares converted (share)	-
Aggregate number of shares converted to the total number of issued shares of the Company before conversion (%)	-
Amount of unconverted bonds (RMB)	2,360,000,000
Number of unconverted bonds to the total number of convertible bonds issued (%)	100



IX. BONDS (CONTINUED)

(V) Previous adjustments to conversion price

According to the relevant provisions of the Offering Document of Convertible Bonds of the Company, due to the Company's distribution of cash dividends for 2021, the conversion price of "Dynagreen Convertible Bonds" would be adjusted from RMB9.82 per share to RMB9.72 per share with effect from 21 July 2022 (ex-dividend date).

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

As of 30 June 2022, the Company's total assets amounted to RMB22.452 billion and its gearing ratio was 66.77%. China Chengxin International Credit Rating Co., Ltd. conducted a tracking credit rating on the convertible bonds issued by the Company and issued the Tracking Rating Report on Dynagreen Environmental Protection Group Co., Ltd. for 2022 (Xin Ping Wei Han Zi [2022] Gen Zong No. 0305) on 24 May 2022, pursuant to which the credit rating of the "Dynagreen Convertible Bonds" remained AA+. In the past three years, the Company's interest coverage ratio was relatively high and the Company's loan repayment was good, without overdue repayment of bank loans.

(VII) Other description of convertible bonds

Nil



X. FINANCIAL REPORT

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2022

(Expressed in Renminbi unless otherwise indicated)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Current assets			
Cash at bank and on hand	IV (1)	1,896,310,221.84	966,741,308.85
Notes receivable		5,460,000.00	8,816,400.00
Accounts receivable	IV (2)	1,827,210,336.99	1,530,086,535.20
Receivables financing		–	500,000.00
Prepayments	IV (3)	36,454,673.58	26,417,264.13
Other receivables	IV (4)	43,457,085.61	43,457,908.02
Inventories	IV (5)	45,843,647.45	43,491,074.67
Contract assets	IV (6)	287,326,583.34	227,632,558.36
Held-for-sale assets		–	108,489,032.00
Non-current assets due within one year	IV (7)	55,761,504.38	41,347,119.04
Other current assets	IV (9)	218,499,517.32	227,450,849.72
Total current assets		4,416,323,570.51	3,224,430,049.99
Non-current assets			
Long-term receivables	IV (8)	50,094,349.16	49,619,090.97
Long-term equity investments	IV (10)	–	89,838,632.91
Fixed assets	IV (11)	338,851,500.47	332,942,513.29
Right-of-use assets		6,409,617.54	7,185,985.49
Intangible assets	IV (12)	10,565,102,543.75	9,546,803,985.25
Goodwill	IV (13)	43,910,821.67	43,910,821.67
Long-term prepaid expenses		1,001,447.97	76,373.47
Deferred tax assets	IV (14)	214,200,228.72	206,779,956.25
Other non-current assets	IV (15)	6,816,165,083.58	6,712,878,609.68
Total non-current assets		18,035,735,592.86	16,990,035,968.98
Total assets		22,452,059,163.37	20,214,466,018.97



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings	IV (17)	593,299,837.90	1,248,797,640.41
Notes payable		19,822,569.45	19,467,708.34
Accounts payable		1,334,699,617.53	1,411,772,142.99
Contract liabilities		8,224,683.31	11,750,162.24
Employee benefits payable	IV (18)	49,826,428.14	104,938,148.73
Taxes payable	IV (19)	54,492,989.06	46,140,255.29
Other payables	IV (20)	284,150,060.49	132,552,974.49
Non-current liabilities due within one year	IV (21)	901,919,642.11	790,591,361.79
Total current liabilities		3,246,435,827.99	3,766,010,394.28
Non-current liabilities			
Long-term borrowings	IV (22)	8,713,690,361.46	8,709,002,229.47
Bonds payable	IV (23)	2,154,763,590.31	–
Lease liabilities		2,309,925.49	3,569,175.43
Long-term payables	IV (24)	260,407,246.87	264,706,626.08
Provisions	IV (25)	12,648,383.30	–
Deferred income	IV (26)	152,514,766.55	132,032,044.50
Deferred tax liabilities	IV (14)	448,833,660.94	421,564,037.89
Total non-current liabilities		11,745,167,934.92	9,530,874,113.37
Total liabilities		14,991,603,762.91	13,296,884,507.65



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Liabilities and shareholders' equity (Continued)			
Shareholders' equity			
Share capital	IV (27)	1,393,440,000.00	1,393,440,000.00
Other equity instruments	IV (28)	217,568,790.78	–
Capital reserve	IV (29)	2,412,410,905.73	2,412,410,905.73
Other comprehensive income		2,079,875.32	24,553,948.30
Surplus reserve	IV (30)	103,278,199.37	103,278,199.37
Retained earnings	IV (31)	2,871,601,071.14	2,594,406,537.26
Total equity attributable to Shareholders of the Company		7,000,378,842.34	6,528,089,590.66
Non-controlling interests		460,076,558.12	389,491,920.66
Total shareholders' equity		7,460,455,400.46	6,917,581,511.32
Total liabilities and shareholders' equity		22,452,059,163.37	20,214,466,018.97

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

Qiao Dewei

Authorised Representative:

Yi Zhiyong

Chief Financial Officer:

Zhao Linbin

Chief Accountant:



X. FINANCIAL REPORT (CONTINUED)

COMPANY BALANCE SHEET AS AT 30 JUNE 2022

(Expressed in Renminbi unless otherwise indicated)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Current assets			
Cash at bank and on hand		1,157,371,181.64	213,422,050.77
Accounts receivable	XIV (1)	199,713,379.95	144,776,114.44
Prepayments		888.95	124,966.50
Other receivables	XIV (2)	2,134,103,569.13	1,014,415,904.70
Non-current assets due within one year		86,693,722.22	74,713,094.44
Other current assets		–	2,401,777.37
Total current assets		3,577,882,741.89	1,449,853,908.22
Non-current assets			
Long-term receivables	XIV (3)	471,058,272.96	304,558,272.96
Long-term equity investments	XIV (4)	6,194,517,456.34	5,886,799,500.12
Fixed assets		2,103,660.32	2,055,418.35
Right-of-use assets		3,501,944.88	5,252,917.32
Intangible assets		1,689,146.64	1,509,930.00
Long-term prepaid expenses		963,916.73	76,373.47
Deferred tax assets		717,532.16	1,218,276.57
Other non-current assets		1,621,399.16	2,562,029.73
Total non-current assets		6,676,173,329.19	6,204,032,718.52
Total assets		10,254,056,071.08	7,653,886,626.74



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings		648,237,249.98	1,424,732,972.91
Notes payable		20,000,000.00	20,000,000.00
Accounts payable		367,868.21	214,899.14
Contract liabilities		31,533,898.30	32,144,067.78
Employee benefits payable		4,788,309.37	21,080,140.97
Taxes payable		1,786,420.14	1,923,205.56
Other payables		332,017,011.01	195,473,070.46
Non-current liabilities due within one year		136,924,665.77	115,774,009.89
Total current liabilities		1,175,655,422.78	1,811,342,366.71
Non-current liabilities			
Long-term borrowings		1,605,926,763.10	1,690,869,071.73
Bonds payable	IV (23)	2,154,763,590.31	–
Lease liabilities		–	1,798,167.20
Total non-current liabilities		3,760,690,353.41	1,692,667,238.93
Total liabilities		4,936,345,776.19	3,504,009,605.64



X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Liabilities and shareholders' equity (Continued)			
Shareholders' equity			
Share capital	IV (27)	1,393,440,000.00	1,393,440,000.00
Other equity instruments	IV (28)	217,568,790.78	–
Capital reserve		2,459,501,733.70	2,459,501,733.70
Surplus reserve	IV (30)	103,278,199.37	103,278,199.37
Retained earnings		1,143,921,571.04	193,657,088.03
Total shareholders' equity		5,317,710,294.89	4,149,877,021.10
Total liabilities and shareholders' equity		10,254,056,071.08	7,653,886,626.74

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

Qiao Dewei

Authorised Representative:

Yi Zhiyong

Chief Financial Officer:

Zhao Linbin

Chief Accountant:



X. FINANCIAL REPORT (CONTINUED)

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi unless otherwise indicated)

Item	Note	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
I. Operating income	IV (32)	2,262,546,411.63	2,506,023,079.65
Less: Operating costs	IV (32)	(1,447,858,620.42)	(1,675,101,236.68)
Taxes and surcharges	IV (33)	(26,796,710.83)	(24,980,480.18)
Selling and distribution expenses		(339,990.66)	–
General and administrative expenses	IV (34)	(82,419,057.11)	(74,358,638.89)
Research and development expenditures		(4,020,489.95)	(2,352,833.32)
Financial expenses – net	IV (35)	(220,026,554.45)	(214,398,192.09)
Including: Interest expenses		(247,476,413.67)	(211,497,339.97)
Interest income		6,670,373.50	3,706,527.19
Add: Other income	IV (39)	20,789,513.84	32,781,873.16
Investment income	IV (40)	8,875,675.09	4,628,785.85
Including: Investment income from investment in joint ventures		7,217,956.22	4,433,719.81
Credit impairment losses	IV (38)	(12,809,217.68)	(19,999,399.54)
Asset impairment (losses)/reversal	IV (37)	(12,264,808.46)	2,754,235.46
Loss on disposal of assets		(6,730,966.16)	(6,283.57)
II. Operating profit		478,945,184.84	534,990,909.85
Add: Non-operating income		1,453,813.45	1,300,462.68
Less: Non-operating expenses		(308,410.66)	(102,370.09)
III. Total profit		480,090,587.63	536,189,002.44
Less: Income tax expenses	IV (41)	(44,191,582.19)	(75,362,787.82)
IV. Net profit		435,899,005.44	460,826,214.62
Classified by continuity of operations			
From continuing operations		435,899,005.44	460,826,214.62
From discontinued operations		–	–
Classified by ownership of equity			
Attributable to shareholders of the Company		416,538,533.88	437,535,990.24
Attributable to non-controlling interests		19,360,471.56	23,290,224.38



X. FINANCIAL REPORT (CONTINUED)

Item	Note	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
V. Other comprehensive income, net of tax		(22,474,072.98)	5,487,232.92
Attributable to shareholders of the company		(22,474,072.98)	5,487,232.92
Other comprehensive income that will be subsequently reclassified to profit or loss		(22,474,072.98)	5,487,232.92
Translation difference of foreign statements		(22,474,072.98)	5,487,232.92
VI. Total comprehensive income		413,424,932.46	466,313,447.54
Attributable to shareholders of the company		394,064,460.90	443,023,223.16
Attributable to non-controlling interest		19,360,471.56	23,290,224.38
VII. Earnings per share	IV (42)		
Basic earnings per share (RMB)		0.30	0.31
Diluted earnings per share (RMB)		0.27	0.31

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

Qiao Dewei

Authorised Representative:

Yi Zhiyong

Chief Financial Officer:

Zhao Linbin

Chief Accountant:



X. FINANCIAL REPORT (CONTINUED)

COMPANY INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi unless otherwise indicated)

Item	Note	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
I. Operating income	XIV (5)	64,893,078.65	40,364,119.50
Less: Operating costs	XIV (5)	(4,055,630.90)	(3,618,177.15)
Taxes and surcharges		(265,458.81)	(101,624.20)
General and administrative expenses		(20,081,717.91)	(16,395,004.98)
Research and development expenditures		(4,020,489.95)	(2,352,833.32)
Financial expenses – net		(79,206,218.83)	(61,268,128.86)
Including: Interest expenses		(87,853,957.85)	(63,000,394.09)
Interest income		9,316,400.29	2,248,458.72
Add: Other income		578,333.97	265,154.29
Investment income	XIV (6)	1,130,264,353.57	22,896,103.11
Including: Investment income from investment in joint ventures		7,217,956.22	4,433,719.81
Reversal of credit impairment		2,002,977.63	2,483,851.07
Loss on disposal of assets		–	(4,265.39)
II. Operating profit/(loss)		1,090,109,227.42	(17,730,805.93)
III. Total profit/(loss)		1,090,109,227.42	(17,730,805.93)
Less: Income tax expenses		(500,744.41)	(620,962.77)
IV. Net profit/(loss)		1,089,608,483.01	(18,351,768.70)
Classified by continuity of operations			
From continuing operations		1,089,608,483.01	(18,351,768.70)
From discontinued operations		–	–
V. Other comprehensive income, net of tax		–	–
VI. Total comprehensive income		1,089,608,483.01	(18,351,768.70)

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

Qiao Dewei

Authorised Representative:

Yi Zhiyong

Chief Financial Officer:

Zhao Linbin

Chief Accountant:



X. FINANCIAL REPORT (CONTINUED)

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi unless otherwise indicated)

Item	Note	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		1,225,428,851.14	1,187,059,510.11
Refund of taxes and surcharges		30,970,642.79	32,239,866.33
Cash received from other operating activities	IV (43)(a)	62,981,006.50	72,220,309.90
Sub-total of cash inflows from operating activities		1,319,380,500.43	1,291,519,686.34
<hr style="border-top: 1px dashed black;"/>			
Cash paid for goods and services		(337,256,098.79)	(286,919,549.98)
Other cash payments related to the construction of PPP projects		(291,027,879.62)	(460,043,757.43)
Cash paid to and for employees	IV (43)(e)	(252,652,803.99)	(224,626,887.68)
Payments of various types of taxes		(123,068,381.82)	(113,202,080.26)
Cash paid from other operating activities		(40,543,590.52)	(32,796,630.92)
Sub-total of cash outflows for operating activities		(1,044,548,754.74)	(1,117,588,906.27)
<hr style="border-top: 1px dashed black;"/>			
Net cash generated from operating activities	IV (44)(a)	274,831,745.69	173,930,780.07
<hr style="border-top: 1px dashed black;"/>			
II. Cash flow used in investing activities			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		97,682,809.49	11,739.24
Net cash received from acquisition of subsidiaries	IV (44)(c)	43,103,525.01	-
Cash received from other investing activities	IV (43)(b)	5,249,650.00	7,120,000.00
Sub-total of cash inflows from investing activities		146,035,984.50	7,131,739.24
<hr style="border-top: 1px dashed black;"/>			
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(691,219,538.95)	(877,513,624.01)
Net cash paid for acquisition of subsidiaries	IV (44)(c)	-	(35,182,997.10)
Cash paid for other investing activities	IV (43)(c)	(28,051,080.00)	(13,953,000.00)
Sub-total of cash outflows for investing activities		(719,270,618.95)	(926,649,621.11)
<hr style="border-top: 1px dashed black;"/>			
Net cash used in investing activities		(573,234,634.45)	(919,517,881.87)
<hr style="border-top: 1px dashed black;"/>			



X. FINANCIAL REPORT (CONTINUED)

Item	Note	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
III. Cash flows from financing activities			
Cash received from capital contributions		7,060,000.00	18,900,000.00
Including: Cash received from non-controlling shareholders of subsidiaries		7,060,000.00	18,900,000.00
Cash received from borrowings		1,461,969,159.27	2,904,657,789.01
Cash received from issue of convertible bonds		2,347,754,716.98	–
Sub-total of cash inflows from financing activities		3,816,783,876.25	2,923,557,789.01
Cash paid for repayment of borrowings		(2,337,629,623.56)	(2,313,933,397.95)
Cash payments for distribution of dividends, profits or interest expenses		(244,793,612.85)	(447,061,824.49)
Including: Cash payments for dividends or profits to non-controlling shareholders by subsidiaries		(18,000,000.00)	–
Cash paid for other financing activities	IV (43)(d)	(3,880,156.35)	(874,949.51)
Sub-total of cash outflows for financing activities		(2,586,303,392.76)	(2,761,870,171.95)
Net cash generated from financing activities		1,230,480,483.49	161,687,617.06
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(47,861.74)	(195,944.98)
V. Net increase/(decrease) in cash and cash equivalents		932,029,732.99	(584,095,429.72)
Add: Cash and cash equivalents at the beginning of the period		954,789,955.35	1,592,968,039.86
VI. Cash and cash equivalents at the end of the period	IV (44)(d)	1,886,819,688.34	1,008,872,610.14

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

Qiao Dewei

Authorised Representative:

Yi Zhiyong

Chief Financial Officer:

Zhao Linbin

Chief Accountant:



X. FINANCIAL REPORT (CONTINUED)

COMPANY CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi unless otherwise indicated)

Item	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
I. Cash flows used in operating activities		
Cash received from sale of goods or rendering of services	14,328,956.63	27,021,467.72
Cash received from other operating activities	22,493,620.46	22,968,552.30
Sub-total of cash inflows from operating activities	36,822,577.09	49,990,020.02
Cash paid for goods and services	(70,381.56)	(859,003.43)
Cash paid to and for employees	(34,340,928.11)	(32,022,170.22)
Payments of various types of taxes	(2,055,302.67)	(101,624.20)
Cash paid for other operating activities	(39,315,345.19)	(44,165,554.65)
Sub-total of cash outflows for operating activities	(75,781,957.53)	(77,148,352.50)
Net cash flows used in operating activities	(38,959,380.44)	(27,158,332.48)
II. Cash flow used in investing activities		
Cash received from returns on investments	202,200,000.00	30,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	8,288.50
Cash received from other investing activities	377,144,570.81	441,937,258.58
Sub-total of cash inflows from investing activities	579,344,570.81	471,945,547.08
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(875,541.14)	(384,205.03)
Cash paid to acquire investments	(300,500,000.00)	(157,100,000.00)
Net cash paid for acquisition of subsidiaries	-	(35,182,997.10)
Cash paid for other investing activities	(734,132,090.60)	(386,479,030.50)
Sub-total of cash outflows for investing activities	(1,035,507,631.74)	(579,146,232.63)
Net cash used in investing activities	(456,163,060.93)	(107,200,685.55)



X. FINANCIAL REPORT (CONTINUED)

Item	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
III. Cash flows from financing activities		
Cash received from borrowings	1,032,500,000.00	1,599,000,000.00
Cash received from issue of convertible bonds	2,347,754,716.98	–
Sub-total of cash inflows from financing activities	3,380,254,716.98	1,599,000,000.00
Cash paid for repayments of borrowings	(1,873,134,973.51)	(1,228,527,830.67)
Cash payments for distribution of dividends, profits or interest expenses	(59,926,763.98)	(303,285,529.09)
Cash paid relating to other financing activities	(3,623,716.98)	(728,241.54)
Sub-total of cash outflows for financing activities	(1,936,685,454.47)	(1,532,541,601.30)
Net cash generated from financing activities	1,443,569,262.51	66,458,398.70
IV. Effect of foreign exchange rate changes on cash and cash equivalents	2,309.73	(214,360.97)
V. Net increase/(decrease) in cash and cash equivalents	948,449,130.87	(68,114,980.30)
Add: Cash and cash equivalents at the beginning of the period	203,062,050.77	430,958,075.95
VI. Cash and cash equivalents at the end of the period	1,151,511,181.64	362,843,095.65

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

Qiao Dewei

Authorised Representative:

Yi Zhiyong

Chief Financial Officer:

Zhao Linbin

Chief Accountant:



X. FINANCIAL REPORT (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi unless otherwise indicated)

Item	Equity attributable to shareholders of the Company					Sub-total	Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings			
Balance at 1 January 2021 (Audited)	1,393,440,000.00	2,412,410,905.73	10,473,349.95	103,278,199.37	2,175,308,660.47	6,094,911,115.52	326,134,732.98	6,421,045,848.50
Changes for the six months ended 30 June 2021								
Total comprehensive income								
Net profit	-	-	-	-	437,535,990.24	437,535,990.24	23,290,224.38	460,826,214.62
Other comprehensive income	-	-	5,487,232.92	-	-	5,487,232.92	-	5,487,232.92
Total comprehensive income	-	-	5,487,232.92	-	437,535,990.24	443,023,223.16	23,290,224.38	466,313,447.54
Capital contribution and reduction from shareholders								
Capital contribution from shareholders	-	-	-	-	-	-	18,900,000.00	18,900,000.00
Profit distribution								
Distributions to shareholders	-	-	-	-	(278,688,000.00)	(278,688,000.00)	-	(278,688,000.00)
Balance at 30 June 2021 (Unaudited)	1,393,440,000.00	2,412,410,905.73	15,960,582.87	103,278,199.37	2,334,156,650.71	6,259,246,338.68	368,324,957.36	6,627,571,296.04



X. FINANCIAL REPORT (CONTINUED)

Item	Equity attributable to shareholders of the Company							Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total		
Balance at 1 January 2022 (Audited)	1,393,440,000.00	-	2,412,410,905.73	24,553,948.30	103,278,199.37	2,594,406,537.26	6,528,089,590.66	389,491,920.66	6,917,581,511.32
Changes for the six months ended 30 June 2022									
Total comprehensive income									
Net profit	-	-	-	-	-	416,538,533.88	416,538,533.88	19,360,471.56	435,899,005.44
Other comprehensive income	-	-	-	(22,474,072.98)	-	-	(22,474,072.98)	-	(22,474,072.98)
Total comprehensive income	-	-	-	(22,474,072.98)	-	416,538,533.88	394,064,460.90	19,360,471.56	413,424,932.46
Capital contribution and reduction from shareholders									
Capital contribution from shareholders	-	-	-	-	-	-	-	7,060,000.00	7,060,000.00
Contribution from holders of convertible bonds	-	217,568,790.78	-	-	-	-	217,568,790.78	-	217,568,790.78
Total capital contribution and reduction from owners	-	217,568,790.78	-	-	-	-	217,568,790.78	7,060,000.00	224,628,790.78
Business combination involving entities not under common control	-	-	-	-	-	-	-	94,164,165.90	94,164,165.90
Profit distribution									
Distributions to shareholders	-	-	-	-	-	(139,344,000.00)	(139,344,000.00)	(50,000,000.00)	(189,344,000.00)
Balance at 30 June 2022 (Unaudited)	1,393,440,000.00	217,568,790.78	2,412,410,905.73	2,079,875.32	103,278,199.37	2,871,601,071.14	7,000,378,842.34	460,076,558.12	7,460,455,400.46

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

Qiao Dewei

Authorised Representative:

Yi Zhiyong

Chief Financial Officer:

Zhao Linbin

Chief Accountant:



X. FINANCIAL REPORT (CONTINUED)

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi unless otherwise indicated)

Item	Share capital	Other equity instruments	Capital reserve	Surplus reserve	Retained earnings	Total shareholders' equity
Balance at 1 January 2021 (Audited)	1,393,440,000.00	-	2,459,501,733.70	103,278,199.37	509,824,430.19	4,466,044,363.26
Changes for the six months ended 30 June 2021						
Total comprehensive income						
Net losses	-	-	-	-	(18,351,768.70)	(18,351,768.70)
Profit distribution						
Distributions to shareholders	-	-	-	-	(278,688,000.00)	(278,688,000.00)
Balance at 30 June 2021 (unaudited)	1,393,440,000.00	-	2,459,501,733.70	103,278,199.37	212,784,661.49	4,169,004,594.56

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

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

Qiao Dewei

Authorised Representative:

Yi Zhiyong

Chief Financial Officer:

Zhao Linbin

Chief Accountant:



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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 Exchanges and Clearing Limited (“HKEX”). 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. After this public offering, the share capital of the Company amounted to RMB1,045,000,000.00 comprising a total of 1,045,000,000.00 shares.

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

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

The Company and its subsidiaries (the “Group”) are mainly engaged in the investment, construction, operation, maintenance and technical consulting business of municipal waste-to-energy plants and other public infrastructures in the environmental protection industry as private entity by way of Build-Operate-Transfer (“BOT”, related projects are referred to as “BOT” projects) through entering into public-private partnership (PPP) project contracts.

Subsidiaries included in the scope of consolidation for the six months ended 30 June 2022 (the “Period”) are set out in Note VI. Except for Fengcheng Dynagreen Environmental Protection Co., Ltd. (“Fengcheng Company”), which was newly included in the scope of consolidation in the Period (see Note V(1) for details), there was no other change in the scope of consolidation of the Group in the Period.

These financial statements are authorised for issue by the Board of the Company on 30 August 2022.



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group applies the accounting policies and accounting estimates based on its business operating characteristics, including measurement of expected credit loss (“ECL”) of receivables and contract assets (Note II (9)), amortisation of intangible assets (Note II (14)), recognition and measurement of revenue (Note II (20)), etc.

Significant judgements, accounting estimates and key assumptions to determine the critical accounting policies are disclosed in Note II (26).

(1) Basis of preparation

The interim financial statements are prepared in accordance with the Accounting Standard for Business Enterprises – Basic Standard, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as “the Accounting Standard for Business Enterprises” or “CAS”). These interim financial statements have been presented and disclosed in accordance with the requirements of the Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting issued by the Ministry of Finance, the Rules on Contents and Format of Information Disclosure by Companies Publicly Issuing Securities No. 3 – Contents and Format of Interim Report (Revision 2021) of the CSRC. Except for the changes in accounting policies as stated in Note II (27), the interim financial statements shall be read in conjunction with the 2021 financial statements of the Group. The accounting policies adopted in the preparation of these interim financial statements are consistent with those adopted in preparation of the 2021 financial statements of the Group.

In addition, these interim financial statements also include relevant disclosures required by the Stock Exchange Listing Rules.

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

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

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

(3) Accounting year

The accounting year is from 1 January to 31 December.



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(4) Recording currency

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

(5) Business combinations

(a) Business combinations involving entities under common control

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

(b) Business combination involving entities not under common control

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



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(6) Preparation of consolidated financial statements

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

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

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

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

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

(7) Cash and cash equivalents

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



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(8) Foreign currency translation

(a) Foreign currency transactions

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

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

(b) Translation of foreign currency financial statements

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

(9) Financial instruments

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

(a) Financial assets

(i) Classification and measurement

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

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



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(i) *Classification and measurement (Continued)*

Debt instruments

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

Measured at amortised cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest rate method. Such financial assets mainly comprise cash at bank and on hand, notes receivables, accounts receivables, other receivables, and long-term receivables, etc. Debt investments and long-term receivables that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets; debt investments with maturities of no more than one year (inclusive) at the time of acquisition are included in other current assets.

Measured at fair value through other comprehensive income:

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



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment

The Group assesses the expected credit losses (“ECL”) for financial assets at amortised cost, contract assets, etc. The Group recognizes a loss allowance for such losses at each reporting date.

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

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

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

For the financial instruments in Stage 1 and Stage 2, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before net of expected credit loss provision). For the financial instrument in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (net of expected credit loss provision).

For notes receivables, accounts receivables, receivables financing and contract assets arising from sales of goods and rendering of services in the ordinary course of operating activities, the Group recognises the lifetime ECL regardless of whether there exists a significant financing component. For lease receivables, the Group measures the loss provision according to the lifetime ECL.



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment (Continued)

For receivables without objective evidence of impairment, they are grouped based on shared credit risk characteristics, and collective provision is determined based on the credit risk. The Group groups the financial assets as follows:

Notes receivable group 1	Bank acceptance notes
Notes receivable group 2	Commercial acceptance notes
Accounts receivable group 1	Receivables from national renewable energy subsidies
Accounts receivable group 2	Receivables from electricity sale
Accounts receivable group 3	Receivables from waste treatment service fee
Contract assets group 1	Contract assets generated by electricity sales contract
Contract assets group 2 (including contract assets presented as other non-current assets)	PPP project construction services
Other receivables group 1	VAT refunds receivable and other tax refunds receivable
Other receivables group 2	Receivables from related parties
Other receivables group 3	Others
Long-term receivables group 1	Receivables from BT projects
Long-term receivables group 2	Performance bond

Note: BT project refers to the investment and construction of public infrastructure in the environmental protection industry, such as municipal waste-to-energy plants, that the Group engages in in a "build-transfer" manner.

For accounts receivable, notes receivable, receivables under financing and contract assets (including contract assets presented as other non-current assets) and long-term receivables (receivables from BT projects) resulting from transactions of daily operations such as sales of goods and provision of services on grouping basis, the Group calculates the ECL based on the exposure at default and the lifetime ECL rates, with reference to historical credit loss experience and current conditions and forecasts of future economic conditions. For long-term receivables (performance bond) not resulting from transactions of daily operation, and other receivables on grouping basis, the Group calculates the ECL based on the exposure at default and the 12-month or lifetime ECL rates, with reference to historical credit loss experience and current conditions and forecasts of future economic conditions.

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



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(iii) Derecognition

A financial asset is derecognised when any of the following condition is meets: (1) the contractual rights to receive the cash flows from the financial asset has expired; or (2) the financial asset has been transferred and all the risks and rewards of ownership of the financial asset have substantially been transferred to the transferee; or (3) The financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When a financial asset is derecognised, the difference between the carrying amount and the consideration received as well as the cumulative changes in fair value that are previously recognised directly in other comprehensive income is recognised in profit or loss for the current period.

(b) Financial liabilities

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

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

Convertible corporate bonds

Convertible corporate bonds include a liability portion and an equity portion. The liability portion reflects the obligation to pay fixed principal and interest. It is classified as a liability (included in bonds payable) and its fair value is calculated using a market interest rate of a bond with similar terms but without embedded convertible options at initial recognition. And st is subsequently measured at amortised cost using the effective interest method. The equity portion reflects the embedded option that converts liabilities into ordinary shares and can only settled by exchanging a fixed amount of own equity instruments for a fixed amount of cash or other financial assets. The remainder of the proceeds is allocated to the conversion option, is recognised and included in shareholders' equity according to the conversion feature embedded. Any directly attributable transaction costs are allocated to the liability and equity component in proportion to their initial carrying amounts.

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



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(b) Financial liabilities (Continued)

Other financial liabilities

Other financial liabilities measured at fair value mainly include notes payable and accounts payable, other payables, borrowings, etc. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities with maturity of less than 12 months (inclusive) are presented as current liabilities, and those with maturity of longer than 12 months but due within 12 months (inclusive) as from the balance sheet date are presented as current portion of non-current liabilities; and others are presented as non-current liabilities.

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

(c) Equity instrument

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

(10) Inventories

(a) Classification

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

(b) Costing of inventories

Cost of inventories recognised is accounted for using the weighted average method on a monthly basis. Turnover materials are amortised when they are used. The amortisation charge is included in the cost of the related assets or recognised in profit or loss for the current period.

(c) Basis for determining net realizable values of inventories and method for making provision for decline in the value of inventories

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

(d) The Group adopts the perpetual inventory system.



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Long-term equity investments

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

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

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

(a) Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination in the consolidated financial statements of the ultimate controlling party. For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the cost of acquisition at the date of combination.

For the long-term equity investment acquired otherwise than through a business combination, it is initially recognised at the amount of cash paid if the Group acquires the investment by cash or at the fair value of the equity securities issued if the acquires the investment by issuing equity securities.

(b) Subsequent measurement and recognition of related profit and loss

Under the cost method, a long-term equity investment is measured at initial investment cost. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Long-term equity investments (Continued)

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

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively. The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. The share of the changes in owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution are recognized in the capital reserve and the carrying amount of the long-term equity investment is adjusted accordingly. The carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group. Unrealized intra-group profits or losses are recognized as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

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

Control refers to having power over the investee, enjoying variable returns from participating in the relevant activities of the investee, and having the ability to use the power over the investee to affect the amount of its returns.

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.

(d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries and joint ventures are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note II (16)).



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(12) Fixed assets

(a) Recognition and initial measurement of fixed assets

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

Fixed assets are recognised when the economic benefits associated with them are likely to flow into the Group and their costs can be measured reliably. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition.

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

(b) Depreciation method of fixed assets

Except for the hazardous waste landfill of Lvyi (Huludao) Environmental Services Limited (“Huludao Hazardous Waste Company”), a subsidiary of the Group, which is depreciated using the unit-of-production method, the remaining fixed assets of the Group are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the net residual value rate and the annual depreciation rates of fixed assets are as follows:

	Estimated useful life	Estimated net residual value rate	Annual depreciation rates
Buildings and structures	20-50 years	5%	1.90%-4.75%
Machinery and equipment	3-10 years	0%-5%	9.50%-33.33%
Motor vehicles	3-10 years	0%-10%	9.00%-33.33%
Others	3-20 years	0%-10%	4.50%-33.33%

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

- (c) The carrying amount of the fix assets shall be reduced to the recoverable amount if the recoverable amount is lower than the carrying amount (Note II (16)).



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(12) Fixed assets (Continued)

(d) Disposal of fixed assets

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

(13) Borrowing costs

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

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.

Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The effective interest rate is the interest rate used to discount the future cash flow of the borrowings during the expected duration or the applicable shorter period to the initially recognized amount of the borrowings.



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(14) Intangible assets

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

(a) Land use rights

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

(b) Software

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

(c) Concession rights

(i) Concession rights of PPP project

Through entering into PPP project contracts with the government, the Group obtained concession rights for public infrastructures such as waste-to-energy plants from local governments in the PRC. The Group has the right to charge the recipients of public goods and services during the project operation period, including waste treatment fees and on-grid electricity tariff. Under the PPP project contracts, the Group builds waste-to-energy plants and operates these waste-to-energy plants for a concession period of 23 to 30 years. Upon the expiry of the concession period, the Group would transfer these waste-to-energy plants to respective local government without consideration.

Where the Group has the right to charge the recipients of public goods and services during the project operation period, but the amount to be charged is uncertain, the right does not constitute an unconditional right to receive cash. When the PPP project asset becomes ready for intended use, the amount of consideration or construction revenue of the relevant PPP project asset shall be recognised as an intangible asset-concession right at full amount or the difference after deducting the determinable amount of cash. The concession right shall be amortized on a straight-line basis over the term of the concession rights.

(ii) Others

The concession rights of hazardous waste projects obtained by the Group through the acquisition of Huludao Hazardous Waste Company are initially measured at the fair value at the time of acquisition. Since the relevant concession agreement does not stipulate the concession period, the company will treat the concession right as an intangible asset with an indefinite useful life after evaluation and will not be amortized.



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(14) Intangible assets (Continued)

(d) Periodical review of useful life and amortisation method

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

The 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.

(e) Research and development

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

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

- The development of the production process has been sufficiently proved by the technical team;
- The budget relating to development of the production process has been approved by the management, and the management has the intention to complete the intangible asset for use or for sale;
- Research and analysis of market survey from previous periods show that the products produced under the production technology have market promotion potential;
- There are adequate technical, financial and other resources to complete the development of production process and subsequent large-scale production; and
- The expenditures attributable to the development of the production process can be collected and calculated reliably.

Expenditures incurred in the development stage that do not meet the above conditions shall be included in the current profit or loss at the time of occurrence. The development expenditures which have been included in the profit or loss in the previous periods will not be recognised as an asset in the future period. The capitalised expenditures in the development phase are shown in the balance sheet as development expenditures and are converted into intangible assets from the date of the project's intended use.

(f) Impairment of intangible assets

When the recoverable amount of an intangible asset is lower than its carrying amount, the carrying amount is reduced to the recoverable amount (Note II (16)).



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(15) Long-term prepaid expenses

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

Long-term deferred expenses are amortised using a straight-line method within the benefit period of 1-5 years.

(16) Impairment of long-term assets

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

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

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



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(17) Employee benefits

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

(a) Short-term employee benefits

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

(b) Post-employment benefits

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

Basic pensions

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

(c) Termination benefits

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

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

(18) Profit distribution

Profit distribution is recognised as a liability in the period in which it is approved by the shareholders' meeting or similar institutions.



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(19) Provisions

Provisions for the retirement of hazardous waste landfill sand etc., are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

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

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

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

(20) Revenue

Revenue is recognised when control of goods or provision of services has been transferred. The amount of revenue is determined in accordance with the fair value of the consideration received or receivable.

(a) Revenue from construction services

A PPP project contract refers to the contract entered into between the private party and the government on the PPP project in accordance with the laws and regulations. The PPP project contract shall meet the “two characteristics” and “two controls” conditions. In particular, the “two characteristics” refer to that the private party shall utilize the PPP project assets so as to provide public goods and services on behalf of the government during the operation period stipulated in the contract, and shall be compensated for the public goods and services it provides. “Two controls” refer to that the government shall have control over the type, object and price of the public goods and services that must be provided by the private party through the utilization of the PPP project assets, and the government shall control the significant residual interest in the PPP project assets through ownership, right to income or other forms of rights upon termination of the PPP project contract.

If the Group provides multiple services in accordance with the contract, it shall identify the single performance obligation included in the contract and allocate the transaction price to each performance obligation in accordance with the proportion of the stand-alone selling price of each performance obligation.



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(20) Revenue (Continued)

(a) Revenue from construction services (Continued)

According to the PPP project contract concluded with the government, the Group participates in public infrastructure construction business in the form of BOT etc., For the construction services provided by the Group as a principal for the government, the revenue will be recognized within a certain period of time according to the progress of the performance of the contract, and the contract assets will be recognized at the same time. The performance progress adopts the input method is determined according to the proportion of the actual construction service cost incurred during the construction process to the estimated total construction cost. The stand-alone selling price of construction services is based on construction costs and is determined using the cost-plus method with reference to the gross profit margins of comparable businesses.

For the intangible assets recognized from the recognised construction revenue recognized, the contract assets recognized during the relevant construction period are presented in the “intangible assets” item of the balance sheet; for other contract assets recognized during the construction period, according to whether it is expected to realized within one year from the balance sheet date and presented in the item “Contract assets” or “Other non-current assets” on the balance sheet.

According to the PPP project contract, the Group has the unconditional right to receive the consideration if it meets the conditions for the right to receive a determinable amount of cash (or other financial assets) during the operation of the project (this right only depends on the lapse of time. factors) are recognized as receivables, and subsequently, the interest income of the relevant PPP projects is recognized on the basis of amortized cost according to the actual interest rate method.

Contract costs include contract performance costs and contract acquisition costs. The costs incurred by the Group for providing the above services are recognized as contract performance costs. When the Group recognizes revenue, it will carry forward the contract performance cost and include it in the main business cost according to the performance progress.

(b) Revenue from power generation

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 unit price and on-grid electricity as agreed in the electricity purchase and sale contracts.

(c) Waste treatment fees

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



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(21) Government grants

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

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

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

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

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



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(22) Deferred tax assets and deferred tax liabilities

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

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

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

Deferred tax assets and deferred tax liabilities are offset when:

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



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(23) Lease

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

The Group as the lessee

At the lease commencement date, the Group shall recognise the right-of-use asset and measure the lease liability at the present value of the lease payments during the lease term that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lessee exercises an option to terminate the lease. Variable lease payments in proportion to sales are excluded from lease payments and recognised in profit or loss as incurred. Lease liabilities that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current liabilities.

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

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

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

For a lease modification that is not accounted for as a separate lease, the Group shall redetermine the lease term at the effective date of the lease modification, and remeasure the lease liability by discounting the revised lease payments using a revised discount rate, except that the contract changes directly resulting from COVID-19 are accounted for by applying the practical expedient. For a lease modification which decreases the scope of the lease or shortens the lease term, the Group decreases the carrying amount of the right-of-use asset, and recognises in profit or loss any gain or loss relating to the partial or full termination of the lease. For other leases which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amount of the right-of-use asset.

For the rental waivers as a result of COVID-19 and for the period ended 30 June 2022 only, the Group applies the practical expedient and records the undiscounted waivers in profit or loss when the agreement is reached to dismiss the original payment obligation with corresponding adjustment of lease liabilities.



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(24) Held for sale and discontinued operations

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

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

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

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

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



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(25) Segment information

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

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

The Group 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.

(26) Critical accounting estimates and judgements

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

(a) Significant accounting estimates and key assumptions

(i) *Recognition of revenue from construction services*

The Group recognizes revenue from construction services over a period of time according to the performance progress. The performance progress is determined by the input method according to the proportion of the actual construction service costs incurred during the construction process to the estimated total construction costs; the stand-alone selling price of construction services is based on construction costs and is determined using the cost-plus method with reference to the gross profit margins of comparable businesses. The management is required to make a reasonable estimate of the total revenue from construction services and total construction cost at the beginning of the construction service, and make continuous evaluation during the project construction process, review and revise the total revenue from construction services and total construction cost according to the estimated cost and construction period, and then adjust the performance progress and the amount of recognized revenue according to the revision result. The revision will be reflected in the current financial statements of the Group.



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(26) Significant accounting estimates and judgements (Continued)

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

(ii) *Measurement of expected credit loss*

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

When considering forward-looking information, the Group takes into account different macroeconomic scenarios. Important macroeconomic assumptions and parameters used to estimate expected credit losses include the risk of economic downturn, external market conditions, changes in customer conditions, gross domestic product and consumer price indices, etc. The Group regularly monitors and reviews assumptions and parameters related to the calculation of expected credit losses. If there is a difference between the actual credit loss and the original estimate, the difference will affect the book value of the abovementioned financial assets of the Group in the future.

(iii) *Intangible assets – Provision for impairment of concession rights*

The Group's intangible assets are mainly concession rights of waste-to-energy projects. As at the balance sheet date, the management of the Group assesses the recoverable amount of the concession rights of each project for the waste-to-energy treatment projects that have not yet started operation and the waste-to-energy treatment projects in operation that show indicators of impairment.

Since the recoverable amount of concession rights is determined based on the present value of the estimated future cash flow, the management is required to prepare a cash flow forecast, including the revenue growth rate during the operation period, future operating costs, applicable discount rates and other key assumptions.

(iv) *Income tax and deferred income tax*

The Group is subject to income taxes in a number of regions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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



II SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(27) Changes in accounting policies

On 31 December 2021, the Ministry of Finance issued the Notice on Issuing Interpretation No. 15 of Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 35) (《關於印發〈企業會計準則解釋第15號〉的通知》(財會〔2021〕35號)) (hereinafter referred to as “Interpretation No. 15”), which prescribed the accounting treatment for fixed assets before they are brought to their intended useable condition or products produced in the R&D process or external sales of by-products, the presentation of centralised fund management and the determination of loss contracts. The Group has prepared these financial statements in accordance with the abovementioned Interpretation No. 15. The abovementioned interpretation has little impact on the Group’s and the Company’s financial statements.

(28) Comparative financial statements

The Ministry of Finance released the Notice on Publishing the CAS Bulletin No.14 (Cai Kuai [2021] No. 1) and the Q&A on Implementation of Accounting for Private Entity in PPP Project Contract (“Notice and Implementation Q&A”). As resolved by the Resolution on Changes in Accounting Policies at the fifth meeting of the fourth session of the Board of the Board on 30 March 2022, the Group has implemented the above Notice and Implementation Q&A since the preparation of the financial statements for 2021, the Group has restated the financial statements for the six months ended 30 June 2021 (the “Comparative Financial Statements”) in accordance with the relevant provisions of the above Notice and Implementation Q&A, and the Comparative Financial Statements disclosed for the interim period are the restated Comparative Financial Statements. The impact of the restatement is as follows::

The line items affected

	The amounts affected (increase/(decrease)) January to June 2021	
	The Group	The Company
Operating income	1,254,449,065.35	–
Operating costs	1,173,287,254.46	–
Investment income	(228,233.34)	(228,233.34)
Income tax expenses	20,328,195.05	–
Non-controlling interests	1,344,475.08	–
	30 June 2021	
	The Group	The Company
Minority interests	34,866,906.74	–
Non-controlling interests	666,506,122.69	(228,233.34)



X. FINANCIAL REPORT (CONTINUED)

III TAXATION

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

Tax type	Tax basis	Tax rate
Corporate income tax (“CIT”) (a)	Based on taxable profits	25%, 16.5% and 15%
Value-added tax (VAT) (b)	Taxable value-added amount (the tax payable is calculated on the taxable sales amount multiplied by the applicable tax rate (output-VAT) less deductible input-VAT for the current period)	3%, 6%, 9% and 13%
Property tax	Based on the residual value or the rental income of the property	12% and 1.2%
City maintenance and construction tax	Based on VAT paid	5% and 7%
Education surcharges	Based on VAT effectively paid	3%
Local education surcharges	Based on VAT effectively paid	2%
PRC prepaid income tax	Based on dividends declared to foreign investors	10%

(a) CIT preferential benefits and approvals

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



III TAXATION (Continued)

(a) CIT preferential benefits and approvals (Continued)

(ii) The Company's subsidiary Tianjin Dynagreen Renewable Energy Co., Ltd. ("Jizhou Company"), Anshun Dynagreen Renewable Energy Co., Ltd. ("Anshun Company"), Jurong Dynagreen Renewable Energy Co., Ltd. ("Jurong Company"), Guangyuan Boneng Renewable Energy Co., Ltd. ("Guangyuan Company"), Bengbu Dynagreen Renewable Energy Co., Ltd. ("Bengbu Company"), Tianjin Dynagreen Environmental Energy Co., Ltd. ("Ninghe Company"), Beijing Dynagreen Environment Co., Ltd. ("Tongzhou Company") Jiamusi Bohai Environmental Protection and Electricity Company Limited ("Jiamusi Company"), Shantou Dynagreen Renewable Energy Co., Ltd. ("Shantou Company"), Zhaoqing Boneng Renewable Energy Power Generation Co., Ltd. ("Zhaoqing Company"), Beijing Dynagreen Renewable Energy Co., Ltd. ("Miyun Company"), Zhangqiu Dynagreen Renewable Energy Co., Ltd. ("Zhangqiu Company"), Bobai Dynagreen Renewable Energy Co., Ltd. ("Bobai Company"), Yichun Dynagreen Renewable Energy Co., Ltd. ("Yichun Company"), Hong'an Dynagreen Renewable Energy Co., Ltd. ("Hong'an Company"), Huizhou Dynagreen Renewable Energy Co., Ltd. ("Huizhou Phase II Company"), Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd. ("Haining Expansion Company"), Pingyang Dynagreen Environmental Energy Co., Ltd. ("Pingyang Phase II Company"), Wenzhou Dynagreen Environmental Energy Co., Ltd. ("Yongjia Phase II Company") Guizhou Jinsha Green Energy Co., Ltd. ("Jinsha" Project) Dengfeng Dynagreen Renewable Energy Co., Ltd. ("Dengfeng Company") Fengcheng Company Laizhou Haikang Environmental Protection Energy Co., Ltd ("Laizhou Company") and Shishou Dynagreen Renewable Energy Co., Ltd. ("Shishou Company") which all were subsidiaries of the Company, were qualified for the earnings from environmental protection, water and energy conservation as stipulated under the Enterprise Income Tax Law, and were eligible for a tax exemption for the first year to the third year, and a 50% reduction in CIT for the fourth year to the sixth year starting from the year in which the entities first generate operating income (the "3+3 tax holiday"). The details are as follows:

- Anshun Company (Phase II Project) was entitled to the 3+3 tax holiday from 2020 to 2025. Meanwhile, as Anshun Company (Phase I Project) is an encouraged industry established in the Northwest region and completed its filing in 2018, it is entitled to corporate income tax at a preferential tax rate of 15%;
- Jurong Company, Guangyuan Company and Bengbu Company completed the "CIT preferential benefits and approvals" in 2017 and were entitled to the 3+3 tax holiday from 2017 to 2022;
- Ninghe Company Biomass Power Generation Project, Tongzhou Company, Miyun Company and Jiamusi Company completed the "CIT preferential benefits and approvals" in 2018 and were entitled to the 3+3 tax holiday from 2018 to 2023;
- Shantou Company, Zhaoqing Company, Zhangqiu Company and Bobai Company completed the "CIT preferential benefits and approvals" in 2019 and were entitled to the 3+3 tax holiday from 2019 to 2024;
- Yichun Company (Phase I Project), Hong'an Company (Phase I Project), Huizhou Phase II Company, Dynagreen Haiyun, Jizhou Phase II and Shantou Phase II (Phase I Project) were entitled to the 3+3 tax holiday from 2020 to 2025;
- Pingyang Phase II Company, Yongjia Phase II Company, Shishou Company, Jinsha Company (incineration project), Dengfeng Company, Jiamusi Company (Phase II Project) and Zhaoqing Company (Phase II Project) were entitled to the 3+3 tax holiday from 2021 to 2026.
- Laizhou Company was entitled to the 3+3 tax holiday from 2022 to 2027.

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.



III TAXATION (Continued)

(a) CIT preferential benefits and approvals (Continued)

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

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

- (iv) An income tax rate of 16.5% as stipulated by the Hong Kong tax laws was applicable to Dynagreen Investment Holding Company Limited (“Hong Kong Dynagreen”), a company incorporated in Hong Kong.

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

(b) VAT preferential benefits and approvals

According to the Notice on Publishing the VAT Catalogue for Products Generated from Comprehensive Utilisation of Resources and Services (Cai Shui [2015] No. 78) issued by MOF and State Administration of Taxation, 70% refund of VAT in respect of the waste treatment services and 100% refund of VAT in respect of the sale of power or heat produced from waste or methane from waste fermentation. The tax rates and preferential tax rate policies applicable to the Company and its subsidiaries had no obvious change from 2020.

According to the “Announcement on Improving the Value-Added Tax Policy for Comprehensive Utilization of Resources” Announcement No. 40 [2021] issued by the Ministry of Finance and the State Administration of Taxation, the value-added tax paid for the waste treatment and sludge treatment and disposal services can be subject to the VAT refund policy or optionally the VAT exemption policy. Once selected, it cannot be changed within 36 months.

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

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



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	30 June 2022	31 December 2021
Cash on hand	7,158.10	2,372.96
Deposits with banks	1,886,812,530.24	954,787,582.39
Other monetary funds (i)	9,490,533.50	11,951,353.50
	1,896,310,221.84	966,741,308.85
Including: Total overseas deposits	1,858,469.46	2,031,054.24

- (i) As at 30 June 2022, the other monetary funds of the Group are the deposits that are restricted in use and for which the Group has applied to the bank to issue an unconditional and irrevocable letter of guarantee, with an amount of RMB9,490,533.50 (31 December 2021: RMB11,951,353.50).

(2) Accounts receivable

	30 June 2022	31 December 2021
Due from third parties	1,897,796,872.47	1,623,839,657.64
Due from related parties (Note VII(5))	122,111.00	10,000,000.00
	1,897,918,983.47	1,633,839,657.64
Less: Provision for bad debts	(70,708,646.48)	(103,753,122.44)
	1,827,210,336.99	1,530,086,535.20



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) Accounts receivable (Continued)

(a) The aging analysis of accounts receivable is as follows:

	30 June 2022	31 December 2021
Within 1 year	1,224,311,010.88	1,267,243,247.77
1 to 2 years	579,312,113.80	316,451,163.03
2 to 3 years	84,409,815.16	45,386,814.37
3 to 4 years	6,527,899.49	4,498,449.07
4 to 5 years	3,358,144.14	259,983.40
	1,897,918,983.47	1,633,839,657.64

(b) As at 30 June 2022, the top five accounts receivables based on the balance of the debtors are summarised and analysed as follows:

	Balance	Amount of provision for bad and doubtful debts	% of total balance
Total top five accounts receivable	929,096,921.86	(18,639,739.51)	48.95%

(c) Provision for bad debts

For the accounts receivable, regardless of whether there is a significant financing component, the Group calculates loss provisions in accordance with the expected credit losses throughout the lifetime.

(i) The analysis of provision for bad debts for individual accounts receivable is as follows:

As at 30 June 2022, the Group did not make provision for bad debts for individual accounts receivable (31 December 2021: RMB10,000,000).



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) Accounts receivable (Continued)

(c) Provision for bad debts (Continued)

- (ii) The analysis of provision for bad and doubtful debts for accounts receivable on grouping basis is as follows:

	30 June 2022		
	Book balance	Provision for bad and doubtful debts	
	Amount	Expected credit loss rate throughout the lifetime	Amount
Receivables from national renewable energy subsidies	1,186,919,002.13	2.43%	(28,815,094.35)
Receivables from electricity sales	229,404,136.79	1.07%	(2,457,273.15)
Receivables from waste treatment fee	481,595,844.55	8.19%	(39,436,278.98)
	1,897,918,983.47		(70,708,646.48)

	31 December 2021		
	Book balance	Provision for bad and doubtful debts	
	Amount	Expected credit loss rate throughout the lifetime	Amount
Receivables from national renewable energy subsidies	999,644,263.77	3.45%	(34,473,147.03)
Receivables from electricity sales	288,267,569.29	10.25%	(29,549,328.97)
Receivables from waste treatment fee	335,927,824.58	11.23%	(37,730,646.44)
	1,623,839,657.64		(101,753,122.44)

- (iii) For the six months ended 30 June 2022, the Group's provision for bad debts amounted to RMB14,153,361.78 (for the six months ended 30 June 2021: RMB22,584,156.43); the provision for bad debts reversed amounted to RMB2,000,000.00 (for the six months ended 30 June 2021: nil). For details of the provision for bad debts, please refer to Note IV(16).
- (iv) For the six months ended 30 June 2022 and the six months ended 30 June 2021, the Group had no accounts receivable written off.



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) Accounts receivable (Continued)

- (d) As at 30 June 2022, the Group's accounts receivable with the book value of RMB1,255,842,913.05 (31 December 2021: RMB1,032,888,291.47) were restricted due to the fact that the Group pledged the concession rights and charging rights under the relevant PPP project contracts (including the right to charge tariff or waste treatment fee) as collateral for bank borrowings (Note IV (22)(a)).

(3) Prepayments

- (a) The aging analysis of prepayments is as follows:

	30 June 2022		31 December 2021	
	Amount	% of total amount	Amount	% of total amount
Within 1 year	34,888,928.92	95.70%	26,417,264.13	100.00%
1 to 2 years	1,565,744.66	4.30%	–	0.00%
	36,454,673.58	100.00%	26,417,264.13	100.00%

As at 30 June 2022, prepayments aged over 1 year were mainly pollutant discharge royalty prepaid by Pingyang Phase II, a subsidiary of the Company.

- (b) As at 30 June 2022, the top five prepayments based on the balance of the debtors are summarised and analysed as follows:

	Amount	% of total amount
Total top five prepayments	10,257,497.54	29.40%



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Other receivables

	30 June 2022	31 December 2021
Assets compensation receivable (i)	23,399,118.20	12,550,215.00
Due from former shareholders (ii)	12,961,261.85	12,961,261.85
VAT refunds receivable and other tax refunds receivable	5,861,848.03	5,584,855.58
Receivable from related parties (Note VII (5))	–	10,000,000.00
Others	21,867,255.16	22,512,447.87
	64,089,483.24	63,608,780.30
Less: Provision for bad debts	(20,632,397.63)	(20,150,872.28)
	43,457,085.61	43,457,908.02

- (i) Haining Dynagreen Renewable Energy Co., Ltd. (“Haining Company”), a subsidiary of the Company, signed an agreement with the Haining Municipal Bureau of Comprehensive Administration and Law Enforcement in relation to disposal of its BOT assets. Pursuant to the agreement, the unsettled compensation for disposal of assets amounted to RMB10,848,903.20.

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

- (ii) Due from former shareholders represent receivables from former shareholders for equity and current receivables from partners of former shareholders, for which full provision for impairment has been made in prior years.

(a) The aging analysis of other receivables is as follows:

	30 June 2022	31 December 2021
Within 1 year	28,036,603.77	28,639,285.85
1 to 2 years	14,877,681.03	13,819,592.46
2 to 3 years	393,374.04	1,232,752.46
Over 3 years	20,781,824.40	19,917,149.53
	64,089,483.24	63,608,780.30



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Other receivables (Continued)

(b) Table of loss allowance and changes in book balance

	First stage		Second stage		Third stage		Total	
	ECL for next 12 months		Lifetime ECL (no credit impairment)		Lifetime ECL (credit impairment occurred)			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts
31 December 2021	31,576,860.34	(778,599.16)	19,070,658.11	(6,411,011.27)	12,961,261.85	(12,961,261.85)	63,608,780.30	(20,150,872.28)
Reclassification	19,070,658.11	(6,411,011.27)	(19,070,658.11)	6,411,011.27	-	-	-	-
Net increase/(provision) in the year	480,702.94	(481,525.35)	-	-	-	-	480,702.94	(481,525.35)
30 June 2022	51,128,221.39	(7,671,135.78)	-	-	12,961,261.85	(12,961,261.85)	64,089,483.24	(20,632,397.63)



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Other receivables (Continued)

(b) Table of loss allowance and changes in book balance (Continued)

- (i) As at 30 June 2022, the analysis of provision for bad and doubtful debts for individual other receivables is as follows:

Third stage	Book balance	Lifetime ECL	Provision for bad debts	Reasons
Due from former shareholders	12,961,261.85	100.00%	(12,961,261.85)	Long aging and risk on collection

As at 31 December 2021, the analysis of provision for bad and doubtful debts for individual other receivables is as follows:

Third stage	Book balance	Expected credit loss rate throughout the lifetime	Provision for bad and doubtful debts	Reasons
Due from former shareholders	12,961,261.85	100.00%	(12,961,261.85)	Long aging and risk on collection



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Other receivables (Continued)

(b) Table of loss allowance and changes in book balance (Continued)

(ii) As at 30 June 2022 and 31 December 2021, the analysis of provision for bad and doubtful debts of other receivables on grouping basis is as follows:

	30 June 2022			31 December 2021		
	Book balance	Provision for loss		Book balance	Provision for loss	
First stage	Amount	Amount	Percentage	Amount	Amount	Percentage
VAT refunds receivable and other tax refunds receivable	5,861,848.03	-	0.00%	5,584,855.58	-	0.00%
Others	45,266,373.36	(7,671,135.78)	16.95%	25,992,004.76	(778,599.16)	3.00%
	51,128,221.39	(7,671,135.78)		31,576,860.34	(778,599.16)	
Second stage	Amount	Amount	Percentage	Amount	Amount	Percentage
Others	-	-	0.00%	19,070,658.11	(6,411,011.27)	33.62%

(c) For the six months ended 30 June 2022, the provision for bad debts amounted to RMB981,525.35 (for the six months ended 30 June 2021: RMB2,415,243.11); the provision for bad debts collected or reversed amounted to RMB500,000.00 (for the six months ended 30 June 2021: RMB5,000,000.00).



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Other receivables (Continued)

- (d) For the six months ended 30 June 2022 and the six months ended 30 June 2021, the Group had no other receivables actually written off.
- (e) As at 30 June 2022, the top five other receivables based on the balance of the debtors are summarised and analysed as follows:

	Nature	Balance	Aging	% of total balance of other receivables	Provision for bad and doubtful debts
Huludao City Land Reserve Center	Compensation receivable	12,550,215.00	Over 1 year but within 2 years	19.58%	(627,510.75)
Haining Municipal Bureau of Comprehensive Administration and Law Enforcement	Compensation receivable	10,848,903.20	Within 1 year	16.93%	-
Shenzhen Hanyang Holdings Company	Due from former shareholders	6,988,073.50	Over 3 years	10.90%	(6,988,073.50)
Dynagreen Environment Investment Limited	Due from former shareholders	5,160,600.00	Over 3 years	8.05%	(5,160,600.00)
Zhangqiu District Environmental Sanitation Management and Maintenance Center of Jinan City	Payments and advance payments for others	2,428,058.93	Within 1 year	3.79%	(189,747.82)
		37,975,850.63		59.25%	(12,965,932.07)

(5) Inventories

- (a) The inventory is classified as follows:

	30 June 2022			31 December 2021		
	Book balance	Provision for decline in the value	Carrying amount	Book balance	Provision for decline in the value	Carrying amount
Turnover materials	45,843,647.45	-	45,843,647.45	43,491,074.67	-	43,491,074.67

As at 30 June 2022 and 31 December 2021, the Group's balance of inventories neither included capitalised borrowing costs nor was pledged as security.

As at 30 June 2022 and 31 December 2021, there was no impairment of inventories accrued by the Group.



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Contract assets

	30 June 2022	31 December 2021
PPP project construction services	6,260,017,110.18	6,064,166,428.63
Contract assets generated by electricity sales contract (i)	178,048,925.04	130,141,153.83
	6,438,066,035.22	6,194,307,582.46
Less: Provision for impairment of contract assets	(81,889,598.53)	(10,486,126.37)
	6,356,176,436.69	6,183,821,456.09
Less: Contract assets presented as other non-current assets (Note IV (15))	(6,068,849,853.35)	(5,956,188,897.73)
	287,326,583.34	227,632,558.36

- (i) It is primarily the tariff receivable from the national renewable energy subsidies in the electricity sales contract between the Group and the grid companies and the project in relation to such revenue has not been included in the National Renewable Energy Subsidy Catalogue. When the item is included in the National Renewable Energy Subsidy Catalogue, i.e. when the Group obtains the right to receive the unconditional consideration, the contract assets will be converted into accounts receivable.



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Contract assets (Continued)

- (ii) For the contract assets, regardless of whether there is a significant financing component, the Group calculates loss provisions in accordance with the expected credit losses throughout the lifetime. As at 30 June 2022 and 31 December 2021, none of the Group's contract assets was overdue, and provision for impairment was made on grouping basis.

As at 30 June 2022, the analysis of provision for bad debts for contract assets on grouping basis is as follows:

	Book balance	Expected credit loss rate throughout the lifetime	Provision for impairment
PPP project construction services	6,260,017,110.18	1.28%	(80,002,863.39)
Contract assets generated by electricity sales contract	178,048,925.04	1.06%	(1,886,735.14)
	6,438,066,035.22		(81,889,598.53)

As at 31 December 2021, the analysis of provision for bad and doubtful debts for contract assets on grouping basis is as follows:

	Book balance	Expected credit loss rate throughout the lifetime	Provision for impairment
PPP project construction services	6,064,166,428.63	0.00%	–
Contract assets generated by electricity sales contract	130,141,153.83	8.06%	(10,486,126.37)
	6,194,307,582.46		(10,486,126.37)

Please refer to Note IV (16) for details of the changes in the provision for impairment of contract assets.

- (iii) As at 30 June 2022, the Group's contract assets with the book value of RMB231,006,616.02 (31 December 2021: RMB84,556,379.37) were restricted due to the fact that the Group pledged the concession rights and charging rights under the relevant PPP project contracts (including the right to charge tariff or waste treatment fee) as collateral for bank borrowings (Note IV (22)(a)).



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Non-current assets due within one year

	30 June 2022	31 December 2021
Receivables of BT projects (Note IV(8))	56,482,689.86	56,482,689.86
Less: Provision for impairment	(721,185.48)	(15,135,570.82)
	55,761,504.38	41,347,119.04

(8) Long-term receivables

	30 June 2022		
	Book balance	Provision for bad and doubtful debts	Carrying amount
Receivables of BT projects (i)	71,811,814.49	(916,911.68)	70,894,902.81
Performance bond (ii)	35,413,114.46	(452,163.73)	34,960,950.73
	107,224,928.95	(1,369,075.41)	105,855,853.54
Less: Due within one year (Note IV (7))	56,482,689.86	(721,185.48)	55,761,504.38
	50,742,239.09	(647,889.93)	50,094,349.16
		31 December 2021	
	Book balance	Provision for bad and doubtful debts	Carrying amount
Receivables of BT projects (i)	70,688,666.37	(15,135,570.82)	55,553,095.55
Performance bond (ii)	35,413,114.46	-	35,413,114.46
	106,101,780.83	(15,135,570.82)	90,966,210.01
Less: Due within one year (Note IV (7))	56,482,689.86	(15,135,570.82)	41,347,119.04
	49,619,090.97	-	49,619,090.97

(i) The receivables of BT projects represent the receivables for the construction of the PPP project.

(ii) The performance bond represents the bond receivable by the Group for the performance of contracts of PPP projects

As at 30 June 2022 and 31 December 2021, the discount rate of the long-term receivables of BT projects was 5.29%.



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Long-term receivables (Continued)

- (a) The analysis of provision for bad and doubtful debts of long-term receivables on grouping basis is as follows:

	30 June 2022		
	Book balance	Provision for bad and doubtful debts	
	Amount	Expected credit loss rate	Amount
Receivables of BT projects	71,811,814.49	1.28%	(916,911.68)
Performance bond	35,413,114.46	1.28%	(452,163.73)
	107,224,928.95		(1,369,075.41)

	31 December 2021		
	Book balance	Provision for bad and doubtful debts	
	Amount	Expected credit loss rate	Amount
Receivables of BT projects	70,688,666.37	21.41%	(15,135,570.82)
Performance bond	35,413,114.46	0.00%	–
	106,101,780.83		(15,135,570.82)

Please refer to Note IV(16) for details of the changes in the provision for bad debts of long-term receivables.

As at 30 June 2022 and 31 December 2021, the Group had no long-term receivables with restricted ownership.



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Other current assets

	30 June 2022	31 December 2021
Deductible VAT input tax and others	218,499,517.32	227,450,849.72

(10) Long-term equity investments

	30 June 2022	31 December 2021
Joint ventures (a)	—	89,838,632.91
Less: Provision for impairment of long-term equity investments	—	—
	—	89,838,632.91

(a) Joint ventures

	Changes for the period			30 June 2022	Closing balance of provision for impairment
	1 January 2022	Share of net profit or loss using the equity method	Decreased during the year ⁽ⁱ⁾		
Fengcheng Company	89,838,632.91	7,217,956.22	(97,056,589.13)	—	—

- (i) During the period, the Company obtained control over Fengcheng Company, so Fengcheng Company was included in the scope of consolidation (Note V (1)).



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Fixed assets

	Buildings and structures	Machinery and equipment	Motor vehicles	Others	Total
Cost					
31 December 2021	214,110,341.93	102,066,617.58	27,606,484.30	36,747,798.04	380,531,241.85
Additions	12,507,672.00	1,997,407.10	638,601.99	1,384,591.95	16,520,873.04
Decreased	-	-	(178,907.24)	(46,974.27)	(225,881.51)
30 June 2022	226,618,013.93	104,064,024.68	28,066,179.05	38,085,415.72	396,833,633.38
Accumulated depreciation					
31 December 2021	6,970,563.15	4,686,347.08	15,402,903.81	20,528,914.52	47,588,728.56
Additions	2,010,755.70	4,761,958.13	1,484,130.38	2,338,663.82	10,595,508.03
Decreased	-	-	(157,418.80)	(44,684.88)	(202,103.68)
30 June 2022	8,981,318.85	9,448,305.21	16,729,615.39	22,822,893.46	57,982,132.91
Carrying amount					
30 June 2022	217,636,695.08	94,615,719.47	11,336,563.66	15,262,522.26	338,851,500.47
31 December 2021	207,139,778.78	97,380,270.50	12,203,580.49	16,218,883.52	332,942,513.29



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Fixed assets

For the six months ended 30 June 2022, depreciation charged to fixed assets amounted to RMB10,595,508.03 (for the six months ended 30 June 2021: RMB4,777,828.47), of which RMB7,826,531.03, RMB2,598,176.33 and RMB11,412.71 were charged to operating costs, general and administrative expenses and research and development expenses (for the six months ended 30 June 2021: RMB1,777,787.53, RMB2,649,120.52 and RMB12,255.45).

- (i) For the six months ended 30 June 2022 and the six months ended 30 June 2021, the Group did not make provision for impairment of fixed assets.
- (ii) As at 30 June 2022, fixed assets with pending certificates of ownership:

Buildings and structures	Carrying amount	Reasons for not obtaining certificates of ownership yet
Huludao Hazardous Waste Company	93,290,475.85	Still in the process
Dongguan Changneng Clean Energy and Greening Service Co., Ltd. ("Dongguan Company")	16,162,429.32	i)
	109,452,905.17	

- i) The land occupied by the above buildings and structures of Dongguan Company was owned by the Chang'an Town People's Government and the Yongtuo Community Residents Committee of Chang'an Town, Dongguan City and was provided free of charge for use by Dongguan Company. Therefore, it is unable to apply for relevant House Title Certificate. However, the management believes that the Group can effectively use the above fixed assets and there is no significant impact on the operation of the Group.



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Intangible assets

	Concession rights	Land use rights	Software	Construction license	Total
Cost					
31 December 2021	10,924,709,000.06	71,446,558.44	3,290,967.00	6,529,123.58	11,005,975,649.08
Additions					
Purchases/construction	718,065,796.01	–	311,320.76	–	718,377,116.77
Business combination involving entities not under common control (Note V (1)(c))	484,191,023.18	–	37,145.46	–	484,228,168.64
30 June 2022	12,126,965,819.25	71,446,558.44	3,639,433.22	6,529,123.58	12,208,580,934.49
Accumulated amortisation					
31 December 2021	1,165,269,500.35	4,631,498.41	1,385,782.29	3,396,442.65	1,174,683,223.70
Provisions for the period	183,446,974.96	714,465.56	145,286.39	–	184,306,726.91
30 June 2022	1,348,716,475.31	5,345,963.97	1,531,068.68	3,396,442.65	1,358,989,950.61
Provision for impairment					
31 December 2021 and 30 June 2022	281,355,759.20	–	–	3,132,680.93	284,488,440.13
Carrying amount					
30 June 2022	10,496,893,584.74	66,100,594.47	2,108,364.54	–	10,565,102,543.75
31 December 2021	9,478,083,740.51	66,815,060.03	1,905,184.71	–	9,546,803,985.25

For the six months ended 30 June 2022, the amortization of intangible assets amounted to RMB184,306,726.91 (for the six months ended 30 June 2021: RMB152,050,776.67).

As at 30 June 2022, the Group's intangible assets with the book value of RMB4,971,681,794.62 (31 December 2021: RMB6,419,824,246.07) were restricted due to the fact that the Group pledged the concession rights and charging rights under the relevant PPP project contracts (including the right to charge tariff or waste treatment fee) as collateral for bank borrowings (Note IV (22)(a)).



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Goodwill

	30 June 2022 and 31 December 2021
Goodwill – Huludao Hazardous Waste Company	43,910,821.67
Less: Provision for impairment – Huludao Hazardous Waste Company	–
	<u>43,910,821.67</u>

On 5 January 2018, the Group acquired 80% of interests in Huludao Hazardous Waste Company at the consideration of RMB90,000,000.00. The consideration exceeded the difference of RMB43,910,821.67 between the identified asset and liabilities at fair value of Huludao Hazardous Waste Company on a pro rata basis, and recognised as the goodwill relating to Huludao Hazardous Waste Company.

(14) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offset

	30 June 2022		31 December 2021	
	Deductible temporary differences and deductible loss	Deferred tax assets	Deductible temporary differences and deductible loss	Deferred tax assets
Tax losses	28,826,619.38	7,206,654.85	33,603,630.36	8,400,907.59
Deferred income	10,809,324.97	2,702,331.24	11,007,876.56	2,751,969.14
Provision for impairment of assets	165,290,045.12	28,375,563.46	135,032,347.53	21,709,475.20
Elimination of intra-group unrealised profit	896,674,414.51	212,778,187.23	879,166,832.11	208,064,350.92
	<u>1,101,600,403.98</u>	<u>251,062,736.78</u>	1,058,810,686.56	240,926,702.85
Including:				
Expected to be recovered within one year (inclusive)		12,586,844.50		10,160,030.80
Expected to be recovered after one year		238,475,892.28		230,766,672.05
		<u>251,062,736.78</u>		<u>240,926,702.85</u>



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(b) Deferred tax liabilities before offset

	30 June 2022		31 December 2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Temporary difference from concession rights and contract assets	(1,669,799,183.76)	(417,449,795.94)	(1,534,121,125.89)	(383,530,281.45)
PRC withholding tax on dividends	(96,381,306.70)	(9,638,130.67)	(132,571,382.67)	(13,257,138.27)
Additions from asset appraisal for business combination involving entities not under common control	(234,432,969.56)	(58,608,242.39)	(235,693,459.08)	(58,923,364.77)
	(2,000,613,460.02)	(485,696,169.00)	(1,902,385,967.64)	(455,710,784.49)
Including:				
Expected to be recovered within one year (inclusive)		(59,082,113.60)		(44,582,612.71)
Expected to be recovered after one year		(426,614,055.40)		(411,128,171.78)
		(485,696,169.00)		(455,710,784.49)

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

	30 June 2022	31 December 2021
Deductible temporary differences	293,798,113.05	295,885,503.91
Deductible loss	369,404,842.55	289,777,359.95
	663,202,955.60	585,662,863.86



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	30 June 2022	31 December 2021
2022	8,354,188.08	8,585,587.50
2023	1,485,885.28	2,275,726.18
2024	43,159,738.86	43,292,537.33
2025	106,685,223.28	107,374,619.00
2026	47,432,913.61	128,248,889.94
2027 and beyond	162,286,893.44	–
	369,404,842.55	289,777,359.95

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

	30 June 2022		31 December 2021	
	Offsetting amount	Amount after offset	Offsetting amount	Amount after offset
Deferred tax assets	(36,862,508.06)	214,200,228.72	(34,146,746.60)	206,779,956.25
Deferred tax liabilities	36,862,508.06	(448,833,660.94)	34,146,746.60	(421,564,037.89)



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Other non-current assets

	30 June 2022	31 December 2021
PPP project construction services (Note IV(6))	6,147,403,464.15	5,956,188,897.73
Deductible VAT input tax	514,188,303.24	479,989,611.83
Prepayments for BOT projects and equipment	231,505,527.81	274,138,070.39
Others	1,621,399.18	2,562,029.73
	6,894,718,694.38	6,712,878,609.68
Less: Provision for impairment of assets of PPP projects (Note IV(6))	(78,553,610.80)	–
	6,816,165,083.58	6,712,878,609.68

- (i) As at 30 June 2022, the Group's other non-current assets with the book value of RMB3,913,500,015.19 (31 December 2021: RMB2,210,978,408.43) were restricted due to the fact that the Group pledged the concession rights and charging rights under the relevant PPP project contracts (including the right to charge tariff or waste treatment fee) as collateral for the bank borrowings (Note IV (22)(a)).



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Provision for credit/asset impairment and loss

	31 December 2021	Reclassification	Increase in the current period	Reversal in the current period	30 June 2022
Provision for bad debts for accounts receivable	103,753,122.44	(45,197,837.74)	14,153,361.78	(2,000,000.00)	70,708,646.48
Provision for bad debts for other receivables	20,150,872.28	–	981,525.35	(500,000.00)	20,632,397.63
Provision for bad debts for long-term receivables	15,135,570.82	(13,940,825.96)	174,330.55	–	1,369,075.41
Subtotal	139,039,565.54	(59,138,663.70)	15,309,217.68	(2,500,000.00)	92,710,119.52
Provision for impairment of contract assets	10,486,126.37	59,138,663.70	12,264,808.46	–	81,889,598.53
Provision for impairment of intangible assets	284,488,440.13	–	–	–	284,488,440.13
Subtotal	294,974,566.50	59,138,663.70	12,264,808.46	–	366,378,038.66
Total	434,014,132.04	–	27,574,026.14	(2,500,000.00)	459,088,158.18

(17) Short-term loans

	30 June 2022	31 December 2021
Credit loans	568,277,268.46	1,218,787,244.58
Guaranteed loans	25,022,569.44	30,010,395.83
	593,299,837.90	1,248,797,640.41

- (a) As at 30 June 2022, the bank guaranteed borrowing of the Group amounting to RMB25,022,569.44 (31 December 2021: RMB30,010,395.83) was guaranteed by the Company.
- (b) As at 30 June 2022, the interest rates of short-term loans ranged from 2.43% to 3.80% (31 December 2021: 2.05% to 4.35%).

(18) Employee benefits payable

	30 June 2022	31 December 2021
Short-term employee benefits payable (a)	47,764,865.74	100,883,117.01
Defined contribution plans payable (b)	2,061,562.40	4,055,031.72
	49,826,428.14	104,938,148.73



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Employee benefits payable (Continued)

(a) Short-term employee benefits

	31 December 2021	Additions for the period	Decreased during the period	30 June 2022
Salaries, bonuses, allowances and subsidies	94,336,550.27	151,050,206.93	(203,730,317.43)	41,656,439.77
Staff welfare	251,167.88	8,664,423.85	(8,628,484.54)	287,107.19
Social insurance	339,618.20	11,633,709.37	(11,682,812.11)	290,515.46
Including: Medical insurance	303,835.68	10,472,756.92	(10,521,469.08)	255,123.52
Work-related injury insurance	24,191.03	723,391.15	(726,700.10)	20,882.08
Maternity insurance	11,591.49	437,561.30	(434,642.93)	14,509.86
Housing provident	487,311.79	16,884,410.51	(17,244,348.46)	127,373.84
Labour union fee, staff and workers' education fee	5,432,500.46	3,502,305.99	(3,531,376.97)	5,403,429.48
Other short-term employee benefits	35,968.41	3,008,472.92	(3,044,441.33)	–
	100,883,117.01	194,743,529.57	(247,861,780.84)	47,764,865.74

(b) Defined contribution plans

	31 December 2021	Additions for the period	Decreased during the period	30 June 2022
Basic pension insurance	4,035,222.31	19,022,967.39	(21,012,384.11)	2,045,805.59
Unemployment insurance	19,809.41	636,822.90	(640,875.50)	15,756.81
	4,055,031.72	19,659,790.29	(21,653,259.61)	2,061,562.40



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Taxes payable

	30 June 2022	31 December 2021
Corporate income tax	30,387,939.36	26,958,596.02
Property tax	9,981,058.27	8,291,956.55
Value-added tax	7,030,510.75	6,075,044.55
Urban land use tax	2,577,471.13	2,914,219.84
City maintenance and construction tax	426,736.41	499,111.62
Individual income tax	265,027.90	324,129.15
Others	3,824,245.24	1,077,197.56
	54,492,989.06	46,140,255.29

(20) Other payables

	30 June 2022	31 December 2021
Dividends payable (i)	171,344,000.00	–
Electricity charge refundable	44,446,564.01	59,470,086.63
Deposits and retention money payable	31,732,652.23	27,432,048.09
Management fee payable to Urban Construction Bureau	23,444,301.07	24,631,208.79
Payable for purchase of equity	1,234,620.00	1,234,620.00
Intermediary fees payable	809,322.63	2,871,850.94
Payables to related parties (Note VII(5))	250,000.00	462,834.80
Others	10,888,600.55	16,450,325.24
	284,150,060.49	132,552,974.49

- (i) As at 30 June 2022, the dividends payable by the Group included dividends payable to shareholders of the parent company of RMB139,440,000.00 and dividends payable to Haining Municipal Water Investment Group Co., Limited (“Haining Water Group”), a minority shareholder of Dynagreen Haiyun, a subsidiary of the Group, of RMB32,000,000.00.

As at 30 June 2022, other payables aged over 1 year amounted to RMB15,181,109.61 (31 December 2021: RMB10,037,533.99), which were mainly deposits and retention money payable to suppliers.



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(21) Non-current liabilities due within one year

	30 June 2022	31 December 2021
Long-term loans due within one year (Note IV (22))	887,601,550.58	778,571,898.68
Bonds payable due within one year (Note IV (23))	1,629,369.87	–
Lease liabilities due within one year	4,364,054.89	3,968,888.00
Long-term payables due within one year (Note IV (24))	8,324,666.77	8,050,575.11
	901,919,642.11	790,591,361.79

The Group did not have overdue long-term loans due within one year.

(22) Long-term borrowings

	30 June 2022	31 December 2021
Guaranteed and pledged loans (a)	7,596,755,415.09	7,492,591,501.71
Credit loans	2,004,536,496.95	1,994,982,626.44
	9,601,291,912.04	9,487,574,128.15
Less: Long-term loans due within one year (Note IV (21))		
Guaranteed and pledged loans	(845,123,149.77)	(775,828,345.20)
Credit loans	(42,478,400.81)	(2,743,553.48)
	(887,601,550.58)	(778,571,898.68)
	8,713,690,361.46	8,709,002,229.47



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(22) Long-term loans (Continued)

- (a) As at 30 June 2022, the pledged borrowings of RMB6,551,402,059.28 (31 December 2021: RMB4,105,437,298.11) was the bank borrowings of the Group. Pursuant to the Fixed Assets Loan Contract and the Pledge of Rights Contract, the Group shall pledge the concession rights or charging rights under the relevant PPP project contracts (including the right to charge tariff or waste treatment fee) to the lender. As at 30 June 2022, the balance of other non-current assets (Note IV (15)), accounts receivable (Note IV (2)), contract assets (Note IV (6)) and intangible assets (Note IV(12)) of the Group as restricted due to the above pledge amounted to RMB3,913,500,015.19 (31 December 2021: RMB2,210,978,408.43), RMB1,255,842,913.05 (31 December 2021: RMB1,032,888,291.47), RMB231,006,616.02 (31 December 2021: RMB84,556,379.37) and RMB4,971,681,794.62 (31 December 2021: RMB6,419,824,246.07), respectively.

As at 30 June 2022, the guaranteed borrowings of RMB1,045,353,355.81 (31 December 2021: RMB3,387,154,203.60) included the bank borrowings of subsidiaries as guaranteed by the Company of RMB970,030,028.26 (31 December 2021: RMB3,021,431,905.92) and bank borrowings of the Company as guaranteed by BSAM, the parent company of the Company, of RMB75,323,327.55 (2021: RMB131,389,806.81) and bank borrowings of RMB0.00 (2021: RMB234,332,490.87) guaranteed by the minority shareholders of the Company's subsidiaries in proportion to their capital contributions.

- (b) As at 30 June 2022, the interest rates of the long-term borrowings ranged from 3.50% to 4.90%(31 December 2021: 3.85% to 5.09%).

(23) Bonds payable

	31 December 2021	The issuance (liability portion)	Issuance expenses	Provision for interests at par value	Discount amortization	Bond interest payable due within one year (Note IV(21))	30 June 2022
Convertible corporate bonds ("Convertible Bonds")	-	2,141,017,698.42	(13,820,074.12)	1,629,369.87	27,565,966.01	(1,629,369.87)	2,154,763,590.31

Information on the bonds is as follows:

	Par value	Issuance date	Term	Issuance amount
Convertible Bonds	2,360,000,000.00	25 February 2022	6 years	2,360,000,000.00



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(23) Bonds payable (Continued)

- (a) As approved by the Approval of Zheng Jian Xu Ke [2022] No.132 issued by the CSRC, publicly issued convertible bonds with a total amount of RMB2.36 billion on February 25, 2022. The duration of this convertible bond is six years, starting from February 25, 2022 to February 24, 2028. The coupon rate is 0.20% for the first year, and then increases to 2.00% year by year in the remaining years. Within the period from the first trading day after the expiry of six months from the end of the issuance of convertible bonds to the maturity date of the convertible bonds (hereinafter referred to as the “conversion period”), i.e. from September 5, 2022 to February 24, 2028, holders of convertible bonds may convert the convertible bonds into the company’s shares at the current conversion price. Within five trading days after the maturity of the convertible bonds, the company will redeem all the unconverted convertible bonds at 109% of the face value of the convertible bonds (including the interest of the last installment).

During the conversion period, if the closing price of the company’s stock for at least 15 consecutive trading days is not lower than 130% (including 130%) of the current conversion price, the company will have the right to redeem all or part of the unconverted convertible bonds at the price of the bond face value plus the current accrued interest. During the last two interest-bearing years of the convertible bonds, if the closing price of the company’s shares on any 30 consecutive trading days is lower than 70% (excluding 70%) of the current conversion price, the holders of convertible bonds will have the right to sell all or part of the convertible bonds held to the company at the face value plus the current accrued interest.

In addition, when the unconverted balance of the convertible bonds is less than 30 million, the company has the right to redeem all or part of the unconverted convertible bonds at the price of the bond face value plus the current accrued interest.

The initial conversion price of the convertible bonds is RMB9.82 per share, which is not lower than the average trading price of the company’s stock 20 trading days before the announcement of the prospectus (if there has been any stock price adjustment caused by ex-rights or ex-dividend, the average transaction price on the trading day before the adjustment shall be calculated based on the price after corresponding ex-rights and ex-dividend adjustments) and the average trading price of the company’s stock on the previous trading day. After the issuance, when the company distributes bonus shares, converts to increased share capital, additionally issues new shares (excluding the increased share capital due to the conversion of convertible bonds issued this time), allots shares, and distributes cash dividends, etc., the company will adjust the conversion price accordingly. During the existence of the convertible bonds issued this time, when the closing price of the company’s stock is lower than 85% of the current conversion price for at least 15 consecutive trading days in any 30 consecutive trading days, the board of directors of the company has the right to propose downward revision of the conversion price and submit to the general meeting of shareholders of the Company for deliberation and voting.

	Liability portion	Equity portion (Note IV (28))	Total
Convertible bonds issuance amount	2,141,017,698.42	218,982,301.58	2,360,000,000.00
Direct issuance expenses	(13,820,074.12)	(1,413,510.80)	(15,233,584.92)
Balance at the date of issuance	2,127,197,624.30	217,568,790.78	2,344,766,415.08
Amortisation of interests	27,565,966.01	–	27,565,966.01
Balance at the end of the period	2,154,763,590.31	217,568,790.78	2,372,332,381.09



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(24) Long-term payables

	30 June 2022	31 December 2021
Long-term payables for leachate treatment stations	268,731,913.64	272,757,201.19
Less: Long-term payables due within one year (Note IV (21))	(8,324,666.77)	(8,050,575.11)
	260,407,246.87	264,706,626.08

(25) Provisions

	31 December 2021	Additions for the period	Decreased during the period	30 June 2022
Hazardous waste landfill decommissioning costs (i)	–	12,648,383.30	–	12,648,383.30
Less: Estimated liabilities to be paid within one year	–	–	–	–
	–	12,648,383.30	–	12,648,383.30

- (i) The decommissioning cost of the hazardous waste landfill represents the decommissioning cost of the hazardous waste landfill of RMB12,507,672.00 as extracted by Huludao Hazardous Waste Company, a subsidiary of the Company, in accordance with the Provision and Management Measures for the Decommissioning Expenses of Centralized Disposal Facilities and Sites for Key Hazardous Wastes that was implemented since 2022, which was included in the cost of relevant fixed assets.

(26) Deferred income

	31 December 2021	Additions for the period	Decreased during the period	30 June 2022
Government grants	132,032,044.50	22,500,000.00	(2,017,277.95)	152,514,766.55



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(26) Deferred income (Continued)

(a) Government grants

	31 December 2021	Additions for the period	Decreased during the period	30 June 2022	Related to assets/ Related to income
Specific fund for ecological civilization construction of the Finance Bureau of Hong'an County	29,165,870.97	–	(514,691.85)	28,651,179.12	Related to assets
Infrastructure subsidies for the Anshun WTE project	22,841,314.73	5,000,000.00	(539,017.43)	27,302,297.30	Related to assets
Enshi special financial subsidies	19,100,000.00	–	–	19,100,000.00	Related to assets
Subsidies for ecological civilization of Laizhou	–	17,500,000.00	(105,421.68)	17,394,578.32	Related to assets
Specific fund for ecological civilization construction of Shishou	17,348,698.48	–	(298,258.44)	17,050,440.04	Related to assets
Shuozhou City Human Settlement Improvement Award Supplementary Fund	14,340,000.00	–	–	14,340,000.00	Related to assets
Subsidies for ecological civilization construction of Zhangqiu	14,008,203.68	–	(274,670.64)	13,733,533.04	Related to assets
Others	15,227,956.64	–	(285,217.91)	14,942,738.73	Related to assets
	132,032,044.50	22,500,000.00	(2,017,277.95)	152,514,766.55	

(27) Share capital

	31 December 2021	Changes for the period	30 June 2022
RMB ordinary shares	989,080,208.00	–	989,080,208.00
Overseas listed foreign shares	404,359,792.00	–	404,359,792.00
	1,393,440,000.00	–	1,393,440,000.00
	31 December 2020	Changes for the period	30 June 2021
RMB ordinary shares	989,080,208.00	–	989,080,208.00
Overseas listed foreign shares	404,359,792.00	–	404,359,792.00
	1,393,440,000.00	–	1,393,440,000.00



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Other equity instruments

	31 December 2021 Carrying amount	Additions for the year Carrying amount	Issuance expenses	30 June 2022 Carrying amount
Convertible Bonds (Note IV (23))	-	218,982,301.58	(1,413,510.80)	217,568,790.78

(29) Capital surplus

	31 December 2021	Increase/decrease in the period	30 June 2022
Share capital premium	2,412,139,740.03	-	2,412,139,740.03
Other capital surplus	271,165.70	-	271,165.70
	2,412,410,905.73	-	2,412,410,905.73

	31 December 2020	Increase/decrease in the period	30 June 2021
Share capital premium	2,412,139,740.03	-	2,412,139,740.03
Other capital surplus	271,165.70	-	271,165.70
	2,412,410,905.73	-	2,412,410,905.73

(30) Surplus reserve

	31 December 2021	Increase/decrease in the period	30 June 2022
Statutory surplus reserve	103,278,199.37	-	103,278,199.37

	1 January 2021	Increase/decrease in the period	30 June 2021
Statutory surplus reserve	103,278,199.37	-	103,278,199.37

According to the Company Law of the People's Republic of China and the Company's articles of association, the Company draws a statutory surplus reserve at 10% of the annual net profit. When the cumulative amount of the statutory surplus reserve reaches more than 50% of the registered capital, it might no longer be drawn. The statutory surplus reserve can be used to make up for losses or increase share capital after approval.



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(31) Retained earnings

	January to June 2022	January to June 2021
Retained earnings at the beginning of the period	2,594,406,537.26	2,175,308,660.47
Add: Net profit for the period attributable to shareholders of the Company	416,538,533.88	437,535,990.24
Distributions to shareholders (a)	(139,344,000.00)	(278,688,000.00)
Retained earnings at the end of the period	2,871,601,071.14	2,334,156,650.71

- (a) As resolved at the general meeting held on 17 June 2022, the Company distributed cash dividend of RMB0.1 per share to all shareholders, and calculated based on the 1,393.44 million issued shares, the cash dividend totaled approximately RMB139 million.

(32) Operating income and operating costs

	January to June 2022	January to June 2021
Main operations income	2,249,310,100.40	2,497,191,984.50
Other operations income	13,236,311.23	8,831,095.15
	2,262,546,411.63	2,506,023,079.65
	January to June 2022	January to June 2021
Main operations cost	1,445,698,308.69	1,674,228,573.00
Other operations cost	2,160,311.73	872,663.68
	1,447,858,620.42	1,675,101,236.68



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(32) Operating income and operating costs (Continued)

(a) Main operations income and main operations cost

	January to June 2022		January to June 2021	
	Main operations income	Main operations cost	Main operations income	Main operations cost
Waste treatment and power generation business	1,127,958,739.45	596,983,099.15	1,036,759,951.53	496,518,209.44
Construction services	892,135,163.68	822,476,298.78	1,254,449,065.35	1,156,884,558.93
Interest income of PPP projects	193,345,510.52	—	175,556,299.62	—
Others	35,870,686.75	26,238,910.76	30,426,668.00	20,825,804.63
	2,249,310,100.40	1,445,698,308.69	2,497,191,984.50	1,674,228,573.00

(b) Other operations income and other operations cost

	January to June 2022		January to June 2021	
	Other operations income	Other operations cost	Other operations income	Other operations cost
Income from slag ash and others	13,236,311.23	2,160,311.73	8,831,095.15	872,663.68



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(32) Operating income and operating costs (Continued)

(c) The breakdown of the operating income of the Group is as follows:

	January to June 2022					Total
	Income from waste treatment	Income from power generation	Construction income	Income from slag ash and others	Interest income	
Main operations income	211,657,055.60	916,301,683.85	892,135,163.68	35,870,686.75	193,345,510.52	2,249,310,100.40
Including: Recognized at a certain point of time	-	916,301,683.85	-	35,870,686.75	-	952,172,370.60
Recognized during a certain period	211,657,055.60	-	892,135,163.68	-	-	1,103,792,219.28
Interest income of PPP projects	-	-	-	-	193,345,510.52	193,345,510.52
Other operations income (i)	-	-	-	13,236,311.23	-	13,236,311.23
	211,657,055.60	916,301,683.85	892,135,163.68	49,106,997.98	193,345,510.52	2,262,546,411.63

	January to June 2021					Total
	Income from waste treatment	Income from power generation	Construction income	Income from slag ash and others	Interest income	
Main operations income	185,436,631.70	851,323,319.83	1,254,449,065.35	30,426,668.00	175,556,299.62	2,497,191,984.50
Including: Recognized at a certain point of time	-	851,323,319.83	-	30,426,668.00	-	881,749,987.83
Recognized during a certain period	185,436,631.70	-	1,254,449,065.35	-	-	1,439,885,697.05
Interest income of PPP projects	-	-	-	-	175,556,299.62	175,556,299.62
Other operations income (i)	-	-	-	8,831,095.15	-	8,831,095.15
	185,436,631.70	851,323,319.83	1,254,449,065.35	39,257,763.15	175,556,299.62	2,506,023,079.65

- (i) Other operations income is mainly income from slag ash treatment and is recognized at a certain point of time.

As at 30 June 2022, the amount of income corresponding to the performance obligations which the Group had signed the contract for but had not yet fulfilled amounted to RMB835,405,524.00 (31 December 2021: RMB691,633,270.13). In particular, the Group expects that RMB517,674,612.58 will be fully recognized as income in 2022.



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(33) Taxes and surcharges

	January to June 2022	January to June 2021	Tax base
Property tax	15,121,958.35	15,502,496.87	Note III
Land use tax	4,870,043.34	3,452,909.03	Note III
City maintenance and construction tax	2,579,331.13	2,399,851.16	Note III
Education surcharges	2,058,849.18	1,866,361.82	Note III
Others	2,166,528.83	1,758,861.30	Note III
	26,796,710.83	24,980,480.18	

(34) General and administrative expenses

	January to June 2022	January to June 2021
Staff cost	47,493,436.23	42,814,782.78
External labour costs	8,124,703.51	8,006,243.98
Depreciation and amortisation	4,857,616.71	2,846,125.86
Intermediary service fees	3,801,235.08	4,009,991.52
Office and communication fees	1,807,001.47	1,899,096.08
Transportation expenses	1,449,497.29	1,951,262.13
Utilities and leasing expenses	1,338,109.10	2,424,796.39
Business entertainment expenses	1,040,180.83	1,666,775.81
Others	12,507,276.89	8,739,564.34
	82,419,057.11	74,358,638.89



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(35) Financial expenses

	January to June 2022	January to June 2021
Interests on borrowings and accounts payable	267,334,673.56	224,711,605.38
Add: Interest expenses from lease liabilities	149,349.44	41,437.60
Less: Capitalized interest (i)	(20,007,609.33)	(13,255,703.01)
Interest expenses	247,476,413.67	211,497,339.97
Less: Interest income	(6,670,373.50)	(3,706,527.19)
Exchange gains and losses	(21,996,802.97)	5,756,742.43
Others	1,217,317.25	850,636.88
	220,026,554.45	214,398,192.09

- (i) The interest rates at which the borrowing costs were capitalised by the Group during the six months ended 30 June 2022 were 3.98%-4.65% (for the six months ended 30 June 2021: 4.28%-4.90%).



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) Expenses by nature

The operating costs, selling expenses, general and administrative expenses and research and development expenses in the income statements are listed as follows by nature:

	January to June 2022	January to June 2021
Construction costs	822,476,298.78	1,156,884,558.93
Depreciation and amortisation	197,095,936.74	156,208,252.27
Employee benefits	195,570,805.95	171,829,915.38
Environmental protection fee	104,183,379.04	89,928,901.42
Maintenance fee	52,377,193.75	36,363,755.08
Fuel costs	34,641,928.69	31,814,392.33
Material fee	30,901,312.35	28,937,705.40
Waste transfer costs	18,974,589.12	16,473,547.44
Utilities	15,290,786.80	11,563,040.89
Others	63,125,926.93	51,808,639.76
	1,534,638,158.14	1,751,812,708.89

(37) Impairment loss of assets

	January to June 2022	January to June 2021
Impairment loss (reversal of impairment loss) of contract assets	843,365.52	(2,754,235.46)
Impairment loss of other non-current assets	11,421,442.94	-
	12,264,808.46	(2,754,235.46)



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(38) Impairment loss of credit

	January to June 2022	January to June 2021
Bad debts loss of accounts receivable	12,153,361.78	22,584,156.43
Bad debts loss (reversal of bad debts loss) of other receivables	481,525.35	(2,584,756.89)
Bad debts loss of long-term receivables	174,330.55	-
	12,809,217.68	19,999,399.54

(39) Other income

	January to June 2022	January to June 2021	Related to assets/ Related to income
Amortization of government grants	2,017,277.95	1,325,008.12	Related to assets
VAT refund income	15,322,038.17	29,947,544.99	Related to income
Others	3,450,197.72	1,509,320.05	Related to income
	20,789,513.84	32,781,873.16	

(40) Investment income

	January to June 2022	January to June 2021
Income from long-term equity investments accounted for using equity method	7,217,956.22	4,433,719.81
Investment income from disposal of long-term equity investments (Note IV (10)(a))	950,501.90	-
Interest income (Note VII (4)(e))	707,216.97	195,066.04
	8,875,675.09	4,628,785.85



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(41) Income tax expenses

	January to June 2022	January to June 2021
Current tax expenses for the year based on tax law and relevant regulations	33,690,050.59	49,785,543.20
Deferred income tax	10,501,531.60	25,577,244.62
	44,191,582.19	75,362,787.82

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

	January to June 2022	January to June 2021
Total profit	480,090,587.63	536,189,002.44
Income tax calculated at standard tax rate of 25%	120,022,646.91	134,047,250.61
Effect of changes in tax rates and preferential tax rates	(79,362,564.47)	(74,317,053.47)
Costs, expenses and losses not deductible for tax purposes	383,844.60	1,092,969.19
Effect of tax loss and other temporary differences of unrecognised deferred tax assets in the current period	24,779,916.01	11,232,006.92
Utilisation/(reversal) of previously unrecognised deductible temporary differences of deferred tax assets	(1,704,955.25)	1,267,134.40
Adjustments for tax filling differences	(13,607,745.94)	1,180,709.84
PRC withholding tax on dividends	(3,619,007.60)	2,287,806.17
Income not subject to tax	(2,497,367.52)	(1,350,750.05)
Additional deduction on research and development expenses	(780,434.18)	(441,156.25)
Others	577,249.63	363,870.46
Income tax expenses	44,191,582.19	75,362,787.82



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(42) Earnings per share

(a) Basic earnings per share

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

	January to June 2022	January to June 2021
Consolidated net profit attributable to shareholders of the Company	416,538,533.88	437,535,990.24
Weighted average number of ordinary shares outstanding	1,393,440,000.00	1,393,440,000.00
Basic earnings per share	0.30	0.31
Including:		
– Basic earnings per share from continuing operations:	0.30	0.31
– Basic earnings per share from discontinued operations:	–	–

(b) Diluted earnings per share

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

	January to June 2022	January to June 2021
Consolidated net profit attributable to ordinary shareholders of the Company	416,538,533.88	437,535,990.24
Add: Interest expenses on convertible corporate bonds of the Company (after tax)	11,383,130.48	–
Adjusted consolidated net profit attributable to ordinary shareholders of the Company in calculating earnings per share	427,921,664.36	437,535,990.24
Weighted average number of ordinary shares outstanding in the period	1,393,440,000.00	1,393,440,000.00
Add: Weighted average number assuming that convertible company bonds are fully converted into ordinary shares	166,892,962.21	–
Weighted average number of ordinary shares outstanding after dilution	1,560,332,962.21	1,393,440,000.00
Diluted earnings per share (RMB/share)	0.27	0.31



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(43) Notes to cash flow statement items

(a) Cash received from other operating activities

	January to June 2022	January to June 2021
Government grants	25,414,385.80	52,488,682.98
Refund of income tax	14,996,783.56	-
Retention money	4,510,680.97	8,143,010.00
Others	18,059,156.17	11,588,616.92
	62,981,006.50	72,220,309.90

(b) Cash received from other investing activities

	January to June 2022	January to June 2021
Recovery of performance bond	4,500,000.00	7,120,000.00
Borrowings, interest income	749,650.00	-
	5,249,650.00	7,120,000.00

(c) Cash paid for other investing activities

	January to June 2022	January to June 2021
Borrowings	20,000,000.00	13,000,000.00
Payment of performance bond	2,039,180.00	953,000.00
Cash paid for disposal of BOT assets	6,011,900.00	-
	28,051,080.00	13,953,000.00



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(43) Notes to cash flow statement items (Continued)

(d) Cash paid for other financing activities

	January to June 2022	January to June 2021
Financing expenses (i)	1,691,716.98	420,754.71
Payment of lease deposits	–	229,860.00
Cash paid for repayment of principal and interests of lease liabilities (ii)	2,188,439.37	224,334.80
	3,880,156.35	874,949.51

- (i) Financing expenses represent the expenses of public issuance of convertible bonds, etc.
- (ii) For the six months ended 30 June 2022, total cash outflows for leases paid by the Group amounted to RMB2,188,439.37, which were all included in financing activities.
- (e) For the part of PPP project construction revenue recognized as intangible assets, the Group presents the construction expenditures incurred during the construction of relevant projects as cash flows from investing activities in “cash paid for acquisition of fixed assets, intangible assets and other long-term assets”; except for other construction expenditures, the Group presents it as cash flow from operating activities in “other cash paid for construction of PPP projects”.



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(44) Supplement to cash flow statement

(a) Supplement to cash flow statement

Reconciliation of net profit to cash flows from operating activities

	January to June 2022	January to June 2021
Net profit	435,899,005.44	460,826,214.62
Add: Impairment loss of assets	12,264,808.46	(2,754,235.46)
Impairment loss of credit	12,809,217.68	19,999,399.54
Depreciation of fixed assets	10,436,120.07	4,439,163.50
Depreciation of right-of-use assets	1,951,374.83	269,861.53
Amortisation of intangible assets	184,302,566.92	151,333,145.18
Amortisation of long-term deferred expenses	405,874.92	166,082.06
Losses from disposal of fixed assets	6,730,966.16	6,283.57
(Gains)/losses from scrapping of fixed assets	(16,757.57)	4,012.50
Financial expenses	221,959,813.85	209,701,885.91
Investment income	(8,875,675.09)	(4,628,785.85)
Changes in restricted deposits	-	4,000,000.00
(Increase)/decrease in inventories	(2,352,572.78)	1,040,451.77
Increase in deferred tax assets	(7,420,272.47)	(7,037,524.53)
Increase in deferred tax liabilities	17,921,804.07	32,614,769.15
Increase in operating receivables	(573,104,881.38)	(807,969,953.63)
(Decrease) /increase in operating payables	(38,079,647.42)	111,920,010.21
Net cash generated from operating activities	274,831,745.69	173,930,780.07

(b) Net changes in cash and cash equivalents

	January to June 2022	January to June 2021
Cash at the end of the period	1,886,819,688.34	1,008,872,610.14
Less: Cash at the beginning of the period	(954,789,955.35)	(1,592,968,039.86)
Increase/(decrease) in cash and cash equivalents, net	932,029,732.99	(584,095,429.72)



IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(44) Supplement to cash flow statement (Continued)

(c) Acquisition or disposal of subsidiaries

(i) Acquisition of subsidiaries

	January to June 2022	January to June 2021
Acquisition of cash and cash equivalents held by Fengcheng Company	43,103,525.01	–
Less: Cash and cash equivalents paid in the current year for business combinations occurred in the previous periods	–	(35,182,997.10)
Net cash received from/(paid for) acquisition of subsidiaries	43,103,525.01	(35,182,997.10)

(d) Cash and cash equivalents

	30 June 2022	30 June 2021
Cash		
Including: Cash on hand	7,158.10	9,925.96
Bank deposits available on demand	1,886,812,530.24	1,008,862,684.18
Balance of cash and cash equivalents at the end of the period	1,886,819,688.34	1,008,872,610.14

(45) Foreign currency items

	30 June 2022		
	Foreign currency balance	Exchange rate	RMB balance
Cash at bank and on hand –			
USD	285.28	6.71	1,914.63
HKD	863,339.88	0.86	738,319.63
JPY	11.00	0.05	0.54
			740,234.80



V CHANGE OF CONSOLIDATION SCOPE

(1) Business combination involving entities not under common control

(a) Business combination involving entities not under common control for the Period

Acquiree	Timing of acquisition	Acquisition cost	% interest acquired	Method of acquisition	Acquisition date	Basis for determining the acquisition date
Fengcheng Company	23 June 2022	98,007,091.03	51.00%	Business combination involving entities not under common control	23 June 2022	Transfer of control

(b) Costs of combination and goodwill are as follows:

	Fengcheng Company
Costs of combination—	
Fair value of transferred non-cash assets	98,007,091.03
Less: Interest in the fair value of the identifiable net assets acquired	(98,007,091.03)
Goodwill	—



V CHANGE OF CONSOLIDATION SCOPE (Continued)

(1) Business combination involving entities not under common control (Continued)

(c) The assets and liabilities of the acquiree at the acquisition date and 31 December 2021 are as follows:

	Fair value at the acquisition date	Carrying amount at the acquisition date	Carrying amount at 31 December 2021
Assets:			
Cash at bank and on hand	43,103,525.01	43,103,525.01	25,385,253.52
Accounts receivable	27,300,902.25	25,888,190.69	21,061,566.05
Other current assets	10,616,703.56	10,616,690.38	10,706,886.98
Intangible assets	484,228,168.64	482,236,092.56	491,634,795.39
Other non-current assets	19,955,619.33	20,875,447.86	24,029,460.57
Less: short-term borrowings	(58,823,529.41)	(58,823,529.41)	(40,000,000.00)
Accounts payable	(24,194,694.41)	(24,194,694.41)	(35,948,601.87)
Other current liabilities	(4,617,619.11)	(4,617,619.11)	(4,276,603.34)
Non-current liabilities maturing within one year	(29,450,000.04)	(29,450,000.04)	(13,950,000.03)
Long-term borrowings	(266,599,999.93)	(266,599,999.93)	(282,099,999.94)
Deferred tax liabilities	(9,347,818.96)	(8,726,575.89)	(9,077,738.38)
Net assets acquired	192,171,256.93	190,307,527.71	187,465,018.95
Less: Minority interests	(94,164,165.90)		
Fair value of the identifiable net assets obtained	98,007,091.03		

The fair value of the assets and liabilities of Fengcheng Company at the acquisition date is determined by the Group using valuation techniques.



X. FINANCIAL REPORT (CONTINUED)

VI INTERESTS IN OTHER ENTITIES

(1) Interests in subsidiaries

(a) Composition of the Group

Name of subsidiary	Company type	Principal place of business	Place of registration	Business nature	Registered capital/paid-in capital		Shareholding		Acquisition method
					Currency	Amount in original currency	Direct	Indirect	
Taizhou Dynagreen Renewable Energy Co., Ltd. ('Taizhou Company')	Limited liability company	Taizhou, Jiangsu	Taizhou, Jiangsu	Waste treatment and power generation	RMB	180 million/180 million	100%	-	Establishment
Yongjia Dynagreen Renewable Energy Co., Ltd. ('Yongjia Company')	Limited liability company	Yongjia, Zhejiang	Yongjia, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Pingyang Dynagreen Renewable Energy Co., Ltd. ('Pingyang Company')	Limited liability company	Pingyang, Zhejiang	Pingyang, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Rushan Dynagreen Renewable Energy Co., Ltd. ('Rushan Company')	Limited liability company	Rushan, Shandong	Rushan, Shandong	Waste treatment and power generation	RMB	100.88 million/100.88 million	100%	-	Establishment
Zhangqiu Dynagreen Renewable Energy Co., Ltd. ('Zhangqiu Company')	Limited liability company	Zhangqiu, Shandong	Zhangqiu, Shandong	Waste treatment and power generation	RMB	172.94 million/172.94 million	100%	-	Establishment
Anshun Company	Limited liability company	Anshun, Guizhou	Anshun, Guizhou	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Jurong Company	Limited liability company	Jurong, Jiangsu	Jurong, Jiangsu	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Pingyao Company	Limited liability company	Pingyao, Shanxi	Pingyao, Shanxi	Waste treatment and power generation	RMB	100 million/20 million	100%	-	Establishment
Huizhou Dynagreen Environment Co., Ltd. ('Huizhou Company')	Limited liability company	Huiyang, Guangdong	Huiyang, Guangdong	Waste treatment and power generation	RMB	220 million/220 million	100%	-	Establishment
Jizhou Company	Limited liability company	Tianjin	Tianjin	Waste treatment and power generation	RMB	120 million/120 million	60%	40%	Establishment
Ninghe Company	Limited liability company	Ninghe, Tianjin	Ninghe, Tianjin	Waste treatment and power generation	RMB	150 million/150 million	100%	-	Establishment
Hong'an Company	Limited liability company	Hong'an, Hubei	Hong'an, Hubei	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Tongzhou Company	Limited liability company	Beijing	Beijing	Waste treatment and power generation	RMB	375 million/375 million	100%	-	Establishment
Shantou Company	Limited liability company	Shantou, Guangdong	Shantou, Guangdong	Waste treatment and power generation	RMB	210 million/210 million	75%	25%	Establishment
Longhui Company	Limited liability company	Longhui, Hunan	Longhui, Hunan	Waste treatment and power generation	RMB	100 million/20 million	100%	-	Establishment
Bobai Dynagreen Renewable Energy Co., Ltd. ('Bobai Company')	Limited liability company	Bobai, Guangxi	Bobai, Guangxi	Waste treatment and power generation	RMB	100 million/100 million	75%	25%	Establishment
Bengbu Company	Limited liability company	Bengbu, Anhui	Bengbu, Anhui	Waste treatment and power generation	RMB	166 million/166 million	100%	-	Establishment
Changzhou Dynagreen Environmental and Thermolectric Co., Ltd. ('Changzhou Company')	Limited liability company	Changzhou, Jiangsu	Changzhou, Jiangsu	Waste treatment and power generation	RMB	138.40 million/138.40 million	75%	25%	Business combination involving entities under common control



X. FINANCIAL REPORT (CONTINUED)

VI INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Composition of the Group (Continued)

Name of subsidiary	Company type	Principal place of business	Place of registration	Business nature	Registered capital/paid-in capital		Shareholding		Acquisition method
					Currency	Amount in original currency	Direct	Indirect	
Qingdao Company	Limited liability company	Qingdao, Shandong	Qingdao, Shandong	Waste treatment and power generation	HKD	84.982 million/84.982 million	75%	25%	Business combination involving entities under common control
Wuhan Dynagreen Renewable Energy Co., Ltd. ("Wuhan Company")	Limited liability company	Wuhan, Hubei	Wuhan, Hubei	Waste treatment and power generation	RMB	279.4843 million/279.4843 million	100%	-	Business combination involving entities under common control
Hong Kong Dynagreen	Limited liability company	Hong Kong	Hong Kong	Investment holding	HKD	239.329 million/239.329 million	100%	-	Business combination involving entities under common control
Haining Company	Limited liability company	Haining, Zhejiang	Haining, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Business combination involving entities not under common control
Shenzhen Jingxiu Environmental Engineering Technology Limited Company ("Shenzhen Jingxiu")	Limited liability company	Shenzhen, Guangdong	Shenzhen, Guangdong	Construction engineering	RMB	20.80 million/20.80 million	100%	-	Business combination involving entities not under common control
Miyun Company	Limited liability company	Miyun, Beijing	Miyun, Beijing	Waste treatment and power generation	RMB	120 million/120 million	100%	-	Establishment
Yichun Company	Limited liability company	Yichun, Jiangxi	Yichun, Jiangxi	Waste treatment and power generation	RMB	165 million/165 million	-	60%	Establishment
Yongjia Phase II Company	Limited liability company	Yongjia, Zhejiang	Yongjia, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	51%	49%	Establishment
Huludao Hazardous Waste Company	Limited liability company	Huludao, Liaoning	Huludao, Liaoning	Hazardous waste treatment	RMB	100 million/100 million	80%	-	Business combination involving entities not under common control
Huizhou Phase II Company	Limited liability company	Huizhou, Guangdong	Huizhou, Guangdong	Waste treatment and power generation	RMB	450 million/450 million	100%	-	Establishment
Dengfeng Company	Limited liability company	Dengfeng, Henan	Dengfeng, Henan	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Haining Expansion Company	Limited liability company	Haining, Zhejiang	Haining, Zhejiang	Waste treatment and power generation	RMB	390 million/390 million	60%	-	Establishment
Shishou Company	Limited liability company	Shishou, Hubei	Shishou, Hubei	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Guangyuan Company	Limited liability company	Guangyuan, Sichuan	Guangyuan, Sichuan	Waste treatment and power generation	RMB	140 million/140 million	100%	-	Business combination involving entities not under common control



X. FINANCIAL REPORT (CONTINUED)

VI INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Composition of the Group (Continued)

Name of subsidiary	Company type	Principal place of business	Place of registration	Business nature	Registered capital/paid-in capital		Shareholding		Acquisition method
					Currency	Amount in original currency	Direct	Indirect	
Dongguan Company	Limited liability company	Dongguan, Guangdong	Dongguan, Guangdong	Garbage transfer	RMB	10 million/10 million	-	100%	Business combination involving entities not under common control
Jiamusi Company	Limited liability company	Jiamusi, Heilongjiang	Jiamusi, Heilongjiang	Waste treatment and power generation	RMB	209 million/209 million	-	100%	Business combination involving entities not under common control
Zhaoqing Company	Limited liability company	Shui, Guangdong	Shui, Guangdong	Waste treatment and power generation	RMB	225 million/220 million	100%	-	Business combination involving entities not under common control
Guangdong Promising Environmental Protection Company Limited ('Guangdong Promising Company')	Limited liability company	Dongguan, Guangdong	Dongguan, Guangdong	Environmental protection industry and new energy investment	RMB	584.50 million/584.50 million	100%	-	Business combination involving entities not under common control
Shulan Boneng Environmental Protection Company Limited ('Shulan Company')	Limited liability company	Shulan, Jilin	Shulan, Jilin	Waste treatment and power generation	RMB	90 million/8.40 million	-	100%	Business combination involving entities not under common control
Zhangye Boneng Environmental Protection Company Limited ('Zhangye Company')	Limited liability company	Zhangye, Gansu	Zhangye, Gansu	Garbage transfer	RMB	6 million/6 million	-	100%	Business combination involving entities not under common control
Jinsha Company	Limited liability company	Bijie, Guizhou	Bijie, Guizhou	Garbage transfer, waste treatment and power generation	RMB	160 million/160 million	100%	-	Business combination involving entities not under common control
Pingyang Phase II Company	Limited liability company	Pingyang, Zhejiang	Pingyang, Zhejiang	Waste treatment and power generation	RMB	110 million/110 million	100%	-	Establishment
Baise Dynagreen Environmental Protection Co., Ltd. ('Jingxi Company')	Limited liability company	Jingxi, Guangxi	Jingxi, Guangxi	Waste treatment and power generation	RMB	120 million/35 million	100%	-	Establishment
Enshi Company	Limited liability company	Enshi, Hubei	Enshi, Hubei	Waste treatment and power generation	RMB	200 million/200 million	100%	-	Establishment
Huludao Waste-to-energy Company	Limited liability company	Huludao, Liaoning	Huludao, Liaoning	Waste treatment and power generation	RMB	122.6575 million/110.1575 million	100%	-	Establishment
Shantou Sludge Company	Limited liability company	Shantou, Guangdong	Shantou, Guangdong	Sludge treatment	RMB	13 million/13 million	100%	-	Establishment



VI INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

(a) Composition of the Group (Continued)

Name of subsidiary	Company type	Principal place of business	Place of registration	Business nature	Registered capital/paid-in capital		Shareholding		Acquisition method
					Currency	Amount in original currency	Direct	Indirect	
Laizhou Company	Limited liability company	Laizhou Shandong	Laizhou Shandong	Waste treatment and power generation	RMB	200 million/200 million	-	87.5%	Business combination involving entities not under common control
Shuozhou Company	Limited liability company	Shuozhou, Shanxi	Shuozhou, Shanxi	Waste treatment and power generation	RMB	195 million/195 million	98%	-	Establishment
Zhangqiu Phase II Company	Limited liability company	Jinan, Shandong	Jinan, Shandong	Waste treatment and power generation	RMB	255 million/255 million	-	100%	Establishment
惠州綠色動力環境服務有限公司 (以下簡稱「惠州三合一公司」)	Limited liability company	Huizhou, Guangdong	Huizhou, Guangdong	Collection, storage, transportation and disposal of kitchen waste (including gutter oil and swill oil), municipal sludge and excrement	RMB	63 million/48.46 million	80%	-	Establishment
Fengcheng Company	Limited liability company	Fengcheng, Jiangxi	Fengcheng, Jiangxi	Waste treatment and power generation	RMB	135,375 million/135,375 million	51%	-	Business combination involving entities not under common control
Shantou Kitchen Waste Company	Limited liability company	Chaoyang, Shantou	Chaoyang, Shantou	Kitchen waste treatment, municipal waste operation services	RMB	32.72 million/300 million	80%	-	Establishment



VII RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) The parent company

(a) General information of the parent company

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

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

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

	31 December 2021	Additions for the period	Decreased during the period	30 June 2022
BSAM	RMB10 billion	–	–	RMB10 billion

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

	30 June 2022		31 December 2021	
	Shareholding	Percentage of voting rights	Shareholding	Percentage of voting rights
BSAM	42.63%	42.63%	42.63%	42.63%

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

(2) Information on the subsidiaries

For basic and related information of subsidiaries, please refer to Note VI(1).



VII RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(3) Information on other related parties

	Relationship with the Group
Beijing State-owned Assets Management (Hong Kong) Company Limited	Shareholder and a subsidiary of the Company's ultimate controlling party
Three Gorges Capital Holdings Co., Ltd.	Shareholder
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
Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司) ("Shenzhen Crystal")	A subsidiary of the Company's ultimate controlling party
Beijing Crystal Digital Technology Co., Ltd. (北京水晶石數字科技股份有限公司) ("Beijing Crystal")	A subsidiary of the Company's ultimate controlling party
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
Beijing Beiao Group Corporation Limited (北京北奧集團有限責任公司)	A subsidiary of the Company's ultimate controlling party
Shouxin Cloud Technology Co., Ltd. (首信雲技術有限公司) ("Shouxin Cloud")	A subsidiary of the Company's ultimate controlling party
Beijing Software and Information Services Exchange Co., Ltd. (北京軟件和信息服務交易所有限公司) ("Beijing Software and Information Services Exchange")	A subsidiary of the Company's ultimate controlling party
Zhejiang Qianjiang Biochemical Co., Ltd. ("Qianjiang Biochemical ")	A shareholder of a subsidiary of the Company
Haining Water Investment Group Co., Ltd. ("Haining Water Group")	A shareholder of a subsidiary of the Company
Fengcheng Company	(i)

- (i) As stated in Note IV(10), Fengcheng Company has changed from a joint venture to a subsidiary of the Company from 23 June 2022. The related party transactions between the Group and Fengcheng Company refer to the transactions during the period from January to June 2021 and transactions from 1 January 2022 and 23 June 2022.



VII RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Related party transactions

Transaction prices between the Group and related parties are determined with reference to market prices.

(a) Purchase of goods and acceptance of services:

Related parties	January to June 2022	January to June 2021
Shenzhen Crystal	1,361,681.83	1,002,000.00
Beijing Software and Information Services Exchange	115,000.00	–
Haining Water Group	–	12,008,850.00
Shouxin Cloud	–	9,798.00
	1,476,681.83	13,020,648.00

Sales of goods and rendering of services:

Related party	January to June 2022	January to June 2021
Qianjiang Biochemical	721,745.28	–

(b) Guarantee

The Group as the guaranteed party

Guarantor	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
BSAM	73,052,222.41	8 January 2015	9 December 2023	N



VII RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Related party transactions (Continued)

(c) Borrowings

			Amount recovered
Repayment of borrowings – BSAM			900,000,000.00
	Amount	Commencement date	Maturity date
Lend to – Fengcheng Company	20,000,000.00	14 January 2022	16 December 2022

(d) Interest expenses

Interest on related-party loans paid:

Related parties	January to June 2022	January to June 2021
BSAM	40,131,666.59	48,411,866.68
BSAM (HK)	9,844,388.91	9,844,388.91
Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	–	387,309.75
	49,976,055.50	58,643,565.34

(e) Investment income (Interest income)

Related party	January to June 2022	January to June 2021
Fengcheng Company	707,216.97	195,066.04

(f) Remuneration of key management personnel

	January to June 2022	January to June 2021
Remuneration of key management personnel	3,641,677.16	3,189,545.19



VII RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Balance with related parties

		30 June 2022		31 December 2021	
		Book balance	Provision for bad and doubtful debts	Book balance	Provision for bad and doubtful debts
Accounts receivable	Qianjiang Biochemical Fengcheng Company	122,111.00	–	–	–
		–	–	10,000,000.00	(2,000,000.00)
		122,111.00	–	10,000,000.00	(2,000,000.00)
Other receivables	Fengcheng Company	–	–	10,000,000.00	(2,000,000.00)
				30 June 2022	31 December 2021
Accounts payable	Shenzhen Crystal			452,956.60	425,910.21
	Beijing Crystal			3,469.06	245,067.18
	Beijing Software and Information Services Exchange			–	105,000.00
				456,425.66	775,977.39
Other payables	Qianjiang Biochemical BSAM			250,000.00	250,000.00
				–	212,834.80
				250,000.00	462,834.80
Long-term borrowings ⁽ⁱ⁾	BSAM			1,201,550,000.00	1,502,131,250.00
	BSAM (HK)			495,442,666.69	485,598,277.78
				1,696,992,666.69	1,987,729,527.78
Short-term borrowings ⁽ⁱ⁾	BSAM			–	600,797,500.00

(i) The annual interest rate of the abovementioned related-party loans is 4%-4.65%.



X. FINANCIAL REPORT (CONTINUED)

VIII COMMITMENTS

(1) Operating and capital expenditure commitments

Capital expenditure commitments that have been contracted for but do not have to be listed on the balance sheet

	30 June 2022	31 December 2021
Infrastructure construction contract contracted for and is or going to be effective	1,430,149,377.97	1,549,218,839.06
Infrastructure construction contract authorised but not contracted for	1,105,404,080.74	818,464,825.60
	2,535,553,458.71	2,367,683,664.66

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

IX SUBSEQUENT EVENTS

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

X BUSINESS COMBINATION

Refer to Note V (1).

XI FINANCIAL INSTRUMENTS AND RISKS

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The above financial risks and the risk management strategies adopted by the Group to mitigate these risks are described below.

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.



XI FINANCIAL INSTRUMENTS AND RISKS (Continued)

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars and Hong Kong dollars. The Group continuously monitors the scale of the Group's foreign currency transactions and foreign currency assets and liabilities to minimize foreign exchange risks.

As at 30 June 2022 and 31 December 2021, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies was less.

(b) Interest rate risk

The Group's interest rate risk mainly arises from long-term interest bearing debts, including long-term bank borrowings and convertible bonds. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 30 June 2022, the Group's long-term interest bearing debts were mainly long-term borrowings with floating rates and convertible bonds with fixed interest rates. In particular, long-term borrowings with floating rates amounted to RMB7,818,430,122.67 (31 December 2021: RMB7,653,310,473.77), long-term borrowings with fixed interest rates amounted to RMB1,782,861,789.37 (31 December 2021: RMB1,834,263,654.38) convertible bonds with fixed interest rates amounted to RMB2,360,000,000.00 (31 December 2021: nil).

As at 30 June 2022, if interest rates rise/fall by 50 base points while holding all other variables constant, the Group's net profit would decrease/increase by approximately RMB29,319,000.00 (31 December 2021: approximately RMB28,700,000.00).

(2) Credit risk

The Group's exposure to credit risk is mainly generated from cash at bank and on hand, Notes receivable, accounts receivable, receivables under financing, other receivables, long-term receivables and contract assets. At each balance sheet date, the carrying amounts of the financial assets of the Group represent its maximum exposure to credit risk.

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

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



X. FINANCIAL REPORT (CONTINUED)

XI FINANCIAL INSTRUMENTS AND RISKS (Continued)

(2) Credit risk (Continued)

As at 30 June 2022, the Group has no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2021: Nil).

(3) Liquidity risk

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

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

	30 June 2022				Total
	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	
Short-term borrowings	605,177,121.27	–	–	–	605,177,121.27
Notes payable	19,822,569.45	–	–	–	19,822,569.45
Accounts payable ⁽ⁱ⁾	1,334,699,617.53	–	–	–	1,334,699,617.53
Other payables	284,150,060.49	–	–	–	284,150,060.49
Long-term borrowings	1,308,704,636.63	1,533,950,542.04	4,643,492,125.09	4,172,016,170.91	11,658,163,474.67
Bonds payable	7,978,739.73	11,108,164.39	160,473,534.25	2,499,078,356.16	2,678,638,794.53
Lease liabilities	4,483,871.93	574,599.79	602,704.41	2,298,294.20	7,959,470.33
Long-term payables	26,373,334.15	26,373,334.15	79,120,002.45	353,041,509.26	484,908,180.01
	3,591,389,951.18	1,572,006,640.37	4,883,688,366.20	7,026,434,330.53	17,073,519,288.28
	31 December 2021				Total
	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	
Short-term borrowings	1,274,257,816.10	–	–	–	1,274,257,816.10
Notes payable	19,467,708.34	–	–	–	19,467,708.34
Accounts payable ⁽ⁱ⁾	1,411,772,142.99	–	–	–	1,411,772,142.99
Other payables	132,552,974.49	–	–	–	132,552,974.49
Long-term borrowings	1,215,391,744.40	1,505,109,530.58	4,601,248,279.48	4,306,314,200.67	11,628,063,755.13
Long-term payables	26,373,334.15	26,373,334.15	79,120,002.45	366,228,176.33	498,094,847.08
Lease liabilities	4,210,970.96	2,056,662.82	327,045.60	2,298,294.20	8,892,973.58
	4,084,026,691.43	1,533,539,527.55	4,680,695,327.53	4,674,840,671.20	14,973,102,217.71

- (i) On June 30, 2022 and December 31, 2021, the balance of accounts payable aged over 1 year of the Group was RMB 209,678,670.10 and RMB 224,652,829.01, which were mainly for construction equipment payable as quality assurance funds for construction equipment Final payment.



X. FINANCIAL REPORT (CONTINUED)

XII FAIR VALUE ESTIMATES

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

As at 30 June 2022 and 31 December 2021 except for receivables under financing, the Group does not hold assets and liabilities measured at fair value.

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

As at 30 June 2022 and 31 December 2021, the Group's financial assets and financial liabilities measured at amortized cost mainly include: cash at bank and on hand, notes receivable, other receivables, long-term receivables, contract assets (including contract assets listed in other non-current assets), short-term borrowings, Notes payable, accounts payable, lease liabilities, long-term borrowings, bonds payable and long-term payables, etc. The difference between the book value and fair value of the above financial assets and financial liabilities is small.

XIII CAPITAL MANAGEMENT

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

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

The total capital of the Group represents "shareholders' equity" presented in the consolidated balance sheets. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio.

As at 30 June 2022 and 31 December 2021, the Group's gearing ratios are as follows:

	30 June 2022	31 December 2021
Gearing ratio	66.77%	65.78%



XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Accounts receivable

	30 June 2022	31 December 2021
Accounts receivable	199,713,379.95	146,776,114.44
Less: Provision for bad debts	–	(2,000,000.00)
	199,713,379.95	144,776,114.44

(a) The aging analysis of accounts receivable is as follows:

	30 June 2022	31 December 2021
Within 1 year	101,441,879.95	72,098,464.44
1 to 2 years	29,470,500.00	20,876,650.00
2 to 3 years	41,825,000.00	53,801,000.00
3 to 4 years	26,976,000.00	–
	199,713,379.95	146,776,114.44

(b) As at 30 June 2022, the top five accounts receivable based on the balance of the debtors are summarised and analysed as follows:

	Balance	Amount of provision for bad and doubtful debts	% of total balance
Total top five accounts receivable	142,446,250.00	–	71.33%



XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(1) Accounts receivable (Continued)

(c) Provision for bad debts

- (i) The analysis of provision for bad debts individually for accounts receivable is as follows:

As at 30 June 2022, the Company did not make provision for bad debts individually for accounts receivable (31 December 2021: RMB10,000,000.00).

- (ii) The analysis of provision for bad debts on grouping basis for accounts receivable is as follows:

	30 June 2022		
	Book balance	Provision for bad and doubtful debts	
		Expected credit loss rate throughout the lifetime	
	Amount		Amount
Receivable general contract service fee and patent royalties	199,713,379.95	0.00%	–

	31 December 2021		
	Book balance	Provision for bad and doubtful debts	
		Expected credit loss rate throughout the lifetime	
	Amount		Amount
Receivable general contract service fee and patent royalties	136,776,114.44	0.00%	–



XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables

	30 June 2022	31 December 2021
Receivables from related parties	2,128,135,599.75	1,006,652,071.36
Including: Dividends receivable	968,000,000.00	61,000,000.00
Current accounts of former shareholders	5,973,188.35	5,973,188.35
Others	8,838,098.02	10,636,939.61
	2,142,946,886.12	1,023,262,199.32
Less: Provision for bad debts	(8,843,316.99)	(8,846,294.62)
	2,134,103,569.13	1,014,415,904.70

(a) The aging analysis of other receivables is as follows:

	30 June 2022	31 December 2021
Within 1 year	1,555,266,233.91	451,886,101.33
1 to 2 years	325,138,880.35	391,306,127.72
2 to 3 years	229,084,124.53	161,310,894.77
Over 3 years	33,457,647.33	18,759,075.50
	2,142,946,886.12	1,023,262,199.32



XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables (Continued)

(b) Table of loss allowance and changes in its book balance

	First stage		Second stage		Third stage		Total	
	ECL for next 12 months		Lifetime ECL (no credit impairment)		Lifetime ECL (credit impairment occurred)		Book balance	Provision for bad debts
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts		
31 December 2021	1,014,620,522.79	(638,215.78)	2,668,488.18	(2,234,890.49)	5,973,188.35	(5,973,188.35)	1,023,262,199.32	(8,846,294.62)
Net increase/(reversal) in the period	1,119,684,686.80	2,977.63	-	-	-	-	1,119,684,686.80	2,977.63
Reclassification	2,668,488.18	(2,234,890.49)	(2,668,488.18)	2,234,890.49	-	-	-	-
30 June 2022	2,136,973,697.77	(2,870,128.64)	-	-	5,973,188.35	(5,973,188.35)	2,142,946,886.12	(8,843,316.99)

As at 30 June 2022, the Company has no other receivables in the second stage. The analysis of other receivables in the first stage and third stage is as follows:

- (i) As at 30 June 2022, the analysis of provision for bad and doubtful debts on individual basis for other receivables is as follows:

Third stage	Book balance	Lifetime ECL	Provision for bad debts	Reason
Current accounts of former shareholders	5,973,188.35	100.00%	(5,973,188.35)	Long aging and risk of recovery

As at 31 December 2021, the analysis of provision for bad and doubtful debts on individual basis for other receivables is as follows:

Third stage	Book balance	Lifetime ECL	Provision for bad and doubtful debts	Reason
Current accounts of former shareholders	5,973,188.35	100.00%	(5,973,188.35)	Long aging and risk of recovery



XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables (Continued)

(b) Table of loss allowance and changes in its book balance (Continued)

(ii) As at 30 June 2022 and 31 December 2021, the analysis of other receivables for which the provision for bad and doubtful debts is made on grouping basis is as follows:

	30 June 2022			31 December 2021		
	Book balance	Loss allowance		Book balance	Loss allowance	
	Amount	Amount	Percentage	Book balance	Amount	Percentage
Receivable from related parties	2,128,135,599.75	–	0.00%	1,006,652,071.36	–	0.00%
Others	8,838,098.02	(2,870,128.64)	32.47%	7,968,451.43	(638,215.78)	8.01%
	2,136,973,697.77	(2,870,128.64)		1,014,620,522.79	(638,215.78)	
	30 June 2022			31 December 2021		
	Book balance	Loss allowance		Book balance	Loss allowance	
	Amount	Amount	Percentage	Book balance	Amount	Percentage
Others	–	–	0.00%	2,668,488.18	(2,234,890.49)	83.75%

(c) For the six months ended 30 June 2022, the Company's provision for bad and doubtful debts made/ (reversed) amounted to RMB497,022.37 (for the six months ended 30 June 2021: RMB1,516,148.93) and the provision for bad and doubtful debts collected or reversed amounted to RMB500,000.00 (for the six months ended 30 June 2021: RMB4,000,000.00).

(d) For the six months ended 30 June 2022 and the six months ended 30 June 2021, the Group had no other receivables written off.



XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables (Continued)

(e) As at 30 June 2022, the top five other receivables based on the balance of the debtors are summarised and analysed as follows:

	Nature	Balance	Aging	% of total balance	Provision for bad and doubtful debts
Ninghe Company	Current accounts of subsidiaries of the Group	358,884,682.50	1 to 3 years	16.75%	–
Huludao Hazardous Waste Company	Current accounts of subsidiaries of the Group	245,053,387.59	Within 1 year	11.44%	–
Wuhan Company	Current accounts and dividends receivable of subsidiaries within the Group	187,521,750.81	Within 1 year	8.75%	–
Taizhou Company	Dividends receivable	115,000,000.00	1 to 4 years	5.37%	–
Tongzhou Company	Dividends receivable	100,000,000.00	Within 1 year	4.67%	–
		1,006,459,820.90		46.97%	–

(3) Long-term receivables

	30 June 2022			
	Book balance	Provision for bad and doubtful debts	Carrying amount	Interest rate range
Entrusted loans to subsidiaries	557,558,272.96	–	557,558,272.96	0.00%-4.90%
Less: Due within one year	(86,500,000.00)	–	(86,500,000.00)	
	471,058,272.96	–	471,058,272.96	



XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Long-term receivables (Continued)

	Book balance	31 December 2021 Provision for bad and doubtful debts	Carrying amount	Interest rate range
Entrusted loans to subsidiaries	379,058,272.96	–	379,058,272.96	0.00%-4.90%
Less: Due within one year	(74,500,000.00)	–	(74,500,000.00)	–
	304,558,272.96	–	304,558,272.96	–

(4) Long-term equity investments

	30 June 2022	31 December 2021
Subsidiaries (a)	6,205,666,753.87	5,808,110,164.74
Joint ventures (Note IV(10))	–	89,838,632.91
Less: Provision for impairment of long-term equity investments	(11,149,297.53)	(11,149,297.53)
	6,194,517,456.34	5,886,799,500.12



XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(4) Long-term equity investments (Continued)

(a) Subsidiaries

	31 December 2021	Changes for the period		30 June 2022	Balance of provision for impairment at the end of the period	Cash dividends declared for distribution in the period
		Additional investment	Additions for the period			
Haining Company	86,000,000.00	-	-	86,000,000.00	-	-
Taizhou Company	180,000,000.00	-	-	180,000,000.00	-	120,000,000.00
Yongjia Company	100,000,000.00	-	-	100,000,000.00	-	80,000,000.00
Rushan Company	100,880,000.00	-	-	100,880,000.00	-	30,000,000.00
Pingyang Company	100,000,000.00	-	-	100,000,000.00	-	40,000,000.00
Changzhou Company	220,221,697.72	-	-	220,221,697.72	-	-
Wuhan Company	217,874,320.40	60,000,000.00	-	277,874,320.40	-	170,000,000.00
Qingdao Company	63,091,383.59	-	-	63,091,383.59	(4,620,174.06)	-
Anshun Company	102,083,479.98	-	-	102,083,479.98	-	50,000,000.00
Zhangqiu Company	172,940,000.00	-	-	172,940,000.00	-	-
Jurong Company	100,026,752.87	-	-	100,026,752.87	-	60,000,000.00
Huizhou Company	220,954,159.23	-	-	220,954,159.23	-	-
Pingyao Company	20,017,204.55	-	-	20,017,204.55	-	-
Jizhou Company	72,000,000.00	-	-	72,000,000.00	-	39,000,000.00
Hong Kong Dynagreen	163,613,261.06	-	-	163,613,261.06	-	-
Ninghe Company	149,610,235.39	-	-	149,610,235.39	-	-
Shenzhen Jingxiu	27,047,295.00	-	-	27,047,295.00	(6,529,123.47)	15,000,000.00
Tongzhou Company	375,066,706.59	-	-	375,066,706.59	-	150,000,000.00
Hong'an Company	100,029,152.18	-	-	100,029,152.18	-	40,000,000.00
Longhui Company	20,000,000.00	-	-	20,000,000.00	-	-
Shantou Company	157,500,000.00	-	-	157,500,000.00	-	75,000,000.00
Bobai Company	75,000,000.00	-	-	75,000,000.00	-	-
Bengbu Company	166,000,000.00	-	-	166,000,000.00	-	90,000,000.00
Miyun Company	120,000,000.00	-	-	120,000,000.00	-	-
Huludao Waste-to-energy Company	170,000,000.00	-	-	170,000,000.00	-	-
Huludao Hazardous Waste Company	110,157,500.00	-	-	110,157,500.00	-	-
Huizhou Phase II Company	350,000,000.00	100,000,000.00	-	450,000,000.00	-	-
Dengfeng Company	100,000,000.00	-	-	100,000,000.00	-	-
Dynagreen Haiyun	234,000,000.00	-	-	234,000,000.00	-	75,000,000.00
Guangdong Promising Company	610,000,000.00	-	-	610,000,000.00	-	-
Shishou Company	100,000,000.00	-	-	100,000,000.00	-	-
Pingyang Phase II Company	110,000,000.00	-	-	110,000,000.00	-	20,000,000.00
Jinsha Company	162,360,400.00	-	-	162,360,400.00	-	-
Jingxi Company	15,500,000.00	19,500,000.00	-	35,000,000.00	-	-
Enshi Company	105,000,000.00	95,000,000.00	-	200,000,000.00	-	-
Yongjia Phase II Company	51,000,000.00	-	-	51,000,000.00	-	10,200,000.00
Shuozhou Company	191,100,000.00	-	-	191,100,000.00	-	-
Zhaoqing Company	210,871,016.18	10,000,000.00	-	220,871,016.18	-	20,000,000.00
Shantou Sludge Company	13,000,000.00	-	-	13,000,000.00	-	-
Huizhou Three-in-one Company	24,800,000.00	13,600,000.00	-	38,400,000.00	-	-
Guangyuan Company	140,365,600.00	-	-	140,365,600.00	-	25,000,000.00
Shantou Kitchen Waste	-	2,400,000.00	-	2,400,000.00	-	-
Fengcheng Company	-	-	97,056,589.13	97,056,589.13	-	-
	5,808,110,164.74	300,500,000.00	97,056,589.13	6,205,666,753.87	(11,149,297.53)	1,109,200,000.00



XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(5) Operating income and operating costs

	January to June 2022	January to June 2021
Main operations income	64,282,909.17	39,753,950.01
Other operations income	610,169.48	610,169.49
	64,893,078.65	40,364,119.50
	January to June 2022	January to June 2021
Main operations cost	4,055,630.90	3,618,177.15



XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(5) Operating income and operating costs (Continued)

	January to June 2022			
	Income from general contracting service	Income from patent use rights	Others	Total
Main operations income	49,282,909.17	15,000,000.00	–	64,282,909.17
Including: Recognized at a certain point of time	–	15,000,000.00	–	15,000,000.00
Recognized during a certain period	49,282,909.17	–	–	49,282,909.17
Other operations income	–	–	610,169.48	610,169.48
	49,282,909.17	15,000,000.00	610,169.48	64,893,078.65

	January to June 2021			
	Income from general contracting service	Income from patent use rights	Others	Total
Main operations income	17,253,950.01	22,500,000.00	–	39,753,950.01
Including: Recognized at a certain point of time	–	22,500,000.00	–	22,500,000.00
Recognized during a certain period	17,253,950.01	–	–	17,253,950.01
Other operations income	–	–	610,169.49	610,169.49
	17,253,950.01	22,500,000.00	610,169.49	40,364,119.50

(6) Investment income

	January to June 2022	January to June 2021
Dividend income from long-term equity investments accounted for using cost method	1,109,200,000.00	–
Income from long-term equity investments accounted for using equity method	7,217,956.22	4,433,719.81
Interest income	13,846,397.35	18,462,383.30
	1,130,264,353.57	22,896,103.11



X. FINANCIAL REPORT (CONTINUED)

SUPPLEMENT TO INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

I EXTRAORDINARY GAINS AND LOSSES

	January to June 2022	January to June 2021
Gains or losses from disposal of non-current assets	(5,782,738.73)	(10,296.07)
Government grants recognised through profit or loss	4,931,663.76	4,135,409.14
Fund usage fee from non-financial institution recognized in profit or loss	707,216.97	195,066.04
Reversal of provision for bad debts on individual basis	2,000,000.00	–
Other non-operating income and expenses besides items above	1,147,677.26	1,202,105.09
Other gains and losses within the definition of extraordinary gains and losses	370,318.98	236,571.96
	3,374,138.24	5,758,856.16
Effect of income tax	(430,436.88)	(205,063.69)
Effect of minority interests, net of tax	(164,726.01)	(85,217.98)
	2,778,975.35	5,468,574.49

Basis for preparation of summary of extraordinary gains and losses

Under the requirements in the Explanatory Announcement No.1 on Information Disclosure by Companies Offering Securities to the Public – Extraordinary Gains and Losses [2008] from CSRC, extraordinary gains and losses refer to those that arise from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

II RETURN ON NET ASSETS AND EARNINGS PER SHARE

	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	January – June 2022	January – June 2021	January – June 2022	January – June 2021	January – June 2022	January – June 2021
Net profit attributable to ordinary equity shareholders of the Company	6.06%	6.93%	0.30	0.31	0.27	0.31
Net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	6.02%	6.84%	0.30	0.31	0.27	0.31



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

