



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

INTERIM REPORT
2024



IMPORTANT NOTICE

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

It is proposed to distribute a cash dividend of RMB0.1 (before tax) for every share to all shareholders based on the aggregate share capital on the share-based equity registration date for the first half of 2024. The Company did not convert capital reserve into share capital and did not issue bonus shares for the profit distribution. This proposal of profit distribution needs to be submitted to the Company’s general meeting for consideration.

- VII. Risk statement relating to forward-looking statements

☒ Applicable ☐ Not applicable

Forward-looking statements such as future plans and development strategies described in this report do not constitute an actual commitment of the Company to investors. Investors should be aware of the investment risks.

- VIII. Whether there was any appropriation of the Company’s funds for purposes other than operations by the controlling shareholder and other related parties

No

- IX. Whether there was any provision of guarantee to external parties in violation of the stipulated decision-making procedures?

No

- X. Whether there were more than half of the directors who cannot guarantee the authenticity, accuracy and completeness of the interim report disclosed by the Company

No

- XI. Major risk alerts

Policy risk, market risk, business risk and other risks that may exist have been described in this report in details. Please refer to “potential risks” as set out in part V “other disclosures” in “III. Management Discussion and Analysis”.

- XII. Others

☒ Applicable ☐ Not applicable

The 2024 interim financial report of the Company was prepared in accordance with the China Accounting Standards for Business Enterprises promulgated by the Ministry of Finance of the PRC and the relevant provisions (the “**PRC Accounting Standards**”), and is unaudited. The functional currency of this interim report is Renminbi (RMB).

The contents of this interim report are in compliance with all the requirements in relation to information to be disclosed in interim reports under the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 – Contents and Formats of Interim Reports (Amended in 2021) (《公開發行證券的公司信息披露內容與格式準則第3號—半年度報告的內容與格式(2021年修訂)》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Guidelines No. 2 on Self-Regulatory and Supervision for Listed Companies on the Shanghai Stock Exchange – Business Handling (《上海證券交易所上市公司自律監管指南第2號—業務辦理》) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. In addition, this interim report has been simultaneously published in Mainland China and Hong Kong. This report has been prepared in Chinese and English. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

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I. DEFINITIONS

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

Common words

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

I. DEFINITIONS (CONTINUED)

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)
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)
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)
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 (廣東惠州市惠陽區礪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)

I. DEFINITIONS (CONTINUED)

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)
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 Liaoning Huludao East Waste-to-Energy Power Plant (遼寧葫蘆島東部垃圾焚燒發電綜合處理廠生活垃圾焚燒發電項目)
Laizhou Project	a municipal 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)

I. DEFINITIONS (CONTINUED)

Zhangqiu Phase II Project	the Municipal Solid Waste-to-Energy Project Phase II and the Venous Industrial Park Project in Zhangqiu District, Ji'nan City, Shandong Province (山東濟南市章丘區生活垃圾焚燒發電項目二期工程暨靜脈產業園項目)
Huizhou Three-in-One Project	the PPP project of the harmless treatment of sludge, kitchen waste and excrement for Huiyang District, Huizhou City (廣東惠州市惠陽區污泥、餐廚垃圾、糞便無害化處理 PPP項目)
Wuhan Phase II Project	the reconstruction and expansion project of Xinghuo Waste-to-Energy Plant project in Wuhan, Hubei (湖北武漢星火垃圾焚燒發電廠項目改擴建工程)
Zhangqiu Low-carbon Environmental Protection Industrial Park Project	Zhangqiu District Low-carbon Environmental Protection Industrial Park for High-quality Industrial Development after Relocation for the Yellow River Beach Area in Jinan City, Shandong Province (山東省濟南市章丘區黃河灘區遷建產業高質量發展低碳環保產業園)
The Reporting Period	1 January 2024 to 30 June 2024
The end of the Reporting Period	30 June 2024
RMB or RMB'0,000 or RMB'00,000,000	Renminbi or Renminbi ten thousand or Renminbi hundred million
PRC or Mainland China	the People's Republic of China, for the purposes of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan Province
Company Law	the Company Law of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
CSRC	the China Securities Regulatory Commission
Stock Exchange	The Stock Exchange of Hong Kong Limited
Stock Exchange Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE	The Shanghai Stock Exchange
SSE Listing Rules	The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
PRC Accounting Standards	the China Accounting Standards for Business Enterprises formulated and promulgated by the Ministry of Finance of the PRC
BOT	Build-Operate-Transfer
Auditor	the accounting firm which provides audit services
National Subsidies	national renewable energy subsidies, the main source of funding of which is the national renewable energy tariff surcharge, which is paid by the power grid to eligible renewable energy power generation enterprises
Green Certificate	renewable energy green power certificate, 1 green certificate unit corresponds to 1,000 kWh of renewable energy power

II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. Corporate profile

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

II. Contact persons and contact methods

	Secretary to the Board/ Joint company secretary	Joint company secretary	Securities Affairs Representative
Name	Zhu Shuguang	Yuen Wing Yan, Winnie	Li Jian
Correspondence address	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen	5/F, Manulife Place, 348 Kwun Tong Road Hong Kong	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Telephone	0755-36807688-8009	—	0755-36807688-8009
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	www.dynagreen.com.cn
E-mail address	ir@dynagreen.com.cn
Index to changes during the Reporting Period	During the Reporting Period, there was no change in basic information of the Company

II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

IV. Changes in information disclosure and place for inspection

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

V. Basic information of the Company's shares

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

VI. Other relevant information

☒ Applicable ☐ Not applicable

1. Auditors engaged by the Company

PricewaterhouseCoopers Zhong Tian LLP

2. Legal advisers engaged by the Company

As to Hong Kong law: Morrison & Foerster

As to the PRC law: Beijing Kangda Law Firm

3. Share registrar of the Company

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

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

II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

VII. Major accounting data and financial indicators

(I) Major accounting data

Unit: RMB

Major accounting data	The Reporting Period (January to June)	Corresponding period last year	Increase/decrease for the Reporting Period over the corresponding period last year (%)
Revenue	1,660,506,740.32	2,141,513,147.31	-22.46
Net profit attributable to shareholders of the Company	303,026,018.30	364,057,245.61	-16.76
Net profit excluding extraordinary gain and loss attributable to the shareholders of the Company	301,480,353.86	358,887,623.29	-16.00
Net cash flows from operating activities	543,371,427.14	287,718,294.22	88.86
	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	7,913,311,756.42	7,807,439,716.26	1.36
Total assets	22,515,212,843.20	22,537,265,642.95	-0.10

(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)	0.22	0.26	-15.38
Diluted earnings per share (RMB/share)	0.21	0.24	-12.50
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	0.22	0.26	-15.38
Weighted average return on net assets (%)	3.80	4.84	Decreased by 1.04 percentage points
Weighted average return on net assets excluding extraordinary gain and loss (%)	3.79	4.77	Decreased by 0.98 percentage point

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

☐ Applicable ☒ Not applicable

II. COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

VIII. Accounting data differences between domestic and overseas accounting standards

☐ Applicable ☒ Not applicable

IX. Extraordinary gains and losses items and amounts

☒ Applicable ☐ Not applicable

Unit: RMB

Extraordinary gains and losses items	Amount	Note (if applicable)
Gains and losses from disposal of non-current assets, including the written-off portion of the asset impairment provision	196.28	
Government grants recognised through profit or loss, except for government grants which are closely related to the Company's normal operation, comply with the provisions of national policies, are enjoyed in accordance with the defined standards, and have a continuous impact on the profit or loss of the Company	571,382.47	
Other non-operating income and expenses besides items above	1,045,381.41	
Other gains and losses within the definition of non-recurring gains and losses	264,196.41	
Less: Effects on income tax	-294,584.42	
Effects on non-controlling shareholders (after tax)	-40,907.71	
Total	1,545,664.44	

Explanations for the Company's extraordinary gain or loss item with a significant amount as not illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Gains or Losses, and the extraordinary gain or loss item as illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Gains or Losses which has been defined as its recurring gain or loss items.

☐ Applicable ☒ Not applicable

X. Others

☐ Applicable ☒ Not applicable

III. MANAGEMENT DISCUSSION AND ANALYSIS

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

1. Principal operations of the Company

The Company is one of the earliest enterprises to conduct municipal waste-to-energy business in the PRC, and is mainly engaged in the investment, construction, operation, maintenance and technical consulting business of municipal waste-to-energy plants under BOT and other concessions. Focusing on the vast market space of the economically developed Yangtze River Delta, Pearl River Delta and Bohai Economic Rim, the Company has extended its business network to the central and western regions such as Anhui, Hubei, Guizhou, Shanxi, Guangxi, Jiangxi, Henan and Sichuan, preliminarily forming a market layout based in the Yangtze River Delta, Pearl River Delta and Bohai Rim and spanning across the country. As at 30 June 2024, in respect of the municipal waste-to-energy sector, the Company had 37 projects under operation. The waste treatment capacity of the projects under operation reached 40,300 tons/day and the installed capacity was 857MW, 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.

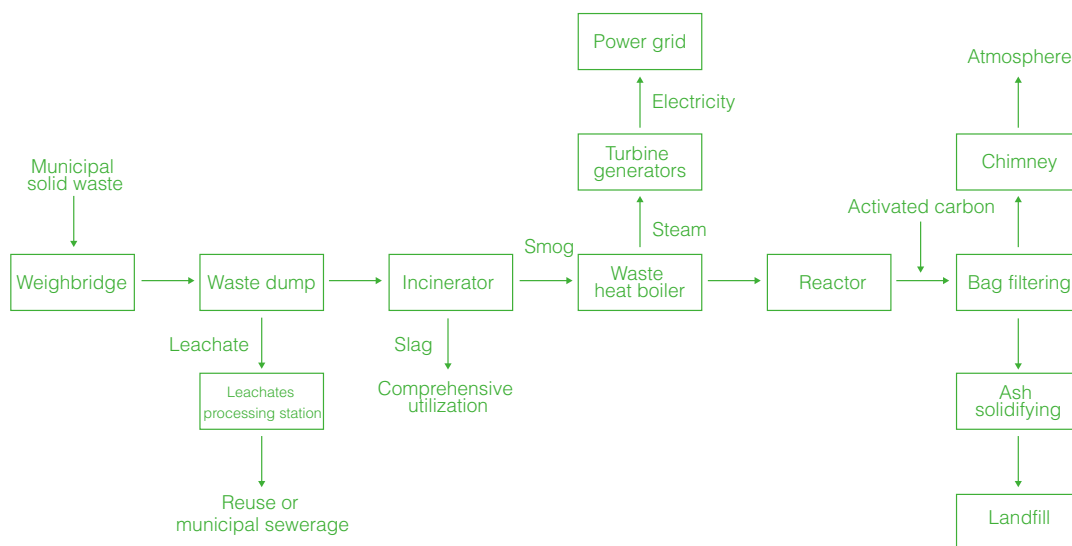
The upstream industries of the Company include construction enterprises, installation companies, waste treatment and power generation equipment (such as incinerators, smog and gas treatment systems, turbine generators and waste heat boilers) suppliers, and the Company selects suppliers through tenders. 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. Processes and technologies

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

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



4. Information of municipal waste-to-energy industry

As a key aspect of urban environmental governance, municipal waste-to-energy industry is an important means to achieve reduction, recycling, and harmless treatment of waste and plays an important role in improving the urban environment. With the development of economy, improvement of urbanization level, and enhancement of residents' income and consumption level, the volume of domestic waste has increased significantly, resulting in an increase in the demand for domestic waste treatment. Under the support of relevant policies, the waste-to-energy industry has developed rapidly. The "14th Five-Year Plan" for the Implementation of New Urbanization issued by the National Development and Reform Commission in July 2022 proposes that, by 2025, the urban domestic waste incineration capacity will reach about 800,000 tons per day. By the end of 2022, China's urban domestic waste incineration capacity has reached 804,700 tons per day and the county-level domestic waste incineration capacity has reached 194,800 tons per day, with incineration treatment rates of 79.8% and 55.2%, respectively. The current waste incineration capacity has basically met the needs of harmless and recycling treatment in China, and the goals under the "14th Five-Year Plan" have been fulfilled ahead of schedule.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The adjustment to the policy on tariff of electricity from waste-to-energy plants has been implemented. The existing projects which have been in operation for more than 15 years or with the reasonable utilization hours of 82,500 hours in the whole life cycle will no longer be entitled to the subsidy funds for national renewable energy. The on-grid tariff of projects commenced after 1 January 2021 shall be subject to on-grid competitive bidding. In July 2023, the National Development and Reform Commission, the Ministry of Finance and the National Energy Administration jointly issued the Notice on Promoting the Full Coverage of Renewable Energy Green Electricity Certificates to Promote the Consumption of Renewable Energy Electricity, clarifying the issuance of Green Certificate to biomass power generation (including waste-to-energy). Thus, the waste-to-energy industry has officially entered the Green Certificate trading market and Green Certificate trading will increase the source of income for waste-to-energy projects after the end of the National Subsidies.

5. Characteristics of the waste-to-energy industry

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

- (1) In recent years, with the continuous advancement of China's industrialization and urbanization, the environmental problems facing our country have become increasingly serious. The State has raised the construction in relation to ecological civilization to an unprecedented level. Energy-saving and environmental protection industry, including waste treatment, is the top of the seven strategic emerging industries of the PRC. In the context of a small per capita land area in the PRC, waste-to-energy is an important means to achieve the "reduction, recycling, and harmless treatment" of waste and improve the ecological environment. Due to the large initial investment and high operating costs of waste-to-energy business, the State has introduced preferential policies in various aspects such as on-grid tariff and tax to promote the rapid development of the waste-to-energy industry, e.g. implementation of the national unified waste-to-energy benchmarking tariff of RMB0.65 (tax inclusive) 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 corporate income tax for the fourth year to the sixth year starting from the year in which the projects first generate revenue; value added tax ("VAT") on tariff revenue is subject to 100% refund and VAT on waste treatment fees is subject to 70% refund.
- (2) The waste-to-energy projects in the PRC usually adopt the concession model, and the concession period is generally from 25 to 30 years. Under this model, the relevant government departments grant concession rights to investors or operators of waste-to-energy plants, and the grantees of concession rights enjoy the exclusive right to treat municipal waste in a certain area during the concession period.
- (3) The waste-to-energy industry is capital intensive. The initial investment required for the waste-to-energy project is large. The capital investment for a waste-to-energy plant with a daily treatment capacity of 1,000 tons is generally RMB400 million to RMB600 million. At the same time, the payback period of waste-to energy projects is relatively long, generally 8-12 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.

✓ Applicable ☐ Not applicable

1. Focused market layout spanning across the whole country

Since its establishment, the Company has adopted a proactive strategy in market development and strives

The Company is among the first companies to explore industrial applications for waste treatment in the

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 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. Huizhou Project and Haining Expansion Project were successively 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). Tongzhou Project was awarded the “Quality Chinese Project for Electricity Engineering Award” (中國電力優質工程獎) and “Luban Prize” (魯班獎) in 2020. “A multiple drive expeller grate waste incinerator with an online warning and control system of dioxin” independently developed by the Company was awarded the second prize for technical progress for 2019 by China Environmental Protection Industry Association. The multiple drive expeller grate waste incinerator and dioxin online warning and control technology won the first prize of scientific and technological progress and the second prize of scientific and technological application of China Association of Urban Environmental Sanitation in 2022, respectively. With its professional technologies, the Company is able to provide more premium environmental services for its customers and enhance its market position.

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” and was appointed as the special invited observer of ecological environment by the Ministry of Ecology and Environment in 2023, 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

Since the commencement of the “14th Five-Year Plan”, China has always firmly promoted the implementation of peak carbon dioxide emissions and carbon neutrality, advanced the comprehensive green transformation of economic and social development, and coordinated the promotion of carbon reduction, pollution reduction, green expansion and growth. Various departments have launched a number of policies to boost ecological and environmental protection and promote green economic development. In January 2024, the Central Committee of the Communist Party of China and the State Council issued the Opinions on Comprehensively Promoting the Construction of Beautiful China, proposing to speed up the construction of “zero waste cities”, to achieve 60% of “zero waste cities” by 2027 and full coverage of “zero waste cities” by 2035. As a key aspect of urban environmental governance, waste-to-energy can more effectively achieve the “reduction, recycling, and harmless treatment” of domestic waste, which is conducive to promoting the construction process of “zero waste cities” and promote the achievement of the goal of “peak carbon dioxide emissions and carbon neutrality”.

At present, the waste-to-energy industry is in a stable development period. The release of new projects has further slowed down and the development of the industry has gradually shifted from scale expansion to refined management. In the face of challenges including the adjustment to policies on National Subsidies, stricter environmental supervision, and limited market increment space, the efficient operation and improvement of quality and efficiency of existing projects have become the focus of enterprises in the industry.

Business review

Since the beginning of this year, the national economy of the PRC has recovered steadily, and the overall economy is improving. Adhering to the corporate mission of “creating a better living environment” as well as the development thought under the Company’s “14th Five-year” strategic plan, the Company focused on the main waste-to-energy business and deepened refined management, to continuously promote the enhancement of quality and efficiency of projects under operation and propel its high-quality and healthy development. In the first half of 2024, affected by the decrease in the number of construction projects, the Company achieved revenue of RMB1.661 billion, representing a decrease of 22.46% as compared to the corresponding period last year, and a net profit attributable to shareholders of the Company of RMB303 million, representing a decrease of 16.76% as compared to the corresponding period last year. As at 30 June 2024, the total assets and total equity attributable to shareholders of the Company amounted to RMB22.515 billion and RMB7.913 billion, respectively. Details are as follows:

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

1. Steady operation of projects under operation and main operating indicators hitting new highs

During the Reporting Period, the Company's operating projects were in stable operation, with safety and environmental protection under control, and the main operating indicators reached record highs. In the first half of 2024, the Company accumulatively treated 7.0073 million tons of municipal waste, representing a year-on-year increase of 11.27%, accumulatively generated electricity of 2,498.6896 million kWh, representing a year-on-year increase of 12.85%; generated on-grid electricity of 2,072.0202 million kWh, representing a year-on-year increase of 12.90%; accumulatively supplied 239,000 tons of steam, representing a year-on-year increase of 22.51%; and operating revenue amounted to RMB1.440 billion, representing a year-on-year increase of 10.66%, and maintained steady growth.

Major operating data of the Company in each region in the first half of 2024

Region	Item	First half of 2024
East China	Waste input volume ('0,000 tons)	281.91
	Electricity generation volume ('0,000 kWh)	100,298.81
	On-grid electricity volume ('0,000 kWh)	83,595.39
North China	Waste input volume ('0,000 tons)	86.27
	Electricity generation volume ('0,000 kWh)	28,560.79
	On-grid electricity volume ('0,000 kWh)	22,769.99
South China	Waste input volume ('0,000 tons)	142.46
	Electricity generation volume ('0,000 kWh)	53,100.00
	On-grid electricity volume ('0,000 kWh)	44,269.42
Central China	Waste input volume ('0,000 tons)	107.90
	Electricity generation volume ('0,000 kWh)	42,565.49
	On-grid electricity volume ('0,000 kWh)	36,061.30
Southwest China	Waste input volume ('0,000 tons)	45.45
	Electricity generation volume ('0,000 kWh)	15,218.90
	On-grid electricity volume ('0,000 kWh)	12,632.75
Northeast China	Waste input volume ('0,000 tons)	36.75
	Electricity generation volume ('0,000 kWh)	10,124.98
	On-grid electricity volume ('0,000 kWh)	7,873.17

2. Implementation of multiple measures at the same time to strengthen the quality and efficiency enhancement of projects under operation

In the first half of 2024, the Company focused on quality and efficiency enhancement, and implemented multiple measures at the same time to continuously improve the operation management level of projects under operation, in order to gradually release the profitability of existing projects. Leveraging on the advantages of collaborative treatment of waste incineration, it vigorously expanded the treatment of stale waste, food (kitchen waste) waste, sludge, general industrial solid waste and other solid wastes, so as to collect all available wastes and burn all the wastes can be burned, to constantly improve the capacity utilization rate; The expansion of steam supply business has achieved fruitful results. Steam supply contracts have been signed for Taizhou, Sihui and Bengbu projects and mobile heating business has been carried out for Changzhou Project. Changzhou Company was granted the first China Green Power Certificate in the waste-to-energy industry, which was successfully listed on the China Green Power Certificate trading platform; centralized procurement was intensified to gradually expand the scope of procurement, thus saving procurement costs; loan replacement, interest rate reduction and other ways were adopted to reduce financing costs and constantly improve the economic efficiency of existing projects.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Focus on improvement of “digitalization” of management and new achievements in technology research and development

Through technical cooperation with Alibaba Cloud, the construction of smart power plant was carried out in Tongzhou Project; while carrying out research and development, and test of blending combustion of sludge reinjection incinerator, the research and development and application of the new technology of sludge direct injection were performed at Changzhou and Zhangqiu projects; the final test of the new technology of integrated ultra-low emission of waste incineration flue gas carried out at Rushan Project achieved remarkable effects of energy saving and emission reduction; the Company completed the basic design for the research and development of multi-drive expeller grate waste incinerator (100-200 tons); to promote “industry-university-research” cooperation, the Company reached cooperation intentions with Peking University Shenzhen Graduate School and other institutions to jointly study the application of new technologies including AI, digitalization, and intellectualization in waste-to-energy projects.

BUSINESS OUTLOOK

After more than two decades of development, the waste-to-energy market in the PRC has become mature, and the market in large and medium-sized cities has become saturated. In 2023, the National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development, and other ministries and commissions proposed the implementation plan for penetration of waste incineration in county-level areas, requiring that domestic waste incineration treatment facilities should be built as much as possible in qualified county-level areas. By 2030, the technology and business model of small domestic waste incineration treatment facilities will be further matured. Except for a few special areas that do not have the conditions, the nationwide county-level incineration capacity will basically meet the treatment needs. The policy orientation has clarified the market increment space of the waste-to-energy industry.

In July 2023, the National Development and Reform Commission, the Ministry of Finance and the National Energy Administration jointly issued the Notice on Promoting the Full Coverage of Renewable Energy Green Electricity Certificates to Promote the Consumption of Renewable Energy Electricity, clarifying that biomass power generation (including waste-to-energy) will be included in the scope of Green Certificate and enterprises can participate in trading in the green electricity market. In August 2024, the Central Committee of the Communist Party of China and the State Council issued the Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development, proposing support of local improvement of the charging model and promotion of the reform of the charging method of domestic waste treatment; it is proposed to promote the development of a national carbon emission rights trading market and a voluntary greenhouse gas emission reduction trading market, and expand the scope of trading industries in due course and in an orderly manner; and it is necessary to improve the trading system for green power certificates, and strengthen policy coordination among market-oriented mechanisms including green power, Green Certificate, and carbon trading. The improvement of the waste treatment charging mechanism is conducive to the gradual implementation of the “producer-pay” principle in the waste-to-energy industry and reduction of the impact of the decrease in the National Subsidies on the waste-to-energy industry. In the future, the waste-to-energy industry is expected to participate in the carbon market trading, which will bring additional benefits to waste-to-energy enterprises; with the continuous improvement of the market-oriented mechanism of Green Certificate trading, pricing the environmental value of renewable energy through the market mechanism is conducive to improving the economic efficiency of the waste-to-energy projects for which the National Subsidies become due.

The Company will properly respond to the changes in the national macro environment and industry policies. With the focuses on the main business, it will take advantage of the capital market to strengthen mergers and acquisitions. While taking multiple measures to improve quality, reduce consumption and increase efficiency, the Company will unswervingly refine, expand and strengthen the main waste-to-energy business and explore the creation of low-carbon environmental protection industrial parks, to achieve high-quality leapfrog development and build Dynagreen into an internationally renowned environmental protection industrial group.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In the second half of 2024, the Group will continue to focus on the main waste-to-energy business and strengthen the expansion of waste, steam and heat supply of existing projects and collection of accounts receivable, while proactively participating in Green Certificate trading and promoting the “digital” construction of projects; in addition, the Group will strengthen the development, investment, mergers and acquisitions of waste-to-energy projects and steadily promote the preliminary procedures, etc. for the construction of environmental protection industrial parks, to ensure the completion of annual business targets and key tasks.

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

IV. Major Operational Particulars during the Reporting Period

(I) Analysis of main businesses

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

Unit: RMB

Item	Amount for the current period	Amount for the corresponding period last year	Change (%)
Revenue	1,660,506,740.32	2,141,513,147.31	-22.46
Cost of sales	919,438,857.60	1,371,722,378.79	-32.97
Selling expenses	639,591.99	707,152.25	-9.55
Administrative expenses	100,223,612.48	90,652,338.81	10.56
Finance costs	236,206,096.06	228,320,815.77	3.45
Research and development expenditure	2,469,797.57	2,522,176.32	-2.08
Net cash flow generated from operating activities	543,371,427.14	287,718,294.22	88.86
Net cash flow generated from investing activities	-205,918,818.39	-413,739,621.84	N/A
Net cash flow generated from financing activities	-352,743,054.33	-598,828,719.83	N/A

Explanation on changes in revenue:	Mainly due to that as the projects under construction and the investment in construction in the period decreased, resulting in a decrease in the construction revenue by RMB619 million as compared with the same period last year.
Explanation on changes in cost of sales:	The reason is the same as that for the changes in revenue. The construction cost decreased by RMB568 million as compared with the same period last year.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Explanation on changes in selling expenses:	Minor changes.
Explanation on changes in administrative expenses:	Mainly due to the commencement of operation of Jingxi Project and an increase in the time of operation of Shuozhou Project, Huludao Waster-to-energy Project, Wuhan Phase II Project, Zhangqiu Phase II Project, etc., which were put into production in 2023, in the first half of 2024 as compared with the last year, resulting in an increase in administrative expenses.
Explanation on changes in finance costs:	Mainly due to an increase in projects under operation, resulting in an increase in expensed interest expenditures.
Explanation on changes in research and development expenses:	Minor changes.
Explanation on changes in net cash flow generated from operating activities:	Mainly due to an increase in collection of accounts receivables from National Subsidies in the period as compared with the same period last year, an increase in cash received from the sale of goods and rendering of services as compared with the same period last year, and a decrease in construction expenditure of PPP projects included in cash outflow from operating activities as a result of a decrease in the investment in construction during the period as compared with the same period last year.
Explanation on changes in net cash flow generated from investing activities:	Mainly due to a decrease in the investment in construction during the period as compared with the same period last year and a decrease in cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets.
Explanation on changes in net cash flow generated from financing activities:	Mainly due to an increase in cash received from borrowings by RMB1,050 million during the period as compared with the same period last year, an increase in cash paid for repayment of loans by RMB611 million during the period as compared with the same period last year, and an increase in cash paid for distribution of dividends and profit or payment of interests by RMB195 million during the period 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 amount as at the end of the last year (%)	Explanation
Cash at bank and on hand	1,019,289,350.59	4.53	1,034,574,136.93	4.59	-1.48	Minor changes
Accounts receivable	2,388,865,862.62	10.61	1,973,420,906.89	8.76	21.05	Mainly due to the extension of the settlement cycle, the increase in receivables from national renewable energy subsidies and the accumulated balance of receivable waste treatment fees
Contract assets	361,042,370.18	1.60	406,969,089.65	1.81	-11.29	Mainly due to the inclusion of Shantou Project and Bobai Project in the list of National Subsidies, resulting in the transfer of National Subsidies receivable from contract assets to accounts receivable
Intangible assets	10,914,437,634.27	48.48	11,115,558,991.16	49.32	-1.81	Minor changes
Other non-current assets	6,793,314,379.82	30.17	6,916,184,337.26	30.69	-1.78	Minor changes
Short-term borrowings	723,898,748.02	3.22	516,440,084.96	2.29	40.17	Mainly due to an increase in borrowings, resulting in an increase in balance
Accounts payable	792,487,302.79	3.52	1,014,132,043.06	4.50	-21.86	Mainly due a decrease in construction projects, resulting in a decrease in amounts payable for engineering equipment
Current portion of non-current liabilities	1,262,472,737.43	5.61	2,138,535,085.14	9.49	-40.97	Mainly due to the repayment of borrowings to BSAM, resulting in a decrease in balance of current portion of non-current liabilities
Long-term borrowings	7,754,446,310.71	34.44	7,033,566,028.80	31.21	10.25	Mainly due to an increase in borrowings, resulting in an increase in balance
Bonds payable	2,314,569,908.95	10.28	2,275,489,512.51	10.10	1.72	Minor changes
Other explanation	N/A					

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Overseas assets

☒ Applicable ☐ Not applicable

(1) Assets size

Including: overseas assets of RMB12,018,449.60 (Unit: RMB), accounting for 0.05% of the total assets.

(2) Explanation on relatively high proportion of overseas assets

☐ Applicable ☒ Not Applicable

Other explanation

N/A

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	2,039,180.00	2,039,180.00	Used for issuing performance bond
Other non-current assets	3,990,797,573.58	4,007,336,391.53	Providing guarantees for borrowings
Intangible assets	5,104,550,440.42	5,228,829,544.18	Providing guarantees for borrowings
Accounts receivable	1,723,763,980.12	1,319,752,710.62	Providing guarantees for borrowings
Contract assets	291,976,946.71	341,067,032.77	Providing guarantees for borrowings
Total	11,113,128,120.83	10,899,024,859.10	

4. Other explanation

☐ Applicable ☒ Not Applicable

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

Financial position and net profit

For the first half of 2024, the Company achieved an revenue of RMB1,660,506,740.32 and net profit of RMB323,733,601.98. As at 30 June 2024, the Company's total assets and total liabilities amounted to RMB22,515,212,843.20 and RMB14,114,100,556.80, respectively. The total equity amounted to RMB8,401,112,286.40 and the gearing ratio (calculated as total liabilities over total assets) was 62.69%, and the net asset value per share attributable to the shareholders of the Company was RMB5.68.

Revenue analysis

During the Reporting Period, the Company achieved an revenue of RMB1,660,506,740.32 (corresponding period in 2023: RMB2,141,513,147.31), representing a decrease of 22.46% as compared to the corresponding period in 2023, mainly due to a decrease in projects under construction in the period and a decrease in investment in construction, resulting in a decrease in construction revenue as compared with the same period last year. In particular, construction revenue amounted to RMB22,954,459.10 (corresponding period in 2023: RMB641,720,109.79), representing a decrease of 96.42% as compared to the corresponding period in 2023; operating revenue amounted to RMB1,440,317,386.59 (corresponding period in 2023: RMB1,301,588,175.06), representing an increase of 10.66% as compared to the corresponding period in 2023, mainly due to an increase in projects under operation, waste treatment volume and on-grid electricity in the period; interest income amounted to RMB197,234,894.63 (corresponding period in 2023: RMB198,204,862.46), representing a decrease of 0.49% as compared to the corresponding period in 2023, which was basically flat with the corresponding period in 2023.

Gross profit and gross profit margin

During the Reporting Period, the gross profit of the Company decreased by 3.73% to RMB741,067,882.72 (corresponding period in 2023: RMB769,790,768.52) and the gross profit margin was 44.63% (corresponding period in 2023: 35.95%). The decrease in gross profit was mainly due to a decrease in construction business and gross profit of construction; the increase in gross profit margin was mainly due to a decrease in the proportion of construction revenue with lower gross margin in the total revenue.

Administrative expenses

During the Reporting Period, the administrative expenses of the Company amounted to RMB100,223,612.48 (corresponding period in 2023: RMB90,652,338.81), which accounted for approximately 6.04% (corresponding period in 2023: 4.23%) of the revenue of Company. The increase in administrative expenses was mainly due to the increase in the number of projects under operation.

Finance costs

During the Reporting Period, the finance costs for the Company amounted to RMB236,206,096.06, representing an increase of RMB7,885,280.29 over the corresponding period of previous year. This was mainly due to an increase in projects under operation and expensed interest expenditures.

Total profit

During the Reporting Period, the total profit of the Company amounted to RMB391,058,983.14, representing a decrease of RMB44,030,560.57 as compared to corresponding period in 2023, which was mainly due to a decrease in gross profit and an increase in projects under operation and expensed expenditures.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Income tax

During the Reporting Period, the income tax expenses of the Company amounted to approximately RMB67,325,381.16 (corresponding period in 2023: RMB54,994,460.21), accounting for approximately 17.22% (corresponding period in 2023: 12.64%) of total profit of the Company. The increase in the ratio of income tax expenses to total profit was mainly due to a year-on-year increase in deferred tax expenses resulted from a decrease in unrealized profit from internal transactions and a decrease in recognised deferred tax assets during the period and the shift of certain project companies from tax holiday to halving period and the end of tax holiday of certain project companies in the period, resulting in a year-on-year increase in income tax expenses for the period.

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 RMB303,026,018.30 (corresponding period in 2023: RMB364,057,245.61). The decrease was mainly due to a decrease in the net profit attributable to the shareholders of the Company.

Financial resources and liquidity

The Company 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 2024, the Company had cash and cash equivalents of approximately RMB1,017,250,170.59, representing a decrease of RMB15,284,786.34 as compared to RMB1,032,534,956.93 at the end of 2023, which was relatively stable. The vast majority of the Company's cash and cash equivalents were held in Renminbi. As at 30 June 2024, the Company's gearing ratio decreased from 63.29% at the end of 2023 to 62.69%.

Capital management

The Company's primary objective when managing capital is to safeguard the Company'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 Company 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 2024, the Company's capital management strategy remained unchanged from 2023. As at 30 June 2024 and 31 December 2023, the gearing ratios of the Group were 62.69% and 63.29%, respectively.

Loans and pledge of assets

As at 30 June 2024, the Company had total outstanding borrowings of approximately RMB9,710,039,405.05, representing an increase of RMB53,835,574.71 as compared to RMB9,656,203,830.34 at the end of 2023. The borrowings included pledged loans of RMB6,389,637,926.16 and unpledged loans of RMB3,320,401,478.89. The Company's borrowings were denominated in Renminbi and Hong Kong dollars. Most of the Company's borrowings were at floating rates. As at 30 June 2024, the Company had composite banking credit facilities in the amount of RMB18,379,060,000.00, of which RMB3,524,832,079.00 had not been utilised. The composite banking credit facilities had terms ranging from 1 year to 15 years. The Company currently does not have any interest rate hedging policies. However, the management team keeps monitoring the Company'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 Company's service concession arrangements (including intangible assets, other non-current assets, contract assets and accounts receivable) were pledged under the banking credit facilities. The book value of the pledged receivables and operating rights amounted to approximately RMB11,111,088,940.83 as at 30 June 2024.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Contingent liabilities

The Company has issued financial guarantees to banks in respect of the banking credit facilities granted to certain subsidiaries. The Board of the Company does not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 30 June 2024 and 31 December 2023 under the guarantees was the credit facility drawn down by the subsidiaries of RMB7,422,857,703.52 and RMB7,242,311,708.86, respectively.

Commitments

As at 30 June 2024 and 31 December 2023, the Company's outstanding purchase commitments in relation to the construction contracts which had not been provided for in the Company's interim financial statements were RMB92,668,027.50 and RMB50,169,327.38, respectively.

Foreign exchange risks and exchange gains and losses

The functional currency of the Company is Renminbi while a portion of funds 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 Company are denominated in Renminbi, and the Company mainly settles its operating expenses in the PRC with income generated in Renminbi, thus the Company is not exposed to any significant foreign exchange risks. The Company currently has no hedging policy with respect to the foreign exchange risks.

Use of proceeds

For details of the use of proceeds during the Reporting Period, please refer to "XII. Progress of use of proceeds" under "VI. Significant Events".

(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
15,000,000	510,000,000	-97.06%

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(1). Material equity investments or acquisitions

☐ Applicable ☒ Not Applicable

(2). Material non-equity investments

☐ Applicable ☒ Not Applicable

(3). Financial assets measured at fair value

☐ Applicable ☒ Not Applicable

Investment in securities

☐ Applicable ☒ Not Applicable

Explanation on investment in securities

☐ Applicable ☒ Not Applicable

Investment in private equity funds

☐ Applicable ☒ Not Applicable

Investment in derivatives

☐ Applicable ☒ Not Applicable

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

As at 30 June 2024, save for the investment or construction of the waste-to-energy projects won by the Company through tender as announced in previous announcements and described in this interim report, the Company 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. For the expected sources of funding, please refer to the previous announcements.

(VI) Material disposal of assets and equity

☐ Applicable ☒ Not Applicable

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

☒ Applicable ☐ Not applicable

RMB'0,000

Name of company	Principal business	Registered capital	Shareholding	Total assets	Net assets	Net profit	Revenue	Operating profit
Tongzhou Company	Waste treatment and power generation	37,500	100%	143,178.99	55,701.89	2,870.17	9,833.08	3,852.05
Shantou Company	Waste treatment and power generation	21,000	100%	115,296.07	43,826.89	4,000.59	10,245.89	4,630.35
Haining Expansion Company	Waste treatment and power generation	39,000	60%	114,401.44	56,087.26	4,125.60	8,679.94	4,176.15
Huizhou Phase II Company	Waste treatment and power generation	45,000	100%	146,365.21	72,448.71	6,623.05	13,906.65	6,896.62
Wuhan Company	Waste treatment and power generation	27,948.428	100%	124,853.55	44,871.33	3,803.85	11,093.07	4,002.41

As at the end of the Reporting Period, the total assets of Tongzhou Company represented 6.36% of the total assets of the Company, the total assets of Shantou Company represented 5.12% of the total assets of the Company, the total assets of Haining Expansion Company represented 5.08% of the total assets of the Company, the total assets of Huizhou Phase II Company represented 6.50% of the total assets of the Company, and the total assets of Wuhan Company represented 5.55% 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; for the Company's discussion on the investment strategies for the above investments, please refer to "(4) Details of future material investment or capital assets plans" under "(V) Investment analysis" in the section.

(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 National Development and Reform Commission (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 National Development and Reform Commission on 28 March 2012, the waste-to-energy projects are converted into on-grid electricity for settlement based on the volume of waste treatment received in the plants with a conversion ratio of 280 kWh per ton of municipal waste. The part that does not exceed the above-mentioned amount of electricity implements a national waste-to-energy benchmark price of RMB0.65 per kWh (inclusive of tax). The part that exceeds the abovementioned amount of electricity implements the on-grid tariff for the local coal-fired generating units. All the waste-to-energy projects approved after 2006 shall follow such regulation. In September 2020, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration jointly issued the Supplementary Notice on Relevant Matters on the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Cai Jian (2020) No. 426) (《關於〈關於促進非水可再生能源發電健康發展的若干意見〉有關事項的補充通知》)(財建[2020]426號), 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 August 2021, the National Development and Reform Commission, the Ministry of Finance, and the National Energy Administration jointly issued the Notice on Printing and Distributing the Work Plan for the Construction of Biomass Power Generation Projects in 2021 (Fa Gai Neng Yuan [2021] No. 1190) (《關於印發的通知》)(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 noncompetitive 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 heating business according to local conditions and expand the source of income. When negotiating a franchise agreement, the Company will supplement corresponding terms, through which, if there is a major change in the external policy, the loss can be compensated by raising the garbage disposal fees; the projects for which the National Subsidies become due can make up the income by applying for the issuance of Green Certificate and participating in Green Certificate trading.

2. Risk of environmental protection policies

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

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

3. Risk of tax policies

The Company and its subsidiaries rely on the government's policies in respect of the environmental protection industries to enjoy tax incentives for certain taxes such as corporate income tax and value-added tax. From 2022 to 2023, the Company enjoyed total tax incentives of RMB176,987,500 and RMB186,493,400 respectively, accounting for 19.88% and 24.00% of the total profit of the Company for the year. If the country reduces the tax incentives for the environmental protection industries in the future, the operations, profitability and cash flows of the Company may be adversely affected.

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

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

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

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

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

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

Before signing concession agreements, the Company 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 Company 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 Company.

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 Company 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 Company 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 Company 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 Company 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 Company's emissions meet the standards.

8. Risk of delayed settlement of accounts receivable

Since the Company's main customers are local government departments and enterprises under state-owned power grid companies with good credit standing, the default probability of accounts receivable is small. However, with the expansion of the Company's business scale, the extension of settlement cycle of the national renewable energy subsidies and the waste treatment fees in certain areas, the Company's accounts receivable may continue to increase. If the accounts receivable cannot be collected in time, it may adversely affect the Company's cash flow and operating results.

The Company focuses on establishing a harmonious relationship with customers, strengthening communication with customers, and assigning the responsibilities of projects in relation to collection of accounts receivable in order to promote timely collection of accounts receivable.

(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
2023 Annual General Meeting	29 April 2024	www.hkexnews.hk www.sse.com.cn	2024-4-29 2024-4-30	All resolutions of the meeting were approved
2024 First Extraordinary General meeting	21 June 2024	www.hkexnews.hk www.sse.com.cn	2024-6-21 2024-6-22	All resolutions of the meeting were approved

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

☐ Applicable ☒ Not Applicable

Explanation of general meetings

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not applicable

Name	Position	Change
ZHONG Xia	General manager, executive Director	Resignation
FU Jie	Independent Director	Resignation
OUYANG Jiejiao	Independent Director	Election
YUE Peng	Non-executive Director	Resignation
LUO Zhaoguo	Supervisor	Resignation
ZHAO Zhixiong	Non-executive Director	Election
TIAN Yingying	Supervisor	Election

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

☒ Applicable ☐ Not applicable

Due to reaching the statutory retirement age, Ms. Zhong Xia tendered the resignation as the general manager and an executive Director of the Company with effect from 8 February 2024. For details, please refer to the Announcement on the Retirement of Director and General Manager of the Company and the Discharge of the Duties of General Manager by the Chairman (Announcement No.: Lin 2024-004) as disclosed by the Company on the website of the SSE and the announcement dated 8 February 2024 as disclosed on the Stock Exchange.

Due to the expiry of the term of six years as an independent Director of the Company, Ms. Fu Jie tendered the resignation as an independent Director of the Company, with effect from the election of a new independent Director at the 2023 annual general meeting of the Company held on 29 April 2024.

IV. CORPORATE GOVERNANCE (CONTINUED)

On 29 February 2024, the Proposal on Nomination of a Candidate for Independent Director was considered and approved at the 22nd meeting of the fourth session of the Board of the Company, pursuant to which Ms. Ouyang Jiejiao was nominated as a candidate for independent Director of the Company. For details, please refer to the Announcement on Resignation of an Independent Director upon Expiration of Term and Nomination of a Candidate for Independent Director (Announcement No.: Lin 2024-007) as disclosed on the website of the SSE and the announcement dated 29 February 2024 as disclosed on the Stock Exchange; on 29 April 2024, the Proposal on Election of an Independent Director was considered and approved at the 2023 annual general meeting of the Company, pursuant to which Ms. Ouyang Jiejiao was elected as an independent Director of the Company for a term consistent with that of the fourth session of the Board.

Due to work arrangement adjustment, Mr. Yue Peng tendered the resignation as a non-executive Director of the Company with effect from 4 June 2024. In accordance with Rule 3.21 of the Stock Exchange Listing Rules, the Audit and Risk Management Committee shall have at least three members. After the resignation of Mr. Yue Peng, the number of members of the Audit and Risk Management Committee reduced from three to two, which did not meet the minimum requirement under Rule 3.21 of the Stock Exchange Listing Rules. The Company had then identified suitable personnel, and completed the election procedures for the new Directors at 2024 first extraordinary general meeting to meet the requirements of Rules 3.21 and 3.23 of the Stock Exchange Listing Rules.

Due to work arrangement adjustment, Mr. Luo Zhaoguo tendered the resignation as a Supervisor of the Company with effect from the election of a new Supervisor at the 2024 first extraordinary general meeting of the Company held on 21 June 2024.

On 4 June 2024, the Proposal on Nomination of a Candidate for Director was considered and approved at the 25th meeting of the fourth session of the Board of the Company, pursuant to which Mr. Zhao Zhixiong was nominated as a candidate for Director of the Company. For details, please refer to the Announcement on Nomination of Candidates for Directors and Supervisors and Resignation of Director and Supervisor (Announcement No.: Lin 2024-023) as disclosed on the website of the SSE and the announcement dated 4 June 2024 as disclosed on the Stock Exchange; on 21 June 2024, the Proposal on Election of a Non-executive Director of the Fourth Session of the Board was considered and approved at the 2024 first extraordinary general meeting of the Company, pursuant to which Mr. Zhao Zhixiong was elected as a non-executive Director of the Company for a term consistent with that of the fourth session of the Board.

On 4 June 2024, the Proposal on Nomination of a Candidate for Supervisor was considered and approved at the 15th meeting of the fourth session of the supervisory committee of the Company, pursuant to which Ms. Tian Yingying was nominated as a candidate for Supervisor of the Company. For details, please refer to the Announcement on Nomination of Candidates for Directors and Supervisors and Resignation of Director and Supervisor (Announcement No.: Lin 2024-023) as disclosed on the website of the SSE and the announcement dated 4 June 2024 as disclosed on the Stock Exchange; on 21 June 2024, the Proposal on Election of a Supervisor of the Fourth Session of the Supervisory Committee was considered and approved at the 2024 first extraordinary general meeting of the Company, pursuant to which Ms. Tian Yingying was elected as a Supervisor of the Company for a term consistent with that of the fourth session of the supervisory committee.

Save as disclosed above, during the Reporting Period and up to the date of this interim report, there were no changes in information that was required to be disclosed by the Directors, Supervisors and chief executive pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) as well as Rule 13.51(B) of the Stock Exchange Listing Rules.

IV. CORPORATE GOVERNANCE (CONTINUED)

III. Proposal of profit distribution or conversion of capital reserve

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

Any distribution or capital increase	Yes
Number of bonus shares for every 10 shares (share)	0
Dividends for every 10 shares (RMB) (Tax inclusive)	1
Reserve to share capital for every 10 Shares (share)	0

Details of proposal of profit distribution or conversion of capital reserve

In accordance with the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution by Listed Companies, the Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1 – Standardized Operation, the Articles of Association and other relevant provisions, the Company has formulated the proposal of profit distribution for the first half of 2024 as follows: it is proposed to distribute a cash dividend of RMB0.1 (before tax) for every share to all shareholders based on the aggregate share capital on the share-based equity registration date for the first half of 2024. The total cash dividends under profit distribution are expected to be RMB139,345,200. The Company will not convert capital reserve into share capital and did not issue bonus shares for the profit distribution.

The profit distribution plan gives full consideration to the Company's actual operating conditions, cash flow status, future development needs, shareholder returns and other factors, and is in line with laws and regulations and other relevant normative documents and the Articles of Association, without prejudice to the rights of shareholders, in particular minority shareholders. The profit distribution plan was considered and approved at the 27th meeting of the fourth session of the Board of the Company held on 29 August 2024, and is subject to consideration at the general meeting of the Company. The notice of the general meeting will be dispatched in accordance with the Articles of Association and the Stock Exchange Listing Rules when appropriate. The cash dividends for the first half of 2024 is expected to be paid before 20 November 2024.

In order to determine the shareholders entitled to the interim dividend for 2024, the register of holders of H shares of the Company will be closed from Monday, 30 September 2024 to Friday, 4 October 2024, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the entitlement to the interim dividend for 2024 (subject to approval by shareholders at the general meeting), all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company's H Share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. (Hong Kong time) on 27 September 2024, being the last share registration date.

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

IV. CORPORATE GOVERNANCE (CONTINUED)

(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 C1 of the Stock Exchange Listing Rules as its own code of corporate governance.

Code Provision C.2.1 stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. As disclosed by the Company in the announcement published on the Stock Exchange on 8 February 2024, Ms. Zhong Xia resigned as an executive Director and the general manager of the Company as she reached the statutory retirement age, and Mr. Qiao Dewei was appointed as the acting general manager (which is equivalent to chief executive officer) of the Company. Following the appointment of Mr. Qiao as the acting general manager, Mr. Qiao will assume the dual roles of the chairman of the Board and the general manager of the Company. After evaluation of the current situation of the Company and taking into account of the experience and past performance of Mr. Qiao, the Board is of the opinion that it is appropriate at the present stage for Mr. Qiao to hold both positions as the chairman of the Board and the general manager of the Company as it helps to maintain the continuity of the policies and the stability of the operations of the Company, and this structure can ensure the Company has consistent leadership. In addition, under the supervision by the Board which will consist of two executive Directors, three non-executive Directors and three independent non-executive Directors, the interests of the shareholders of the Company will be adequately and fairly represented. Also, as all major decisions are made in consultation with and approved by the members of the Board, the Board believes that this arrangement will not have negative influence on the balance of power and authorisation between the Board and the management of the Company. Therefore, the Board considers the deviation from the code provision C.2.1 of the CG Code is appropriate under such circumstances.

Save as disclosed above, during the six months ended 30 June 2024, the Company has complied with the applicable code provisions as set out in Part 2 of the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

V. ENVIRONMENT AND SOCIAL RESPONSIBILITY

I. Environmental information

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

☒ Applicable ☐ Not applicable

1. Information on pollutant emission

☒ Applicable ☐ Not applicable

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

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

V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

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

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)	A2240061456182C002 (2024.06.25)	1# furnace	<3 mg/m³	50 mg/m³	
				A2240061456182C003 (2024.06.26)	2# furnace	5 mg/m³	50 mg/m³	
				A2240061456182C001 (2024.06.14)	3# furnace	4 mg/m³	50 mg/m³	
		Oxynitride			1# furnace	28 mg/m³	80 mg/m³	
					2# furnace	39 mg/m³	80 mg/m³	
					3# furnace	26 mg/m³	80 mg/m³	
		Smog			1# furnace	<1 mg/m³	10 mg/m³	
					2# furnace	1.1 mg/m³	10 mg/m³	
					3# furnace	<1 mg/m³	10 mg/m³	
		COD		A2240061456166C (2024.05.21)	Sewage station water	<4 mg/L	60 mg/L	
		Dioxin		A2240061456125C001 (2024.04.02)	1# furnace	0.01 ng TEQ/Nm³	0.1 ng TEQ/Nm³	
				A2240061456101C001 (2024.03.15)	2# furnace	0.029 ng TEQ/Nm³	0.1 ng TEQ/Nm³	
				A2240061456125C003 (2024.03.20)	3# furnace	0.009 ng TEQ/Nm³	0.1 ng TEQ/Nm³	
2	Shantou Company	Sulfur dioxide	Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	Ben Ke Jian Zi [2024] No. BKEN2024050224EQC (2024.05.31)	1# furnace	ND	100 mg/m³	
					2# furnace	23 mg/m³	100 mg/m³	
					3# furnace	41 mg/m³	100 mg/m³	
		Oxynitride			1# furnace	71 mg/m³	200 mg/m³	
					2# furnace	58 mg/m³	200 mg/m³	
					3# furnace	63 mg/m³	200 mg/m³	
		Smog			1# furnace	4.0 mg/m³	30 mg/m³	
					2# furnace	4.4 mg/m³	30 mg/m³	
					3# furnace	4.0 mg/m³	30 mg/m³	

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	Foshan Branch of Guangzhou Puno Environmental Testing Technology Service Co., Ltd. (廣州普諾環境檢測技術服務有限公司佛山分公司) (RSD)	EP2405A244 (2024.05.22)	1# furnace	7 mg/m ³	50 mg/m ³
				RSD20241668 (2024.04.08)	2# furnace	ND	50 mg/m ³
				EP2404A179 (2024.04.08)	3# furnace	ND	50 mg/m ³
				RSD20241668 (2024.04.08)	4# furnace	10 mg/m ³	50 mg/m ³
				EP2405A244 (2024.05.22)			
				RSD20241668 (2024.04.08)			
				EP2404A179 (2024.04.08)			
				RSD20241668 (2024.04.08)			
		Oxynitride		EP2405A244 (2024.05.22)	1# furnace	58 mg/m ³	150 mg/m ³
				RSD20241668 (2024.04.08)	2# furnace	52 mg/m ³	150 mg/m ³
				EP2404A179 (2024.04.08)	3# furnace	56 mg/m ³	150 mg/m ³
				RSD20241668 (2024.04.08)	4# furnace	84 mg/m ³	150 mg/m ³
		Smog		EP2405A244 (2024.05.22)	1# furnace	1.4 mg/m ³	10 mg/m ³
				RSD20241668 (2024.04.08)	2# furnace	ND	10 mg/m ³
				EP2404A179 (2024.04.08)	3# furnace	1.6 mg/m ³	10 mg/m ³
				RSD20241668 (2024.04.08)	4# furnace	ND	10 mg/m ³
		Dioxin		A2230311790109C (2024.06.03)	1# furnace	0.013 ng TEQ/Nm ³	0.1 ng TEQ/Nm ³
				RSD20241667 (2024.04.08)	2# furnace	0.0044 ng TEQ/Nm ³	0.1 ng TEQ/Nm ³
				A2230311790108C (2024.05.11)	3# furnace	0.0051 ng TEQ/Nm ³	0.1 ng TEQ/Nm ³
				RSD20241667 (2024.04.08)	4# furnace	0.0024 ng TEQ/Nm ³	0.1 ng TEQ/Nm ³

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		
4	Haining Expansion Company	Sulfur dioxide	ZheJiang ZhongYi Testing Institute Co., Ltd. (浙江中一檢測研究院股份有限公司)	HJ24215501 (2024.06.05)	1# furnace	13 mg/m³	100 mg/m³		
					2# furnace	28 mg/m³	100 mg/m³		
		Oxynitride			1# furnace	48 mg/m³	75 mg/m³		
					2# furnace	52 mg/m³	75 mg/m³		
		Smog			1# furnace	1.4 mg/m³	30 mg/m³		
					2# furnace	1.6 mg/m³	30 mg/m³		
		COD			Waste water outlet	479 mg/m³	500 mg/L		
					Dioxin	ZheJiang ZhongYi Testing Institute Co., Ltd. (浙江中一檢測研究院股份有限公司)	HJ24039802 (2024.03.08)	1# furnace	0.0022 ng TEQ/Nm³
		2# furnace						0.0052 ng TEQ/Nm³	0.08 ng TEQ/Nm³
		5			Wuhan Company	Sulfur dioxide	Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j – 34-24040134-15-JC-01C1 (2024.05.13)	1# furnace
2# furnace	4 mg/m³		100 mg/m³						
3# furnace	3 mg/m³		100 mg/m³						
4# furnace	5 mg/m³		100 mg/m³						
5# furnace	19 mg/m³		100 mg/m³						
Oxynitride	1# furnace		127 mg/m³	300 mg/m³					
	2# furnace		105 mg/m³	300 mg/m³					
	3# furnace		132 mg/m³	300 mg/m³					
	4# furnace		91 mg/m³	300 mg/m³					
	5# furnace		97 mg/m³	300 mg/m³					
Smog	1# furnace		3 mg/m³	30 mg/m³					
	2# furnace		ND	30 mg/m³					
	3# furnace		3.6 mg/m³	30 mg/m³					
	4# furnace		ND	30 mg/m³					
	5# furnace		ND	30 mg/m³					
Dioxin	Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)		WHA-j-34-24040134-39-JC-01C1 (2024.06.20 (3#, 4# furnaces)) (2024.06.21 (5# furnace)) (2024.06.28 (2# furnace)) (2024.06.29 (1# furnace))	1# furnace		0.0034 ng TEQ/Nm³			0.1 ng TEQ/Nm³
				2# furnace		0.0033 ng TEQ/Nm³			0.1 ng TEQ/Nm³
				3# furnace		0.0013 ng TEQ/Nm³			0.1 ng TEQ/Nm³
				4# furnace		0.00098 ng TEQ/Nm³			0.1 ng TEQ/Nm³
				5# furnace		0.0011 ng TEQ/Nm³			0.1 ng TEQ/Nm³

Note:

- Shantou Company did not complete the test of dioxin emission concentration in the first half of 2024, and planned to complete the test in the second half of the year.
- "ND" refers to no detect; the unit of sulfur dioxide, oxynitride, smog is mg/m³, and the unit of dioxin is ng TEQ/Nm³. The above emission limits of pollutants are based on the Municipal Solid Waste Incineration Pollution Control Standards (《生活垃圾焚烧污染控制标准》) (GB18485-2014) and local discharge standards. The regular commissioned test reports issued with respect to the major pollutant-emission units during the Reporting Period indicated that the emissions of pollutant met the prescribed standards and there was no excessive emission.

V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

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

Name of pollutant	Actual emissions (ton)	Emission indicators (ton/year)
Sulfur dioxide	136.63	880.37
Oxynitride	565.73	2,456.38
Smog	16.39	251.41
COD	1.837	16.537

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

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

☒ Applicable ☐ Not applicable

No.	Name of project	Date of reply to environmental impact assessment	Authority for reply
1	Tongzhou Project	25 December 2015	Environmental Protection Bureau of Beijing City
2	Shantou Project	28 March 2017	Environmental Protection Bureau of Shantou City
3	Huizhou Phase II Project	14 August 2020	Ecological Environment Bureau of Huizhou City
4	Haining Expansion Project	26 November 2018	Environmental Protection Bureau of Jiaxing City
5	Wuhan Project	31 March 2011	Environmental Protection Department of Hubei Province
	Wuhan Phase II Project	18 May 2021	Ecological Environment Bureau of Wuhan City

V. ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

4. Emergency plan for emergency environmental incidents

☒ Applicable ☐ Not applicable

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

5. Environmental self-monitoring programme

☒ Applicable ☐ Not applicable

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

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

☐ Applicable ☒ Not applicable

7. Other environmental information to be disclosed

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

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

1. Administrative penalties due to environmental problems

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. Reasons for not disclosure of other environmental information

☐ Applicable ☒ Not applicable

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

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

☒ Applicable ☐ Not applicable

The municipal waste-to-energy projects of the Company, on the one hand, replace the landfills and reduce the emission of methane and other greenhouse gases produced by the landfills. On the other hand, the projects contribute energy and replace thermal power to a certain extent, which makes direct contributions to carbon emission reduction.

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 of undertaking	Whether there is deadline for performance	Deadline of undertaking	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 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	Long term	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

On 11 August 2023, the Company and Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石数字科技有限公司) ("Shenzhen CDT") entered into a Service Framework Contract, pursuant to which 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 2023 to 2024 and Shenzhen CDT is interested in participating in such tenders for the project services. If Shenzhen CDT successfully wins a tender for the project services, the Company will further enter into a specific project service contract with Shenzhen CDT according to the contents of the relevant letter of acceptance to specify fees and payment methods. In 2023 and 2024, the estimated caps of the day-to-day related party transactions with Shenzhen CDT are RMB18 million and RMB20 million, respectively.

In the first half of 2024, the actual amount of transactions under new contract between the Company and Shenzhen CDT under the above framework contract was RMB457,600 which did not exceed the annual cap for the year. Shenzhen CDT is an indirect wholly owned 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, please refer to the Announcement on Estimated Caps of the Day-to-day Related Party Transactions (Announcement No.: Lin 2023-034) dated 12 August 2023 disclosed by the Company on the website of the SSE and the announcement dated 11 August 2023 disclosed on the Stock Exchange.

The abovementioned continuing connected transaction constitutes a continuing connected transaction under Chapter 14A of the Stock Exchange 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

(IV) Claims and liabilities between related parties

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

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

The financial assistance provided by BSAM and its subsidiaries to the Company based on benchmark interest rate for RMB loans has been repaid in full as at the end of the Reporting Period.

3. Matters which have not been published in temporary announcements

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(VI) Other significant related party transactions

☐ Applicable ☒ Not applicable

(VII) Others

☒ Applicable ☐ Not applicable

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

The Group entered into certain transactions with parties regarded as “related parties” under the applicable accounting standards during the six months ended 30 June 2024. Save as the non-exempt connected transaction and continuing connected transaction as set out on page 44 of this interim report, these related party transactions were not regarded as connected transactions under Chapter 14A of the Listing Rules and were fully exempt from shareholders’ approval, annual review and all disclosure requirements pursuant to Chapter 14A of the Listing Rules. Details are set out in note 6 to the Financial Statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Exchange Listing Rules.

VI. SIGNIFICANT EVENTS (CONTINUED)

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

1 Trusteeship, contracting and leasing matters

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

Unit: RMB

Guarantor	Relationship		Amount of	Date of	External guarantees provided by the Company (excluding those for subsidiaries)								Connected			
	Between the	Guaranteed			(signature date of	Date of	Expiry date	Guarantee	Principal	Collateral	Completed	Overdue	Amount	Counter-	guarantee	Connected
Company	and the	party	guarantee	agreement)	commencement	of guarantee	type	debt	(if any)	or not	or not	overdue	guarantee	or not	relations	
Total guarantees during the Reporting Period (excluding those for subsidiaries)																0
Total guarantee balance as at the end of Reporting Period (A) (excluding those for subsidiaries)																0
Guarantees for subsidiaries provided by the Company																
Total guarantees for subsidiaries during the Reporting Period																585,245,540.97
Total guarantee balance for subsidiaries as at the end of Reporting Period (B)																7,422,857,703.52
Total amount of guarantees provided by the Company (including those for subsidiaries)																
Total amount of guarantees (A+B)																7,422,857,703.52
Total amount of guarantees over the net assets of the Company (%)																93.80
Including:																
Amount of guarantees provided to shareholders, beneficial controllers and their related parties (C)																
Amount of debt guarantees directly or indirectly provided for guaranteed parties with the gearing ratio exceeding 70% (D)																1,428,147,240.00
Amount of the total guarantees exceeding 50% of net assets (E)																3,466,201,825.31
Total amount of above three guarantees (C+D+E)																4,894,349,065.31
Explanations on outstanding guarantee which may undertake joint liability for satisfaction																
Explanations on guarantees																

3 Other material contracts

☐ Applicable ☒ Not applicable

VI. SIGNIFICANT EVENTS (CONTINUED)

XII. Progress of use of proceeds

✓ Applicable ☐ Not applicable

(I) Overall use of proceeds

✓ Applicable ☐ Not applicable

RMB'0,000

Source of raised funds	Time of receipt of proceeds	Total proceeds	Net proceeds after deducting issuance expenses (1)	Committed total investment of proceeds under the prospectus or offering document (2)	Committed total investment of proceeds (3)=(1)-(2)	Committed total investment of proceeds after adjustment	Net proceeds unused at the beginning of the Reporting Period	Total amount of proceeds accumulated at the end of the Reporting Period (4)	Accumulated investment progress as at the end of the Reporting Period (%)=(5)=(4)/(1)	Amount of investment in the year (6)	Proportion of investment in the year (%)=(7)=(6)/(1)	Total amount of proceeds with the use changed
Issue of A-share convertible bonds	3 March 2022	236,000.00	234,476.64	234,476.64	-	234,476.64	26,402.46	218,410.35	93.15	10,336.17	4.41	0
Total	/	236,000.00	234,476.64	234,476.64	-	234,476.64	26,402.46	218,410.35	/	10,336.17	/	0

VI. SIGNIFICANT EVENTS (CONTINUED)

(II) Details of proceeds invested projects

☒ Applicable ☐ Not applicable

1. Details of use of proceeds

☒ Applicable ☐ Not applicable

RMB'0,000

Source of proceeds	Name of project	Nature of project	Whether committed investment project under the prospectus or offering document	Whether change of use involved	Total planned investment amount of proceed (1)	Amount of investment in the year	Total amount of proceeds accumulatedly invested as at the end of the Reporting Period (2)	Accumulated investment progress as at the end of the Reporting Period (%) (3)=(2)/(1)	Date on which the project is ready for the intended use	Whether completed	Whether the investment progress is in line with the planned progress	Specific reasons for the investment progress has not met the plan	Benefits achieved this year	Benefits or research and development results achieved in the project	Whether the feasibility of the project has changed significantly, if so, please specify the details	Balance as at end of the Reporting Period
Issue of A-share convertible bonds	Dengfeng Project	Production and construction	Yes	No	15,000.00	0	15,000.00	100.00	December 2021	Yes	Yes		393.45	-1,498.73	No	0
Issue of A-share convertible bonds	Enshi Project ¹	Production and construction	Yes	No	35,866.30	702.75	35,634.84	99.35	September 2022	Yes	Yes		1,903.99	4,239.53	No	
Issue of A-share convertible bonds	Shuozhou Project ²	Production and construction	Yes	No	34,321.56	2,071.32	29,075.39	84.71	March 2023	Yes	Yes		-911.42	-2,259.25	No	
Issue of A-share convertible bonds	Wuhan Phase II Project ³	Production and construction	Yes	No	58,184.15	5,185.94	55,784.35	95.88	June 2023	No	Yes		3,183.40	7,171.57	No	
Issue of A-share convertible bonds	Huludao Waste-to-energy Project ⁴	Production and construction	Yes	No	35,627.99	2,376.16	27,439.13	77.02	May 2023	No	Yes		-748.40	-759.87	No	
Issue of A-share convertible bonds	Replenishment of working capital and repayment of bank loans	Replenishment of working capital and repayment of bank loans	Yes	No	55,476.64	0	55,476.64	100.00	N/A				N/A		No	
Total	/	/	/	/	234,476.64	10,336.17	218,410.36	/	/	/	/	/	/	/	/	/

Notes:

1. Enshi Project was put into operation in September 2022. The proceeds have been basically used up;
2. Shuozhou Project was put into operation in March 2023. It is estimated that the proceeds will be used up within one and a half years after the project is put into operation;
3. Wuhan Phase II Project was put into operation in June 2023. It is estimated that the proceeds will be used up within one and a half years after the project is put into operation;
4. Huludao Waste-to-energy Project was put into operation in May 2023. It is estimated that the proceeds will be used up within one and a half years after the project is put into operation;
5. The proceeds for Dengfeng Project have been used up as planned; Enshi Project and Shuozhou Project have been completed, and the remaining proceeds amount to RMB41,337,000 and RMB96,784,400, respectively. In order to improve the efficiency of the use of proceeds, as considered at the 16th meeting of the fourth session of the Board, the Company allocated the remaining proceeds of Enshi Project and Shuozhou Project to Wuhan Phase II Project and Huludao Waste-to-energy Project; As Wuhan Phase II Project and Huludao Waste-to-energy Project have not yet been completed, the amount of remaining proceeds cannot be determined.

2. Details of use of over-raised proceeds

☐ Applicable ☒ Not applicable

VI. SIGNIFICANT EVENTS (CONTINUED)

(III) Change or termination of proceeds funded projects during the Reporting Period

☐ Applicable ☒ Not applicable

(IV) Other information on the use of proceeds during the Reporting Period

1. Initial investment and replacement of proceeds invested in projects

☐ Applicable ☒ Not applicable

2. Use of idle proceeds to temporarily supplement working capital

☐ Applicable ☒ Not applicable

3. Cash management of idle proceeds and investment in relevant products

☐ Applicable ☒ Not applicable

4. Others

☒ Applicable ☐ Not applicable

Given that Dengfeng Project, Enshi Project and Shuozhou Project have reached the intended useable status, which saved proceeds of RMB138,121,400, in order to better utilize the fund-raising benefits and improve the efficiency of fund-raising and taking into account of the construction status, the Company allocated the saved proceeds to Wuhan Phase II Project and Huludao Waste-to-energy Project, including RMB101,841,500 for Wuhan Phase II Project and RMB3,6279,900 for Huludao Waste-to-energy Project (the final amount of allocation shall be subject to the bank settlement balance on the date of transfer of funds). Huludao Waste-to-energy Project and Wuhan Phase II Project have been put into operation in May 2023 and June 2023 respectively, but there are still some finishing works and defect rectification works. The abovementioned saved proceeds will be utilized for the capital expenditure of Huludao Waste-to-energy Project and Wuhan Phase II Project. For details, please refer to the announcement as disclosed by the Company on 12 August 2023 (Announcement No.: Lin 2023-033) on the SSE and the announcement disclosed on the Stock Exchange on 11 August 2023.

During the Reporting Period, save for the abovementioned changes, the remaining proceeds were used in accordance with the intentions as previously disclosed in the Offering Document of the Issuance of Convertible Corporate Bonds by Dynagreen Environmental Protection Group Co., Ltd.

XIII. Explanation on other material matters

☐ Applicable ☒ Not applicable

VII. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

Unit: share

	Before change		Increase or decrease (+/-)					After change	
	Number	Percentage (%)	New issue	Bonus issue	Shares converted from reserves	Others	Sub-total	Number	Percentage (%)
I. Restricted shares									
II. Non-restricted shares	1,393,450,734	100.00				1,144	1,144	1,393,451,878	100.00
1. RMB ordinary shares	989,090,942	70.98				1,144	1,144	989,092,086	70.98
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	404,359,792	29.02				0	0	404,359,792	29.02
4. Others									
III. Total number of shares	1,393,450,734	100.00				1,144	1,144	1,393,451,878	100.00

2. Explanation of changes in shares

☒ Applicable ☐ Not applicable

On 25 February 2022, the Company issued 23.6 million A-share convertible corporate bonds with a total issuance size of RMB2.36 billion. The abbreviation of the bonds is "Dynagreen Convertible Bonds". The convertible bonds could be converted into the A shares of the Company since 5 September 2022. During the Reporting Period, 1,144 A shares were increased due to the conversion of "Dynagreen Convertible Bonds" into ordinary shares.

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

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

During the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

(II) Changes in restricted shares

☐ Applicable ☒ Not applicable

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

II. Shareholders

(I) Total number of shareholders:

Total number of holders of ordinary shares as at the end of the Reporting Period	41,925
Total number of shareholders of preference shares with restored voting rights as at the end of the Reporting Period	0

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

Unit: share

Name of shareholder (full name)	Shareholding of the top ten shareholders (excluding shares lent through refinancing)					Nature of shareholder	
	Change during the Reporting Period	Number of shares held as at the end of the Period	Percentage (%)	Number of shares held subject to selling restrictions	Pledged, marked or frozen		
					Status		Number
Beijing State-owned Assets Management Co., Ltd.	0	594,085,618	42.63		Nil	State-owned legal person	
HKSCC NOMINEES LIMITED	0	379,460,000	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.	-280,000	16,890,707	1.21		Nil	Domestic non-state-owned legal person	
TruValue Asset Management – Beijing State-owned Capital Operation and Management Company Limited – TruValue Asset Jingxin Regional Preferred Single Asset Management Plan (創金合信基金—北京國有資本運營管理有限公司—創金合信京鑫區域優選單一資產管理計劃)	13,624,304	13,624,304	0.98		Nil	Other	
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	0	7,130,378	0.51		Nil	Domestic non-state-owned legal person	
Southern Fund Steady Value-added Pension Product – China Merchants Bank Co., Ltd. (南方基金穩健增值混合型養老金產品—招商銀行股份有限公司)	396,400	5,057,200	0.36		Nil	Other	
Hong Kong Securities Clearing Company Ltd.	507,063	1,772,930	0.13		Nil	Overseas legal person	
Zhao Wansheng	-69,000	1,360,000	0.10		Nil	Domestic natural person	

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

Top ten holders of shares not subject to selling restrictions (excluding shares lent through refinancing)			
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	379,460,000	Overseas listed foreign shares	379,460,000
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.	16,890,707	RMB ordinary shares	16,890,707
TruValue Asset Management – Beijing State-owned Capital Operation and Management Company Limited – TruValue Asset Jingxin Regional Preferred Single Asset Management Plan (創金合信基金－北京國有資本運營管理有限公司－創金合信京鑫區域優選單－資產管理計劃)	13,624,304	RMB ordinary shares	13,624,304
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	7,130,378	RMB ordinary shares	7,130,378
Southern Fund Steady Value-added Pension Product – China Merchants Bank Co., Ltd. (南方基金穩健增值混合型養老金產品－招商銀行股份有限公司)	5,057,200	RMB ordinary shares	5,057,200
Hong Kong Securities Clearing Company Ltd.	1,772,930	RMB ordinary shares	1,772,930
Zhao Wansheng	1,360,000	RMB ordinary shares	1,360,000
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		

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

Participation in lending of shares through refinancing business by shareholders holding over 5% of shares, top ten shareholders and top ten holders of shares not subject to selling restrictions

☐ Applicable ☒ Not applicable

Changes in top ten shareholders and top ten holders of shares not subject to selling restrictions as compared with the previous period due to lending out of shares through refinancing/return of shares

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

(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 2024, 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%
Great Wall Life Insurance Company Limited	56,777,000 H shares (Long position)	Beneficial owner	14.04%	4.07%
Tenbagger Capital Management CO.,LTD	24,030,000 H shares (Long position)	Investment manager	5.94%	1.72%

Notes:

(1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 30 June 2024.

(2) The calculation is based on the total number of 1,393,451,878 Shares in issue as at 30 June 2024.

(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 2024, no other interests required to be recorded in the register kept under Section 336 of the SFO have been notified to the Company.

Mr. Zhao Zhixiong, a non-executive Director of the Company, is an employee of an entity under BSAM.

III. Directors, supervisors and senior management

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

☐ Applicable ☒ Not applicable

Other explanations

☐ Applicable ☒ Not applicable

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

As at the end of the Reporting Period, none of the Directors, Supervisors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 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

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

The Company has adopted Management Measures on Securities Transactions by Directors, Supervisors and Senior Management Personnel (the "Management Measures") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 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 (disclosure pursuant to the requirements of the Stock Exchange)

As at 30 June 2024, the Group had a total of 3,370 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. For details of employee compensation, please refer to Note 4 (23) Employee benefits payable to the financial statements.

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

VIII. PREFERENCE SHARES

☐ Applicable ☒ Not Applicable

IX. BONDS

I. Corporate bonds (including enterprise bonds) and debt financing instruments of non-financial enterprises

☐ Applicable ☒ Not applicable

II. Convertible corporate bonds

☒ Applicable ☐ Not applicable

(I) Issuance of convertible bonds

In order to guarantee the capital requirements of projects, optimize the debt structure and reduce the financing cost, 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 A share convertible corporate bonds with a nominal value of RMB100 each at par value, with an issuance size of RMB2.36 billion on 25 February 2022. The net proceeds amounted to RMB2,345 million. 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). 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 approved by the Self-regulation Decision [2022] No. 70 of the Shanghai Stock Exchange, the A share 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. Pursuant to relevant provisions and the Offering Document of the Issuance of Convertible Corporate Bonds by Dynagreen Environmental Protection Group Co., Ltd., the "Dynagreen Convertible Bonds" could be converted into the A shares of the Company since 5 September 2022.

Due to the Company's distribution of cash dividends for 2021, the conversion price of "Dynagreen Convertible Bonds" would be adjusted from RMB9.82 per share to RMB9.72 per share. The adjusted conversion price took effect from 21 July 2022 (ex-dividend date); due to the Company's distribution of cash dividends for 2022, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.72 per share to RMB9.60 per share. The adjusted conversion price took effect from 26 July 2023 (ex-dividend date). Due to the Company's distribution of cash dividends for 2023, the conversion price of "Dynagreen Convertible Bonds" would be adjusted from RMB9.60 per share to RMB9.45 per share. The adjusted conversion price took effect from 26 June 2024 (ex-dividend date).

For the use of proceeds, please refer to "XII. Progress of use of proceeds" under "VI Significant Events" herein.



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	32,118
Guarantors of convertible bonds of the Company	N/A
Material changes in profitability, assets and credit of the guarantors	N/A

Top ten holders of convertible corporate bonds are as follows:

Name of holders of convertible corporate bonds	Amount of bonds held at the end of the period (RMB)	Percentage of holding (%)
Basic Pension Insurance Fund Portfolio 102 (基本養老保險基金—零二組合)	117,889,000	5.00
Guosen Securities Co., Ltd. (國信證券股份有限公司)	105,385,000	4.47
Huatai Yousheng Convertible Bond Fixed Income Pension Product – China Merchants Bank Co., Ltd. (華泰優盛可轉債固定收益型養老金產品—招商銀行股份有限公司)	94,320,000	4.00
Bank of China Limited – YFD Stable Income Bond Investment Fund (中國銀行股份有限公司—易方達穩健收益債券型證券投資基金)	71,764,000	3.04
New China Life Insurance Company Ltd. – Dividends – Individual Dividends – 018L – FH002 Hu (新華人壽保險股份有限公司—分紅—個人分紅—018L—FH002滬)	63,513,000	2.69
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)	61,501,000	2.61
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)	59,407,000	2.52
Shanghai Pudong Development Bank Co. Ltd. – YFD Yuxiang Return Bond Investment Fund (上海浦東發展銀行股份有限公司—易方達裕祥回報債券型證券投資基金)	54,678,000	2.32
Industrial Bank Co., Ltd. – Tianhong Yongli Bond Investment Fund (興業銀行股份有限公司—天弘永利債券型證券投資基金)	51,217,000	2.17
China Construction Bank – YFD Enhanced Return Bond Securities Investment Fund (中國建設銀行—易方達增強回報債券型證券投資基金)	45,390,000	1.92

IX. BONDS (CONTINUED)

(III) Changes in convertible bonds during the Reporting Period

Unit: RMB

Name of convertible corporate bonds	Before the change	Increase and decrease in the change			After the change
		Conversion	Redemption	Repurchase	
Dynagreen Convertible Bonds	2,359,895,000	11,000			2,359,884,000

(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)	11,000
Number of shares converted during the Reporting Period (share)	1,144
Aggregate number of shares converted (share)	11,878
Aggregate number of shares converted to the total number of issued shares of the Company before conversion (%)	0.0009
Amount of unconverted bonds (RMB)	2,359,884,000
Number of unconverted bonds to the total number of convertible bonds issued (%)	99.9951

IX. BONDS (CONTINUED)

(V) Previous adjustments to conversion price

Unit: RMB

Name of convertible corporate bonds Dynagreen Convertible Bonds

Date of adjustment of conversion price	Adjusted conversion price	Date of disclosure	Disclosure media	Explanation on adjustment to conversion price
2022-7-21	9.72	2022-7-15	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily	According to the relevant provisions of the Offering Document of Convertible Bonds of the Company, due to the Company's distribution of cash dividends for 2021, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.82 per share to RMB9.72 per share (Announcement No.: Lin 2022-031).
2023-7-26	9.60	2023-7-19	Shanghai Securities News and Securities Times	According to the relevant provisions of the Offering Document of Convertible Bonds of the Company, due to the Company's distribution of cash dividends for 2022, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.72 per share to RMB9.60 per share (Announcement No.: Lin 2023-029).
2024-6-26	9.45	2024-6-18	Shanghai Securities News and Securities Times	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 2023, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.60 per share to RMB9.45 per share (Announcement No.: Lin 2024-028).
Latest conversion price as of the end of the Reporting Period				9.45

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

As of 30 June 2024, the Company's total assets amounted to RMB22.515 billion and its gearing ratio was 62.69%. 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 2024 (Xin Ping Wei Han Zi [2024] Gen Zong No. 0202) on 8 May 2024, pursuant to which the main credit rating of the Company remained "AA+" and the rating outlook remained "stable"; 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.

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

On 26 February 2024, the Company started to pay interest on the "Dynagreen Convertible Bonds" for the period from 25 February 2023 to 24 February 2024. The payment of interests is for the second year of the "Dynagreen Convertible Bonds", and the coupon rate for the interest bearing year is 0.40% (tax inclusive), that is, the interest payable on each convertible bond with a par value of RMB100 is RMB0.40 (tax inclusive) (Announcement No.: Lin 2024-005).

(VII) Other description of convertible bonds

No downward adjustment to conversion price

As of 6 September 2023, the Share price of the Company has triggered the term on downward adjustment to the conversion price of "Dynagreen Convertible Bonds". In view of the relatively long remaining term of "Dynagreen Convertible Bonds", taking into account the Company's basic situation, market environment and other factors, in order to safeguard the interests of all Shareholders and clarify investors' expectations, as considered at the eighteenth meeting of the fourth session of the Board, the Board of the Company determined that no downward adjustment would be made to the conversion price this time and that it would not make any proposal on downward adjustment within twelve months from the date of consideration and approval by the Board this time (i.e. from 6 September 2023 to 5 September 2024) even if the price of the Company's A Shares triggers the term on downward adjustment to the conversion price of "Dynagreen Convertible Bonds" again. Starting from 6 September 2024, if the term on downward adjustment to the conversion price of the "Dynagreen Convertible Bonds" is triggered again, the Board will hold a meeting to decide whether to make a proposal on downward adjustment to the conversion price of the "Dynagreen Convertible Bonds" (Announcement No.: Lin 2023-040).

Dilutive effects of convertible corporate bonds

Assuming that the unconverted A-share convertible corporate bonds of RMB2,359,884,000 were fully converted at the end of the Reporting Period at the conversion price of RMB9.45 per Share, a maximum of 249,723,174 A Shares (the "Conversion Shares"), equivalent to (i) approximately 17.92% of the then issued share capital of the Company (i.e. 1,393,451,878 Shares) (excluding treasury shares); and approximately 15.20% of the enlarged issued share capital of the Company after issuance of Conversion Shares (i.e. 1,643,175,052 Shares) (excluding treasury shares), would be issued. For the avoidance of doubt, the Company did not hold treasury shares at the end of the Reporting Period.

IX. BONDS (CONTINUED)

If, at the end of the Reporting Period, all the unconverted A-share convertible corporate bonds have been converted, the dilutive effects on the equity interests of the Company's substantial shareholders will be as follows:

Name of shareholders	Number of Shares held	As at 30 June 2024		Equity interests immediately after exercise of all conversion rights		
		Approximate percentage of relevant Share class ⁽¹⁾	Approximate percentage of the Company's total share capital ⁽²⁾	Number of Shares held	Approximate percentage of relevant share class	Approximate percentage of the Company's total share capital
BSAM	594,085,618 A shares (Long position)	60.06%	42.63%	594,085,618 A shares (Long position)	47.96%	36.15%
BSAM (HK) ⁽¹⁾	24,859,792 H shares (Long position)	6.15%	1.78%	24,859,792 H shares (Long position)	6.15%	1.51%
BSAM ⁽¹⁾	24,859,792 H shares (Long position)	6.15%	1.78%	24,859,792 H shares (Long position)	6.15%	1.51%
Three Gorges Capital Holdings Co., Ltd.	84,265,896 A shares (Long position)	8.52%	6.05%	84,265,896 A shares (Long position)	6.80%	5.13%
Great Wall Life Insurance Company Limited	56,777,000 H shares (Long position)	14.04%	4.07%	56,777,000 H shares (Long position)	14.04%	3.46%
Tenbagger Capital Management CO.,LTD	24,030,000 H shares (Long position)	5.94%	1.72%	24,030,000 H shares (Long position)	5.94%	1.46%

Note:

(1) 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.

(2) The calculation is based on the total number of 1,393,451,878 Shares in issue as at 30 June 2024.

If, at the end of the Reporting Period, all the unconverted A-share convertible corporate bonds have been converted, for the dilutive effects on the (losses)/earnings per Share of the Group, please refer to "note 49 in 4 Notes to the consolidated financial statements under X. FINANCIAL REPORT".

Taking into account the Group's total net assets of approximately RMB8,401 million and total net current assets of approximately RMB1,094 million as at 30 June 2024 and the measures taken by the Group to maintain its financial position, the Company is expected to be able to fulfill the redemption obligations under the convertible corporate bonds.

Based on the implied internal rate of return of the unconverted A-share convertible corporate bonds on the maturity date, assuming that the conversion price of the unconverted A-share convertible corporate bonds on the maturity date is the current conversion price of RMB9.45 per Share (the conversion price is only a simulated price, and does not constitute a value of the actual conversion price), the analysis of the Company's share price on equally favorable economic return for conversion or redemption of unconverted A-share convertible corporate bonds by holders of unconverted A-share convertible corporate bonds is set out below:

	Share price (RMB)
A-share convertible corporate bonds on 24 February 2028	RMB10.11 per Share

X. FINANCIAL REPORT

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2024

(All amounts in RMB Yuan unless otherwise stated)

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Current assets			
Cash at bank and on hand	4 (1)	1,019,289,350.59	1,034,574,136.93
Accounts receivables	4 (2)	2,388,865,862.62	1,973,420,906.89
Receivables financing	4 (3)	2,461,841.00	3,122,144.00
Advances to suppliers	4 (4)	32,256,085.12	32,717,974.08
Other receivables	4 (5)	33,153,325.14	39,382,637.73
Inventories	4 (6)	54,641,213.98	62,734,783.04
Contract assets	4 (7)	361,042,370.18	406,969,089.65
Current portion of non-current assets	4 (8)	53,508,848.34	53,508,848.34
Other current assets	4 (10)	223,752,008.67	257,143,592.87
Total current assets		4,168,970,905.64	3,863,574,113.53
Non-current assets			
Long-term receivables	4 (9)	35,892,934.10	35,892,934.10
Fixed assets	4 (11)	320,247,121.94	328,924,572.85
Construction in progress		1,461,350.33	917,164.63
Right-of-use assets	4 (12)	9,326,854.33	3,538,266.49
Intangible assets	4 (13)	10,914,437,634.27	11,115,558,991.16
Goodwill	4 (15)	—	—
Long-term prepaid expenses	4 (16)	5,047,025.50	6,147,345.30
Deferred tax assets	4 (17)	266,514,637.27	266,527,917.63
Other non-current assets	4 (18)	6,793,314,379.82	6,916,184,337.26
Total non-current assets		18,346,241,937.56	18,673,691,529.42
TOTAL ASSETS		22,515,212,843.20	22,537,265,642.95

X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	4 (20)	723,898,748.02	516,440,084.96
Accounts payables	4 (21)	792,487,302.79	1,014,132,043.06
Contract liabilities	4 (22)	3,398,170.45	614,204.13
Employee benefits payable	4 (23)	59,580,708.97	109,884,464.06
Taxes payable	4 (24)	67,076,066.55	59,207,794.73
Other payables	4 (25)	166,000,228.17	152,350,860.79
Including: Dividends payable		14,800,000.00	19,600,000.00
Current portion of non-current liabilities	4 (26)	1,262,472,737.43	2,138,535,085.14
Total current liabilities		3,074,913,962.38	3,991,164,536.87
Non-current liabilities			
Long-term borrowings	4 (27)	7,754,446,310.71	7,033,566,028.80
Debentures payable	4 (28)	2,314,569,908.95	2,275,489,512.51
Lease liabilities	4 (29)	5,501,103.47	2,575,290.64
Long-term payables	4 (30)	242,017,552.43	246,923,129.02
Provisions	4 (31)	13,966,011.06	13,658,690.52
Deferred income	4 (32)	171,971,569.82	173,963,722.30
Deferred tax liabilities	4 (17)	536,714,137.98	525,967,837.35
Total non-current liabilities		11,039,186,594.42	10,272,144,211.14
Total liabilities		14,114,100,556.80	14,263,308,748.01

X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Shareholders' equity			
Share capital	4 (33)	1,393,451,878.00	1,393,450,734.00
Other equity instruments	4 (34)	217,558,188.92	217,559,203.01
Capital surplus	4 (36)	2,412,518,063.73	2,412,507,464.92
Other comprehensive income		2,079,875.32	2,079,875.32
Special reserve	4 (35)	28,520,142.37	16,667,067.53
Surplus reserve	4 (37)	340,338,359.75	340,338,359.75
Undistributed profits	4 (38)	3,518,845,248.33	3,424,837,011.73
Total equity attributable to shareholders of the Company		7,913,311,756.42	7,807,439,716.26
Minority interests		487,800,529.98	466,517,178.68
Total shareholders' equity		8,401,112,286.40	8,273,956,894.94
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		22,515,212,843.20	22,537,265,642.95

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

Qiao Dewei

Legal representative:

Yi Zhiyong

Principal in charge of accounting:

Zhao Linbin

Head of accounting department:

COMPANY BALANCE SHEET AS AT 30 JUNE 2024

(All amounts in RMB Yuan unless otherwise stated)

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Current assets			
Cash at bank and on hand		529,798,419.12	482,213,915.54
Accounts receivables	13 (1)	274,928,127.08	295,943,666.56
Advances to suppliers		183,127.53	489,163.49
Other receivables	13 (2)	2,023,275,620.93	2,239,027,923.02
Including: interests receivable		73,660,509.67	56,777,194.46
Dividends receivable		1,461,850,000.00	1,537,650,000.00
Current portion of non-current assets	13 (3)	761,072,083.33	180,572,083.33
Total current assets		3,589,257,377.99	3,198,246,751.94
Non-current assets			
Long-term receivables	13 (3)	935,818,433.05	1,618,469,200.00
Long-term equity investments	13 (4)	6,540,907,220.95	6,525,907,220.95
Fixed assets		913,814.29	1,142,124.29
Right-of-use assets		6,081,397.30	—
Intangible assets		3,050,527.40	1,604,310.38
Long-term prepaid expenses		11,228.07	11,228.07
Deferred tax assets		869,068.23	500,326.32
Other non-current assets		—	1,515,453.32
Total non-current assets		7,487,651,689.29	8,149,149,863.33
TOTAL ASSETS		11,076,909,067.28	11,347,396,615.27

X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings		695,876,970.25	497,416,555.55
Accounts payables		157,702.89	58,239.00
Contract liabilities		21,593,220.34	22,203,389.83
Employee benefits payable		7,161,763.67	22,290,702.33
Taxes payable		6,837,280.34	1,293,142.08
Other payables		472,322,908.26	378,317,390.79
Current portion of non-current liabilities		305,140,640.03	1,267,261,233.11
Total current liabilities		1,509,090,485.78	2,188,840,652.69
Non-current liabilities			
Long-term borrowings		1,049,000,000.00	414,000,000.00
Debentures payable	4 (28)	2,314,569,908.95	2,275,489,512.51
Lease liabilities		3,207,293.95	—
Total non-current liabilities		3,366,777,202.90	2,689,489,512.51
Total liabilities		4,875,867,688.68	4,878,330,165.20

X. FINANCIAL REPORT (CONTINUED)

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Shareholders' equity			
Share capital	4 (33)	1,393,451,878.00	1,393,450,734.00
Other equity instruments	4 (34)	217,558,188.92	217,559,203.01
Capital surplus		2,459,608,891.70	2,459,598,292.89
Surplus reserve	4 (37)	340,338,359.75	340,338,359.75
Undistributed profits		1,790,084,060.23	2,058,119,860.42
Total shareholders' equity		6,201,041,378.60	6,469,066,450.07
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		11,076,909,067.28	11,347,396,615.27

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

Qiao Dewei

Legal representative:

Yi Zhiyong

Principal in charge of accounting:

Zhao Linbin

Head of accounting department:

X. FINANCIAL REPORT (CONTINUED)

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
I. Revenue	4 (39)	1,660,506,740.32	2,141,513,147.31
Less: Cost of sale	4 (39), 4 (43)	(919,438,857.60)	(1,371,722,378.79)
Taxes and surcharges	4 (40)	(34,587,461.03)	(31,503,339.34)
Selling expenses	4 (43)	(639,591.99)	(707,152.25)
General and administrative expenses	4 (41), 4 (43)	(100,223,612.48)	(90,652,338.81)
Research and development expenses	4 (14), 4 (43)	(2,469,797.57)	(2,522,176.32)
Financial expenses	4 (42)	(236,206,096.06)	(228,320,815.77)
Including: Interest expenses		(238,549,989.13)	(234,928,809.15)
Interest income		4,521,909.59	7,166,808.82
Add: Other income	4 (47)	36,953,229.03	33,830,161.80
Losses on credit impairment	4 (45)	(14,310,640.74)	(12,990,580.33)
Reversal of/(losses on) asset impairment	4 (44)	429,493.57	(2,676,083.70)
Gains on disposals of assets	4 (46)	322.20	1,156.06
II. Operating profit		390,013,727.65	434,249,599.86
Add: Non-operating income		1,228,025.77	1,115,384.94
Less: Non-operating expenses		(182,770.28)	(275,441.09)
III. Total profit		391,058,983.14	435,089,543.71
Less: Income tax expenses	4 (48)	(67,325,381.16)	(54,994,460.21)
IV. Net profit		323,733,601.98	380,095,083.50
Classified by continuity of operations			
Net profit from continuing operations		323,733,601.98	380,095,083.50
Net profit from discontinued operations		—	—
Classified by ownership of the equity			
Attributable to shareholders of the Company		303,026,018.30	364,057,245.61
Minority interests		20,707,583.68	16,037,837.89

X. FINANCIAL REPORT (CONTINUED)

Item	Note	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
V. Other comprehensive income, net of tax		—	—
VI. Total comprehensive income		323,733,601.98	380,095,083.50
Attributable to shareholders of the Company		303,026,018.30	364,057,245.61
Attributable to minority interests		20,707,583.68	16,037,837.89
VII. Earnings per share	4 (49)		
Basic earnings per share (RMB)		0.22	0.26
Diluted earnings per share (RMB)		0.21	0.24

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

Qiao Dewei

Legal representative:

Yi Zhiyong

Principal in charge of accounting:

Zhao Linbin

Head of accounting department:

X. FINANCIAL REPORT (CONTINUED)

COMPANY INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
I. Revenue	13 (5)	31,304,884.78	106,562,502.55
Less: Cost of sale	13 (5)	(4,180,184.29)	(4,351,456.79)
Taxes and surcharges		(256,431.45)	(622,923.08)
General and administrative expenses		(20,866,921.38)	(19,210,663.86)
Research and development expenses		(2,469,797.57)	(2,522,176.32)
Financial expenses		(85,285,640.23)	(80,018,339.87)
Including: Interest expenses		(86,961,846.66)	(86,331,490.10)
Interest income		2,887,479.96	6,411,348.00
Add: Other income		253,031.96	1,215,676.28
Investment income	13 (6)	22,623,663.77	1,111,713,475.25
Losses on credit impairment		(140,764.10)	(118,921.76)
Gains on disposals of assets		—	1,156.06
II. Operating (losses)/profit		(59,018,158.51)	1,112,648,328.46
III Total (losses)/profit		(59,018,158.51)	1,112,648,328.46
Less: Income tax gains/(expenses)		140.02	(999,608.39)
IV. Net (losses)/profit		(59,018,018.49)	1,111,648,720.07
Classified by continuity of operations			
Net (losses)/profit from continuing operations		(59,018,018.49)	1,111,648,720.07
Net profit from discontinued operations		—	—
V. Other comprehensive income, net of tax		—	—
VI. Total comprehensive income		(59,018,018.49)	1,111,648,720.07

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

Qiao Dewei

Legal representative:

Yi Zhiyong

Principal in charge of accounting:

Zhao Linbin

Head of accounting department:

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		1,515,653,928.80	1,324,274,040.30
Refund of taxes and surcharges		27,520,699.27	26,044,804.23
Cash received relating to other operating activities	4 (50)(a)	32,347,309.19	27,555,061.59
Sub-total of cash inflows		1,575,521,937.26	1,377,873,906.12
Cash paid for goods and services		(457,989,798.95)	(426,126,649.98)
Other cash paid relating to the construction of the PPP project	4 (50)(e)	(97,005,430.99)	(232,261,353.93)
Cash paid to and on behalf of employees		(298,152,889.26)	(268,900,372.45)
Payments of taxes and surcharges		(140,478,785.87)	(128,566,779.26)
Cash paid relating to other operating activities	4 (50)(b)	(38,523,605.05)	(34,300,456.28)
Sub-total of cash outflows		(1,032,150,510.12)	(1,090,155,611.90)
Net cash flows from operating activities	4 (51)(a)	543,371,427.14	287,718,294.22
II. Cash flows used in investing activities			
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		10,874,661.13	27,015.00
Sub-total of cash inflows		10,874,661.13	27,015.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	4 (50)(e)	(216,793,479.52)	(409,742,151.89)
Cash paid relating to other investing activities	4 (50)(c)	—	(4,024,484.95)
Sub-total of cash outflows		(216,793,479.52)	(413,766,636.84)
Net cash flows used in investing activities		(205,918,818.39)	(413,739,621.84)

X. FINANCIAL REPORT (CONTINUED)

Item	Note	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
III. Cash flows used in financing activities			
Cash received from borrowings		2,346,295,540.90	1,296,454,700.45
Sub-total of cash inflows		2,346,295,540.90	1,296,454,700.45
Cash repayments of borrowings		(2,292,459,966.18)	(1,681,861,928.89)
Cash payments for distribution of dividends, profits or interest expenses		(405,962,803.41)	(210,962,570.92)
Including: Dividends or profits paid to minority shareholders by subsidiaries		(4,800,000.00)	(1,600,000.00)
Cash paid relating to other financing activities	4 (50)(d)	(615,825.64)	(2,458,920.47)
Sub-total of cash outflows		(2,699,038,595.23)	(1,895,283,420.28)
Net cash flows used in financing activities		(352,743,054.33)	(598,828,719.83)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		5,659.24	25,325.26
V. Net decrease in cash and cash equivalents	4 (51)(b)	(15,284,786.34)	(724,824,722.19)
Add: Cash and cash equivalents at the beginning of the period		1,032,534,956.93	1,864,783,293.59
VI. Cash and cash equivalents at the end of the period	4 (51)(b)	1,017,250,170.59	1,139,958,571.40

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge of accounting:

Zhao Linbin
Head of accounting department:

COMPANY CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
I. Cash flows (used in)/from operating activities		
Cash received from sale of goods or rendering of services	52,651,937.69	79,708,707.32
Cash received relating to other operating activities	24,197,601.58	11,686,532.12
Sub-total of cash inflows	76,849,539.27	91,395,239.44
Cash paid for goods and services	(275,764.52)	(228,064.09)
Cash paid to and on behalf of employees	(34,492,125.05)	(33,156,816.71)
Payments of taxes and surcharges	(2,287,521.52)	(7,262,854.96)
Cash paid relating to other operating activities	(45,103,288.33)	(21,275,127.51)
Sub-total of cash outflows	(82,158,699.42)	(61,922,863.27)
Net cash flows (used in)/from operating activities	(5,309,160.15)	29,472,376.17
II. Cash flows from/(used in) investing activities		
Cash received from returns on investments	75,800,000.00	514,500,000.00
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	—	21,469.02
Cash received relating to other investing activities	570,784,501.34	819,623,738.48
Sub-total of cash inflows	646,584,501.34	1,334,145,207.50
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(40,941.00)	(299,266.46)
Cash paid to acquire investments	(15,000,000.00)	(510,000,000.00)
Cash paid relating to other investing activities	(315,141,500.00)	(824,076,060.67)
Sub-total of cash outflows	(330,182,441.00)	(1,334,375,327.13)
Net cash flows from/(used in) investing activities	316,402,060.34	(230,119.63)

X. FINANCIAL REPORT (CONTINUED)

Item	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
III. Cash flows used in financing activities		
Cash received from borrowings	1,509,000,000.00	353,000,000.00
Cash received relating to other financing activities	127,143,371.84	—
Sub-total of cash inflows	1,636,143,371.84	353,000,000.00
Cash repayments of borrowings	(1,643,990,000.00)	(575,452,963.16)
Cash payments for distribution of dividends, profits or interest expenses	(255,662,175.00)	(49,991,159.90)
Cash paid relating to other financing activities	—	(2,135,933.33)
Sub-total of cash outflows	(1,899,652,175.00)	(627,580,056.39)
Net cash flows used in financing activities	(263,508,803.16)	(274,580,056.39)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	406.55	1,820.17
V. Net increase/(decrease) in cash and cash equivalents	47,584,503.58	(245,335,979.68)
Add: Cash and cash equivalents at the beginning of the period	482,213,915.54	828,215,127.97
VI. Cash and cash equivalents at the end of the period	529,798,419.12	582,879,148.29

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

Qiao Dewei

Legal representative:

Yi Zhiyong

Principal in charge of accounting:

Zhao Linbin

Head of accounting department:

X. FINANCIAL REPORT (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts in RMB Yuan unless otherwise stated)

		Attributable to shareholders of the Company									Total shareholders' equity
Item	Note	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Sub-total	Minority interests	
<hr/>											
Balance at 1 January 2023 (Audited)		1,393,447,763.00	217,561,876.52	2,412,480,372.81	2,079,875.32	1,559,206.97	239,285,522.16	3,063,822,504.78	7,330,237,121.56	483,041,739.98	7,813,278,861.54
<hr/>											
Movements for the six months ended 30 June 2023											
Total comprehensive income											
Net profit		-	-	-	-	-	-	364,057,245.61	364,057,245.61	16,037,837.89	380,095,083.50
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
<hr/>											
Total comprehensive income		-	-	-	-	-	-	364,057,245.61	364,057,245.61	16,037,837.89	380,095,083.50
<hr/>											
Capital contribution and withdrawal by shareholders											
Conversion of convertible corporate bonds to share capital and capital surplus	4 (28)	2,041.00	(1,843.80)	18,592.01	-	-	-	-	18,789.21	-	18,789.21
<hr/>											
Total capital contribution and withdrawal by equity owners		2,041.00	(1,843.80)	18,592.01	-	-	-	-	18,789.21	-	18,789.21
<hr/>											
Profit distribution											
Profit distribution to shareholders	4 (38)	-	-	-	-	-	-	(167,214,013.20)	(167,214,013.20)	(51,200,000.00)	(218,414,013.20)
<hr/>											
Total profit distribution		-	-	-	-	-	-	(167,214,013.20)	(167,214,013.20)	(51,200,000.00)	(218,414,013.20)
<hr/>											
Appropriation and use of safety production expenses	4 (35)										
Appropriation to special reserves		-	-	-	-	14,749,758.87	-	-	14,749,758.87	800,818.50	15,550,577.37
Use of special reserves		-	-	-	-	(4,826,928.99)	-	-	(4,826,928.99)	(201,565.87)	(5,028,494.86)
<hr/>											
Balance at 30 June 2023 (Unaudited)		1,393,449,804.00	217,560,032.72	2,412,498,964.82	2,079,875.32	11,482,036.85	239,285,522.16	3,260,665,737.19	7,537,021,973.06	448,478,830.50	7,985,500,803.56

X. FINANCIAL REPORT (CONTINUED)

Item	Note	Attributable to shareholders of the Company								Minority interests	Total shareholders' equity
		Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Sub-total		
Balance at 1 January 2024 (Audited)		1,393,450,734.00	217,559,203.01	2,412,507,464.92	2,079,875.32	16,667,067.53	340,338,359.75	3,424,837,011.73	7,807,439,716.26	466,517,178.68	8,273,956,894.94
Movements for the six months ended 30 June 2024											
Total comprehensive income											
Net profit		-	-	-	-	-	-	303,026,018.30	303,026,018.30	20,707,583.68	323,733,601.98
Total comprehensive income		-	-	-	-	-	-	303,026,018.30	303,026,018.30	20,707,583.68	323,733,601.98
Capital contribution and withdrawal by shareholders											
Conversion of convertible corporate bonds to share capital and capital surplus	4 (28)	1,144.00	(1,014.09)	10,598.81	-	-	-	-	10,728.72	-	10,728.72
Total capital contribution and withdrawal by equity owners		1,144.00	(1,014.09)	10,598.81	-	-	-	-	10,728.72	-	10,728.72
Profit distribution											
Profit distribution to shareholders	4 (38)	-	-	-	-	-	-	(209,017,781.70)	(209,017,781.70)	-	(209,017,781.70)
Total profit distribution		-	-	-	-	-	-	(209,017,781.70)	(209,017,781.70)	-	(209,017,781.70)
Appropriation and use of safety production expenses	4 (35)										
Appropriation to special reserves		-	-	-	-	22,890,705.81	-	-	22,890,705.81	1,153,827.69	24,044,533.50
Use of special reserves		-	-	-	-	(11,037,630.97)	-	-	(11,037,630.97)	(578,060.07)	(11,615,691.04)
Balance at 30 June 2024 (Unaudited)		1,393,451,878.00	217,558,188.92	2,412,518,063.73	2,079,875.32	28,520,142.37	340,338,359.75	3,518,845,248.33	7,913,311,756.42	487,800,529.98	8,401,112,286.40

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge of accounting:

Zhao Linbin
Head of accounting department:

X. FINANCIAL REPORT (CONTINUED)

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at 1 January 2023 (Audited)		1,393,447,763.00	217,561,876.52	2,459,571,200.78	239,285,522.16	1,315,858,335.32	5,625,724,697.78
Movements for the six months ended 30 June 2023							
Total comprehensive income							
Net profit		-	-	-	-	1,111,648,720.07	1,111,648,720.07
Capital contribution and withdrawal by shareholders							
Conversion of convertible corporate bonds to share capital and capital surplus	4 (28)	2,041.00	(1,843.80)	18,592.01	-	-	18,789.21
Total capital contribution and withdrawal by equity owners		2,041.00	(1,843.80)	18,592.01	-	-	18,789.21
Profit distribution							
Profit distribution to shareholders	4 (38)	-	-	-	-	(167,214,013.20)	(167,214,013.20)
Total profit distribution		-	-	-	-	(167,214,013.20)	(167,214,013.20)
Balance at 30 June 2023 (Unaudited)		1,393,449,804.00	217,560,032.72	2,459,589,792.79	239,285,522.16	2,260,293,042.19	6,570,178,193.86

X. FINANCIAL REPORT (CONTINUED)

Item	Note	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at 1 January 2024 (Audited)		1,393,450,734.00	217,559,203.01	2,459,598,292.89	340,338,359.75	2,058,119,860.42	6,469,066,450.07
Movements for the six months ended 30 June 2024							
Total comprehensive income							
Net losses		-	-	-	-	(59,018,018.49)	(59,018,018.49)
Capital contribution and withdrawal by shareholders							
Conversion of convertible corporate bonds to share capital and capital surplus	4 (28)	1,144.00	(1,014.09)	10,598.81	-	-	10,728.72
Total capital contribution and withdrawal by equity owners		1,144.00	(1,014.09)	10,598.81	-	-	10,728.72
Profit distribution							
Profit distribution to shareholders	4 (38)	-	-	-	-	(209,017,781.70)	(209,017,781.70)
Total profit distribution		-	-	-	-	(209,017,781.70)	(209,017,781.70)
Balance at 30 June 2024 (Unaudited)		1,393,451,878.00	217,558,188.92	2,459,608,891.70	340,338,359.75	1,790,084,060.23	6,201,041,378.60

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

Qiao Dewei

Legal representative:

Yi Zhiyong

Principal in charge of accounting:

Zhao Linbin

Head of accounting department:

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

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

On 19 June 2014, the Company was listed on the Stock Exchange of Hong Kong Limited (“SEHK”). On 29 June 2014, the underwriter of the Company of the public offering project on the SEHK exercised all of the over-allotment options stated in the Company’s prospectus dated 9 June 2014. Upon the public offering, the share capital of the Company amounted to RMB1,045,000,000.00 comprising a total of 1,045,000,000.00 shares.

As approved by the Approval in Relation to the Initial Public Offering of Dynagreen Environmental Protection Group Co., Ltd. (Zheng Jian Xu Ke [2018] No. 746) issued by the China Securities Regulatory Commission (the “CSRC”), the Company issued not more than 116,200,000 ordinary shares (A shares) under the non-public offering on the Shanghai Stock Exchange on 23 April 2018. Under the offering, the actual size of the public offering was 116,200,000.00 RMB ordinary shares with a par value of RMB1.00 per share, increasing the share capital by RMB116,200,000.00. Upon the public offering of A shares, the share capital of the Company amounted to RMB1,161,200,000.00 comprising a total of 1,161,200,000.00 shares.

Approved by the Approval on the Non-Public Issuance of Shares of Dynagreen Environmental Protection Group Co., Ltd. (Zheng Jiang Xu Ke [2020] No. 2493) on 9 October 2020, the Company issued no more than 232,240,000 shares under non-public issuance of A shares. According to the issuance result, the actual non-public issuance of 232,240,000.00 RMB ordinary shares with a par value of RMB1.00 each to six specific targets will increase the share capital by RMB232,240,000.00. After this non-public issuance of A shares, the Company’s share capital is RMB1,393,440,000.00, and the total number of shares is 1,393,440,000.00.

On 25 February 2022, the Company publicly issued convertible corporate debentures (“convertible debentures”) totalling RMB2.36 billion under the Regulatory Permission [2022] No. 132 as issued by the CSRC. The convertible debentures have a term of six years. Holders of the convertible debentures can exercise the right to convert the convertible debentures into stocks of the Company at the current conversion price during the period from the first trading day after six months following the end of the issuance of convertible debentures to the maturity date (hereinafter “the conversion period”). As of 30 June 2024, as the holders of convertible debentures exercised the conversion rights, the share capital of the Company increased to RMB1,393,451,878.00 and the total number of shares was 1,393,451,878.00.

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

Subsidiaries included in the scope of consolidation for the period are listed in Note 5. There is no other change in the scope of consolidation of the Group this year.

These financial statements were authorised for issue by the Company’s Board of Directors on 29 August 2024.

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

Details of the Group’s critical judgements, critical accounting estimates and key assumptions used in determining significant accounting policies are set forth in Note 2(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. The interim financial statements shall be read in conjunction with the 2023 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 2023 financial statements of the Group.

In addition, the interim financial statements include the relevant disclosures required by the Listing Rules of the Hong Kong Stock Exchange.

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

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

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

(3) Accounting year

The accounting year is from 1 January to 31 December.

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(4) Recording currency

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

(5) Business combinations

(a) Business combinations involving entities under common control

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

(b) Business combinations involving enterprises not under common control

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(6) Preparation of consolidated financial statements

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

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

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

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

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

(7) Cash and cash equivalents

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

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

(9) Financial instruments

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

(a) Financial assets

(i) *Classification and measurement*

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

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(i) *Classification and measurement (Continued)*

Debt instruments

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

Measured at amortised cost:

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

Measured at fair value through other comprehensive income:

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) *Impairment*

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment (Continued)

The credit risk characteristics of various types of financial assets whose expected credit losses are calculated on an individual basis are significantly different from those of other financial assets in this class. In case the ECL of an individually assessed financial asset cannot be evaluated with reasonable cost, the Group classifies the receivables into certain groups on the basis of shared risk characteristics, and calculates the ECL for each group respectively. Basis for determining groups and method for provision are as follows:

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) *Derecognition*

A financial asset is derecognised when: (1) the contractual rights to the cash flows from the financial asset expire, (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, or (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.

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

(b) Financial liabilities

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

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

Convertible corporate debentures

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

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(b) Financial liabilities (Continued)

Other financial liabilities

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

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

(c) Equity instruments

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

(10) Inventories

(a) Classification

Inventories mainly include raw materials and spare parts required for waste treatment. etc., and are measured at the lower of cost and net realisable value.

(b) Measurement method of cost of inventories

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

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

Provision for decline in the value of inventories is determined at the excess amount of the carrying amount of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. For inventories produced and sold in the same region and with the same or similar end use, the Group makes a consolidated provision for decline in the value of inventories.

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Long-term equity investments

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

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

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

(a) Determination of investment cost

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

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

(b) Subsequent measurement and recognition of profit or loss

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

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Long-term equity investments (Continued)

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

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

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

(d) Impairment of long-term equity investments

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(12) Fixed assets

(a) Recognition and initial measurement of fixed assets

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

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

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

(b) Depreciation of fixed assets

Except the subsidiary of the Group, Lvyi (Huludao) Environmental Services Limited (defined as "Huludao Hazardous Waste Company", whose fixed asset is depreciated using the unit-of-production method, and fixed assets purchased with safety production expenses (Note 2(25)), other fixed assets of the Group are depreciated using the straight-line method to allocate the cost of the assets to their estimated net residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(12) Fixed assets (Continued)

(d) Disposals of fixed assets

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

(13) Borrowing costs

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(14) Intangible assets

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

(a) Land use rights

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

(b) Software

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

(c) Concession rights

(i) *Concession rights of PPP projects*

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

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

(ii) *Others*

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(14) Intangible assets (Continued)

(d) Periodical review of useful life and amortisation method

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

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

(e) Research and development

The Group's research and development expenses mainly include the compensation of employees of the Group's research and development department, depreciation and amortization of assets such as equipment and software used in research and development, water, electricity and property expenses of the research and development department, travel expenses of research and development personnel and related intermediary service fees, etc.

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

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

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

(f) Impairment of intangible assets

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

2 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 year and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

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

(16) Impairment of long-term assets

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(17) Employee benefits

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

(a) Short-term employee benefits

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

(b) Post-employment benefits

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

Basic pensions

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

(c) Termination benefits

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

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

(18) Profit distributions

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(19) Provisions

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

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

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

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

(20) Revenue

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

(a) Revenue from construction services

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

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(20) Revenue (Continued)

(a) Revenue from construction services (Continued)

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

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

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

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

(b) Electricity tariff

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

(c) Waste treatment fees

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(21) Government grants

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(22) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for a temporary difference arising from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss), and in which the initially recognised assets and liabilities do not result in equal amounts of taxable temporary differences and deductible temporary differences. At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

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

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

Deferred tax assets and deferred tax liabilities are offset when:

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(23) Leases

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

The Group as the lessee

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

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

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

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

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

For the rent concessions on the existing lease contract that meet conditions, the Group applies the practical expedient and records the undiscounted concessions in profit or loss for the current period when the agreement is reached to discharge the original payment obligation with corresponding adjustment of lease liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(24) Segment information

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

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

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

(25) Safety production expenses

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

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(26) Critical accounting estimates and judgements

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

(a) Critical accounting estimates and key assumptions

(i) *Measurement of ECL*

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(26) Critical accounting estimates and judgements (Continued)

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

(iii) *Income taxes and deferred income taxes*

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

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

3 TAXATION

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

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

(a) EIT preferential benefits and approvals

- (i) Pursuant to the provisions including the Circular on Enterprise Income Tax Policy Concerning Deductions for Equipment and Appliances (Cai Shui [2023] No. 37) issued by the Ministry of Finance and the State Taxation Administration, during the period from 1 January 2024 to 31 December 2027, the cost of newly purchased equipment with the original cost less than RMB5 million can be fully deducted against taxable profit in the next month after the asset is put into use, instead of being depreciated annually for tax filing.

3 TAXATION (Continued)

(a) EIT preferential benefits and approvals (Continued)

- (ii) Subsidiaries of the Company, Tianjin Dynagreen Renewable Energy Co., Ltd. (“Jizhou Company”), Anshun Dynagreen Renewable Energy Co., Ltd. (“Anshun Company”), 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”), Zhangqiu Dynagreen Renewable Energy Co., Ltd. (“Zhangqiu Company”), Bobai Dynagreen Renewable Energy Co., Ltd. (“Bobai Company”), Yichun Dynagreen Renewable Energy Co., Ltd. (“Yichun Company”), Hong’an Dynagreen Renewable Energy Co., Ltd. (“Hong’an Company”), Huizhou Dynagreen Renewable Energy Co., Ltd. (“Huizhou Phase II Company”), Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd. (“Haining Expansion Company”), Pingyang Dynagreen Environmental Energy Co., Ltd. (“Pingyang Phase II Company”), Wenzhou Dynagreen Environmental Energy Co., Ltd. (“Yongjia Phase II Company”), Guizhou Jinsha Green Energy Co., Ltd. (“Jinsha Company”), Dengfeng Dynagreen Renewable Energy Co., Ltd. (“Dengfeng Company”), Fengcheng Dynagreen Environmental Protection Co., Ltd. (“Fengcheng Company”), Laizhou Haikang Environmental Protection Energy Co., Ltd. (“Laizhou Company”), Shishou Dynagreen Renewable Energy Co., Ltd. (“Shishou Company”), Enshi Green Power Renewable Energy Co., Ltd. (“Enshi Company”), Shantou Dynagreen Environmental Services Co., Ltd. (“Shantou Sludge Company”), Huludao Hazardous Waste Company, Huizhou Dynagreen Environmental Services Co., Ltd. (“Huizhou Three-in-One Company”), Wuhan Dynagreen Renewable Energy Co., Ltd. (“Wuhan Company”), Huludao Dynagreen Environment Co., Ltd. (“Huludao Power Generation Company”), Shuozhou Dynagreen Nanshan Environmental Energy Co., Ltd. (“Shuozhou Company”), Jinan Dynagreen Environmental Co., Ltd. (“Zhangqiu Phase II Company”) and Baise Dynagreen Environmental Protection Co., Ltd. (“Jingxi Company”) were qualified for the earnings from environmental protection, water and energy conservation as stipulated under the Enterprise Income Tax Law, and were eligible for a tax exemption for the first year to the third year, and a 50% reduction in EIT for the fourth year to the sixth year starting from the year in which the entities first generate revenue (the “3+3 tax holiday”). The details are as follows:
- The phase I project of Shantou Company, the phase I project of Zhaoqing Company, Zhangqiu Company and Bobai Company completed the “EIT preferential benefits and approvals” in 2019 and were entitled to the 3+3 tax holiday from 2019 to 2024;
 - The phase II project of Anshun Company, Yichun Company, Hong’an Company, Huizhou Phase II Company, Haining Expansion Company, the phase II project of Jizhou Company, Fengcheng Company and the phase II project of Shantou Company were entitled to the 3+3 tax holiday from 2020 to 2025;
 - Pingyang Phase II Company, Yongjia Phase II Company, Shishou Company, Shantou Sludge Company, waste incineration project of Jinsha Company, Dengfeng Company, the phase II project of Jiamusi Company and the phase II project of Zhaoqing Company were entitled to the 3+3 tax holiday from 2021 to 2026.
 - Huludao Hazardous Waste Company, Huizhou Three-in-One Company, Laizhou Company and Enshi Company were entitled to the 3+3 tax holiday from 2022 to 2027.

3 TAXATION (Continued)

(a) EIT preferential benefits and approvals (Continued)

(ii) (Continued)

- The phase II project of Wuhan Company, Huludao Power Generation Company, Shuozhou Company and Zhangqiu Phase II Company completed the “EIT preferential benefits and approvals” in 2023 and were entitled to the 3+3 tax holiday from 2023 to 2028;
- Jingxi Company completed the “EIT preferential benefits and approvals” in 2024 and were entitled to the 3+3 tax holiday from 2024 to 2029;

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

- (iii) The phase I project of Anshun Company, Guangyuan Boneng Renewable Energy Co., Ltd. (“Guangyuan Company”), phase II project of Anshun Company and Bobai Company belong to encouraged industry established in the Western region and are thus subject to enterprise income tax at a preferential tax rate of 15%;
- (iv) Pursuant to the Announcement on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (MoF STA Announcement [2023] No. 6) jointly issued by the Ministry of Finance and the State Taxation Administration, the proportion of taxable income up to RMB1 million of a small and low-profit enterprise is entitled to a preferential tax treatment of 25% exemption of taxable income and application of EIT rate as 20%. The execution period of the announcement is from 1 January 2023 to 31 December 2024. Pursuant to the Announcement on the Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (MoF STA Announcement [2022] No. 13) jointly issued by the Ministry of Finance and the State Taxation Administration, the proportion of taxable income exceeding RMB1 million but less than RMB3 million of a small and low-profit enterprise is entitled to a preferential tax treatment of 25% exemption of taxable income and application of EIT rate as 20%. The execution period of the announcement is from 1 January 2022 to 31 December 2024.

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

3 TAXATION (Continued)

(a) EIT preferential benefits and approvals (Continued)

- (v) According to the Notice on the Matters in relation to Implementation of the Catalogue of Enterprise Income Tax Preferences for Special Purpose Equipment for Environmental Protection, the Catalogue of Enterprise Income Tax Preferences for Special Purpose Equipment for Energy and Water Conservation and the Catalogue of Enterprise Income Tax Preferences for Special Purpose Equipment for Safety Production (Cai Shui [2008] No. 48) issued by the Ministry of Finance and the State Administration of Taxation, enterprises purchasing and actually using special equipment for environmental protection, energy saving, water saving and safe production included in the catalogues since 1 January 2008 can deduct 10% of the investment in special equipment for the current year's corporate income tax payable; if an enterprise's tax payable in the current year is insufficient for the credit, it can be carried forward to subsequent years, but the carry-forward period shall not exceed 5 tax years.
- (vi) An income tax rate of 16.5% as stipulated by the Hong Kong tax laws was applicable to Dynagreen Investment Holding Company Limited ("Hong Kong Dynagreen"), a company incorporated in Hong Kong.

(b) VAT preferential benefits and approvals

According to the Notice on Publishing the VAT Catalogue for Products Generated from Comprehensive Utilisation of Resources and Services (Cai Shui [2015] No. 78) issued by the Ministry of Finance and the State Taxation Administration, 70% refund of VAT in respect of the waste treatment services and 100% refund of VAT in respect of the sale of power or heat produced from waste or methane from waste fermentation.

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

Qingdao Dynagreen Renewable Energy Co., Ltd. ("Qingdao Company"), the Company's subsidiary, is a small – scale VAT taxpayer and its applicable tax rate is 1%.

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	30 June 2024	31 December 2023
Cash on hand	2,680.00	665.00
Cash at bank	1,017,247,490.59	1,032,534,291.93
Other cash balances (i)	2,039,180.00	2,039,180.00
	1,019,289,350.59	1,034,574,136.93
Including: Amounts deposited abroad	12,018,449.60	12,010,895.96

- (i) As at 30 June 2024, other cash balances of RMB2,039,180.00 represented deposits of the Group for the purpose of applying for unconditional, irrevocable bank letters of guarantee with restricted use (31 December 2023: RMB2,039,180.00).

(2) Accounts receivables

	30 June 2024	31 December 2023
Receivables from waste treatment fee	1,151,388,525.16	914,100,345.39
Receivables from national renewable energy subsidies	962,155,480.84	807,066,463.27
Receivables from electricity sales	349,807,961.01	312,736,392.53
	2,463,351,967.01	2,033,903,201.19
Less: Provision for bad debts	(74,486,104.39)	(60,482,294.30)
	2,388,865,862.62	1,973,420,906.89

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) Accounts receivables (Continued)

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

	30 June 2024	31 December 2023
Within 1 year	1,470,084,112.69	1,221,997,125.64
1 to 2 years	565,610,652.82	411,540,110.55
2 to 3 years	320,503,223.72	339,136,676.06
3 to 4 years	82,176,979.28	47,825,127.77
4 to 5 years	17,103,948.82	8,914,351.50
Over 5 years	7,873,049.68	4,489,809.67
	2,463,351,967.01	2,033,903,201.19

(b) As at 30 June 2024, the five largest accounts receivables aggregated by debtors were summarised and analysed as follows:

	Balance of accounts receivables	Balance of contract assets	Provision for bad debts	% of total balance of accounts receivables and contract assets
Urban Management Committee of Tongzhou District, Beijing (北京市 通州區城市管理委員會)	70,239,685.86	1,042,763,067.35	(1,291,631.93)	11.99%
Chaoyang District City Management and Comprehensive Law Enforcement Bureau of Shantou City (汕頭市潮陽區城市管理和綜合 執法局)	211,883,333.66	366,813,747.55	(2,567,239.24)	6.23%
Environmental Health Care Center of Zhangqiu District, Ji'nan City (濟南 市章丘區環境衛生管護中心)	66,559,705.62	438,754,031.40	(898,152.56)	5.44%
Comprehensive Law Enforcement Bureau of Haining City (海寧市綜合 行政執法局)	5,563,333.35	431,865,407.66	(523,220.68)	4.71%
Comprehensive Law Enforcement Bureau of Pingyang County (平陽 縣綜合行政執法局)	27,905,849.91	311,696,210.44	(600,448.75)	3.66%
	382,151,908.40	2,591,892,464.40	(5,880,693.16)	32.04%

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) Accounts receivables (Continued)

(c) Provision for bad debts

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

The provision for bad debts for accounts receivables is analysed by category as follows:

	30 June 2024				31 December 2023			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total amount	Amount	% of total amount	Amount	% of total amount	Amount	% of total amount
Provision for bad debts on an individual basis (i)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Provision for bad debts on a collective basis (ii)	2,463,351,967.01	100.00%	(74,486,104.39)	3.02%	2,033,903,201.19	100.00%	(60,482,294.30)	2.97%
	2,463,351,967.01	100.00%	(74,486,104.39)	3.02%	2,033,903,201.19	100.00%	(60,482,294.30)	2.97%

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

As at 30 June 2024, there were no accounts receivables for which the related provision for bad debts was provided on the individual basis (31 December 2023: nil).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) Accounts receivables (Continued)

(c) Provision for bad debts (Continued)

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

	30 June 2024		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Receivables from renewable energy subsidies and tariff	1,311,963,441.85	2.57%	(33,681,231.69)
Receivables from waste treatment fee	1,151,388,525.16	3.54%	(40,804,872.70)
	2,463,351,967.01		(74,486,104.39)

	31 December 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Receivables from renewable energy subsidies and tariff	1,119,802,855.80	2.67%	(29,948,579.87)
Receivables from waste treatment fee	914,100,345.39	3.34%	(30,533,714.43)
	2,033,903,201.19		(60,482,294.30)

- (iii) For the six months ended 30 June 2024, the Group's provision for bad debts amounted to RMB36,072,614.68 (for the six months ended 30 June 2023: RMB12,607,386.83); the provision for bad debts reversed by the Group amounted to RMB22,068,804.59 (for the six months ended 30 June 2023: nil). For details of the provision for bad debts, please refer to Note 4(19).

- (iv) For the six months ended 30 June 2024 and the six months ended 30 June 2023, the Group had no accounts receivable written off.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) Accounts receivables (Continued)

- (d) As at 30 June 2024, the Group's accounts receivables with a carrying amount of RMB1,723,763,980.12 (31 December 2023: RMB1,319,752,710.62) are restricted by the Group's pledge of the collection rights of concession rights (including rights to charge for electricity or waste treatment) under relevant PPP project contracts for bank borrowings (Note 4(27)(a)).

(3) Receivables financing

	30 June 2024	31 December 2023
Bank acceptance notes	2,461,841.00	3,122,144.00

As the credit risk of bank acceptance notes of higher credit rating is low and the Group's management model for such notes is aimed at both collecting contract cash flows and selling them, the Group classifies them as financial assets at fair value through other comprehensive income and accounts for them in financing item under receivables financing. For the six months ended 30 June 2024, the Group received such bank acceptance notes of RMB7,724,412.27 and the endorsed or matured bank acceptance notes amounted to RMB8,384,715.27.

(4) Advances to suppliers

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

	30 June 2024		31 December 2023	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	32,256,085.12	100.00%	32,717,974.08	100.00%

- (b) As at 30 June 2024, the five largest advances to suppliers aggregated by debtors were analysed as follows:

	Amount	% of total amount
Total balances of advances to the top five debtors	8,849,166.17	27.43%

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables

	30 June 2024	31 December 2023
Receivable current accounts of former shareholders (Note 4 (5)(b) (i))	12,961,261.85	12,961,261.85
Compensation receivable for assets (Note 4 (5)(e))	12,550,215.00	23,399,118.20
VAT refunds receivable	9,241,019.09	4,136,220.69
Others	20,948,815.19	21,127,192.33
	55,701,311.13	61,623,793.07
Less: Provision for bad debts	(22,547,985.99)	(22,241,155.34)
	33,153,325.14	39,382,637.73

The Group has no accounts aggregated to others due to centralized management of funds and presented as other accounts receivables.

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

	30 June 2024	31 December 2023
Within 1 year	15,374,378.92	10,956,672.18
1 to 2 years	1,258,184.81	12,669,145.53
2 to 3 years	5,050,677.53	4,133,631.61
Over 3 years	34,018,069.87	33,864,343.75
	55,701,311.13	61,623,793.07

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

(b) Loss provision and changes in book balance

The provision for bad debts for other receivables is analysed by category as follows:

	30 June 2024				31 December 2023			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total amount	Amount	Provision ratio	Amount	% of total amount	Amount	Provision ratio
Provision for bad debts on an individual basis (i)	19,505,641.21	35.02%	(19,505,641.21)	100.00%	18,750,678.21	30.43%	(18,750,678.21)	100.00%
Provision for bad debts on a collective basis (ii)	36,195,669.92	64.98%	(3,042,344.78)	8.41%	42,873,114.86	69.57%	(3,490,477.13)	8.14%
	55,701,311.13	100.00%	(22,547,985.99)	40.48%	61,623,793.07	100.00%	(22,241,155.34)	36.09%

	Stage 1		Stage 3		Total	
	12-month ECL		Lifetime ECL (individual) (Credit impaired)			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts
31 December 2023	42,873,114.86	(3,490,477.13)	18,750,678.21	(18,750,678.21)	61,623,793.07	(22,241,155.34)
Increase in the current period	6,220,247.58	(337,733.83)	–	–	6,220,247.58	(337,733.83)
Decrease in the current period	(12,142,729.52)	30,903.18	–	–	(12,142,729.52)	30,903.18
Transfer to the third stage	(754,963.00)	754,963.00	754,963.00	(754,963.00)	–	–
30 June 2024	36,195,669.92	(3,042,344.78)	19,505,641.21	(19,505,641.21)	55,701,311.13	(22,547,985.99)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

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

- (i) As at 30 June 2024, other receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

Stage 3	Book balance	Lifetime ECL rates	Provision for bad debts	Reason
Receivable current accounts of former shareholders	12,961,261.85	100.00%	(12,961,261.85)	Had long ageing and risk on collection
Others	6,544,379.36	100.00%	(6,544,379.36)	Had long ageing and risk on collection
	19,505,641.21		(19,505,641.21)	

As at 31 December 2023, other receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

Stage 3	Book balance	Lifetime ECL rates	Provision for bad debts	Reason
Receivable current accounts of former shareholders	12,961,261.85	100.00%	(12,961,261.85)	Had long ageing and risk on collection
Others	5,789,416.36	100.00%	(5,789,416.36)	Had long ageing and risk on collection
	18,750,678.21		(18,750,678.21)	

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

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

- (ii) As 30 June 2024 and 31 December 2023, other receivables for which the related provision for bad debts was provided on a collective basis are analysed as follows:

Stage 1	Book balance	30 June 2024		Book balance	31 December 2023	
	Amount	Amount	Provision ratio	Amount	Amount	Provision ratio
VAT refunds receivable and other tax refunds receivable	9,241,019.09	–	0.00%	4,136,220.69	–	0.00%
Others	26,954,650.83	(3,042,344.78)	11.29%	38,736,894.17	(3,490,477.13)	9.01%
	36,195,669.92	(3,042,344.78)		42,873,114.86	(3,490,477.13)	

- (c) For the six months ended 30 June 2024, the Group's provision for bad debts amounted to RMB337,733.83 (for the six months ended 30 June 2023: RMB355,011.32), of which RMB30,903.18 (for the six months ended 30 June 2023: nil) was collected or reversed. Changes in provision for bad debts are set out in Note 4(19).
- (d) For the six months ended 30 June 2024 and the six months ended 30 June 2023, no other receivables were written off.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

(e) As at 30 June 2024, the five largest other receivables aggregated by debtors were analysed as follows:

	Nature	Balance	Ageing	% of total balance	Provision for bad debts
Huludao City Land Reserve Center	Compensation receivable for assets	12,550,215.00	Over 3 years	22.53%	(1,255,021.50)
Shenzhen Hanyang Holdings Company	Receivable current accounts of former shareholders	6,988,073.50	Over 3 years	12.55%	(6,988,073.50)
Dynagreen Environment Investment Limited	Receivable current accounts of former shareholders	5,160,600.00	Over 3 years	9.26%	(5,160,600.00)
Guizhou Xijie Environmental Health Management Co., Ltd. (貴州西潔環境衛生管理有限公司)	Receivable advance payments made for others	2,668,488.18	Over 3 years	4.79%	(2,668,488.18)
Third Tax Branch of Taizhou State Taxation Bureau (泰州市國家稅務局第三稅務分局)	VAT refunds receivable and other tax refunds receivable	2,302,416.41	Within 1 year	4.13%	–
		29,669,793.09		53.27%	(16,072,183.18)

(6) Inventories

(a) Inventories are summarised by categories as follows:

	Book balance	30 June 2024 Provision for decline in the value of inventories	Carrying amount	Book balance	31 December 2023 Provision for decline in the value of inventories	Carrying amount
Raw materials and others	54,641,213.98	–	54,641,213.98	62,734,783.04	–	62,734,783.04

As at 30 June 2024 and 31 December 2023, the Group's balance of inventories neither included capitalised borrowing costs nor was pledged as security.

As at 30 June 2024 and 31 December 2023, there was no impairment of the Group's inventories and no provision for decline in the value was required.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Contract assets

	30 June 2024	31 December 2023
PPP project construction services	6,611,234,473.12	6,657,460,191.77
Contract assets generated by electricity sales contract (i)	207,949,707.90	260,662,319.31
Less: Provision for impairment of contract assets	6,819,184,181.02 (54,491,501.06)	6,918,122,511.08 (54,920,994.63)
Less: Contract assets included in other non-current assets (Note 4 (18))	6,764,692,679.96 (6,403,650,309.78)	6,863,201,516.45 (6,456,232,426.80)
	361,042,370.18	406,969,089.65

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Contract assets (Continued)

- (ii) For contract assets, the Group recognises the lifetime ECL regardless of whether there exists a significant financing component. As at 30 June 2024 and 31 December 2023, the Group's contract assets were not overdue, and the provision for impairment was made on a collective basis.

As at 30 June 2024, contract assets for which the provision for bad debts was provided on the collective basis were analysed as follows:

	Book balance	Lifetime ECL rates	Provision for impairment
PPP project construction services	6,611,234,473.12	0.80%	(52,986,251.51)
Contract assets generated by electricity sales contract	207,949,707.90	0.72%	(1,505,249.55)
	6,819,184,181.02		(54,491,501.06)

As at 31 December 2023, contract assets for which the provision for bad debts was provided on the collective basis were analysed as follows:

	Book balance	Lifetime ECL rates	Provision for impairment
PPP project construction services	6,657,460,191.77	0.80%	(53,034,155.84)
Contract assets generated by electricity sales contract	260,662,319.31	0.72%	(1,886,838.79)
	6,918,122,511.08		(54,920,994.63)

Changes in provision for impairment of contract assets are set out in Note 4(19).

- (iii) As at 30 June 2024, the Group's contract assets with a carrying amount of RMB291,976,946.71 (31 December 2023: RMB341,067,032.77) were restricted by the Group's pledge of the collection rights of concession rights (including rights to charge for electricity or processing of waste) under relevant PPP project contracts for bank borrowings (Note 4(27)(a)).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Current portion of non-current assets

	30 June 2024	31 December 2023
Receivables from BT projects (Note 4 (9))	73,359,064.98	73,359,064.98
Less: Provision for impairment	(19,850,216.64)	(19,850,216.64)
	53,508,848.34	53,508,848.34

(9) Long-term receivables

	30 June 2024		
	Book balance	Provision for bad debts	Carrying amount
Receivables from BT projects (i)	73,359,064.98	(19,850,216.64)	53,508,848.34
Performance bond (ii)	36,000,000.00	(107,065.90)	35,892,934.10
	109,359,064.98	(19,957,282.54)	89,401,782.44
Less: Due within one year (Note 4 (8))	73,359,064.98	(19,850,216.64)	53,508,848.34
	36,000,000.00	(107,065.90)	35,892,934.10

	31 December 2023		
	Book balance	Provision for bad debts	Carrying amount
Receivables from BT projects (i)	73,359,064.98	(19,850,216.64)	53,508,848.34
Performance bond (ii)	36,000,000.00	(107,065.90)	35,892,934.10
	109,359,064.98	(19,957,282.54)	89,401,782.44
Less: Due within one year (Note 4 (8))	73,359,064.98	(19,850,216.64)	53,508,848.34
	36,000,000.00	(107,065.90)	35,892,934.10

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

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Long-term receivables (Continued)

	30 June 2024				31 December 2023			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total amount	Amount	Provision ratio	Amount	% of total amount	Amount	Provision ratio
Provision for bad debts on an individual basis	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Provision for bad debts on a collective basis (a)	109,359,064.98	100.00%	(19,957,282.54)	18.25%	109,359,064.98	100.00%	(19,957,282.54)	18.25%
	109,359,064.98	100.00%	(19,957,282.54)	18.25%	109,359,064.98	100.00%	(19,957,282.54)	18.25%

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

	30 June 2024		
	Book balance Amount	Provision for bad debts ECL rate	Amount
Receivables from BT projects	73,359,064.98	27.06%	(19,850,216.64)
Performance bond	36,000,000.00	0.30%	(107,065.90)
	109,359,064.98		(19,957,282.54)

	31 December 2023		
	Book balance Amount	Provision for bad debts ECL rate	Amount
Receivables from BT projects	73,359,064.98	27.06%	(19,850,216.64)
Performance bond	36,000,000.00	0.30%	(107,065.90)
	109,359,064.98		(19,957,282.54)

Changes in provision for bad debts of long-term receivables are set out in Note 4(19).

As at 30 June 2024 and 31 December 2023, the Group had no long-term receivables with restricted ownership.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) Other current assets

	30 June 2024	31 December 2023
Input VAT to be deducted and others	223,752,008.67	257,143,592.87

(11) Fixed assets

	Buildings	Machinery and equipment	Motor vehicles	Others	Total
Cost					
31 December 2023	231,624,878.49	104,813,866.42	32,729,125.53	45,255,651.43	414,423,521.87
Increase in the current period	–	477,676.41	298,094.69	354,450.34	1,130,221.44
Decrease in the current period	–	–	(5,400.00)	(308,947.33)	(314,347.33)
30 June 2024	231,624,878.49	105,291,542.83	33,021,820.22	45,301,154.44	415,239,395.98
Accumulated depreciation					
31 December 2023	15,228,722.58	21,252,276.20	19,317,796.61	29,700,153.63	85,498,949.02
Increase in the current period	1,995,572.41	3,550,053.81	1,807,201.91	2,429,282.57	9,782,110.70
Decrease in the current period	–	–	(5,130.00)	(283,655.68)	(288,785.68)
30 June 2024	17,224,294.99	24,802,330.01	21,119,868.52	31,845,780.52	94,992,274.04
Carrying amount					
30 June 2024	214,400,583.50	80,489,212.82	11,901,951.70	13,455,373.92	320,247,121.94
31 December 2023	216,396,155.91	83,561,590.22	13,411,328.92	15,555,497.80	328,924,572.85

For the six months ended 30 June 2024, depreciation charged to fixed assets amounted to RMB9,782,110.70 (for the six months ended 30 June 2023: RMB10,338,908.16), of which the depreciation expenses charged to the cost of sale, general and administrative expenses, research and development expenses, sales expenses and capitalized expenses were RMB6,790,629.67, RMB2,954,083.70, RMB3,908.89, RMB3,953.07 and RMB29,535.37 (for the six months ended 30 June 2023: RMB7,225,961.72, RMB2,904,256.99, RMB9,150.66, RMB3,920.82 and RMB195,617.97), respectively.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Fixed assets (Continued)

- (i) As at 30 June 2024, the fixed assets with pending certificates of ownership were as follows:

Buildings	Carrying amount	Reasons for not obtaining certificates of ownership
Huludao Hazardous Waste Company	93,712,298.44	In process (a)
Dongguan Company	13,594,443.89	
	107,306,742.33	

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

(12) Right-of-use assets

	Buildings	Motor vehicles	Others	Total
Cost				
31 December 2023	1,993,096.23	1,517,339.19	1,681,228.25	5,191,663.67
Increase in the current period	6,382,051.84	127,359.51	–	6,509,411.35
Decrease in the current period	(572,060.56)	(137,630.43)	–	(709,690.99)
30 June 2024	7,803,087.51	1,507,068.27	1,681,228.25	10,991,384.03
Accumulated depreciation				
31 December 2023	1,175,051.06	259,557.12	218,789.00	1,653,397.18
Increase in the current period	340,064.61	350,832.04	29,926.86	720,823.51
Decrease in the current period	(572,060.56)	(137,630.43)	–	(709,690.99)
30 June 2024	943,055.11	472,758.73	248,715.86	1,664,529.70
Carrying amount				
30 June 2024	6,860,032.40	1,034,309.54	1,432,512.39	9,326,854.33
31 December 2023	818,045.17	1,257,782.07	1,462,439.25	3,538,266.49

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Intangible assets

	Concession rights	Land use rights	Software	Construction license	Total
Cost					
31 December 2023	13,351,257,238.79	71,446,558.44	4,083,522.38	6,529,123.58	13,433,316,443.19
Increase in the current period	40,116,387.82	–	2,045,516.77	–	42,161,904.59
30 June 2024	13,391,373,626.61	71,446,558.44	6,129,039.15	6,529,123.58	13,475,478,347.78
Accumulated amortisation					
31 December 2023	1,994,774,069.73	7,489,360.81	2,033,493.68	3,396,442.65	2,007,693,366.87
Provision for the period	242,319,502.25	714,465.60	249,293.63	–	243,283,261.48
30 June 2024	2,237,093,571.98	8,203,826.41	2,282,787.31	3,396,442.65	2,250,976,628.35
Provision for impairment					
31 December 2023 and 30 June 2024	306,931,404.23	–	–	3,132,680.93	310,064,085.16
Carrying amount					
30 June 2024	10,847,348,650.40	63,242,732.03	3,846,251.84	–	10,914,437,634.27
31 December 2023	11,049,551,764.83	63,957,197.63	2,050,028.70	–	11,115,558,991.16

For the six months ended 30 June 2024, the amortisation of intangible assets amounted to RMB243,283,261.48 (for the six months ended 30 June 2023: RMB207,960,634.24).

As at 30 June 2024, the Group's intangible assets with a carrying amount of RMB5,104,550,440.42 (31 December 2023: RMB5,228,829,544.18) were restricted by the Group's pledge of the collection rights of concession rights (including rights to charge for electricity or processing of waste) under relevant PPP project contracts for bank borrowings (Note 4(27)(a)).

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Intangible assets (Continued)

(i) Concession rights of waste-to-energy projects

As at 30 June 2024, Laizhou Company had signs of impairment due to suffering from losses, and the Group conducted an impairment test on the concession rights with a carrying amount of approximately RMB236,086,000. The present value of the estimated future cash flows was used to determine the recoverable amount of the concession rights of approximately RMB254,646,400, and no provision for impairment was required.

For waste-to-energy projects, the Group adopted the remaining term of concession rights specified in the relevant concession rights agreements as the term of forecast period.

The key assumptions used by the Group in applying the discounted future cash flow method are as follows:

	Laizhou Company	
	30 June 2024	31 December 2023
Compound income growth rate	1.47%	1.84%
EBIT margin	35.29%	33.30%
Pre-tax discount rate	9.45%	9.90%

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Intangible assets (Continued)

(ii) Concession rights of hazardous waste projects

As at 30 June 2024, the concession rights of the hazardous waste projects of Huludao Hazardous Waste Company, a subsidiary of the Company, were intangible assets with uncertain service life, and the Group conducted an impairment test on it. The Group determined the recoverable amount of the relevant asset group based on the asset group of the business of Huludao Hazardous Waste Company of the concession rights. After comparing the net fair value of the relevant asset group after deducting disposal expenses and the present value of the estimated future cash flows, the present value of the estimated future cash flows was used to determine the recoverable amount of the relevant asset group of approximately RMB388,929,700, which is higher than the carrying value of the relevant asset group of RMB383,827,200. There is no need to make further provision for impairment on the basis of provision for impairment of RMB25,575,600 already made in 2023.

For the hazardous waste project of Huludao Hazardous Waste Company, the Group adopted the remaining term of the land use right specified in the land use right certificate of the projects as the term of forecast period.

The key assumptions used by the Group in applying the discounted future cash flow method are as follows:

	Hazardous waste business	
	30 June 2024	31 December 2023
Compound income growth rate	2.44%	1.82%
EBIT margin	-3.20%-28.58%	-6.81%-29.05%
Pre-tax discount rate	8.36%	9.01%

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Research and development expenditure

The Group's total expenditure for research and development activities for the six months ended 30 June 2024 and the six months ended 30 June 2023 is shown by nature as follows:

	January to June 2024	January to June 2023
Employee benefits	2,073,173.66	2,119,234.98
Travel expenses	170,157.88	188,301.49
Utilities and property fees	113,290.98	31,090.15
Intermediary service fees	100,052.83	51,400.00
Depreciation and amortization	13,122.22	129,325.98
Others	—	2,823.72
	2,469,797.57	2,522,176.32

The Group's research and development expenditures for the six months ended 30 June 2024 and the six months ended 30 June 2023 were fully expensed in current profit or loss.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Goodwill

	30 June 2024	31 December 2023
Goodwill – Huludao Hazardous Waste Company	43,910,821.67	43,910,821.67
Less: Provision for impairment – Huludao Hazardous Waste Company	(43,910,821.67)	(43,910,821.67)
	–	–

On 5 January 2018, the Group acquired 80% of interests in Huludao Hazardous Waste Company at the consideration of RMB90,000,000.00. The consolidated consideration exceeded the difference of RMB43,910,821.67 between the identified asset and liabilities at fair value of Huludao Hazardous Waste Company on a pro rata basis, and was recognised as the goodwill relating to the business of Huludao Hazardous Waste Company. The acquisition did not involve a performance commitment arrangement.

Due to the delay in obtaining individual business qualifications and the underperformance of business, the Group made full provision for impairment of goodwill related to the hazardous waste business of Huludao.

(16) Long-term prepaid expenses

	30 June 2024	31 December 2023
Royalties of emission right and others	5,047,025.50	6,147,345.30

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	30 June 2024		31 December 2023	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Tax losses	83,214,564.72	20,803,641.17	83,214,564.72	20,803,641.17
Deferred income	10,015,117.17	2,503,779.01	10,213,669.11	2,553,417.04
Provision for asset impairment	171,482,874.00	24,529,863.69	157,601,726.81	22,456,284.42
Offsetting of internal unrealised profits	1,023,273,081.53	255,818,270.14	1,022,722,918.95	255,680,729.90
	1,287,985,637.42	303,655,554.01	1,273,752,879.59	301,494,072.53
Including:				
Expected to be recovered within one year (inclusive)		20,198,441.05		21,002,792.54
Expected to be recovered after one year		283,457,112.96		280,491,279.99
		303,655,554.01		301,494,072.53

(b) Deferred tax liabilities before offsetting

	30 June 2024		31 December 2023	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Temporary difference from concession rights and contract assets	1,981,787,257.24	495,446,814.31	1,944,372,203.36	486,093,050.84
PRC withholding tax on dividends	302,318,905.30	30,231,890.53	257,508,521.10	25,750,852.11
Asset evaluation increment from combinations involving enterprises not under common control	192,705,399.52	48,176,349.88	196,360,357.20	49,090,089.30
	2,476,811,562.06	573,855,054.72	2,398,241,081.66	560,933,992.25
Including:				
Expected to be recovered within one year (inclusive)		139,544,065.38		138,316,064.30
Expected to be recovered after one year		434,310,989.34		422,617,927.95
		573,855,054.72		560,933,992.25



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	30 June 2024	31 December 2023
Deductible temporary differences	314,916,735.72	319,216,718.51
Deductible losses	259,658,621.64	212,846,092.75
	574,575,357.36	532,062,811.26

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

	30 June 2024	31 December 2023
2024	7,173,411.16	7,542,776.87
2025	2,083,812.59	2,267,602.70
2026	2,274,502.61	7,998,153.44
2027	42,040,421.40	44,819,669.43
2028	70,862,534.94	79,708,415.77
2029	64,456,851.62	—
Indefinite	70,767,087.32	70,509,474.54
	259,658,621.64	212,846,092.75

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

	30 June 2024		31 December 2023	
	Amount offset	Balance after offsetting	Amount offset	Balance after offsetting
Deferred tax assets	37,140,916.74	266,514,637.27	34,966,154.90	266,527,917.63
Deferred tax liabilities	37,140,916.74	536,714,137.98	34,966,154.90	525,967,837.35

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Other non-current assets

	30 June 2024	31 December 2023
PPP project construction services (Note 4 (7))	6,455,588,699.94	6,508,258,817.36
Input VAT to be deducted	353,924,860.71	409,144,286.17
Prepayments for projects and equipment	35,739,209.33	49,292,170.97
Others	—	1,515,453.32
	6,845,252,769.98	6,968,210,727.82
Less: Provision for impairment of contract assets (Note 4 (7))	(51,938,390.16)	(52,026,390.56)
	6,793,314,379.82	6,916,184,337.26

- (i) As at 30 June 2024, the Group's other non-current assets with a carrying amount of RMB3,990,797,573.58 (31 December 2023: RMB4,007,336,391.53) were restricted by the Group's pledge of the collection rights of concession rights (including rights to charge for electricity or processing of waste) under relevant PPP project contracts for bank borrowings (Note 4(27)(a)).

(19) Provision for asset impairment and losses

	31 December 2023	Increase in the current period	Reversal in the current period	30 June 2024
Provision for bad debts of accounts receivables	60,482,294.30	36,072,614.68	(22,068,804.59)	74,486,104.39
Provision for bad debts of other receivables	22,241,155.34	337,733.83	(30,903.18)	22,547,985.99
Provision for bad debts of long-term receivables	19,957,282.54	—	—	19,957,282.54
Sub-total	102,680,732.18	36,410,348.51	(22,099,707.77)	116,991,372.92
Provision for impairment of contract assets	54,920,994.63	658,477.06	(1,087,970.63)	54,491,501.06
Provision for impairment of intangible assets	310,064,085.16	—	—	310,064,085.16
Provision for impairment of goodwill	43,910,821.67	—	—	43,910,821.67
Sub-total	408,895,901.46	658,477.06	(1,087,970.63)	408,466,407.89
Total	511,576,633.64	37,068,825.57	(23,187,678.40)	525,457,780.81



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Provision for asset impairment and losses (Continued)

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(20) Short-term borrowings

	30 June 2024	31 December 2023
Unsecured borrowings	695,876,970.25	516,440,084.96
Guaranteed borrowings	28,021,777.77	–
	723,898,748.02	516,440,084.96

- (a) As at 30 June 2024, the Group's guaranteed borrowings of RMB28,021,777.77 (31 December 2023: nil) were the bank borrowings from subsidiaries guaranteed by the Company.
- (b) As at 30 June 2024, the Group had no overdue short-term borrowings and the range of interest rate was from 2.50% to 2.90% (31 December 2023: 2.80% to 5.22%).

(21) Accounts payable

	30 June 2024	31 December 2023
Payables for engineering and equipment	792,487,302.79	1,014,132,043.06

As at 30 June 2024 and 31 December 2023, the balance of accounts payable of the Group aged over one year based on their recording dates was RMB232,798,040.79 and RMB345,203,137.56, respectively, which were mainly used as the balance payable for engineering and equipment quality assurance funds, and balances of all remaining accounts payables were aged within 1 year.

(22) Contract liabilities

	30 June 2024	31 December 2023
Waste treatment fees received in advance and others	3,398,170.45	614,204.13

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(23) Employee benefits payable

	30 June 2024	31 December 2023
Short-term employee benefits payable (a)	57,528,504.68	107,810,923.03
Defined contribution plans payable (b)	2,017,813.71	2,025,798.00
Termination benefits payable	34,390.58	47,743.03
	59,580,708.97	109,884,464.06

(a) Short-term employee benefits

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Wages and salaries, bonus, allowances and subsidies	104,200,189.88	172,773,376.88	(222,314,778.64)	54,658,788.12
Staff welfare	486,026.16	12,844,274.21	(13,209,209.02)	121,091.35
Social insurance	307,380.85	13,557,109.62	(13,574,594.45)	289,896.02
Including: Medical insurance	272,535.88	11,974,263.84	(11,993,605.54)	253,194.18
Work injury insurance	18,565.30	1,065,022.12	(1,062,615.83)	20,971.59
Maternity insurance	16,279.67	517,823.66	(518,373.08)	15,730.25
Housing funds	132,379.04	19,930,869.14	(19,936,114.14)	127,134.04
Union running costs and employee education costs	2,683,632.54	4,162,829.33	(4,514,866.72)	2,331,595.15
Other short-term employee benefits	1,314.56	2,075,687.14	(2,077,001.70)	—
	107,810,923.03	225,344,146.32	(275,626,564.67)	57,528,504.68

(b) Defined contribution plans

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Basic pensions	2,011,485.87	25,070,417.76	(25,078,066.19)	2,003,837.44
Unemployment insurance	14,312.13	1,027,981.80	(1,028,317.66)	13,976.27
	2,025,798.00	26,098,399.56	(26,106,383.85)	2,017,813.71

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(24) Taxes payable

	30 June 2024	31 December 2023
Enterprise income tax	35,004,851.29	35,733,249.32
Property tax	12,379,136.09	10,554,288.15
VAT	7,102,832.01	6,055,601.55
Withholding income tax on dividends	5,509,927.55	—
Land use tax	4,975,029.13	4,955,283.52
City maintenance and construction tax	458,188.92	391,618.45
Individual income tax	264,159.30	249,863.24
Others	1,381,942.26	1,267,890.50
	67,076,066.55	59,207,794.73

(25) Other payables

	30 June 2024	31 December 2023
Deposits and guarantees payable	56,254,255.52	49,082,419.52
Management fee payable to Urban Construction Bureau	27,918,252.74	25,548,102.29
Dividends payable to minority shareholders	14,800,000.00	19,600,000.00
Refund of tariff	25,099,370.03	17,443,927.26
Intermediary fees payable	14,150.94	1,759,433.96
Payable for purchase of equity	1,234,620.00	1,234,620.00
Other payables	40,679,578.94	37,682,357.76
	166,000,228.17	152,350,860.79

As at 30 June 2024, other payables with ageing over 1 year amounted to RMB32,805,786.04 (31 December 2023: RMB24,282,211.04), mainly representing deposits and guarantees of suppliers.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(26) Current portion of non-current liabilities

	30 June 2024	31 December 2023
Current portion of long-term borrowings (Note 4 (27))	1,243,969,458.74	2,120,325,657.41
Current portion of debentures payable (Note 4 (28))	4,926,661.96	8,017,177.56
Current portion of lease liabilities (Note 4 (29))	4,078,670.76	1,007,511.54
Current portion of long-term payables (Note 4 (30))	9,497,945.97	9,184,738.63
	1,262,472,737.43	2,138,535,085.14

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

(27) Long-term borrowings

	30 June 2024	31 December 2023
Guaranteed and pledged borrowings (a)	7,757,302,491.68	7,597,792,241.77
Unsecured borrowings	1,241,113,277.77	1,556,099,444.44
	8,998,415,769.45	9,153,891,686.21
Less: Current portion of long-term borrowings (Note 4 (26))		
Guaranteed and pledged borrowings	(972,856,180.97)	(886,226,212.97)
Unsecured borrowings	(271,113,277.77)	(1,234,099,444.44)
	(1,243,969,458.74)	(2,120,325,657.41)
	7,754,446,310.71	7,033,566,028.80

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(27) Long-term borrowings (Continued)

- (a) As at 30 June 2024, pledged borrowings of RMB6,398,423,119.20 (31 December 2023: RMB6,238,755,748.88) represented bank borrowings of the Group. According to the Fixed Assets Loan Contract and the Rights Pledge Contract, the Group is required to pledge the collection rights of concession rights (including the rights to charge for electricity or processing of waste) under relevant PPP contracts to the lenders. As at 30 June 2024, the Group had other non-current assets (Note 4(18)) restricted by the above pledge with a balance of RMB3,990,797,573.58 (31 December 2023: RMB4,007,336,391.53), accounts receivables (Note 4(2)) with a balance of RMB1,723,763,980.12 (31 December 2023: RMB1,319,752,710.62), contract assets (Note 4(7)) with a balance of RMB291,976,946.71 (31 December 2023: RMB341,067,032.77) and intangible assets (Note 4(13)) with a balance of RMB5,104,550,440.42 (31 December 2023: RMB5,228,829,544.18).

As at 30 June 2024, the Group's guaranteed borrowings of RMB1,358,879,372.48 (31 December 2023: RMB1,359,036,492.89) were the bank borrowings from subsidiaries guaranteed by the Company.

- (b) As at 30 June 2024, the Group had no overdue long-term borrowings and the range of interest rate was from 2.85% to 4.30% (31 December 2023: 3.05% to 4.65%).

(28) Debentures payable

	31 December 2023	Interest at par value	Interest amortisation	Conversion during the period	Interests paid during the period	Interest of debentures payable due within 1 year (Note 4 (26))	30 June 2024
Convertible debentures	2,275,489,512.51	6,349,060.40	39,091,111.54	(10,715.10)	(1,422,398.44)	(4,926,661.96)	2,314,569,908.95

Details of the debentures are as follows:

	Par value	Date of issue	Maturity	Amount	Default or not
Convertible debentures	2,360,000,000.00	25 February 2022	6 years	2,360,000,000.00	No

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Debentures payable (Continued)

	Liability component	Equity component Note 4 (34)	Total
Amount of convertible debentures issued	2,141,017,698.42	218,982,301.58	2,360,000,000.00
Direct issuance expenses	(13,820,074.12)	(1,413,510.80)	(15,233,584.92)
Balance as at the date of issue	2,127,197,624.30	217,568,790.78	2,344,766,415.08
Accumulated interest amortization at the beginning of the period	148,389,449.65	–	148,389,449.65
Accumulated conversion amount at the beginning of the period	(97,561.44)	(9,587.77)	(107,149.21)
Balance as at 1 January 2024	2,275,489,512.51	217,559,203.01	2,493,048,715.52
Interest amortization for the period	39,091,111.54	–	39,091,111.54
Conversion amount for the period	(10,715.10)	(1,014.09)	(11,729.19)
Balance as at 30 June 2024	2,314,569,908.95	217,558,188.92	2,532,128,097.87

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Debentures payable (Continued)

- (a) The Company publicly issued convertible debentures totalling RMB2.36 billion on 25 February 2022. The convertible debentures have a term of six years, with a nominal interest rate of 0.20% for the first year, and thereafter it will be gradually increased to 2.00% over the remaining years. Holders of the convertible debentures can exercise the right to convert the convertible debentures into stocks of the Company at the current conversion price during the conversion period. Within five trading days after the expiration of the conversion period, the Company will redeem all the convertible debentures that have not been converted at 109% of the par value of such convertible debentures (including the final instalment of interest).

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

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

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

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

On 19 July 2023, due to the distribution of cash dividends for 2022, the Company adjusted the conversion price to RMB9.60.

On 26 June 2024, due to the distribution of cash dividends for 2023, the Company adjusted the conversion price to RMB9.45.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Debentures payable (Continued)

- (b) In the period, convertible bonds with a total par value of RMB11,000.00 have been converted into shares. As a result, the Group's share capital increased by RMB1,144.00 and the capital reserve increased by RMB10,598.81.

As at 30 June 2024, convertible bonds with a total par value of RMB116,000.00 have been converted into shares. As a result, the Group's share capital increased by RMB11,878.00 and the capital reserve increased by RMB107,158.00.

(29) Lease liabilities

	30 June 2024	31 December 2023
Lease liabilities	9,579,774.23	3,582,802.18
Less: Current portion of non-current liabilities (Note 4 (26))	(4,078,670.76)	(1,007,511.54)
	5,501,103.47	2,575,290.64

(30) Long-term payables

	30 June 2024	31 December 2023
Construction payable for leachate treatment stations	251,515,498.40	256,107,867.65
Less: Current portion of long-term payables (Note 4 (26))	(9,497,945.97)	(9,184,738.63)
	242,017,552.43	246,923,129.02

(31) Provisions

	31 December 2023	Interest amortization	30 June 2024
Decommissioning costs of hazardous waste landfill (i)	13,658,690.52	307,320.54	13,966,011.06

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

(32) Deferred income

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Government grants	173,963,722.30	1,500,000.00	(3,492,152.48)	171,971,569.82

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(32) Deferred income

(a) Government grants

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Government grants related to assets:				
Specific fund for ecological civilisation construction of the Finance Bureau of Hong'an County	27,107,103.53	–	(514,691.88)	26,592,411.65
Infrastructure subsidies for the Anshun WTE project	25,524,530.72	–	(592,588.86)	24,931,941.86
Enshi special financial subsidies	18,150,931.68	–	(355,900.62)	17,795,031.06
Laizhou ecological civilisation subsidies	16,445,783.20	–	(316,265.04)	16,129,518.16
Specific fund for ecological civilisation construction of Shishou	16,155,664.72	–	(298,258.44)	15,857,406.28
Shuo Zhou City Human Settlement Improvement Award Supplementary Fund	13,944,110.43	–	(263,926.38)	13,680,184.05
Subsidies for ecological civilisation construction of Zhangqiu	12,909,521.12	–	(274,670.64)	12,634,850.48
Special fund for pollution control, energy conservation and carbon reduction of Zhangqiu	19,752,322.00	–	(371,517.00)	19,380,805.00
Special fund for ecological civilization construction of Dengfeng	9,820,799.79	–	(200,424.54)	9,620,375.25
Luyi Huludao Special Investment for Beijing-Tianjin-Hebei Coordinated Development	987,500.00	1,500,000.00	(37,500.02)	2,449,999.98
Others	13,165,455.11	–	(266,409.06)	12,899,046.05
	173,963,722.30	1,500,000.00	(3,492,152.48)	171,971,569.82

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(33) Share capital

	31 December 2023	Movements for the current period (Note 4 (28)(b))	30 June 2024
RMB ordinary shares	989,090,942.00	1,144.00	989,092,086.00
Foreign shares listed overseas	404,359,792.00	–	404,359,792.00
	1,393,450,734.00	1,144.00	1,393,451,878.00

	31 December 2022	Movements for the current period (Note 4 (28)(b))	30 June 2023
RMB ordinary shares	989,087,971.00	2,041.00	989,090,012.00
Foreign shares listed overseas	404,359,792.00	–	404,359,792.00
	1,393,447,763.00	2,041.00	1,393,449,804.00

(34) Other equity instruments

	31 December 2023	Conversion of shares in the period	30 June 2024
Convertible debentures (Note 4 (28))	217,559,203.01	(1,014.09)	217,558,188.92

	31 December 2022	Conversion of shares in the period	30 June 2023
Convertible debentures (Note 4 (28))	217,561,876.52	(1,843.80)	217,560,032.72

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(35) Special reserve

	31 December 2023	Appropriation in the current period	Use in the current period	30 June 2024
Safety production expenses	16,667,067.53	22,890,705.81	(11,037,630.97)	28,520,142.37
	31 December 2022	Appropriation in the current period	Use in the current period	30 June 2023
Safety production expenses	1,559,206.97	14,749,758.87	(4,826,928.99)	11,482,036.85

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

(36) Capital surplus

	31 December 2023	Movements for the current period (Note 4 (28)(b))	30 June 2024
Share premium	2,412,236,299.22	10,598.81	2,412,246,898.03
Other capital surplus	271,165.70	–	271,165.70
	2,412,507,464.92	10,598.81	2,412,518,063.73
	31 December 2022	Movements for the current period (Note 4 (28)(b))	30 June 2023
Share premium	2,412,209,207.11	18,592.01	2,412,227,799.12
Other capital surplus	271,165.70	–	271,165.70
	2,412,480,372.81	18,592.01	2,412,498,964.82



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(37) Surplus reserve

	31 December 2023	30 June 2024
Statutory surplus reserve	340,338,359.75	340,338,359.75
	31 December 2022	30 June 2023
Statutory surplus reserve	239,285,522.16	239,285,522.16

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

(38) Undistributed profits

	January to June 2024	January to June 2023
Undistributed profits at the beginning of the period	3,424,837,011.73	3,063,822,504.78
Add: Net profit attributable to shareholders of the Company for the current period	303,026,018.30	364,057,245.61
Less: Profit distribution to shareholders (a)	(209,017,781.70)	(167,214,013.20)
Undistributed profits at the end of the period	3,518,845,248.33	3,260,665,737.19

- (a) In accordance with the resolution at the shareholders' meeting, dated 30 April 2024, the Company proposed a cash dividend to the shareholders at RMB0.15 per share, amounting to approximately RMB209,017,800 calculated by approximately 1,393,451,900 issued shares.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39) Revenue and cost of sale

	January to June 2024	January to June 2023
Revenue from main operations	1,613,181,796.19	2,122,407,125.83
Revenue from other operations	47,324,944.13	19,106,021.48
	1,660,506,740.32	2,141,513,147.31
	January to June 2024	January to June 2023
Cost of sale from main operations	918,565,147.29	1,370,840,261.06
Cost of sale from other operations	873,710.31	882,117.73
	919,438,857.60	1,371,722,378.79

(a) Revenue and cost of sale from main operations

	January to June 2024		January to June 2023	
	Revenue from main operations	Cost of sale from main operations	Revenue from main operations	Cost of sale from main operations
Waste treatment and power generation business	1,346,141,833.88	863,083,400.80	1,245,242,861.12	754,769,770.43
Interest income from PPP projects	197,234,894.63	—	198,204,862.46	—
Construction services	22,954,459.10	21,090,587.48	641,720,109.79	588,879,245.79
Others	46,850,608.58	34,391,159.01	37,239,292.46	27,191,244.84
	1,613,181,796.19	918,565,147.29	2,122,407,125.83	1,370,840,261.06

(b) Revenue and cost of sale from other operations

	January to June 2024		January to June 2023	
	Revenue from other operations	Cost of sale from other operations	Revenue from other operations	Cost of sale from other operations
Revenue from sludge and others	47,324,944.13	873,710.31	19,106,021.48	882,117.73



4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39) Revenue and cost of sale (Continued)

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

	January to June 2024					
	Waste treatment fees	Electricity tariff	Revenue from construction services	Revenue from sludge and others	Interest income	Total
Revenue from main operations	235,109,204.46	1,111,032,629.42	22,954,459.10	46,850,608.58	197,234,894.63	1,613,181,796.19
Including: Recognised at a point in time	-	1,111,032,629.42	-	46,850,608.58	-	1,157,883,238.00
Recognised over a period of time	235,109,204.46	-	22,954,459.10	-	-	258,063,663.56
Interest income from PPP projects	-	-	-	-	197,234,894.63	197,234,894.63
Revenue from other operations (i)	-	-	-	47,324,944.13	-	47,324,944.13
	235,109,204.46	1,111,032,629.42	22,954,459.10	94,175,552.71	197,234,894.63	1,660,506,740.32

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

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

As at 30 June 2024, the amount of revenue corresponding to the performance obligation of the Group that has been contracted but not yet performed or not fulfilled was RMB89,076,000.00 (31 December 2023: RMB7,858,000.00), and all the revenue is expected to be recognised in 2024 and 2025.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(40) Taxes and surcharges

	January to June 2024	January to June 2023	Tax base
Property tax	22,261,368.14	18,350,653.06	Note 3
Land use tax	6,110,742.36	6,502,170.38	
City maintenance and construction tax	2,433,360.03	2,777,021.27	Note 3
Educational surcharge	1,853,315.85	2,086,854.06	Note 3
Others	1,928,674.65	1,786,640.57	
	34,587,461.03	31,503,339.34	

(41) General and administrative expenses

	January to June 2024	January to June 2023
Labour costs	59,148,243.36	52,182,528.62
External labour costs	8,750,896.24	8,034,004.71
Depreciation and amortisation	3,154,925.62	5,239,784.30
Transportation expenses	3,139,726.84	2,351,094.95
Professional service fees	2,322,990.21	2,950,827.54
Business entertainment expenses	2,254,248.14	621,231.08
Leasing expenses	2,191,270.81	799,883.42
General office and communication expenses	1,804,187.58	2,048,681.97
Utilities	350,709.26	564,745.46
Others	17,106,414.42	15,859,556.76
	100,223,612.48	90,652,338.81

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(42) Financial expenses

	January to June 2024	January to June 2023
Interest costs on borrowings and payables	238,706,632.36	253,414,189.50
Add: Interest costs on lease liabilities	103,386.49	74,543.38
Less: Amounts capitalised on qualifying assets (i)	(260,029.72)	(18,559,923.73)
Interest expenses	238,549,989.13	234,928,809.15
Less: Interest income	(4,521,909.59)	(7,166,808.82)
Exchange gains or losses	640,748.14	(25,325.26)
Others	1,537,268.38	584,140.70
	236,206,096.06	228,320,815.77

- (i) For the six months ended 30 June 2024, the capitalisation rate used to determine the borrowing costs eligible for capitalisation was 4.00%-4.20% (for the six months ended 30 June 2023: 3.95%-4.65%).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(43) Expenses by nature

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

	January to June 2024	January to June 2023
Depreciation and amortisation expenses	254,856,980.12	220,752,089.10
Employee benefits	248,746,645.31	222,312,261.43
Environmental protection expenses	124,054,780.07	130,461,291.12
Fuel expenses	103,187,386.08	63,954,316.63
Maintenance expenses	72,894,825.31	59,224,939.56
Materials expenses	39,258,248.84	35,520,427.16
Waste transfer costs	29,316,644.72	23,898,428.42
Safety production expenses	24,158,776.84	15,956,403.50
– Provision for special reserves	24,044,533.50	15,550,577.37
Construction service costs	21,090,587.48	588,879,245.79
External labour costs	20,252,211.50	16,876,493.53
Utilities	14,735,711.46	13,113,639.26
Professional service fees	2,465,495.87	3,002,227.54
Others	67,753,566.04	71,652,283.13
	1,022,771,859.64	1,465,604,046.17

(44) Asset impairment losses

	January to June 2024	January to June 2023
(Reversal of)/losses on contract asset impairment	(429,493.57)	2,676,083.70

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(45) Losses on credit impairment

	January to June 2024	January to June 2023
Losses on bad debts of accounts receivables	14,003,810.09	12,607,386.83
Losses on bad debts of other receivables	306,830.65	355,011.32
Losses on bad debts of long-term receivables	—	28,182.18
	14,310,640.74	12,990,580.33

(46) Gains on disposals of assets

	January to June 2024	January to June 2023	Amount included in non-recurring profit or loss for the period from January to June 2024
Gains on disposal of fixed assets	322.20	1,156.06	322.20

(47) Other income

	January to June 2024	January to June 2023
VAT refund income	32,625,497.67	28,707,590.11
Refund of individual income tax withholding fees	264,196.41	313,366.70
Additional deduction of value-added tax	—	28,652.25
Government grants related to assets:		
Amortization of deferred revenue	3,492,152.48	2,769,556.53
Government grants related to income:		
Others	571,382.47	2,010,996.21
	36,953,229.03	33,830,161.80

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(48) Income tax expenses

	January to June 2024	January to June 2023
Current income tax calculated based on tax law and related regulations	54,196,323.52	51,893,207.45
Reconciliation of filing difference	2,369,476.65	5,104,549.35
Deferred income tax	10,759,580.99	(2,003,296.59)
	67,325,381.16	54,994,460.21

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

	January to June 2024	January to June 2023
Total profit	391,058,983.14	435,089,543.71
Income tax expenses calculated at the standard tax rate of 25%	97,764,745.79	108,772,385.93
Effect of change in the tax rates and favourable tax rates	(55,221,222.72)	(59,908,114.15)
Costs, expenses and losses not deductible for tax purposes	23,277,067.92	20,486,805.32
Effect of tax losses and other temporary differences for which no deferred income tax asset was recognised in the current period	15,103,620.40	11,621,486.07
Reversal of tax losses and other temporary differences for which deferred income tax was recognised in prior years	(2,562,724.65)	(22,183,862.33)
PRC withholding tax on dividends	4,481,038.42	4,898,924.66
Special equipment investment tax credit	(16,668,075.23)	(13,321,116.85)
Reconciliation of filing difference	2,369,476.65	5,104,549.35
Non-taxable income	(701,194.00)	(529,920.02)
Additional deduction on research and development expenses	(578,008.49)	(529,808.75)
Others	60,657.07	583,130.98
Income tax expenses	67,325,381.16	54,994,460.21

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(49) Earnings per share

(a) Basic earnings per share

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

	January to June 2024	January to June 2023
Consolidated net profit attributable to ordinary shareholders of the Company	303,026,018.30	364,057,245.61
Weighted average number of ordinary shares outstanding issued by the Company	1,393,451,273.43	1,393,449,015.35
Basic earnings per share	0.22	0.26
Including:		
– Basic earnings per share from continuing operations:	0.22	0.26
– Basic earnings per share for discontinued operations:	–	–

(b) Diluted earnings per share

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

	January to June 2024	January to June 2023
Consolidated net profit attributable to ordinary shareholders of the Company	303,026,018.30	364,057,245.61
Add: Interest expenses from uncapitalised convertible corporate debentures (after tax)	43,852,917.06	31,425,001.08
Adjusted consolidated net profit attributable to ordinary shareholders of the Company for calculation of earnings per share	346,878,935.36	395,482,246.69
Weighted average number of outstanding ordinary shares of the Company	1,393,451,273.43	1,393,449,015.35
Add: Weighted average number of ordinary shares which are assumed to be converted from all convertible corporate debts	245,821,856.40	242,789,282.63
Weighted average number of outstanding diluted ordinary shares	1,639,273,129.83	1,636,238,297.98
Diluted earnings per share	0.21	0.24

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(50) Notes to the cash flow statement

The Group has no cash flows presented at net amount and significant cash flow items are listed below:

(a) Cash received relating to other operating activities

	January to June 2024	January to June 2023
Government grants	2,064,770.19	1,994,083.94
Refund of income tax	14,298,780.36	4,307,764.23
Deposits	10,551,027.63	12,930,892.96
Others	5,432,731.01	8,322,320.46
	32,347,309.19	27,555,061.59

(b) Cash paid relating to other operating activities

	January to June 2024	January to June 2023
Payment of deposits	3,565,402.06	3,156,962.52
Others	34,958,202.99	31,143,493.76
	38,523,605.05	34,300,456.28

(c) Cash paid relating to other investing activities

	January to June 2024	January to June 2023
Payment of performance bond	—	4,024,484.95

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(d) Cash paid relating to other financing activities

	January to June 2024	January to June 2023
Cash repayments of principal and interest of lease liabilities (i)	615,825.64	2,458,920.47

(i) For the six months ended 30 June 2024, the total cash outflows for leases paid by the Group amounted to RMB3,033,627.85, of which RMB615,825.64 were classified as cash paid relating to financing activities (for the six months ended 30 June 2023: RMB2,458,920.47).

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(51) Supplementary information to the cash flow statement

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

	January to June 2024	January to June 2023
Net profit	323,733,601.98	380,095,083.50
Add: Losses on/(reversal of) asset impairment	(429,493.57)	2,676,083.70
Credit impairment losses	14,310,640.74	12,990,580.33
Depreciation of fixed assets	9,752,575.33	10,143,290.19
Depreciation of right-of-use assets	720,823.51	2,077,126.32
Amortisation of intangible assets	243,283,261.48	207,956,850.23
Amortisation of long-term prepaid expenses	1,100,319.80	574,822.36
Gains on disposals of fixed assets and other non-current assets	(322.20)	(1,156.06)
Losses on scrap of fixed assets	125.92	451.56
Financial expenses	231,003,219.29	226,422,975.67
Increase in special reserve	12,428,842.46	10,522,082.51
Decrease in inventories	8,093,569.06	1,506,008.03
Decrease/(Increase) in deferred tax assets	13,280.36	(27,445,698.46)
Increase in deferred tax liabilities	10,746,300.63	25,442,401.87
Increase in operating receivables	(253,262,938.32)	(533,668,096.98)
Decrease in operating payables	(58,122,379.33)	(31,574,510.55)
Net cash flows from operating activities	543,371,427.14	287,718,294.22

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(b) Net changes in cash and cash equivalents

	January to June 2024	January to June 2023
Cash at the end of the period	1,017,250,170.59	1,139,958,571.40
Less: Cash at the beginning of the period	(1,032,534,956.93)	(1,864,783,293.59)
Net decrease in cash and cash equivalents	(15,284,786.34)	(724,824,722.19)

(c) Changes in in liabilities arising from financing activities

	Borrowings (including those due within one year)	Debentures payable (including those due within one year)	Lease liabilities (including those due within one year)	Interests payable	Total
31 December 2023	9,670,331,771.17	2,283,506,690.07	3,582,802.18	1,300,967.29	11,958,722,230.71
Net cash flows from financing activities	(132,382,082.32)	(9,439,576.00)	(615,825.64)	(1,300,967.29)	(143,738,451.25)
Interests provided for in the period	184,364,828.62	45,440,171.94	103,386.49	–	229,908,387.05
Changes not involving cash receipts and payments	–	–	6,509,411.20	–	6,509,411.20
Others	–	(10,715.10)	–	–	(10,715.10)
30 June 2024	9,722,314,517.47	2,319,496,570.91	9,579,774.23	–	12,051,390,862.61

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(d) Cash and cash equivalents

	30 June 2024	30 June 2023
Cash		
Including: Cash on hand	2,680.00	900.00
Cash at bank that can be readily drawn on demand	1,017,247,490.59	1,139,957,671.40
Cash and cash equivalents at the end of the period	1,017,250,170.59	1,139,958,571.40

- (i) As described in Note 4(28), the Company was authorized to issue convertible bonds in an amount of RMB2.360 billion in 2022, and the proceeds were used to supplement working capital and for construction projects. The Company used the relevant proceeds for the purposes set out in the Offering Document and as at 30 June 2024, the balance of the relevant proceeds was RMB184 million, presented as cash and cash equivalents.

(52) Monetary items denominated in foreign currency

	30 June 2024		
	Amount in foreign currency	Exchange rate	Amount in RMB
Cash at bank and on hand –			
USD	285.28	7.13	2,033.13
HKD	880,425.30	0.91	803,546.56
JPY	11.00	0.04	0.49
			805,580.18



5. INTERESTS IN OTHER ENTITIES

(1) Equity in subsidiaries

(a) Composition of the Group

Subsidiaries	Company type	Major business location	Place of registration	Nature of business	Registered capital/Paid-in capital		Shareholding		Method of acquisition
					Currency	Amount in original currency	Direct	Indirect	
Taizhou Dynagreen Renewable Energy Co., Ltd. ("Taizhou Company")	Limited liability company	Taizhou, Jiangsu	Taizhou, Jiangsu	Waste treatment and power generation	RMB	180 million/180 million	100%	–	Establishment
Yongjia Dynagreen Renewable Energy Co., Ltd. ("Yongjia Company")	Limited liability company	Yongjia, Zhejiang	Yongjia, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	–	Establishment
Pingyang Dynagreen Renewable Energy Co., Ltd. ("Pingyang Company")	Limited liability company	Pingyang, Zhejiang	Pingyang, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	–	Establishment
Rushan Dynagreen Renewable Energy Co., Ltd. ("Rushan Company")	Limited liability company	Rushan, Shandong	Rushan, Shandong	Waste treatment and power generation	RMB	100.88 million/100.88 million	100%	–	Establishment
Zhangqiu Company	Limited liability company	Zhangqiu, Shandong	Zhangqiu, Shandong	Waste treatment and power generation	RMB	172.94 million/172.94 million	100%	–	Establishment
Anshun Company	Limited liability company	Anshun, Guizhou	Anshun, Guizhou	Waste treatment and power generation	RMB	100 million/100 million	100%	–	Establishment
Jurong Dynagreen Renewable Energy Co., Ltd. ("Jurong Company")	Limited liability company	Jurong, Jiangsu	Jurong, Jiangsu	Waste treatment and power generation	RMB	100 million/100 million	100%	–	Establishment
Pingyao Company	Limited liability company	Pingyao, Shanxi	Pingyao, Shanxi	Waste treatment and power generation	RMB	100 million/20 million	100%	–	Establishment
Huizhou Dynagreen Environment Co., Ltd. ("Huizhou Company")	Limited liability company	Huizhou, Guangdong	Huizhou, Guangdong	Waste treatment and power generation	RMB	220 million/220 million	100%	–	Establishment
Jizhou Company	Limited liability company	Jizhou, Tianjin	Jizhou, Tianjin	Waste treatment and power generation	RMB	120 million/120 million	60%	40%	Establishment
Tianjin Dynagreen Environmental Energy Co., Ltd. ("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
Beijing Dynagreen Environment Co., Ltd. ("Tongzhou Company")	Limited liability company	Tongzhou, Beijing	Tongzhou, Beijing	Waste treatment and power generation	RMB	375 million/375 million	100%	–	Establishment
Shantou Company	Limited liability company	Shantou, Guangdong	Shantou, Guangdong	Waste treatment and power generation	RMB	210 million/210 million	75%	25%	Establishment
Longhui Company	Limited liability company	Longhui, Hunan	Longhui, Hunan	Waste treatment and power generation	RMB	100 million/20 million	100%	–	Establishment
Bobai Company	Limited liability company	Bobai, Guangxi	Bobai, Guangxi	Waste treatment and power generation	RMB	100 million/100 million	75%	25%	Establishment
Bengbu Dynagreen Renewable Energy Co., Ltd. ("Bengbu Company")	Limited liability company	Bengbu, Anhui	Bengbu, Anhui	Waste treatment and power generation	RMB	166 million/166 million	100%	–	Establishment
Changzhou Dynagreen Environmental and Thermoelectric Co., Ltd. ("Changzhou Company")	Limited liability company	Changzhou, Jiangsu	Changzhou, Jiangsu	Waste treatment and power generation	RMB	138.40 million/138.40 million	75%	25%	Business combinations involving enterprises under common control
Qingdao Company	Limited liability company	Qingdao, Shandong	Qingdao, Shandong	Waste treatment and power generation	HKD	93.50 million/93.50 million	75%	25%	Business combinations involving enterprises under common control
Wuhan Company	Limited liability company	Wuhan, Hubei	Wuhan, Hubei	Waste treatment and power generation	RMB	279.4843 million/279.4843 million	100%	–	Business combinations involving enterprises under common control
Hong Kong Dynagreen	Limited liability company	Hong Kong	Hong Kong	Investment holding	HKD	739.329 million/739.329 million	100%	–	Business combinations involving enterprises under common control

X. FINANCIAL REPORT (CONTINUED)

5. INTERESTS IN OTHER ENTITIES (Continued)

(1) Equity in subsidiaries (Continued)

(a) Composition of the Group (Continued)

Subsidiaries	Company type	Major business location	Place of registration	Nature of business	Registered capital/Paid-in capital		Shareholding		Method of acquisition
					Currency	Amount in original currency	Direct	Indirect	
Haining Dynagreen Renewable Energy Co., Ltd. ("Haining Company")	Limited liability company	Haining, Zhejiang	Haining, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	–	Business combinations involving enterprises not under common control
Shenzhen Jingxiu Environmental Engineering Technology Limited Company ("Shenzhen Jingxiu")	Limited liability company	Shenzhen, Guangdong	Shenzhen, Guangdong	Construction engineering	RMB	20.80 million/20.80 million	100%	–	Business combinations involving enterprises not under common control
Beijing Dynagreen Renewable Energy Co., Ltd. ("Miyun Company")	Limited liability company	Miyun, Beijing	Miyun, Beijing	Waste treatment and power generation	RMB	120 million/120 million	100%	–	Establishment
Yichun Company	Limited liability company	Yichun, Jiangxi	Yichun, Jiangxi	Waste treatment and power generation	RMB	165 million/165 million	–	60%	Establishment
Yongjia Phase II Company	Limited liability company	Yongjia, Zhejiang	Yongjia, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	51%	49%	Establishment
Huludao Hazardous Waste Company	Limited liability company	Huludao, Liaoning	Huludao, Liaoning	Hazardous waste treatment	RMB	100 million/100 million	80%	–	Business combinations involving enterprises not under common control
Huizhou Phase II Company	Limited liability company	Huizhou, Guangdong	Huizhou, Guangdong	Waste treatment and power generation	RMB	450 million/450 million	100%	–	Establishment
Dengfeng Company	Limited liability company	Dengfeng, Henan	Dengfeng, Henan	Waste treatment and power generation	RMB	100 million/100 million	100%	–	Establishment
Haining Expansion Company	Limited liability company	Haining, Zhejiang	Haining, Zhejiang	Waste treatment and power generation	RMB	390 million/390 million	60%	–	Establishment
Shishou Company	Limited liability company	Shishou, Hubei	Shishou, Hubei	Waste treatment and power generation	RMB	100 million/100 million	100%	–	Establishment
Guangyuan Company	Limited liability company	Guangyuan, Sichuan	Guangyuan, Sichuan	Waste treatment and power generation	RMB	140 million/140 million	100%	–	Business combinations involving enterprises not under common control
Dongguan Company	Limited liability company	Dongguan, Guangdong	Dongguan, Guangdong	Garbage transfer	RMB	10 million/10 million	–	100%	Business combinations involving enterprises not under common control
Jiamusi Company	Limited liability company	Jiamusi, Heilongjiang	Jiamusi, Heilongjiang	Waste treatment and power generation	RMB	209 million/209 million	–	100%	Business combinations involving enterprises not under common control
Zhaoqing Company	Limited liability company	Shui, Guangdong	Shui, Guangdong	Waste treatment and power generation	RMB	225 million/225 million	100%	–	Business combinations involving enterprises not under common control
Guangdong Promising Environmental Protection Company Limited ("Guangdong Promising Company")	Limited liability company	Dongguan, Guangdong	Dongguan, Guangdong	Environmental protection industry and new energy investment	RMB	584.50 million/584.50 million	100%	–	Business combinations involving enterprises not under common control
Shulan Boneng Environmental Protection Company Limited	Limited liability company	Shulan, Jilin	Shulan, Jilin	Waste treatment and power generation	RMB	90 million/9.2 million	–	100%	Business combinations involving enterprises not under common control
Zhangye Boneng Environmental Protection Company Limited	Limited liability company	Zhangye, Gansu	Zhangye, Gansu	Garbage transfer	RMB	6 million/6 million	–	100%	Business combinations involving enterprises not under common control
Jinsha Company	Limited liability company	Bijie, Guizhou	Bijie, Guizhou	Garbage transfer, waste treatment and power generation	RMB	160 million/160 million	100%	–	Business combinations involving enterprises not under common control
Pingyang Phase II Company	Limited liability company	Pingyang, Zhejiang	Pingyang, Zhejiang	Waste treatment and power generation	RMB	110 million/110 million	100%	–	Establishment
Jingxi Company	Limited liability company	Jingxi, Guangxi	Jingxi, Guangxi	Waste treatment and power generation	RMB	120 million/120 million	100%	–	Establishment
Enshi Company	Limited liability company	Enshi, Hubei	Enshi, Hubei	Waste treatment and power generation	RMB	200 million/200 million	100%	–	Establishment



5. INTERESTS IN OTHER ENTITIES (Continued)

(1) Equity in subsidiaries (Continued)

(a) Composition of the Group (Continued)

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

- (b) The Group has no subsidiary in which it has significant minority interests. The importance gives comprehensive consideration to factors such as whether the subsidiary is a listed company, the proportion of its minority interests to the Group's consolidated shareholders' equity, and the proportion of minority shareholders' profit or loss to the Group's consolidated net profit.

6 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) Information of the parent company

(a) General information of the parent company

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

The Company's parent company and ultimate controlling party is BSAM.

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

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
BSAM	10,000 million	—	—	10,000 million

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

	30 June 2024		31 December 2023	
	Shareholding	Voting rights	Shareholding	Voting rights
BSAM	42.63%	42.63%	42.63%	42.63%

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

(2) Information of subsidiaries

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



6 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(3) Information of other related parties

	Relationship with the Group
BSAM (HK)	Shareholder and a subsidiary of the Company's ultimate controlling party
Shenzhen Crystal Digital Technology Co., Ltd. ("Shenzhen CDT")	A subsidiary of the Company's ultimate controlling party
Shouxin Cloud Technology Co., Ltd. ("Shouxin Cloud")	A subsidiary of the Company's ultimate controlling party

(4) Related party transactions

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

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

Purchase of goods and receipt of services:

	January to June 2024	January to June 2023
Shenzhen CDT	2,102,685.00	1,177,448.16
Shouxin Cloud	98,311.00	88,489.00
	2,200,996.00	1,265,937.16

6 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Related party transactions (Continued)

(b) Interest expenses

	January to June 2024	January to June 2023
BSAM	23,495,416.67	28,055,000.00
BSAM (HK)	–	6,961,777.78
	23,495,416.67	35,016,777.78

(c) Remuneration of key management

	January to June 2024	January to June 2023
Remuneration of key management	3,832,940.09	3,703,242.60

(5) Balances with related parties

(a) Accounts payable

Guarantor	30 June 2024	31 December 2023
Shenzhen CDT	1,161,697.97	1,130,078.04

(b) Long-term borrowings

Guarantor	30 June 2024	31 December 2023
BSAM (Note 4 (27)(b))	–	1,201,705,000.00

The interest rate of the above borrowings from related parties for 2023 was 4.65% per annum.

7 OPERATING AND CAPITAL EXPENDITURE COMMITMENTS

	30 June 2024	31 December 2023
Infrastructure construction contract contracted for and being or to be performed	79,052,100.28	5,859,703.09
Infrastructure construction contract authorised but not contracted for	13,615,927.22	44,309,624.29
	92,668,027.50	50,169,327.38

(i) The above construction contracts include relevant construction expenses recognised as construction income from PPP projects.

8 EVENTS AFTER THE BALANCE SHEET DATE

According to the resolution of the Board on 29 August 2024, the Board proposed that the Company distribute a cash dividend of RMB0.10 for every share to all shareholders based on the aggregate share capital on the share-based equity registration date. Calculated based on the approximately 1,393,450,000 issued shares of the Company as at 30 June 2024, it is proposed to distribute cash dividends of approximately RMB139,350,000. The above proposal is still subject to the approval at the general meeting and has not been recognised as liabilities in the financial statements.

9 BUSINESS COMBINATIONS

There was no business combination in the period.

10 FINANCIAL INSTRUMENTS AND RISKS

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

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

10 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 business denominated in foreign currencies, primarily with respect to US dollars ("USD") and HK Dollars ("HKD"). The Group is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies, to reduce foreign exchange risk to the greatest extent.

As at 30 June 2024 and 31 December 2023, 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 borrowings including long-term borrowings and convertible debentures. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 30 June 2024, the Group's long-term interest-bearing borrowings are mainly long-term borrowings at floating rates amounting to RMB8,487,029,405.05 (31 December 2023: RMB7,940,180,300.93), long-term borrowings at fixed rates amounting to RMB500,000,000.00 (31 December 2023: RMB1,200,000,000.00) and convertible debentures at fixed rates amounting to RMB2,314,569,908.95 (31 December 2023: RMB2,275,489,512.51).

For the six months ended 30 June 2024, if interest rates on borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group's net profit would have been approximately RMB15,913,000.00 (for the six months ended 30 June 2023: approximately RMB15,256,000.00) lower/higher respectively.



10 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(2) Credit risk

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

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

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

As at 30 June 2024, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2023: Nil).

(3) Liquidity risk

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

10 FINANCIAL INSTRUMENTS AND RISKS (Continued)

(3) Liquidity risk (Continued)

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

	30 June 2024				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings (i)	736,212,836.84	—	—	—	736,212,836.84
Accounts payable	792,487,302.79	—	—	—	792,487,302.79
Other payables	166,000,228.17	—	—	—	166,000,228.17
Long-term borrowings (i)	1,559,402,264.45	1,197,037,849.57	4,296,450,342.11	3,376,792,353.58	10,429,682,809.71
Debentures payable	14,198,096.63	35,398,260.00	2,614,751,472.00	—	2,664,347,828.63
Lease liabilities	4,483,815.08	3,696,545.65	456,886.24	2,218,832.44	10,856,079.41
Long-term payables	26,373,334.15	26,373,334.15	79,120,002.45	300,294,843.96	432,161,514.71
	3,299,157,878.11	1,262,505,989.37	6,990,778,702.80	3,679,306,029.98	15,231,748,600.26

	31 December 2023				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings (i)	523,755,705.67	—	—	—	523,755,705.67
Accounts payable	1,014,132,043.06	—	—	—	1,014,132,043.06
Other payables	152,350,860.79	—	—	—	152,350,860.79
Long-term borrowings(i)	2,426,043,525.61	1,374,531,162.34	3,290,440,250.27	3,469,463,757.94	10,560,478,696.16
Debentures payable	9,439,580.03	14,198,162.79	290,267,085.00	2,359,895,000.00	2,673,799,827.82
Lease liabilities	1,209,860.65	854,644.31	456,886.24	2,218,832.44	4,740,223.64
Long-term payables	26,373,334.15	26,373,334.15	79,120,002.45	320,648,286.03	452,514,956.78
	4,153,304,909.96	1,415,957,303.59	3,660,284,223.96	6,152,225,876.41	15,381,772,313.92

(i) The repayment period of bank borrowings and other borrowings is analysed as follows:

	30 June 2024		31 December 2023	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	1,955,593,094.34	—	1,422,637,801.54	1,200,000,000.00
1 to 2 years	926,882,035.82	—	1,127,962,927.35	—
2 to 5 years	3,754,802,596.66	—	2,769,525,509.59	—
Over 5 years	3,072,761,678.23	—	3,136,077,591.86	—
	9,710,039,405.05	—	8,456,203,830.34	1,200,000,000.00

11 FAIR VALUE ESTIMATES

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

As at 30 June 2024 and 31 December 2023, the Group had no assets and liabilities measured at fair value except for receivables financing.

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

As at 30 June 2024 and 31 December 2023, financial assets and financial liabilities measured at amortised cost mainly include cash at bank and on hand, accounts receivables, other receivables, contract assets (including contract assets included in other non-current assets), long-term receivables, short-term borrowings, payables, lease liabilities, long-term borrowings, debentures payable and long-term payables. Their carrying amount is a reasonable approximation of their fair value.

12 CAPITAL MANAGEMENT

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

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

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

As at 30 June 2024 and 31 December 2023, the Group's gearing ratio was as follows:

	30 June 2024	31 December 2023
Gearing ratio	63%	63%

13 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Accounts receivables

	30 June 2024	31 December 2023
Accounts receivables	274,928,127.08	295,943,666.56
Less: Provision for bad debts	—	—
	274,928,127.08	295,943,666.56

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

	30 June 2024	31 December 2023
Within 1 year	16,957,216.42	58,159,655.90
1 to 2 years	128,887,456.61	110,877,456.61
2 to 3 years	53,973,579.05	60,053,904.05
3 to 4 years	14,133,875.00	20,876,650.00
4 to 5 years	49,000,000.00	45,976,000.00
Over 5 years	11,976,000.00	—
	274,928,127.08	295,943,666.56

(b) As at 30 June 2024, the five largest accounts receivables (excluding contract assets) aggregated by debtors were summarised and analysed as follows:

	Balance	Provision for bad debts	% of total balance
Huizhou Phase II Company	89,592,500.00	—	32.59%
Shuozhou Company	40,145,000.00	—	14.60%
Bobai Company	35,976,000.00	—	13.09%
Dengfeng Company	34,960,000.00	—	12.72%
Guizhou Company	30,821,750.00	—	11.21%
	231,495,250.00	—	84.21%



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

(1) Accounts receivables (Continued)

(c) Provision for bad debts

The provision for bad debts of accounts receivables is analysed by category as follows:

	30 June 2024				31 December 2023			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total amount	Amount	Provision ratio	Amount	% of total amount	Amount	Provision ratio
Provision for bad debts on an individual basis (i)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Provision for bad debts on a collective basis (ii)	274,928,127.08	100.00%	-	0.00%	295,943,666.56	100.00%	-	0.00%
	274,928,127.08	100.00%	-	0.00%	295,943,666.56	100.00%	-	0.00%

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

As at 30 June 2024, there were no accounts receivables for which the related provision for bad debts was provided on the individual basis (31 December 2023: nil).

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

	30 June 2024		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Total outsourcing service fees and royalties receivable from related parties	274,928,127.08	0.00%	-

	31 December 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Total outsourcing service fees and royalties receivable from related parties	295,943,666.56	0.00%	-

- (iii) For the six months ended 30 June 2024, the Company had no provision for bad debts reversed (for the six months ended 30 June 2023: nil).

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

(2) Other receivables

	30 June 2024	31 December 2023
Receivable from related parties	2,017,020,009.05	2,232,791,616.32
Including: Dividends receivable	1,461,850,000.00	1,537,650,000.00
Interests receivable	73,660,509.67	56,777,194.46
Receivable current accounts of former shareholders	5,973,188.35	5,973,188.35
Others	9,731,884.78	9,571,815.50
	2,032,725,082.18	2,248,336,620.17
Less: Provision for bad debts	(9,449,461.25)	(9,308,697.15)
	2,023,275,620.93	2,239,027,923.02

The Group has no accounts aggregated to others due to centralized management of funds and presented as other accounts receivables.

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

	30 June 2024	31 December 2023
Within 1 year	373,878,807.05	1,503,662,662.44
1 to 2 years	1,206,254,439.45	677,029,886.14
2 to 3 years	410,868,631.00	16,537,367.20
Over 3 years	41,723,204.68	51,106,704.39
	2,032,725,082.18	2,248,336,620.17

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

(2) Other receivables (Continued)

(b) Loss provision and changes in book balance

The provision for bad debts for other receivables is analysed by category as follows:

	30 June 2024				31 December 2023			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total amount	Amount	Provision ratio	Amount	% of total amount	Amount	Provision ratio
Provision for bad debts on an individual basis (i)	8,641,676.53	0.43%	(8,641,676.53)	100.00%	8,641,676.53	0.38%	(8,641,676.53)	100.00%
Provision for bad debts on a collective basis (ii)	2,024,083,405.65	99.57%	(807,784.72)	0.04%	2,239,694,943.64	99.62%	(667,020.62)	0.03%
	2,032,725,082.18	100.00%	(9,449,461.25)	0.46%	2,248,336,620.17	100.00%	(9,308,697.15)	0.41%

	Stage 1		Stage 3		Total	
	12-month ECL		Lifetime ECL (individual) (Credit impaired)			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts
31 December 2023	2,239,694,943.64	(667,020.62)	8,641,676.53	(8,641,676.53)	2,248,336,620.17	(9,308,697.15)
Increase in the current period	78,377,048.50	(142,276.61)	–	–	78,377,048.50	(142,276.61)
Decrease in the current period	(293,988,586.49)	1,512.51	–	–	(293,988,586.49)	1,512.51
30 June 2024	2,024,083,405.65	(807,784.72)	8,641,676.53	(8,641,676.53)	2,032,725,082.18	(9,449,461.25)

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

(2) Other receivables (Continued)

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

As at 30 June 2024, the Company did not have other receivables at Stage 2. Other receivables at Stage 3 are analysed below:

- (i) As at 30 June 2024 and 31 December 2023, other receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

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

- (ii) As at 30 June 2024 and 31 December 2023, other receivables for which the related provision for bad debts was provided on a collective basis are analysed as follows:

Stage 1	30 June 2024			31 December 2023		
	Book balance	Loss provision		Book balance	Loss provision	
	Amount	Amount	Provision ratio	Amount	Amount	Provision ratio
Receivable from related parties	2,017,020,009.05	–	0.00%	2,232,791,616.32	–	0.00%
Others	7,063,396.60	(807,784.72)	11.44%	6,903,327.32	(667,020.62)	9.66%
	2,024,083,405.65	(807,784.72)		2,239,694,943.64	(667,020.62)	

- (c) For the six months ended 30 June 2024, the Company's provision for bad debts amounted to RMB142,276.61 (for the six months ended 30 June 2023: RMB118,921.76), of which RMB1,512.51 (for the six months ended 30 June 2023: nil) was collected or reversed.

- (d) For the six months ended 30 June 2024 and the six months ended 30 June 2023, no other receivables were written off.

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

(2) Other receivables (Continued)

(e) As at 30 June 2024, the five largest other receivables aggregated by debtors were analysed as follows:

Nature		Balance	Ageing	% of total balance	Provision for bad debts
Wuhan Company	Current accounts of subsidiaries within the Group, dividends receivable	153,884,575.29	Within 1 year, 1 to 2 years, 2 to 3 years	7.57%	–
Huizhou Phase II Company	Dividends receivable	153,500,000.00	1 to 2 years, 2 to 3 years	7.55%	–
Taizhou Company	Dividends receivable	149,000,000.00	Within 1 year, 1 to 2 years	7.33%	–
Dengfeng Company	Current accounts of subsidiaries within the Group	148,222,172.32	Within 1 year, 1 to 2 years, 2 to 3 years	7.29%	–
Shantou Company	Current accounts of subsidiaries within the Group, dividends receivable	120,586,716.85	Within 1 year, 1 to 2 years, 2 to 3 years	5.93%	–
		725,193,464.46		35.67%	–

(f) As at 30 June 2024 and 31 December 2023, the Company had no overdue dividends receivable.

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

(3) Long-term receivables

	30 June 2024			
	Book balance	Provision for bad debts	Carrying amount	Range of interest rates
Entrusted loans to subsidiaries	1,696,890,516.38	–	1,696,890,516.38	0.00%-4.75%
Less: Due within one year	(761,072,083.33)	–	(761,072,083.33)	
	935,818,433.05	–	935,818,433.05	

	31 December 2023			
	Book balance	Provision for bad debts	Carrying amount	Range of interest rates
Entrusted loans to subsidiaries	1,799,041,283.33	–	1,799,041,283.33	0.00%-4.75%
Less: Due within one year	(180,572,083.33)	–	(180,572,083.33)	
	1,618,469,200.00	–	1,618,469,200.00	

(4) Long-term equity investments

	30 June 2024	31 December 2023
Subsidiaries (a)	6,807,666,753.87	6,792,666,753.87
Less: Provision for impairment of long-term equity investments (b)	(266,759,532.92)	(266,759,532.92)
	6,540,907,220.95	6,525,907,220.95

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

(4) Long-term equity investments (Continued)

(a) Subsidiaries

	31 December 2023	Movements for the current period	Provision for impairment in the current period	30 June 2024	Ending balance of provision for impairment	Cash dividends declared in the current period
Hong Kong Dynagreen Guangdong Promising Company	663,613,261.06	–	–	663,613,261.06	–	–
Huizhou Phase II Company	610,000,000.00	–	–	610,000,000.00	–	–
Tongzhou Company	450,000,000.00	–	–	450,000,000.00	–	–
Wuhan Company	375,066,706.59	–	–	375,066,706.59	–	–
Dynagreen Haiyun Company	277,874,320.40	–	–	277,874,320.40	–	–
Zhaoqing Company	234,000,000.00	–	–	234,000,000.00	–	–
Huizhou Company	225,871,016.18	–	–	225,871,016.18	–	–
Changzhou Company	220,954,159.23	–	–	220,954,159.23	–	–
Enshi Company	220,221,697.72	–	–	220,221,697.72	–	–
Shuozhou Company	200,000,000.00	–	–	200,000,000.00	–	–
Taizhou Company	191,100,000.00	–	–	191,100,000.00	–	–
Zhangqiu Company	180,000,000.00	–	–	180,000,000.00	–	–
Bengbu Company	172,940,000.00	–	–	172,940,000.00	–	–
Jinsha Company	166,000,000.00	–	–	166,000,000.00	–	–
Shantou Company	162,360,400.00	–	–	162,360,400.00	–	–
Guangyuan Company	157,500,000.00	–	–	157,500,000.00	–	–
Miyun Company	140,365,600.00	–	–	140,365,600.00	–	–
Huludao Power Generation Company	120,000,000.00	–	–	120,000,000.00	–	–
Pingyang Phase II Company	110,157,500.00	–	–	110,157,500.00	–	–
Jingxi Company	110,000,000.00	15,000,000.00	–	110,000,000.00	–	–
Anshun Company	105,000,000.00	–	–	120,000,000.00	–	–
Rushan Company	102,083,479.98	–	–	102,083,479.98	–	–
Hong'an Company	100,880,000.00	–	–	100,880,000.00	–	–
Jurong Company	100,029,152.18	–	–	100,029,152.18	–	–
Yongjia Company	100,026,752.87	–	–	100,026,752.87	–	–
Pingyang Company	100,000,000.00	–	–	100,000,000.00	–	–
Dengfeng Company	100,000,000.00	–	–	100,000,000.00	–	–
Shishou Company	100,000,000.00	–	–	100,000,000.00	–	–
Fengcheng Company	100,000,000.00	–	–	100,000,000.00	–	–
Haining Company	97,056,589.13	–	–	97,056,589.13	–	–
Bobai Company	86,000,000.00	–	–	86,000,000.00	–	–
Jizhou Company	75,000,000.00	–	–	75,000,000.00	–	–
Huludao Hazardous Waste Company	72,000,000.00	–	–	72,000,000.00	–	–
Qingdao Company	64,000,000.00	–	–	64,000,000.00	(106,000,000.00)	–
Yongjia Phase II Company	58,471,209.64	–	–	58,471,209.64	(4,620,173.95)	–
Huizhou Three-in-One Company	51,000,000.00	–	–	51,000,000.00	–	–
Shenzhen Jingxiu	50,400,000.00	–	–	50,400,000.00	–	–
Pingyao Company	20,518,171.42	–	–	20,518,171.42	(6,529,123.58)	–
Longhui Company	20,017,204.55	–	–	20,017,204.55	–	–
Shantou Sludge Company	20,000,000.00	–	–	20,000,000.00	–	–
Shantou Kitchen Waste	13,000,000.00	–	–	13,000,000.00	–	–
Ninghe Company	2,400,000.00	–	–	2,400,000.00	–	–
	–	–	–	–	(149,610,235.39)	–
	6,525,907,220.95	15,000,000.00	–	6,540,907,220.95	(266,759,532.92)	–

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

(4) Long-term equity investments (Continued)

(b) Provision for impairment of long-term equity investments

	30 June 2024	31 December 2023
Ninghe Company	149,610,235.39	149,610,235.39
Huludao Hazardous Waste Company	106,000,000.00	106,000,000.00
Shenzhen Jingxiu	6,529,123.58	6,529,123.58
Qingdao Company	4,620,173.95	4,620,173.95
	266,759,532.92	266,759,532.92

(5) Revenue and cost of sale

	January to June 2024	January to June 2023
Revenue from main operations	25,125,495.66	105,952,333.05
Revenue from other operations	6,179,389.12	610,169.50
	31,304,884.78	106,562,502.55
	January to June 2024	January to June 2023
Cost of sale from main operations	4,180,184.29	4,351,456.79

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

(5) Revenue and cost of sale (Continued)

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

	January to June 2024			
	Revenue from total outsourcing services	Revenue from royalties	Others	Total
Revenue from main operations	10,125,495.66	15,000,000.00	–	25,125,495.66
Including: Recognised at a point in time	–	15,000,000.00	–	15,000,000.00
Recognised over a period of time	10,125,495.66	–	–	10,125,495.66
Revenue from other operations	–	–	6,179,389.12	6,179,389.12
	10,125,495.66	15,000,000.00	6,179,389.12	31,304,884.78

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

(6) Investment income

	January to June 2024	January to June 2023
Interest income	22,623,663.77	19,813,475.25
Income from dividends of long-term equity investment accounted for using the cost method	–	1,091,900,000.00
	22,623,663.77	1,111,713,475.25

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(Expressed in Renminbi unless otherwise indicated)

1 Statement of non-recurring profit or loss for the six months ended 30 June 2024

	January to June 2024
Gains on disposals of non-current assets	196.28
Other non-operating income and expenses except for the above-mentioned items	1,045,381.41
Government grants recognised through profit or loss (except for government grants which are closely related to normal business operations, in line with national policies and enjoyed in accordance with established standards and have a continuous impact on the profit or loss of the Company)	571,382.47
Other profit or loss items that meet the definition of non-recurring profit or loss	264,196.41
	1,881,156.57
Effect of income tax	(294,584.42)
Effect of minority interests (net of tax)	(40,907.71)
	1,545,664.44

(1) Basis for preparation of statement of non-recurring profit or loss for the six months ended 30 June 2024

China Securities Regulatory Commission promulgated the Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public No. 1 – Non-recurring Profit or Loss (Revised in 2023) in 2023 (the “2023 Explanatory Announcement No. 1”), which took effect on the date of publication. The Group has prepared the statement of non-recurring profit or loss for 2024 in accordance with the provisions of the 2023 Explanatory Announcement No. 1.

Pursuant to the 2023 Explanatory Announcement No. 1, non-recurring profit or loss refers to profit or loss arising from transactions and events those are not directly related to the Company's normal course of business, also from transactions and events those even are related to the company's normal course of business, but will interfere with the right judgement of users of the financial statements on the company's operation performance and profitability due to their special nature and occasional occurrence.

(2) Effect of implementation of the 2023 Explanatory Announcement No. 1 on nonrecurring profit and loss for January to June 2023

Pursuant to the relevant provisions of the the Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public No. 1 – Non-recurring Profit or Loss [2008] (the “2008 Explanatory Announcement No. 1”), the Group's government grants presented as non-recurring profit or loss for January to June 2023 included government grants of RMB2,769,556.53 related to assets. As the grants are closely related to the normal business operation of the Group, in line with relevant national industrial policies and enjoyed in accordance with determined standards and have a continuous impact on the Group's profit or loss during the service life of the assets, the above grants of RMB2,769,556.53 shall be presented as non-recurring profit or loss in accordance with the relevant provisions of the 2023 Explanatory Announcement No. 1.



2 Statement of non-recurring profit or loss for the six months ended 30 June 2023

	January to June 2023
Gains on disposals of non-current assets	(27,068.98)
Government grants recognised in profit or loss for the current period	4,780,552.74
Other non-operating income and expenses except for the above-mentioned items	868,168.89
Other profit or loss items that meet the definition of non-recurring profit or loss	313,366.70
	5,935,019.35
Effect of income tax	(639,765.27)
Effect of minority interests (net of tax)	(125,631.76)
	5,169,622.32

(1) Basis for preparation of statement of non-recurring profit or loss for the six months ended 30 June 2023

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

3 Rate of return on net assets and earnings per share

	Weighted average		Earnings per share			
	return on net asset (%)		Basic earnings per share		Diluted earnings per share	
	January – June 2024	January – June 2023	January – June 2024	January – June 2023	January – June 2024	January – June 2023
Net profit attributable to ordinary shareholders of the Company	3.80%	4.84%	0.22	0.26	0.21	0.24
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	3.79%	4.77%	0.22	0.26	0.21	0.24